



Texas FSA Today

February 2012

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

2012 DCP/ACRE SIGN-UP

2012 Direct and Counter-Cyclical Program (DCP) enrollment started Jan. 23, 2012 and will end June 1, 2012. Here are some IMPORTANT REMINDERS:

- All producers with an interest in DCP base acres must be included on the DCP/ACRE contract and receive a proportionate share of DCP/ACRE payment for the farm.
- All producers receiving a share greater than zero on the DCP/ACRE contract must sign the contract no later than June 1, 2012.

Changes on the farm after enrolling June 1st in DCP/ACRE must be reported to your local FSA office such as:

- Ownership changes
- Producer changes (Individuals and Entities)
- Change in crop shares arrangements

Note: Changes cannot be made after Sept. 30, 2012.

ACTIVELY ENGAGED

USDA has amended 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 when 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 by the legal entity and each of the members can't exceed \$40,000.

SUPPLEMENTAL REVENUE ASSISTANCE PROGRAM (SURE)

The sign-up for 2010 losses runs through June 1, 2012.

The Supplemental Revenue Assistance Program (SURE) provides benefits for farm revenue losses due to natural disasters that occurred during the 2010 crop year. SURE is available to eligible producers on:

- Farms in counties with Secretarial disaster declarations, including contiguous counties, that have incurred crop production or quality losses, or both, and includes all crops grown by a producer nationwide, except grazed crops.
- Any farm in which, for the crop year, the actual production on the farm because of disaster-related conditions is 50 percent or less than normal production of the farm.

FSA ADOPTING GOVDELIVERY

The USDA Farm Service Agency offices are moving toward a paperless operation.

Producers are asked to enroll in the new GovDelivery system which will provide notices, newsletters and electronic reminders instead of a hard copy through the mail.

FSA, like many other organizations, is trying to work smarter and be more efficient. Moving to electronic notifications via email will help conserve resources and save taxpayer dollars. County Committee ballots will continue to be mailed to all eligible producers.

Producers can now subscribe to receive free e-mail updates by going to <http://www.fsa.usda.gov/subscribe>.

CRP GENERAL SIGN-UP STARTS IN MARCH

The Conservation Reserve Program (CRP) is offering a general sign-up period from March 12, 2012 through April 6, 2012. CRP has successfully protected our natural resources while providing economic and environmental benefits to rural communities for the past 25 years.

Landowners enrolled in CRP receive annual rental payments and cost-share assistance to establish long-term, resource conserving covers on environmentally sensitive land. Land that is not currently enrolled in CRP can be offered during signup if all eligibility requirements are met. Offers for CRP contracts will be ranked according to the Environmental Benefits Index (EBI). Each eligible offer is ranked in comparison to all other offers and then a selection is made.

Nationwide, there are currently about 30 million acres enrolled in CRP and an estimated 6.5 million acres will expire on Sept. 30, 2012. Please contact your local FSA office for more information.

2012 CRP EMERGENCY GRAZING EXTENDED FOR 30 DAYS

The Texas FSA State Committee extended the 2012 Conservation Reserve Program (CRP) emergency grazing deadline from January 29, 2012 to February 28, 2012, due to continuing drought conditions.

The following counties are authorized to implement 2012 emergency grazing of CRP acres: Armstrong, Bailey, Baylor, Bee, Borden, Bosque, Briscoe, Brown, Burnet, Callahan, Cameron, Carson, Castro, Childress, Cochran, Coke, Coleman, Collingsworth, Concho, Cottle, Crosby, Dallam, Dawson, Deaf Smith, Delta, Dickens, Donley, Duval, Fannin, Fisher, Floyd, Foard, Frio, Gaines, Garza, Gray, Hale, Hall, Hansford, Hardeman, Hartley, Haskell, Hemphill, Hidalgo, Hill, Hockley, Howard, Hutchinson, Jones, Kenedy, Kent, King, Kinney, Kleberg, Knox, Lamar, Lamb, LaSalle, Lipscomb, Live Oak, Lubbock, Lynn, Martin, Maverick, Medina, Menard, Mitchell, Montague, Moore, Motley, Nolan, Ochiltree, Oldham, Parmer, Pecos, Potter, Randall, Red River, Roberts, Runnels, Scurry, Shackelford, Sherman, Starr, Stonewall, Swisher, Taylor, Terrell, Terry, Throckmorton, Tom Green, Uvalde, Wheeler, Wilbarger and Yoakum.

There will be a 25 percent CRP payment reduction for CRP acres used for grazing under these emergency provisions.

To take advantage of the emergency grazing provisions, authorized producers can use the CRP acreage for their own livestock or may grant another livestock producer use of the CRP acreage. Eligible CRP acreage is limited to those acres located within the approved counties.

Land that was previously hayed or grazed (managed or emergency use) during the previous 12 months is considered ineligible and is excluded from approval for emergency grazing during the 2012 winter/spring period.

Contact your local FSA office for more information about CRP emergency grazing.

ADDITIONAL ECP ALLOCATION FOR 27 COUNTIES

During 2011, several Texas counties experienced physical losses on agricultural lands from devastating wildfires. Texas FSA recently received an additional \$6,414,000 of ECP funds.

The additional funding was distributed to the primary counties with a Presidential Disaster Declaration for 2011 wildfires.

The ECP funds will assist with restoration of permanent fencing destroyed by wildfires in the following counties: Anderson, Archer, Bastrop, Brewster, Caldwell, Clay, Coke, Colorado, Cottle, Crockett, Dickens, Foard, Haskell, Houston, Hutchinson, Jack, Leon, Mitchell, Nolan, Palo Pinto, Pecos, Presidio, Stephens, Stonewall, Throckmorton, Trinity and Waller.

Producers who have not previously applied need to submit their application to their local FSA office. Those who have already applied for assistance require no further action. Please contact your local FSA office for more information.

1099-G

Producers who have received payments from FSA should have received a CCC-1099-G. A CCC-1099-G is a report to the Internal Revenue Service about FSA payments made to producers during the previous calendar year. The CCC-1099-G is a service to help participating producers report taxable income. It is not intended to replace the program participant's responsibility to report income to the IRS.

When the CCC-1099-G is received, it should be checked with your records to see that the amounts are correct. Refunds will no longer be reported on the 1099-G, but will be available online from the FSA Financial Inquiries (FSA-FI) web-based database. Program participants with an eAuthentication user ID and password may access their refund information at FSA-FI and select "Inquiry Type 1099/Refund Reports". Refund amounts are displayed on the Producer's Year-to-Date Activity web page.

If you have a question concerning the 1099-G refund information, contact your local FSA office for assistance locating the correct payment data.

COMMODITY LOANS

Commodity loans, also referred to as Marketing Assistance Loans, are available to producers who share in the risk of producing the crop. To be eligible, you must maintain beneficial interest in the crop through the time of application. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan — even if you regain beneficial interest.

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.

MAINTAINING THE QUALITY OF LOANED GRAIN

Bins are ideally designed to hold a level volume of grain. When bins are overfilled and grain is heaped up, airflow is hindered and the chance of spoilage increases.

Producers who take out marketing assistance loans and use the farm-stored grain as collateral should remember that they are responsible for maintaining the quality of the grain through the term of the loan.

UNAUTHORIZED DISPOSITION OF GRAIN

If loan grain has been disposed of through feeding, selling or any other form of disposal without prior written authorization from the county office staff, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe and a producer's name will be placed on a loan violation list for a two-year period. Always call before you haul any grain under loan.

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 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.

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 FARMERS AND 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 purchase or improve farms or ranches.

While all qualified producers are eligible to apply for these loan programs, the 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.

SPOUSAL SIGNATURES

Husbands and wives 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 staff by either spouse.

There are exceptions to the rule, where spouses may not sign on behalf of each other for partnerships, joint ventures, corporations or other similar entities.

NOTE: As of September 30, 2011, spouses will not be able to sign on behalf of each other on a CCC-931, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information.

Individual signatures are also required on certain Farm Loan Program and Farm Storage Facility Loan documents.

For more clarification on spousal signature authority, feel free to contact your local FSA office.

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

For more information about FSFL, please visit your FSA county office or www.fsa.usda.gov.

NONINSURED CROP DISASTER ASSISTANCE PROGRAM (NAP)

The noninsured crop disaster assistance program (NAP) is a federally funded program that helps producers reduce their risk when growing food and fiber crops, specialty crops and crops for livestock feed. These benefits are only available for crops for which the catastrophic level of crop insurance is not available. Application for coverage must be filed by the applicable crop’s application closing date.

Production records for all crops must be reported to FSA no later than the acreage reporting date for the crop for the following year. FSA requires that any production reported in a loss year be verifiable according to Agency specifications. NAP Losses must be reported within 15 days of the date the loss became apparent.

The following crops have a NAP application closing date of March 15, 2012: beans, corn, cucumbers, eggplant, guar, melons (cantaloupe, honeydew, watermelon, etc.), millet, okra, peanuts, peas, pecans, peppers, potatoes, pumpkins, sesame, sorghum, sorghum forage, soybeans, squash, sunflowers and tomatoes.

TIPS FOR FASTER SERVICE

In order to receive information and payments quickly, it is important for producers to keep their information up-to-date. Below are a few tips that could save you time in the future.

1. Provide your local FSA office with your current mailing addresses as it changes.
2. Turn in all required forms and documentation in order to remain eligible for program benefits.
3. Report deceased producers, who earn FSA payments directly or indirectly, in order to receive a proper and timely payment to the estate.

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.

Selected Interest Rates for February 2012	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	1.375%
Farm Ownership Loans — Direct	3.375%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	3.75%
Farm Storage Facility Loans (7 years)	1.375%
Sugar Storage Facility Loans	2.375%
Commodity Loans 1996-Present	1.125%

Dates to Remember	
Feb. 28	2012 CRP Emergency Grazing Deadline
March 15	NAP Closing Date for Spring Seeded Crops
June 1	SURE Sign-up Deadline
June 1	DCP/ACRE Sign-up Deadline
Continues	Continuous Conservation Reserve program