



# NEWSLETTER



## Texas FSA Today

June 2013

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 17, 2013 through Aug. 1, 2013. For more information contact your local FSA office.

### DCP SIGN-UP ENDS AUGUST 2ND

The DCP sign-up period is still open, but will end on Aug. 2, 2013.

The 2013 DCP and ACRE program provisions are unchanged from 2012, except that all eligible participants 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. Likewise producers who were enrolled in DCP may opt for ACRE enrollment.

Producers with level 2 access who wish to enroll online should start now. If you encounter a problem with on-line enrollment, please contact your local FSA office immediately.

Contact your local FSA Office for more information or to make an appointment to enroll.

### CRP SIGN-UP ENDS JUNE 14TH

Enrollment for the Conservation Reserve Program (CRP) ends June 14, 2013. CRP protects the nation's natural resources through voluntary participation, while providing significant economic and environmental benefits to rural communities across the United States.

Currently, about 27 million acres are enrolled in CRP. Producers that are accepted in the program can receive cost-share assistance to plant long-term, resource-conserving covers and receive an annual rental payment for the length of the contract which is 10-15 years.

Contracts on 3.3 million acres of CRP are set to expire on Sept. 30, 2013. Producers with expiring contracts or producers with environmentally sensitive land are encouraged to evaluate their options under CRP.

For more information on CRP and other FSA programs, visit a local FSA service center or [www.fsa.usda.gov](http://www.fsa.usda.gov).

### 2011 SURE APPLICATIONS

The last day to submit SURE applications for 2011 crop losses is 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>.

### GRASSLAND RESERVE PROGRAM SIGN-UP UNDERWAY

The Natural Resources Conservation Service (NRCS) and the Farm Service Agency (FSA) are accepting applications for the 2013 Grassland Reserve Program (GRP).

GRP is a voluntary program that provides financial and technical assistance to landowners and operators for the restoration and conservation of grasslands through permanent easements or rental contracts.

In Texas, all applications must be received by June 14, 2013. Deadlines vary by state.

GRP benefits the environment by

preventing grasslands from being converted to cropland or used for urban development. Rural economies also benefit from NRCS and FSA program participation.

For more information or to submit a GRP application, please contact your local NRCS or FSA Office.

### **PAYMENT LIMITATIONS**

All payment eligibility and payment limitation provisions, including AGI limitations, are extended 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.

#### **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,
- A combination of active personal labor and active personal management to the farming operation

\*Note: There are exceptions for spouses.

Additional information on payment limitations is available at FSA county offices or online at: [www.fsa.usda.gov](http://www.fsa.usda.gov)

### **ACREAGE CERTIFICATION**

After spring planting, producers should certify their 2013 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.

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 are required for many Farm Service Agency programs. Contact your local FSA office for a list of acreage certification deadlines.

### **HIGHLY ERODIBLE LAND AND WETLAND COMPLIANCE**

Landowners and operators are reminded that in order to receive payments from USDA, they must be compliant with Highly Erodible Land (HEL) and Wetland Conservation (WC) provisions. Farmers with HEL determined soils must apply tillage, crop residue and rotation requirements as specified in their conservation plan.

Producers should notify FSA prior to conducting land clearing or drainage projects to ensure compliance. If you intend to clear any trees to create new cropland, these areas will need to be reviewed to ensure any work will not jeopardize your eligibility for benefits.

Landowners and operators can complete form AD-1026 Highly Erodible Land Conservation (HEL) and Wetland Conservation (WC) Certification to determine whether a referral to Natural Resources Conservation Service (NRCS) is necessary.

For more information on Highly Erodible Land and Wetland Conservation provisions, contact a FSA County Office or visit the FSA website at [www.fsa.usda.gov](http://www.fsa.usda.gov).

### **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.

Guaranteed loans have a maximum limit of \$1,302,000. This makes the maximum combination of direct and guaranteed loan indebtedness \$1,602,000.

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 assists beginning farmers 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](http://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, 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.

### **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.

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](http://www.fsa.usda.gov).

### **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.

### **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.

### **CONTROLLED SUBSTANCES**

Program participants convicted under federal or state law of any planting, cultivating, growing, producing, harvesting or storing a controlled substance are ineligible for program payments and benefits.

If convicted of one of these offenses, the program participant shall be ineligible during that crop year and the four succeeding crop years for Direct and Counter-Cyclical payments, price support loans, loan deficiency payments, market loan gains, storage

payments, farm facility loans, Non-Insured Crop Disaster Assistance Program payments or disaster payments.

Program participants convicted of any federal or state offense consisting of the distribution (trafficking) of a controlled substance shall, at the discretion of the court, be ineligible for any or all program payments and benefits:

- For up to 5 years after the first conviction
- For up to 10 years after the second conviction
- Permanently for a third or subsequent conviction.

Program participants convicted of federal or state offense for the possession of a controlled substance shall be ineligible, at the discretion of the court, for any or all program benefits as follows:

- Up to one year upon the first conviction
- Up to five years after a second or subsequent conviction.

### **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.

### 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.

### BANK ACCOUNT CHANGES

Current policy mandates that FSA payments be electronically transferred into a bank account. In order for timely payments to be made, producers need to notify the FSA county office when an account has been changed or if another financial institution purchases the bank where payments are sent. Payments can be delayed if the FSA office is not aware of updates to bank accounts and routing numbers.

### SPECIAL ACCOMMODATIONS

Reasonable accommodations will be made, upon request, for individuals with disabilities, vision impairment, or hearing impairment to attend or participate in meetings or events sponsored by the Farm Service Agency. If you require special accommodations to attend or participate in one of our events, please call the FSA county office and we will be happy to make any needed arrangements.

**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 7	SURE Deadline
June 14	CRP Deadline
June 14	GRP Deadline
Aug. 2	DCP Deadline
Continues	Continuous Conservation Reserve program

Selected Interest Rates for June 2013	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	1.250%
Farm Ownership Loans — Direct	3.375%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	2.25%
Farm Storage Facility Loans (7 years)	1.250%
Sugar Storage Facility Loans	2.250%
Commodity Loans 1996-Present	1.125%