



NEWSLETTER



August 2012

TENNESSEE FSA Office

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Drought Disaster Assistance

USDA has streamlined the disaster designation process, lowered emergency loan rates and created greater CRP flexibility to help farmers and ranchers in drought-stricken areas across the country.

FSA's low-interest emergency loans will help producers recover from losses due to drought, and other natural disasters. The interest rates have been reduced to 2.25 percent, providing a much-needed resource for producers hoping to recover from production and physical losses associated with natural disasters.

New guidelines were announced for emergency haying and grazing on Conservation Reserve Program (CRP) land. Annual rental payments for farmers enrolled in the CRP, who use those lands for emergency grazing and hay production, will be reduced by 10 percent instead of 25 percent. Also, because of the current severe drought, all counties with a drought level of D0 or higher, as measured by the US Drought Monitor, are approved for emergency haying and grazing outside of the primary nesting season (PNS).

USDA encourages all farmers and ranchers to contact their crop insurance companies and local USDA Farm Service Agency Service Centers, as applicable, to report damages to crops or livestock loss. In addition, USDA reminds livestock producers to keep thorough records of losses, including additional expenses for such things as food purchased due to lost supplies. More information about federal crop insurance may be found at www.rma.usda.gov. Additional resources to help farmers and ranchers deal with disaster losses may be found at www.usda.gov/disaster.

Highly Erodible Land Initiative Sign-Up

The Highly Erodible Land Initiative sign-up under the Conservation Reserve Program (CRP) began on July 23, 2012. The purpose of this initiative is to protect up to 750,000 acres of the nation's most highly erodible croplands. Producers may enroll at their local Farm Service Agency (FSA) county office. Enrollment will continue until the 750,000 acre limit has been met.

CRP is a voluntary program designed to help farmers, ranchers and other agricultural producers protect their environmentally sensitive land. Through this Highly Erodible Land Initiative, eligible landowners receive annual rental payments and cost-share assistance to establish long-term, resource conserving covers on eligible cropland for a period of 10 years. Croplands with an erodibility index of 20 or greater are eligible for enrollment.

For more information producers are encouraged to contact their local FSA office or visit FSA's website at: www.fsa.usda.gov/crp

NAP Losses

The CCC-576, Notice of Loss, is used to report failed acreage and prevented planting and may be completed by any producer with an interest in the crop. Timely filing of a Notice of Loss is required for all crops including grasses. For losses on crops covered by the Non-Insured Crop Disaster Assistance Program (NAP) and crop insurance, you must file a CCC-576, Notice of Loss, in the FSA County Office within 15 days of the occurrence of the disaster or when losses become apparent.

If filing for prevented planting, an acreage report and CCC-576 must be filed within 15 calendar days of the final planting date for the crop.

Adjusted Gross Income

USDA and the Internal Revenue Service have established an electronic information exchange process for verifying compliance with the adjusted gross income (AGI) provisions for farm programs. Written consent is required from each producer or payment recipient for the tax review process. No actual tax data will be included in the report that IRS sends to FSA.

This ensures that payments are not issued to producers whose AGI exceeds certain limits. The limits set in the 2008 Farm Bill are \$500,000 nonfarm average AGI for commodity and disaster programs; \$750,000 farm average AGI for direct payments and; \$1 million nonfarm average AGI for conservation programs.

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.

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

FSA Farm Loans

The Farm Service Agency 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 have a maximum limit of \$1,214,000. This makes the maximum combination of direct and guaranteed loan indebtedness \$1,514,000.

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.

To find out more about FSA loan programs, contact the county office staff.

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 have more questions, or would like assistance establishing your account, just contact your local USDA Service Center and talk with our trained FSA personnel.

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 aspects 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.

CREP & Continuous CRP Available

The Conservation Reserve Enhancement Program (CREP) allows farmers and ranchers to voluntarily enroll environmentally sensitive land into a program that decreases erosion, restores wildlife habitat and safeguards ground and surface water. CREP is a partnership with federal and state government and is limited to specific geographic areas.

Environmentally sensitive acreage qualifying for the Conservation Reserve Enhancement Program (CREP) or Continuous CRP will be eligible for annual rental payments and cost-share of up to 50 percent on approved practices. These programs will remain funded, and continue to provide heightened environmental benefits on select areas.

Beginning and Limited Resource Loans

FSA has a program to assist 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 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 percent of the county's median size.

Each member of an entity must meet the eligibility requirements. Loan approval is not guaranteed.

Additional program information, loan applications and other materials are available at the local USDA Service Center or visit www.fsa.usda.gov and www.nrcs.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. 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



PRESORTED STANDARD
U.S. POSTAGE PAID
CITY, STATE
PERMIT #XXX

Sign Up for FSA Fence Post for Daily Updates

The Farm Service Agency Fence Post is an online newsletter that is updated on an almost daily basis. It contains articles of interest on the agency's programs and departments, as well as success stories from the field. To access Fence Post visit <http://fsa.blogs.govdelivery.com/>. Producers can sign up for weekly Fence Post updates by putting an email address in box that says "Get Email Updates."

Selected Interest Rates for August 2012	
90-Day Treasury Bill	0.125%
Farm Operating - Direct	1.25%
Farm Ownership - Direct	3.00%
Limited Resource	5.00%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency	2.250%
Farm Storage Facility – 7 year	1.00%
Farm Storage Facility – 10 year	1.625%
Farm Storage Facility – 12 year	1.875%
Sugar Storage Facility	2.00%
Commodity Loans 1996-Present	1.250%

Dates to Remember	
Aug. 30	Tennessee Small Farm Expo TSU Main Campus 8:00 – 2:00 Call 615-792-5744 for info.