



Texas FSA Today

November 2012

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

COUNTY COMMITTEE VOTING BEGINS

Ballots for this year's county committee election will be mailed to eligible voters on Nov. 5, 2012. Voters must complete their ballots and return them to the Farm Service Agency county office by the close of business on Dec. 3, 2012. If mailed, ballots must be postmarked by midnight Dec. 3, 2012.

Voter Requirements: Persons meeting requirements in 1 or 2, plus 3, below, is eligible to vote:

1. Be of legal voting age and have an interest in a farm or ranch as any of the following:

- An individual
- The authorized representative of an entity
- Both spouses when property is owned jointly
- Spouses in community property states.

2. Is not of legal voting age, but supervises and conducts the farming operations on an entire farm.

3. Participates or cooperates in any FSA program that is provided by law.

Discrimination Prohibited No person shall be denied the right to vote because of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation or marital or family status.

2012 CRP EMERGENCY GRAZING ENDS NOV. 30

The Conservation Reserve Program (CRP) emergency grazing deadline is Nov. 30, 2012.

Producers who took advantage of the emergency grazing extension must remove all livestock from CRP acres by the Nov. 30th deadline. Producers must also provide ending acreage and producer usage report certifications to their local FSA office.

For questions regarding CRP emergency grazing, contact your local FSA office.

USDA ANNOUNCES DISASTER ASSISTANCE SIGN-UP FOR 2011 CROP LOSSES

Supplemental Revenue Assistance Payments (SURE) program enrollment for 2011 crop year losses started Oct. 22, 2012. Under the 2008 Farm Bill, SURE authorizes assistance to farmers and ranchers who suffered crop losses caused by natural disasters occurring through Sept. 30, 2011.

All eligible farmers and ranchers must sign up for 2011 SURE benefits before the June 7, 2013 deadline.

During 2011, all Texas counties received a Secretarial Disaster Designation, whether primary or contiguous, and producers are eligible to apply for SURE benefits if they experienced at least a 10 percent production loss that affects one crop of economic significance.

To meet program eligibility requirements, producers must have obtained a policy or plan of insurance through the Federal Crop Insurance Corporation or obtained Noninsured Crop

Disaster Assistance Program (NAP) coverage for all economically significant crops. Eligible farmers and ranchers who meet the definition of a socially disadvantaged, limited resource or beginning farmer or rancher do not have to meet this requirement. Forage crops intended for grazing are not eligible for SURE benefits.

For more information on SURE program eligibility requirements contact your local FSA office or visit the website at <http://www.fsa.usda.gov/sure>.

NEW ACREAGE REPORTING DATES

Producers are reminded that new acreage reporting dates are in effect for the 2013 crop year. Filing an accurate and timely acreage report for all crops and land uses, including failed acreage, can prevent the loss of FSA program benefits. Prevented planted acreage must be reported no later than 15 calendar days after the final planting date for the applicable crop. Failed acreage must be filed within 15 days of when the loss becomes apparent.

Most acreage reporting deadlines are county specific. Please contact your local FSA Office to learn more about acreage reporting dates in your county.

NAP CLOSING DATES

Several crops have a NAP sales closing date of December 1, 2012. Since December 1st falls on a Saturday, producers will have until Monday, December 3rd to purchase NAP coverage. Please contact your local FSA office for questions regarding NAP sales closing dates.

UPDATE YOUR RECORDS

FSA is cleaning up our producer record database. If you have any unreported changes of address or zip code or an incorrect name or business name on file they need to be reported to our office. Changes in your farm operation, like the addition of a farm by lease or purchase, need to be reported to our office as well.

If you have any updates or corrections, please call your local FSA Office to update your records.

2009 AND 2010 AVERAGE ADJUSTED GROSS INCOME COMPLIANCE REVIEW

The AGI verification and compliance reviews for 2009 and 2010 are coming to a close. Compliance reviews were conducted on producers that the IRS indicated may have exceeded the adjusted gross income limitations described in [7 CFR 1400.500]. Based on this review, producers received determinations of eligibility or ineligibility.

If the producer was determined to have exceeded the AGI limitation of \$500,000 of nonfarm income, \$750,000 of farm income or \$1 million of conservation program benefits, then receivables were established for payments earned directly or indirectly by the producer subject to the applicable limitation. These reviews and determinations were made by the Texas FSA State Office. If you have any concerns about the review or determination, please contact the Texas FSA State Office at 979-680-5191. Producers who received initial debt notification letters may only appeal the amount of the debt to their local FSA office.

2009, 2010 AND 2011 RECONCILIATION REPORTS FOR CONSENT FORMS SENT TO IRS

In program years 2009, 2010 and 2011, producers were required to submit a CCC-926 or CCC-927 directly to the IRS which gives the IRS consent to report questionable incomes to FSA. Producers missing a consent to disclose form were sent a determination letter notifying the producer that they were ineligible for payment, giving the producer the right to appeal the determination by filing a CCC-931.

Producers who did not respond to the determination are now ineligible for payment, receivables were established and debt notification letters were sent. If you have concerns about the receivable or demand letter, please contact your local FSA Office for further assistance.

Local FSA offices are accepting late-file appeals for the CCC-931 until December 3, 2012. The only appeal available to producers missing AGI forms is to file a CCC-931 and a written statement with FSA.

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.

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.

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, dry beans and dry peas
- Hay
- Renewable biomass
- Fruits (including nuts) and vegetables - cold storage facilities
- Honey

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

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, Fast Track 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, known as Fast Track, which 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.

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 2.125 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.

On August 22, 2012, Secretary Vilsack announced another modification to the emergency loan program allowing them to be made earlier in the season. For example, in the past emergency loan eligibility was decided after the grazing period to determine pasture losses for livestock producers. Eligible livestock producers will no longer have to wait until the end of the grazing period to obtain a loan. This change will support producers who currently need assistance to help offset high production costs.

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.

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

For additional clarification on proper signatures contact your local FSA office.

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.

INCREASED GUARANTEED LOAN LIMIT

The Farm Service Agency has announced that the loan limit for the Guaranteed Loan Program increased to \$1,302,000 on October 1, 2012. The limit is adjusted annually based on data compiled by the National Agricultural Statistics Service.

The lending limit increases every year according to an inflation index. The maximum combined guaranteed and direct farm loan indebtedness increased to \$1,602,000.

As a reminder, 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.

Producers should contact their local FSA County Offices with questions about farm loans.

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 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.

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 farms 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.

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.

If DCP direct payments have already been issued on a particular farm, the reconstitution will be effective for the next year, unless the payments are refunded.

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 November 2012	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	1.125%
Farm Ownership Loans — Direct	3.125%
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	2.25%
Commodity Loans 1996-Present	1.125%

Dates to Remember	
Nov. 12	Veterans Day, office closed
Nov. 22	Thanksgiving Day, office closed
Nov. 30	CRP Emergency Grazing Ends
Dec. 3	COC Ballots due to FSA Office
March 25, 2013	Hispanic and Women Farmer and Rancher Claims Period ends
June 7, 2013	SURE applications due