NEWSLETTER

Texas FSA Today

September 2012

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

2012 CRP Emergency Grazing Extended to Nov. 30

The original Conservation Reserve Program (CRP) emergency grazing deadline of Sept. 30, 2012, was extended to Nov. 30, 2012. The grazing extension will help livestock producers facing forage and feed shortages as a result of drought.

Counties classified as 'D0 - abnormally dry' are eligible for CRP emergency grazing. Producers who take advantage of the emergency grazing extension will not incur an additional CRP rental payment reduction.

This extension only covers general CRP practices. The extension is not authorized for the environmentally sensitive practices of CP8A, Grass Waterway-Noneasement; CP23, Wetland Restoration: CP23A, Wetland Restoration, Non-Floodplain; CP27, Farmable Wetlands Pilot Wetland; CP28 Farmable Wetlands Pilot Buffer; CP37, Duck Nesting Habitat; and CP41 FWP Flooded Prairie Wetlands.

The emergency haying authorization expired on Aug. 31, 2012 and was NOT extended.

Changes to IRS Forms 1099-G and 1099-MISC for Calendar Year 2012

In past years, IRS Forms 1099-G were issued to show all program payments received from the Farm Service Agency, regardless of the amount. For calendar year 2012, the 1099-G reporting will change.

IRS Form 1099-G (Report of Payments to Producers) will only be issued to producers whose reportable payments total $600 or more for the calendar year. Additionally, if the producer has at least $600 in reportable payments received from multiple FSA offices, only one Form 1099-G will be issued. Producers subject to voluntary withholding or backup (involuntary) withholding will receive the appropriate IRS form, even if combined payments are less than $600.

The same changes will apply to producers and vendors who normally receive IRS Form 1099-MISC from FSA.

Any producer who receives less than $600 in combined payments should consult a tax advisor to determine if these payments must be reported on their tax return.

For more information regarding IRS reporting changes, please contact your local FSA office.

USDA CHANGES HELP FARMERS AND RANCHERS IMPACTED BY DROUGHT CRISIS

Secretary Tom Vilsack announced another helpful change in August, this one made by the Risk Management Agency (RMA), that livestock producers especially should appreciate. For the 2012 crop year, RMA intends to allow haying and grazing of cover crops without affecting the insurability of planted 2013 spring crops. This means farmers and ranchers can plant a cover crop without foregoing crop insurance coverage in 2013, thus giving producers another opportunity to grow needed forage and feed for this fall and winter. However, before making any plans to plant crop cover, producers should consult with their insurance agent, according to RMA.

A second change announced during the Secretary's weekly update of the drought crisis of 2012 was the commitment from the Farm Service Agency (FSA) to change the emergency loan program so that farmers and ranchers are eligible to apply earlier in the disaster recovery process. Previous to this change, emergency loan eligibility was based on losses that were determined after the production cycle; with loan amounts based on a comparison to production during normal years. With these changes, producers no longer are required to wait until the end of the production cycle to obtain a loan. That means livestock producers needing assistance today to offset increased feed costs don't have to wait.

In the USDA news release issued Aug. 22, 2012, Secretary Vilsack announced that so far in 2012 he had designated 1,821 counties as disaster areas in 35 states. Of those, 1,692 were because of drought.

For a review of the entire news release, go to http://www.usda.gov, click on Newsroom and look for Agriculture Secretary Vilsack Announces New Help for Livestock Producers with Changes to Emergency Loans, Crop Insurance.

ALL TEXAS COUNTIES ELIGIBLE FOR FSA EMERGENCY LOANS

As of July 12, 2012, the entire state of Texas was declared a disaster using the new, streamlined Secretarial Disaster Designation process.

The disaster designation was a direct result of several program improvements announced by Secretary Vilsack on July 11, 2012. The program improvements include a streamlined Secretarial Disaster Designation process that automatically qualifies a disaster county once it is categorized as a severe drought for eight weeks according to the U.S Drought Monitor. Other improvements include a reduced interest rate for emergency loans that lowers the rate from 3.75 percent to 2.25 percent.

All Texas counties are eligible to apply for low-interest emergency (EM) loans.

Emergency loans help producers recover from production and physical losses due to drought, flooding and other natural disasters or quarantine. The current emergency loan interest rate is 2.25 percent.

Producers have eight months from the date of the declaration to apply for emergency loan assistance. Emergency loan applications will be accepted through March 12, 2013, for production and physical losses.

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 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 $100,000. 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.

Producers Must Report Crop Losses to FSA

Producers must report crop losses resulting from a weather-related disaster event within 15 days of the disaster or when the loss first becomes apparent, this includes crops covered by crop insurance, the Noninsured Crop Disaster Assistance Program (NAP) and crops without insurance coverage. Prevented planting must be reported no later than 15 days after the final planting date.

Crop losses are acres that were timely planted with the intent to harvest, but the crop failed because of a natural disaster. It is important that producers file accurate and timely loss reports to prevent the potential loss of FSA program benefits.

Producers who have NAP coverage will be required to report crop losses on an FSA form CCC-576 - "Notice of Loss and Application for Payment Noninsured Crop Disaster Assistance Program."

SUCCESSION IN INTEREST

If you have made any changes that affect your interest in base acres since you signed your last Direct and Counter-cyclical Program contract, you must report these successions-in-interest to the county committee by Sept. 30, so that a final determination can be made on who is eligible for the program on the farm.

Changes that qualify as a succession-in-interest include:

- A sale of land
- A change of operator or producer, including a an increase or decrease in the number of partners
- A foreclosure, bankruptcy or involuntary loss of the farm.
- A change in producer shares to reflect changes in the producer's share of the crop(s) that were originally approved on the contract.

If a succession-in-interest has taken place, you, as the "predecessor," are required to refund any advance DCP payments you received for the affected base acres before a payment can be made to the "successor."

Not reporting a succession-in-interest can result in contract termination and a loss of program benefits for all producers involved.

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.

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.

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.

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 $5000.

Youth Loan Eligibility Requirements:

- Be a citizen of the United States (which includes Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands) or a legal resident alien
- Be 10 years to 20 years of age
- Comply with FSA's general eligibility requirements
- Reside in a rural area, city or town with a population of 50,000 or fewer people
- Be unable to get a loan from other sources
- Conduct a modest income-producing project in a supervised program of work as outlined above
- Demonstrate capability of planning, managing and operating the project under guidance and assistance from a project advisor. The project supervisor must recommend the project and the loan, along with providing adequate supervision.

Stop by the county office for help preparing and processing the application forms. The FSA staff can help you with questions you may have about a particular program.

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 that 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.

LOANS FOR SOCIALLY DISADVANTAGED

FSA has a number of 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, the FSA has provided priority 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 the group without regard to his or her individual qualities.

For purposes of this program, socially disadvantaged groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans, and Pacific Islanders.

If producers or their spouses believe they would qualify as socially disadvantaged, they should contact their local FSA office for details. FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

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.

FOREIGN BUYERS NOTIFICATION

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. The Farm Service Agency administers this program for USDA.

All individuals who are not U.S. citizens, and have purchased or sold agricultural land in the county are required to report the transaction to FSA with 90 days of the closing. Failure to submit the AFIDA form (FSA-153) could result in civil penalties of up to 25 percent of the fair market value of the property. County government offices, Realtors, attorneys and others involved in real estate transactions are reminded to notify foreign investors of these reporting requirements.

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	
Nov. 30	CRP Emergency Haying Deadline
Continues	Continuous Conservation Reserve program

Selected Interest Rates for September 2012	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	1.125%
Farm Ownership Loans — Direct	3.00%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	2.125%
Farm Storage Facility Loans (7 years)	1.125%
Sugar Storage Facility Loans	2.125%
Commodity Loans 1996-Present	1.125%