



## Texas FSA Today

September 2011

An Online Monthly Newsletter Covering the Hottest Topics in Federal Farm Programs

### 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

### AGRICULTURE IS RESILIENT THROUGH DISASTER

By: Agriculture Secretary Tom Vilsack

For farmers, ranchers, and growers who have seen their crops decimated by drought, flood or other disasters, this year reminds us of the critical importance of maintaining a strong safety net. Producers have already received more than \$1.6 billion in crop insurance payments for their losses this year on top of emergency program support worth \$160 million. And USDA has looked for additional flexibility in our programs to offer credit and support to help families and farm operations rebuild.

Despite these challenges, American agriculture is as resilient as ever. In fact,

according to USDA's new estimates, farm income is at an all time high, and even adjusting for inflation this will be the best year since the mid-1970s. Net farm income is up more than 30% over last year. And it will mean higher incomes for farm families.

We are also in the middle of a record year for agricultural exports, which we should match again next year. This will help support more than 1 million American jobs and mean an agricultural trade surplus of about \$42.5 billion.

These natural disasters have challenged us as a nation. But despite the setbacks, American agriculture is thriving. The men and women who own and operate America's farms and ranches are some of the most resilient in the world. And I know that with their continued dedication and hard work, we will maintain the strength and profitability of American agriculture, and its work to provide food to the nation.

### DISASTER ASSISTANCE

The Farm Service Agency would like to remind crop and livestock producers throughout states that have recently experienced severe damage from flooding, wildfires and tornadoes that FSA programs are available to assist with recovery.

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 Non-insured Disaster Assistance Program (NAP) and the Supplemental Revenue Assistance Payments (SURE) Program.

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.

We encourage all who have suffered a disaster due to the recent severe weather conditions to read the fact sheets and visit their local FSA office so they get a quick start in the recovery process.

### 2011 ELAP AND LIP SIGN-UP

The USDA Farm Service Agency's Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP) and the Livestock Indemnity Program (LIP) have sign-up deadlines approaching.

Both ELAP and LIP Sign-ups require a Notice of Loss filed the earlier of:

- 30 calendar days of when the loss is apparent to the participant.
- October 31, 2011
- An application for payment no later than January 30, 2012, this is 30 days.

### EMERGENCY FARM LOANS

On June 24, 2011, the Secretary of Agriculture designated all 254 counties in Texas eligible for Emergency Farm Loan assistance due to drought, excessive heat, high winds and/or wildfires.

USDA's Farm Service Agency (FSA) provides emergency loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine.

Emergency loan funds may be used to:

- Restore or replace essential property;
- Pay all or part of production costs associated with the disaster year;
- Pay essential family living expenses;
- Reorganize the farming operation; and
- Refinance certain debts.

More information and applications for the loan programs described are available at local FSA offices.

### **FOREIGN INVESTORS MUST REPORT U.S. AGRICULTURAL LAND HOLDINGS**

Foreign investors with an interest in agricultural lands in the United States are required to report their holdings and any transactions to the U.S. Secretary of Agriculture. Any foreign person who acquires or transfers any interest, other than a security interest, in agricultural land in the United States is required by law to report the transaction no later than 90 days after the date of the transaction.

Foreign investors must file Agricultural Foreign Investment Disclosure Act (AFIDA) reports with the Farm Service Agency County Office that maintains reports for the county where the land is located. Failure to file a report, filing a late report or filing an inaccurate report can result in a penalty with fines up to 25 percent of the fair market value of the agricultural land.

For AFIDA purposes, agricultural land is defined as any land used for farming, ranching or timber production, if the tracts total 10 acres or more.

Disclosure reports are also required when there are changes in land use. For example, reports are required when land use changes from nonagricultural to agricultural or from agricultural to nonagricultural.

Foreign investors must also file a report when there is a change in the status of ownership such as owner changes from foreign to non-foreign, from non-foreign to foreign or from foreign to foreign.

### **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.

### **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 required to provide a minimum 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. If a participant provides 20% or greater down payment, then the requirement for a severance agreement for loans under \$50,000 will be waived. 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 not to exceed \$250,000.

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

### **NAP LOSS FILING**

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 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.

### **SAFE CONSERVATION PROJECTS**

Enrollment in Texas State Acres for Wildlife Enhancement (SAFE) continues. SAFE is a component of the Conservation Reserve Program (CRP), tailored to specific watershed areas.

SAFE practices serve to restore wildlife habitat by establishing small blocks of grassland (10-40 acres) and enhancing existing habitats. Certain wildlife species are in decline, and SAFE habitats are designed to help revitalize these populations.

Under CRP, farmers and ranchers enroll eligible land in 10 to 15-year contracts. These plantings help prevent soil and nutrients from running into regional waterways and affecting water quality. The long-term vegetative cover also improves wildlife habitat and soil quality.

In addition to the annual rental payment and cost-share, SAFE may offer participants an up front one-time CRP Signing Incentive Payment (SIP) of \$100 per each SIP-eligible acre and a Practice Incentive Payment when cost share is made.

For more information about potential SAFE projects in your area, contact your local FSA office.

### **CONTINUOUS CRP AVAILABLE**

Continuous Conservation Reserve Program (CCRP) practices are available for specific conservation practices where needed.

Producers offering environmentally sensitive acreage under the provisions of Continuous Conservation Reserve Program (CCRP) may qualify for annual rental payments and practice cost-share incentives of up to 50 percent of the cost for installing the approved practices. This conservation program will remain funded, and as

implemented will continue to provide heightened environmental benefits on select areas.

### **SUCCESSOR-IN-INTEREST**

Many FSA programs will allow payments to be made to heirs or successors when a program participant passes away. Contract agreements for programs such as CRP must be revised to reflect the successor(s) for a deceased participant's interest.

In the event of an FSA program participant's death, it is important that FSA be notified of any changes to verify the continued eligibility of the pending benefit. Business entities and joint operations that participate in FSA programs also need to inform FSA of changes such as when a shareholder or member passes away. FSA benefits are reported to IRS and maintaining current, accurate records is vital to ensuring that those payments are correctly issued and reported.

### **MARKETING ASSISTANCE LOANS**

A Marketing Assistance Loan (MAL) is available to producers who share in the risk of producing a 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.

Section 1291 of the Department of Defense and Full-Year Continuing Appropriations Act of 2011 does not authorize funding to provide nonrecourse MALs for mohair for the remainder of FY 2011. Effective April 14, 2011, County Offices are no longer authorized to accept requests for mohair marketing assistance loans and loan deficiency payments.

### **FARM LOAN PROGRAMS**

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 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.

### **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 \$5,000.

### **BEGINNING FARMER & RANCHERS**

FSA assists beginning farmers and ranchers 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 any loan assessment and borrower

training program in production and/or financial management required by the Agency

- Does not own farm acreage greater than 30 % of the median size farm in the county.

### **LOANS FOR THE SOCIALLY DISADVANTAGED**

FSA has 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, FSA has provided targeted 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 a group.

FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

### **LIVESTOCK PRODUCERS REQUIRED TO RE-REGISTER LIVESTOCK BRANDS**

The expiration period for 10-year brand registration is rapidly approaching. All livestock producers who have a brand recorded in the County Clerk's office must re-register their brand in the county in which the livestock are located in order for it to remain a valid brand. Most producers who borrow money for their livestock operation are required to have their brands registered and provide a copy of the registration to their lender.

Brand re-registration begins August 30, 2011 and ends February 29, 2012. After the re-registration period is over, any previously recorded brands that were not re-registered will expire and become available to anyone.

Brand applications can be found at: <http://www.tscra.org/brands/application.pdf>.

### **TEMPORARY CHANGES TO HAY TRANSPORTATION REGULATIONS**

The Texas Department of Transportation waived permit requirements for over-sized hay loads being transported across Texas. The waiver will help expedite the movement of hay to livestock. Alabama, Kansas, Louisiana, Oklahoma and South Dakota have already enforced similar waivers. Hay transporters can now haul hay shipments that

are 12 feet wide and 14 feet high on highways throughout the state without special permitting.

#### **TDA HAY HOTLINE**

The Texas Department of Agriculture (TDA) has modernized their hay hotline website ([www.gotexan.org/HayhotlineHome.aspx](http://www.gotexan.org/HayhotlineHome.aspx)) to make buying, selling and donating hay easier. Agricultural producers can also use the website to post information on transportation services as well as post available grazing land.

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**Readers are advised that dates for FSA programs in Texas are often county-specific. Please contact your local FSA office for detailed information pertaining to your operation.**

<b>Selected Interest Rates for September 2011</b>	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	2.125%
Farm Ownership Loans — Direct	4.625%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	3.75%
Farm Storage Facility Loans (7 year)	1.875%
Sugar Storage Facility Loans	3.125%
Commodity Loans 1996- Present	1.125%