



## Texas FSA Today

March 2012

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: [www.farmerclaims.gov](http://www.farmerclaims.gov) or call 1-888-508-4429
- Pigford – The Black Farmers Discrimination Litigation: [www.blackfarmercase.com](http://www.blackfarmercase.com) or call 1-866-950-5547
- Keepseagle - The Native American Farmers Class Action Settlement: [www.IndianFarmClass.com](http://www.IndianFarmClass.com) or call 1-888-233-5506

### LAND CONTRACT GUARANTEE PROGRAM

FSA recently unveiled a new Land Contract Guarantee Program designed to help beginning farmers and ranchers.

The Land Contract Guarantee Program provides a new approach for landowners willing to sell and finance a land purchase to a beginning or socially disadvantaged farmer. The national program offers two options, one that guarantees up to three annual installment payments on the contract and one that guarantees 90% of the unpaid principal of the contract. Guarantees can be used in the

purchase of land for up to \$500,000.

Please contact your local FSA office for more information about the Land Contract Guaranteed Program.

### FARM LOAN PROGRAM RULE CHANGE

A recent change was made to the Agency's lending rules for all applicants. The change allows more flexibility in the minimum experience rule which must be met to become eligible for farm loan assistance. FSA loan officers are now allowed to consider prior farming experience, if experience was gained more than five years ago when supplemented by either on-the-job training or recent education. It is anticipated that this change will provide an opportunity for more family-sized farmers and ranchers to meet eligibility criteria for FSA Farm Operating and Ownership Loans.

For clarification or more information on this change, contact your local Farm Loan Manager.

### EFRP ASSISTANCE AVAILABLE FOR 16 COUNTIES

In Texas, 16 counties were approved to implement the Emergency Forest Restoration Program (EFRP) for damages caused by drought and wildfire. EFRP provides payments to eligible owners of nonindustrial private forest (NIPF) land in order to carry out emergency measures to restore land damaged by a natural disaster.

The following counties were approved for EFRP assistance: Anderson, Bastrop, Cass, Cherokee, Gregg, Grimes, Harrison, Houston, Leon, Marion, Nacogdoches, Rusk, Smith, Trinity, Upshur and Walker.

At this time, a dollar amount has not been allocated to the counties; fund allocations will be announced after the conclusion of the sign-up period. All counties will conduct EFRP sign-up from April 9, 2012, to April 29, 2012.

Land eligibility will be determined by the local county committee after completion of an on-site inspection that assesses the type and extent of the damage. In order to meet eligibility requirements, NIPF land must:

- Have existing tree cover (or had tree cover immediately before the natural disaster occurred and is sustainable for growing trees) and,
- Be owned by any nonindustrial private individual, group, association, corporation or other private legal entity, that has definitive decision-making authority over the land.

The natural disaster must have also resulted in damage that if untreated would impair or endanger the natural resources on the land and/or materially affect future use of the land. Please contact your local FSA office for eligibility details.

### 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.

### **ECP ALLOCATION FOR EIGHT COUNTIES**

In Texas, eight counties were allocated a total of \$662,000 in Emergency Conservation Program (ECP) funds for damages from 2011 wildfires.

ECP is administered by FSA and funds were allocated to assist producers with the cost of recovery activities required to restore the agricultural land to pre-disaster conditions. The following counties each received \$75,000 in ECP funds: Dallam, Fayette, Freestone, Limestone, Moore, Nacogdoches, Taylor and Wichita.

The dollar amounts allocated by county are initial estimates only and could vary depending on the number of applications received per county. In addition, the entire state allocation hasn't been distributed; a reserve was withheld to allow flexibility in allocations.

Please contact your local FSA office for more information.

### **IMPORTANT - AGI RECONCILIATION PROCESS**

FSA's "Adjusted Gross Income (AGI) Reconciliation Process" begins when FSA is notified that the IRS has not received a valid "Consent to Disclosure of Tax Information" form. There are two distinct reasons a producer is included on an FSA AGI Reconciliation Report:

1. IRS did not receive a consent form from the producer or
2. IRS rejected the consent form.

If IRS notifies FSA of one of the above situations, FSA's National Office directs the producer's Recording FSA County office to reconcile the report. The county office staff will then

contact a producer and have them complete a CCC-931 "Average Adjusted Gross Income (AGI) and Consent to Disclosure of Tax Information".

It is then the FSA County Office responsibility to mail the completed CCC-931 consent form to IRS.

Failure to provide the required "Consent to Disclosure of Tax Information" forms may render a producer ineligible for FSA program benefits and require repayment of benefits received.

Producers who have already submitted CCC-931 for 2009, 2010 and 2011 require no further action.

### **2012 CRP EMERGENCY GRAZING ENDED FEB. 28TH**

The 2012 Conservation Reserve Program (CRP) emergency grazing deadline was February 28, 2012.

Producers who took advantage of the emergency grazing provisions must remove all livestock from CRP acres by the Feb. 28th deadline. Producers must also provide ending acreage and producer usage report certifications to their local FSA office as soon as possible.

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

For more information about CRP emergency grazing, please contact your local FSA office or visit the web at: [www.fsa.usda.gov/tx](http://www.fsa.usda.gov/tx).

### **CRP GENERAL SIGN-UP**

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.

For more CRP information, please contact your local FSA office.

### **NEW CONTINUOUS CRP INITIATIVE**

FSA announced a new conservation initiative to protect up to 750,000 acres of the nation's most highly erodible croplands. This initiative will assist producers with targeting their most highly erodible cropland (land with an erodibility index of 20 or greater) by enabling them to plant wildlife-friendly, long-term cover through the Conservation Reserve Program (CRP).

Producers can enroll land on a continuous basis beginning this summer at their local Farm Service Agency (FSA) county office. With the use of soil survey and geographic information system data, local FSA staff can quickly determine a producer's eligibility for the initiative.

Producers are encouraged to contact their local FSA office or visit FSA's website at [www.fsa.usda.gov/crp](http://www.fsa.usda.gov/crp) for additional information regarding CRP.

### **MILC PROGRAM REQUIREMENTS REMINDER**

Dairy producers must meet program requirements in order to maintain eligibility in the event that prices drop and trigger a MILC payment.

To maintain program eligibility, MILC participants must notify their local FSA office of any operation changes, such as a change in producer, shares, address or bank routing number. In order for dairy producers to receive a MILC payment, they must meet adjusted gross income (AGI) requirements by completing, "CCC-931 - AGI Certification and Consent to Disclosure of Tax Information."

Dairy producers who want to enroll in MILC must fill out, "CCC-580 - Milk Income Loss Contract" and select a start-month for which the Commodity Credit Corporation (CCC) will begin issuing payments to the dairy operation. Current dairies that participate in MILC can make changes to their

start-month with certain restrictions.

Any start-month changes must be made on or before the 14th of the month before the selected MILC production start-month. The change must also be made before requesting payment and before the original MILC production start-month has passed.

Changes to the dairy operation start-month must be designated on FSA's form, "CCC-580M - Milk Income Loss Contract (MILC) Modification."

For more information about the MILC program, please contact your local FSA office or visit the web at: [www.fsa.usda.gov/tx](http://www.fsa.usda.gov/tx).

### 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.

### REMEMBER HAY NET

Producers are encouraged to use Hay Net on the FSA website (<http://www.fsa.usda.gov/haynet>). This online service allows producers with hay and those who need hay to post ads so they can make connections. Hay Net is a popular site for farmers and ranchers who have an emergency need. Individual ads can be posted free of charge by producers who complete a simple online registration form the first time they use the site.

### 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.

### NAP ENROLLMENT

Producers must apply for coverage before a disaster strikes. Noninsured Crop Disaster Assistance Program (NAP) applications for coverage must be filed using Form CCC-471 and the applicable service fees by the closing date. Application closing dates vary by crop. The final closing date for spring-seeded crops for the majority of the state is March 15, 2012. Contact your local FSA office for specific crop application sales closing dates.

Producers are reminded about the need for insurance coverage on crops in order to remain eligible for the agency's Disaster Assistance Programs such as SURE, Livestock Forage Program, Tree Assistance Program, and Emergency Livestock Assistance Program. Producers must purchase at least catastrophic (CAT) level of insurance for all insurable crops.

NAP provides coverage to producers for non-insurable crops when low yields, loss of inventory or prevented planting occur due to natural disasters. Crops eligible for NAP coverage are those for which crop insurance is not available, including fruits and vegetables, aquaculture, pecans, turf grass and forage crops just to name a few.

More information about NAP can be found at: <http://www.fsa.usda.gov>.

### COUNTY COMMITTEE ADVISORS

FSA County Office Committee (COC) advisors are being announced. COC advisors will be a voice for under-represented groups and socially disadvantaged farmers and ranchers in the community. County committee members and their county executive directors, reach out to producer groups who are under-represented on county committees to find the right person to serve as Advisor. Advisors will start attending the local COC meetings.

Advisors serve for a 12 month period not to exceed nine consecutive years. They attend each COC meeting, including executive sessions and they participate. One of their primary responsibilities is to increase awareness of and participation in FSA activities, including elections. They help develop interest and incentives for socially disadvantaged group members to

consider FSA work as a career. Advisors also solicit candidates from socially disadvantaged groups for nomination during the election process.

### **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 subscribe to receive free e-mail updates by going to <http://www.fsa.usda.gov/subscribe> or contacting your local FSA office.

### **FSA PAYMENT RECORD 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, you may contact your local FSA office for assistance locating the correct payment data.

### **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 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

### **MARKETING ASSISTANCE LOANS**

Marketing Assistance Loans, also referred to as Commodity 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.

### **FINAL AVAILABILITY DATES FOR MARKETING ASSISTANCE LOANS**

- March 31-Barley, Canola, Crambe, Flaxseed, Honey, Oats, Rapeseed, Wheat, Sesame Seed

- May 31-Cotton, Corn, Dry Peas, Grain Sorghum, Lentils, Mustard Seed, Rice, Safflower Seed, Chickpeas, Soybeans, Sunflower Seed

### HONEY LOANS

Honey loans are a type of marketing assistance loan and they are available until April 2, 2012. The national loan rate for honey is \$0.69 per pound. Market prices currently exceed the loan rate, so LDPs are not available at this time.

To be eligible for a loan, the producer must have produced honey in the United States during the calendar year for which the loan is requested, and extracted the honey on or before Dec. 31 of the applicable crop year; have continuous beneficial interest in the honey through date of repayment of the loan; and been responsible for the financial risk of keeping. Producers are responsible for maintaining the quality of farm-stored honey during the term of the loan.

Containers must be marked with the producer's name, type of honey, number of container and net weight. Pre-loan inspections are required before the loans can be disbursed.

Honey used as collateral may not be disposed of without approval of the county office staff.

### 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.

**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 March 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	2.50%
Commodity Loans 1996-Present	1.125%

Dates to Remember	
March 12	CRP General Sign-up Starts
March 15	NAP Closing Date for Spring-Seeded Crops
April 9	EFRP Sign-up Starts
June 1	DCP/ACRE Deadline
June 1	SURE Deadline
Continues	Continuous Conservation Reserve program