



# NEWSLETTER



August 2011

## TENNESSEE FSA Office

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State Executive Director

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[www.fsa.usda.gov/tn](http://www.fsa.usda.gov/tn)

**Hours**  
Monday - Friday  
7:30 a.m. - 4:30 p.m.

### State Staff

Frank Rodgers  
Chief, Farm Loans

Bobby Tidwell  
Chief, Farm Programs

Tyeisha Samples  
Administrative Officer

## Disaster Assistance

The Farm Service Agency has programs available to assist producers who have recently experienced damage from flooding, wildfires and tornadoes.

FSA administers several important programs that help producers recover from disaster damage and livestock deaths. Among the key programs available to address impacts from disasters are the Emergency Conservation Program (ECP), the Livestock Indemnity Program (LIP), Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP), the Noninsured Disaster Assistance Program (NAP) and the Supplemental Revenue Assistance Payments (SURE) Program, and FSA Emergency Loans

Fact sheets for all of these programs can be found at [www.fsa.usda.gov](http://www.fsa.usda.gov); click on Newsroom, then Fact Sheets.

Contact the local FSA office for details.

## Producers Must Report AGI to IRS

Producers are reminded they must submit an Adjusted Gross Income (AGI) verification consent form (CCC-927 or CCC-928) to the IRS as soon as possible in order to maintain eligibility for 2009 and 2010 program benefits.

The consent form authorizes IRS to verify whether a payment recipient's AGI meets the eligibility requirements for FSA programs.

Producers who fail to file these forms before Sept. 2011 will receive a notice from the National Office stating that the producer is ineligible for 2009 and/or 2010 payments.

IRS requires written consent from all individuals or legal entities before verification of the average AGI can be provided to USDA. Individuals must

submit form CCC-927 and legal entities must submit form CCC-928. Without these forms on file, eligible producers will not receive USDA program payments.

## 2010 ACRE Certification Deadline Extended

The deadline for a 2010 production certification to comply with the ACRE provisions for production reports has been extended to COB Sept. 1, 2011. Because of this extension, using a register on Sept. 1, 2011, is **not** authorized.

The extension is for completing both the farm benchmark yield (2005 through 2009) and the actual farm yield (2010). For more details contact the local FSA office.

## Actively Engaged

FSA wants to remind producers about the rules that govern the requirements to be 'actively engaged' in farming. These rules apply to eligibility for payments under the Direct and Counter-cyclical Program (DCP) or Average Crop Revenue Election (ACRE) program administered by FSA.

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

The exception to this rule for a stockholder or member of a legal entity only occurs if both of the following apply:

- At least half of the interest in the legal entity is held by stockholders or members who are providing active personal labor or active personal management; and
- The total direct payments received, both directly and indirectly, by the legal entity and each of the members can't exceed \$40,000.

## Hispanic and Women Farmers

A process to resolve the claims of Hispanic and women farmers and ranchers who believe they were discriminated against when seeking USDA farm loans has been established.

If you believe that the United States Department of Agriculture (USDA) improperly denied farm loan benefits to you between 1981 and 2000 because you are Hispanic, or because you are female, you may be eligible to apply for compensation.

For additional information on this and other settlement issues contact:

- **Hispanic and Women Farmer Claims Process, please visit:**

[www.farmerclaims.gov](http://www.farmerclaims.gov) or call 1-888-508-4429

- **Pigford – The Black Farmers Discrimination Litigation, please visit:**

[www.blackfarmercase.com](http://www.blackfarmercase.com) or call 1-866-950-5547

- **Keepseagle - The Native American Farmers Class Action Settlement please visit:**

[www.IndianFarmClass.com](http://www.IndianFarmClass.com) or call 1-888-233-5506

## 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 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
- Honey
- Renewable biomass
- Fruits (including nuts) and vegetables - cold storage facilities

For more information about FSFL please visit your FSA county office or [www.fsa.usda.gov](http://www.fsa.usda.gov).

## Rural Youth Loans

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

### Youth Loan Eligibility Requirements:

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

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- Demonstrate capability of planning, managing and operating the project under guidance and assistance from a project advisor. The project supervisor must recommend the project and the loan, along with providing adequate supervision.

Stop by the county office for help preparing and processing the application forms. FSA staff can help you with questions you may have.

## Farm Loan Programs

FSA is committed to providing family farmers with loans to meet their farm credit needs. If you are having trouble getting the credit you need for your farm, or regularly borrow from FSA, direct and guaranteed loans are currently available.

Ask your lender about an FSA loan guarantee if you've had a setback and your lender is reluctant to extend or renew your loan.

Farm ownership loans or farm operating loans may be obtained as direct loans for a maximum of up to \$300,000. Guaranteed loans can reach a maximum indebtedness of \$1,119,000. Producers are encouraged to apply early so that a loan can be processed and funded in a timely manner.

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

## 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 to 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.

For purposes of this program, socially disadvantaged groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans, and Pacific Islanders.

If producers or their spouses believe they would qualify as socially disadvantaged, they should contact their local FSA office for details. FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

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

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

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

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

[Name] County FSA  
 Office  
 Address Line 2  
 Address Line 3



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## 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.

Selected Interest Rates for August 2011	
90-Day Treasury Bill	0.125%
Farm Operating - Direct	2.125%
Farm Ownership - Direct	4.625%
Limited Resource	5.00%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency	3.75%
Farm Storage Facility (based on terms)	2.250-3.375%
Sugar Storage Facility	3.625%
Commodity Loans 1996-Present	1.125%

Dates to Remember	
1 Aug	COC Nomination Due in County Office
1 Aug	Reconstitutions Request Deadline
1 Sept.	2010 ACRE Certification Deadline

USDA is an equal opportunity provider and employer.