



Texas FSA Today

February 2013

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

NEW AGI FORM FOR 2013

Under the 2008 Farm Bill extension, all payment eligibility and payment limitation provisions were extended, including AGI limitations for the 2013 crop year, program year and fiscal year.

All rules and requirements effective for 2012 program payments and benefits are applicable to eligible recipients of 2013 program payment and benefits. This includes the requirements of actively engaged in farming, cash-rent tenant, substantive change, minor child, and spousal provisions. Payments will continue to be limited by direct attribution to person and legal entity. All average AGI limitations for commodity, price support, disaster assistance, and conservation programs are also continued for 2013 including the \$1 million average AGI limitation for 2013 direct payments.

The average AGI for 2013 payment eligibility purposes will be based on the average of AGI amounts for the 3-year period of 2009, 2010, and 2011. Producers will be required to complete a new AGI compliance certification and written consent for disclosure for 2013 using form CCC-933, which is a new form for 2013 only. The CCC-933 must be completed by the person or legal entity earning USDA benefits either directly or indirectly in the 2013 program. Producers who fail to provide the certification and consent must refund all applicable program payments received from FSA and NRCS.

Producers may obtain CCC-933 at their local USDA Service Center or online at www.fsa.usda.gov/cc933. Specific detail about AGI may be found here.

NEW MICROLOAN PROGRAM

The Farm Service Agency (FSA) developed the Microloan (ML) program to better serve the unique financial operating needs of beginning, niche and the smallest of family farm operations.

The program will operate similar to the Operating Loan program but will include reduced requirements for managerial experience and loan security, as well as reduced paperwork.

The microloan program can be used for such expenses as annual crop inputs, marketing and distribution expenses, purchase of livestock and equipment, and minor farm improvements such as wells and coolers.

Eligible applicants may obtain a microloan for up to \$35,000. The repayment term may vary and will not exceed seven years. Annual operating loans are normally repaid within 12 months or when the agricultural commodities produced are sold. Interest rates will be the same as the regular Direct Operating Loan rates.

DCP/ACRE 2013 SIGN-UP

The Direct and Counter-Cyclical Payment Program (DCP) and the Average Crop Revenue Election (ACRE) Program are being offered for the 2013 crop year under the 2008 Farm Bill Extension.

DCP and ACRE sign-up for 2013 crops will begin on February 19, 2013. The DCP sign-up period will end on August 2, 2013 and ACRE sign-up will end on June 3, 2013.

The only program change from 2012 to 2013 is that all eligible participants in 2013 may choose to enroll in either DCP or ACRE for the 2013 crop year.

This means that eligible producers who were enrolled in ACRE in 2012 may elect to enroll in DCP in 2013 or may re-enroll in ACRE in 2013 (and vice versa).

MILC PROGRAM EXTENDED

As a result of the 2008 Farm Bill Extension, all Milk Income Loss Contracts are automatically extended to September 30, 2013. Eligible producers do not have to re-enroll in MILC.

MILC payments are triggered when the Boston Class I milk price falls below \$16.94 per hundredweight, after adjustment for the cost of dairy feed rations. MILC payments are calculated each month using the latest milk price and feed cost.

The payment rate for September 2012 is approximately \$0.59 per hundredweight. The payment rate for October 2012 marketings is approximately \$0.02 per hundredweight. The payment rate for November 2012 marketings is zero.

Before the October MILC payment can be issued, dairy farmers must complete a new Average Adjusted Gross Income (AGI) form for 2013. The new form, CCC-933 Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information, must be completed by producers before they can receive payments for a variety of programs administered by FSA and USDA's Natural Resources Conservation Service. Producers may obtain CCC-933 at their local USDA Service Center or online at www.fsa.usda.gov/cc933.

Dairy operations may select a production start month other than October 2012. Producers who want to select a production start month other than

October 2012 must visit their local FSA office between Feb. 1 and Feb. 28, 2013, also known as a relief period.

FSA will provide producers with information on program requirements, updates and signups as the information becomes available. For more information on MILC, contact a local FSA county office or visit the FSA website at www.fsa.usda.gov.

EMERGENCY LOANS AVAILABLE IN DISASTER COUNTIES

Recently, several counties were declared as primary or contiguous disasters due to drought and heat using the new, streamlined Secretarial Disaster Designation process. Producers with operations in any primary or contiguous county are eligible to apply for low interest emergency loans.

The streamlined disaster designation process issues a drought disaster declaration when a county has experienced a drought intensity value of at least a D2 (severe drought) level for eight consecutive weeks based on the U.S. Drought Monitor during the crop year.

Emergency loans help producers recover from production and physical losses due to drought, flooding and other natural disasters or quarantine.

Producers have eight months from the date of the declaration to apply for emergency loan assistance. FSA will consider each loan application on its own merits, taking into account the extent of losses, security available and repayment ability. Producers can borrow up to 100 percent of actual production or physical losses, to a maximum amount of \$500,000. The current emergency loan interest rate is 2.125 percent.

Producers with operations in counties that did not receive a disaster designation could be eligible for emergency loan assistance if they suffered at least a 30 percent loss in crop production or a physical loss to livestock, livestock products, real estate or chattel property

For more information about emergency loans, please contact your local FSA office or visit www.fsa.usda.gov.

CRP EMERGENCY GRAZING ENDS FEBRUARY 28

Conservation Reserve Program emergency grazing for fiscal year 2013 ends on February 28, 2013. In Texas, 53 counties were approved to graze CRP acres.

Producers who took advantage of the emergency grazing provisions must remove all livestock from CRP acres by the February 28, 2013 deadline. Producers must report the actual acreage grazed 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, please contact your local FSA office.

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.

All applications for NAP payment must be signed by the subsequent crop year's acreage reporting date in order to be considered timely. There are no late-file provisions for NAP applications for payment.

The following crops have a NAP application closing date of March 15, 2013: beets (PP 1, 2, 3), broccoli (PP 2), Brussel sprouts (PP 1), cabbage (PP 2), calabaza melons (PP 1), carrots (PP 1, 2), cauliflower (PP1), greens (PP 1, 2, 3), herbs CIL (PP 1,2), herbs DIL (PP 2), herbs FEN (PP 1), herbs PAR (PP 2),

kohlrabi (PP 2, 3), lettuce (PP 1, 2, 3), oats (PP 41), potatoes (PP 1), radishes (PP 2), vetch (PP 1)

2011 SUPPLEMENTAL REVENUE ASSISTANCE PROGRAM APPLICATIONS

The Farm Service Agency (FSA) will continue to accept SURE applications for 2011 crop losses through June 7, 2013. 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.

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>.

HISPANIC AND WOMEN FARMER AND RANCHER CLAIMS

USDA has announced that Hispanic and women farmers and ranchers who allege discrimination by the USDA in past decades can file claims between Sept. 24, 2012 and March 25, 2013.

The process offers a voluntary alternative to litigation for each Hispanic or female farmer and rancher who can prove that USDA denied their applications for loan or loan servicing assistance for discriminatory reasons for certain time periods between 1981 and 2000.

As announced in February 2011, the voluntary claims process will make

available at least \$1.33 billion for cash awards and tax relief payments, plus up to \$160 million in farm debt relief, to eligible Hispanic and women farmers and ranchers. There are no filing fees to participate in the program.

The department will continue reaching out to potential Hispanic and female claimants, around the country to get the word out to individuals who may be eligible for this program so they have the opportunity to participate.

Call center representatives can be reached at 1-888-508-4429. Claimants must register for a claims package (by calling the number or visiting the website) and the claims package will be mailed to claimants. All those interested in learning more or receiving information about the claims process and claims packages are encouraged to attend meetings in their communities about the claims process and contact the website or claims telephone number.

Website: www.farmerclaims.gov

Phone: 1-888-508-4429

Claims Period: Sept. 24, 2012 - March 25, 2013.

Independent legal services companies will administer the claims process and adjudicate the claims. Although there are no filing fees to participate and a lawyer is not required to participate in the claims process, people seeking legal advice may contact a lawyer or other legal services provider.

To read Secretary Tom Vilsack's news release click on the following link:

<http://www.usda.gov/wps/portal/usda/usdahome?contentid=2012/09/0309.xml&contentidonly=true>

FSA GOVDELIVERY

The USDA Farm Service Agency offices have moved to a paperless news distribution system.

Producers are asked to enroll in the new GovDelivery system, which provides 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 helps conserve resources and save taxpayer dollars.

Producers can now subscribe to receive free email updates by going to www.fsa.usda.gov/subscribe.

ACTIVELY ENGAGED

To be eligible for payments and benefits under specified programs, all program participants, either individuals or legal entities, must provide significant contributions to the farming operation to be considered as "actively engaged in farming." Contributions can consist of capital, land, and/or equipment, as well as active personal labor and/or active personal management. The management contribution must be critical to the profitability of the farming operation and the contributions must be at risk.

Each partner, stockholder or member with an ownership interest must contribute active personal labor and/or active personal management to the farming operation on a regular basis. The contribution must be identifiable and documentable; as well as separate and distinct from the contributions made by any other partner, stockholder or member. If any partner, stockholder or member with an ownership interest fails to meet this requirement, program payments will be reduced by the corresponding share held by that partner, stockholder or member. There is an exception allowed for legal entities, such as corporations, if total direct payments received both directly and indirectly, by the legal entity and its members do not exceed \$40,000

IRS 1099 CHANGES

In past years, IRS Form 1099-G was 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.

MARKETING ASSISTANCE LOANS (MAL)

Short-term financing is available by obtaining low interest commodity loans for eligible harvested production. A nine-month Marketing Assistance Loan provides financing that allows producers to store production for later marketing. The crop may be stored on the farm or in the warehouse.

Loans are available for producers who share in the risk of producing the eligible commodity and maintain beneficial interest in the crop through the duration of the loan. Beneficial interest means retaining the ability to make decisions about the commodity, responsibility for loss because of damage to the commodity and title to the commodity. Once beneficial interest in a commodity is lost, it is ineligible for a loan, even if you regain beneficial interest

FINAL AVAILABILITY DATES FOR MARKETING ASSISTANCE LOANS & LOAN DEFICIENCY PAYMENTS

- March 31-Honey, Oats, Wheat
- May 31-Corn, Cotton, Grain Sorghum, Rice, Soybeans

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.

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.

GUARANTEED LOAN PROGRAM

The Farm Service Agency loan limit for the Guaranteed Loan Program has increased to \$1,302,000. 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 has 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

The Farm Service Agency 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 ag 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.

BEGINNING FARMER LOANS

FSA assists 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
- Does not own a farm in excess of 30 percent of the county's median size.

Additional program information, loan applications, and other materials are available at your local USDA Service Center. You may also visit www.fsa.usda.gov.

LOANS FOR THE 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 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 applicants.

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.

FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

LAND CONTRACT (LC) GUARANTEES

The Land Contract (LC) Guarantee Program is a valuable tool to transfer farm real estate to the next generation of farmers and ranchers. Guarantees will be offered to the owner of a farm who wishes to sell real estate through a land contract to a beginning or socially disadvantaged farmer or rancher. The guarantee reduces the financial risk to the seller.

FSA offers two types of guarantees:

- Prompt Payment Guarantee - A guarantee up to the amount of three amortized annual installments plus the cost of any related real estate taxes and insurance.
- Standard Guarantee - A guarantee of 90 percent of the outstanding principal balance under the land contract.

The guarantee period is 10 years and the contract payments must be amortized for a minimum of 20 years. The purchase price of the farm cannot exceed the lesser of \$500,000 or the

market value of the property.

For additional information, go to: http://www.fsa.usda.gov/Internet/FSA_File/lc_guarantee_program.pdf

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	
Feb 18	Washington's Birthday, Federal Offices Closed
March 25	Hispanic and women farmers and ranchers claims deadline March 25, 2013.

Selected Interest Rates for February 2013	
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)	1.25%
Sugar Storage Facility Loans	2.375%
Commodity Loans 1996-Present	1.125%