



Texas FSA Today

June 2012

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

COUNTY COMMITTEE NOMINATIONS

The election of agricultural producers to Farm Service Agency (FSA) county committees is important to ALL farmers and ranchers. It is crucial that every eligible producer participate in these elections because FSA county committees are a link between the agricultural community and the U.S. Department of Agriculture (USDA).

County committee members are a critical component of the operations of FSA. They help deliver FSA farm programs at the local level. Farmers and ranchers who serve on county committees help with the decisions necessary to administer the programs in their counties. They work to ensure FSA agricultural programs serve the needs of local producers.

FSA county committees operate within official regulations designed to carry out federal laws. County committee members apply their judgment and knowledge to make local decisions.

The COC nomination period runs from June 15, 2012 through Aug. 1, 2012. For more information contact your local FSA office.

Nomination forms can be found at: <http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/FSA669-A.PDF>

Nomination forms can also be found in Spanish at: http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/FSA669-A_SPANISH.PDF

FSA SEEKS COMMENTS ON NEW MICROLOAN PROPOSAL

To further assist beginning farmers and ranchers, FSA is seeking comments on a new Microloan program that would simplify and streamline the process for producers obtaining loans under \$35,000. The new Microloan program would cut the paperwork in half and simplify the loan application process.

The proposed microloan program rule may be viewed at: <http://www.fsa.usda.gov/FSA/federalNotices?area=home&subject=lare&topic=frd-pi>. Comments must be submitted no later than July 23, 2012, through the following website: <http://www.regulations.gov> or by mail to Director, Loan Making Division (LMD), FSA, USDA, 1400 Independence Ave., SW, Stop 0522, Washington, DC 20250-0522.

USDA ANNOUNCES RESULTS FOR CRP GENERAL SIGN-UP

Agriculture Secretary Tom Vilsack today announced that the U.S. Department of Agriculture will accept 3.9 million acres offered under the 43rd Conservation Reserve Program (CRP) general sign-up. During the extended five-week signup, the Department received nearly 48,000 offers on more than 4.5 million acres of land, demonstrating the CRP's continuing leadership as one of our nation's most successful voluntary efforts to conserve land and improve our soil, water, air and wildlife habitat resources. Under Vilsack's leadership, USDA has now enrolled nearly 12 million acres in the CRP since 2009. Currently, there are more than 29.6 million acres enrolled on more than 736,000 contracts.

PAYMENT LIMITATIONS

FSA has replaced the manual forms CCC-902 and CCC-901 with an interview process known as the Business File interview. The interview process will generate a new form known as the 902 which requires a signature from the producer or participant. Contact your local FSA office to make an appointment.

FSA also has a new combined AGI certification and consent form for 2012, "CCC-931 (dated 12-7-11) Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information."

Contributions

All partners, stockholders or members with an ownership interest in the legal entity must make a contribution, whether compensated or not compensated, for active--*

- personal labor,
- active personal management,
- or a combination of active personal labor and active personal management to the farming operation;

*Note: there are exceptions for spouses.

Each partner, stockholder, or member must be able to show, by reasonable means, that such activities are performed on a regular basis throughout the year, are identifiable and documentable and are separate and distinct from any other partner.

Additional information on payment limitations is available at FSA county offices or online at: www.fsa.usda.gov

MEMBERS APPOINTED TO COUNCIL FOR NATIVE AMERICAN FARMING AND RANCHING

Secretary Vilsack appointed 15 members to the Council for Native American Farming and Ranching. The council will advise the Secretary by suggesting changes to FSA regulations that would promote Native American participation in USDA programs. For a complete list of appointed members visit the following website: http://www.fsa.usda.gov/FSA/newsRelease.s?area=newsroom&subject=landing&topic=ner&newstype=newsrel&type=detail&item=nr_20120524_rel_0167.html

ACREAGE CERTIFICATION

Time is nearing for producers to certify their 2012 acreage. Filing an accurate acreage report for all crops and land uses, including failed acreage and prevented planting acreage, can prevent the loss of benefits for a variety of programs. The deadline for filing an acreage report is date.

Failed acreage must be reported within 15 days of the disaster event and before disposition of the crop. Prevented planting must be reported no later than 15 days after the final planting date.

Acreage reports on crops covered by NAP are due in the county office by the earlier of the acreage reporting date or 15 calendar days before the onset of harvest or grazing of the specific crop acreage being reported.

PREVENTED PLANTING

Prevented planting is the inability to plant the intended crop acreage with proper equipment by the final planting date for the crop type because of a natural disaster. Producers who request prevented planting must report their acreage and complete a CCC-576 Notice of Loss, Part B within 15 days after the final planting date. Producers will need to provide documentation showing field preparation, seed purchase, and other information that proves their intent to plant the acreage.

FAILED ACREAGE

Reports of failed acreage must be filed before disposition of the crop and producers must be able to establish to the satisfaction of the county committee that the crop failed and was prevented from being replanted through the normal planting period because of natural disaster conditions.

SWAMPBUSTER REGULATIONS

The term "swampbusting" means converting a wetland to crop production. To maintain compliance, producers cannot plant an agricultural commodity on a converted wetland or convert a wetland to make it possible to produce an agricultural commodity.

Producers are required to file an AD-1026, agreeing not to convert wetlands. Therefore, before a producer plants or converts a determined or an undetermined wetland for possible crop production, they are required to notify FSA. FSA and NRCS will determine whether the area is a wetland.

Producers who convert wetlands to possible crop production without proper conservation measures could be ineligible for all USDA benefits on any land they own or operate.

SODBUSTER REGULATIONS

The term "sodbusting" means converting land from native vegetation, such as rangeland or woodland, to crop production after December 23, 1985. Sodbuster violations are unauthorized tillage practices on highly erodible lands.

Farmers and ranchers should be aware that if they use highly erodible land for crop production without proper conservation measures, they risk losing eligibility to participate in Farm Service Agency programs. Before producers clear, plow or otherwise prepare areas not presently under crop production for planting, they are required to file an AD-1026, indicating the area to be brought into production.

If Natural Resources Conservation Service indicates on a CPA-026 that the area will be highly erodible land, the producer will be required to develop and implement a conservation plan on the affected acreage, before bringing land into production.

COMPLIANCE

Compliance and spot checks will be utilized during the 2012 crop year. Instead of locally selecting farms, contracts, deficiency loans, etc. for spot check and review, a nationwide selection of producers is used to achieve a statistical sampling of participating producers. Spot check selections are conducted based on a producer's participation in the Conservation Reserve Program, Direct and Counter-cyclical Program, Loan Deficiency Program, etc.

LOAN DEFICIENCY PAYMENT (LDP) REMINDER

In order to maintain eligibility for LDP benefits, producers must complete page one of the "CCC-633 EZ - LDP Agreement and Request" before losing beneficial interest of the crop.

Before requesting LDP benefits, the producer must complete the remaining applicable pages of CCC-633 EZ before the final availability date for the commodity.

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.

FORMS AD-1026 AND CCC-931 ARE AVAILABLE IN SPANISH

USDA is working hard to make more Spanish forms available to the public. Producers can now access the following forms in Spanish:

- AD-1026 - Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification
- CCC-931 - Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information

Please stay tuned as more Spanish forms are made available.

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 or call 1-888-508-4429
- Pigford – The Black Farmers Discrimination Litigation: www.blackfarmercase.com or call 1-866-950-5547
- Keepseagle – The Native American Farmers Class Action Settlement: www.IndianFarmClass.com or call 1-888-233-5506

DIRECT AND GUARANTEED 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.

BEGINNING FARMER 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
- Except for operating loan assistance, does not own farm acreage 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.

FARM STORAGE FACILITY LOAN PROGRAM

The Farm Storage Facility Loan Program (FSFLP) 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. Additional security is required for poured-cement open-bunker silos, renewable biomass facilities, cold storage facilities, hay barns and for all loans exceeding \$50,000. 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.

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

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.

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>.

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 for additional information regarding CRP.

CONTROLLED SUBSTANCE

Any person who is convicted under federal or state law of a controlled substance violation could be ineligible for USDA payments or benefits. Violations include planting, harvesting or growing a prohibited plant. Prohibited plants include marijuana, opium, poppies and other drug producing plants.

FARM RECONSTITUTIONS

When changes in farm ownership or operation take place, a farm reconstitution is necessary. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

The following are the different methods used when doing a farm recon. Remember, to be effective for the current year, recons must be requested by Aug. 1 for farms enrolled in the Direct and Counter-cyclical Program.

- Estate Method — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate;
- Designation of Landowner Method — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. In order to use this method the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding;
- DCP Cropland Method — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract;
- Default Method — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.

FSA SIGNATURE POLICY

Using the correct signature when doing business with FSA can save time and prevent a delay in program benefits. The following are FSA signature guidelines:

- Spouses may sign documents on behalf of each other for FSA and CCC programs in which either has an interest, unless written notification denying a

spouse this authority has been provided to the county office

- Spouses shall not sign on behalf of each other as an authorized signatory for partnerships, joint ventures, corporations, or other similar entities
- Spouses shall not 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.

CHANGING BANKS

Almost all Farm Service Agency payments are made electronically using Direct Deposit.

To keep the system running smoothly, it's critical to keep the county office staff up to date on changes you might make in your financial institutions.

If you have changed accounts or institutions that might affect the direct deposit of your FSA payments, contact the FSA county office so we can update our files to insure continued uninterrupted service.

SPECIAL ACCOMMODATIONS

Special accommodations will be made upon request for individuals with disabilities, vision impairment or hearing impairment. If accommodations are required, individuals should contact the county FSA office staff directly or by phone.

Minority Farm Register

Minority farmers and ranchers across the nation can voluntarily join the USDA Minority Farm Register to receive information and opportunities from USDA agencies.

The register is a shared outreach list that will help USDA, community-based organizations (CBOs) and minority-serving educational institutions communicate with minority farmers and ranchers. Producers who join the register may receive outreach materials, newsletters and program announcements from USDA agencies and approved outreach partners. USDA will carefully control access to

and use of the Register.

Individuals wishing to join the Register can visit the Name County FSA office and complete the registration form. Registration forms are also available in Spanish (AD-2035SP) and English (AD-2035) on the FSA web site (www.fsa.usda.gov) under "Forms."

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.

Dates to Remember	
June 15	COC Nominations Open
July 23	Deadline for Microloan Proposal Comments
Continues	Continuous Conservation Reserve program

Selected Interest Rates for June 2012	
90-Day Treasury Bill	0.125%
Farm Operating Loans — Direct	1.50%
Farm Ownership Loans — Direct	3.625%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	3.75%
Farm Storage Facility Loans	%
Sugar Storage Facility Loans	%
Commodity Loans 1996-Present	%