



# NEWSLETTER



## Texas FSA Today

August 2013

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

### CROP REPORTING DEADLINE EXTENDED

The FSA acreage reporting deadline was extended from Monday, July 15, 2013, to Friday, Aug. 2, 2013. Only the FSA reporting deadline has been extended. The acreage reporting requirement for crop insurance has not changed and remains July 15.

Accurate acreage reports are necessary to determine and maintain eligibility for various programs, such as the Direct and Counter-cyclical Program (DCP); the Average Crop Revenue Election Program (ACRE); the Conservation Reserve Program (CRP); and the Non-insured Crop Disaster Assistant Program (NAP).

Acreage reports for FSA are considered timely this year when filed at the county office by the new applicable final crop reporting deadline of Aug. 2, 2013.

Additionally, NAP production reports and applications for payment will be accepted through August 2, 2013.

Producers should contact their county FSA office if they are uncertain about any upcoming deadlines.

### DCP SIGN-UP CLOSES AUGUST 2ND

Producers are encouraged to sign up for the Direct and Counter-cyclical program (DCP) before the Aug. 2, 2013, deadline.

The 2013 DCP and ACRE program provisions are unchanged from 2012, except that all eligible participants in 2013 had the option to enroll in either DCP or ACRE for the 2013 crop year. This means that eligible producers who were enrolled in ACRE in 2012 had the opportunity to re-enroll in

ACRE for 2013 before the June 3, 2013 deadline or they can still enroll in DCP through August 2, 2013.

Eligible DCP participants receive a direct payment and/or a counter-cyclical payment. Direct payment rates are established by statute regardless of market prices. Counter-cyclical payments vary depending on market prices, and are issued only when the effective price for a commodity is below its target price (which takes into account the direct payment rate, market price and loan rate).

Producers who wish to enroll in DCP are encouraged to schedule an appointment with their local FSA Office as soon as possible.

### USDA ANNOUNCES RESULTS FOR 45TH CONSERVATION RESERVE PROGRAM GENERAL SIGN-UP

Judith A. Canales, State Executive Director for Texas Farm Service Agency (FSA) today announced that the U.S. Department of Agriculture (USDA) will accept 1.7 million acres, nationwide, offered under the 45th Conservation Reserve Program (CRP) general sign-up that ended in June. Texas FSA received 2,226 offers on more than 333,000 acres of land, demonstrating CRP's continuing appeal as one of our nation's most successful voluntary programs for soil, water, and wildlife conservation. Since 2009, USDA has enrolled nearly 12 million acres in new CRP. Currently, there are more than 26.9 million acres enrolled on 700,000 contracts nationwide.

In addition to today's announcement, over the last four years, USDA has set aside significant acreage under CRP's Continuous enrollment programs to target habitat conservation on especially important lands. For example,

in March, 2012, President Obama dedicated 1 million acres of CRP to Continuous Enrollment Programs to conserve wetlands, grasslands and wildlife. This year, farmers and ranchers have already offered more than 370,000 acres under Continuous CRP signup.

CRP is a voluntary program that allows eligible landowners to receive annual rental payments and cost-share assistance to establish long-term, resource-conserving covers on eligible farmland throughout the duration of their 10 to 15 year contracts.

Under CRP, farmers and ranchers plant grasses and trees in fields and along streams or rivers. The plantings prevent soil and nutrients from washing into waterways, reduce soil erosion that may otherwise contribute to poor air and water quality, and provide valuable habitat for wildlife.

In 2012, CRP helped to reduce nitrogen and phosphorous losses from farm fields by 605 million pounds and 121 million pounds respectively. CRP has restored more than two million acres of wetlands and associated buffers and reduces soil erosion by more than 300 million tons per year. CRP also provides \$2.0 billion annually to landowners—dollars that make their way into local economies, supporting small businesses and creating jobs.

In addition, CRP sequesters more carbon dioxide than any other conservation program in the country, and also reduces both fuel and fertilizer use. Yearly, CRP results in carbon sequestration equal to taking almost 10 million cars off the road.

USDA selected offers for enrollment based on an Environmental Benefits Index (EBI) comprised of

five environmental factors plus cost. The five environmental factors are: (1) wildlife enhancement, (2) water quality, (3) soil erosion, (4) enduring benefits, and (5) air quality.

Participants with ranked signup 45 offers will be notified of their offer results, and upon confirmation the accepted offer will be referred to NRCS for conservation plan development. If there are any questions please contact your local FSA Office.

### CRP EMERGENCY GRAZING POLICY CHANGE

In Texas, 241 counties are authorized for emergency grazing use of Conservation Reserve Program (CRP) acres for fiscal year (FY) 2013.

The CRP emergency grazing authorization for fiscal year 2013 began on June 2, 2013 and remains in effect for a 90 day period. Click here to view a list of counties authorized for 2013 CRP emergency grazing.

Based on a decision made by the Texas FSA State Committee, CRP acres grazed during fiscal year 2011 or 2012 **will be considered eligible** for emergency grazing if NRCS verifies, on a case-by-case basis, that the conservation cover will sustain grazing. CRP acres grazed in the fall/winter of fiscal year 2013 **will not be eligible** for spring/summer grazing. FSA's fiscal year runs from October 1 to September 30.

Eligible producers who are interested in emergency grazing of CRP must request approval before grazing eligible acreage and must obtain a modified conservation plan from the Natural Resources Conservation Service that includes grazing provisions.

Additionally, there will be a 25 percent CRP payment reduction for CRP acres used for grazing under these emergency provisions.

To take advantage of the emergency grazing provisions, authorized producers can use the CRP acreage for their own livestock or may grant another livestock producer use of the CRP acreage.

If a producer chooses to lease eligible CRP acreage, the producer cannot profit on the lease agreement. The amount charged for lease of CRP

emergency grazing acres cannot exceed the value of the 25 percent payment reduction.

For more information and to request approval for emergency grazing use of CRP acres please contact your local FSA Office.

### USDA AUTHORIZES EMERGENCY HAYING OF CRP ACRES FOR 239 COUNTIES

In Texas, 239 counties are authorized for emergency haying use of Conservation Reserve Program (CRP) acres for fiscal year (FY) 2013.

The CRP emergency haying authorization for fiscal year 2013 began July 2, 2013 for a 60 day period, not to exceed August 31, 2013. Click here to view a list of counties authorized for 2013 CRP emergency haying.

Based on a revised policy decision made by the Texas FSA State Committee, CRP acres hayed during fiscal year 2011 or 2012 **will be considered eligible** for emergency haying if NRCS verifies, on a case-by-case basis, that the conservation cover will sustain haying. FSA's fiscal year runs from October 1 to September 30.

Eligible producers who are interested in emergency haying of CRP must request approval before haying eligible acreage and must obtain a modified conservation plan from the Natural Resources Conservation Service that includes haying requirements.

Upon approval of emergency haying, producers must leave at least 50 percent of each field or contiguous field unhayed for wildlife. For those counties that are eligible for emergency haying and grazing, the same CRP acreage cannot be both hayed and/or grazed at the same time. For example, if 50 percent of a field or contiguous field is hayed, the remaining unhayed 50 percent cannot be grazed; it must remain unhayed and ungrazed for wildlife.

In addition, participants are limited to one hay cutting and are not permitted to sell any of the hay.

There will be a 25 percent CRP payment reduction for CRP acres used for haying under these emergency provisions.

To take advantage of the emergency haying provisions, authorized producers can use the CRP acreage for their own livestock or may grant another livestock producer use of the CRP acreage for the purpose of haying.

To request approval for emergency haying use of CRP acres please contact your local FSA Office.

### MATURING MARKETING ASSISTANCE LOANS (MALS)

Marketing Assistance Loans (MALs) mature on demand, but no later than the last day of the 9th calendar month after the month the MAL is disbursed. A producer may settle an outstanding nonrecourse MAL:

- Before the maturity date by repaying the MAL.
- Upon maturity, by delivering or forfeiting the commodity to CCC in satisfaction of the loan indebtedness.
- After maturity and before CCC acquires the farm-stored commodity by repaying the outstanding MAL principal.

County offices will notify producers of the loan maturity date on the outstanding MAL.

**Loans with a Saturday, August 31, 2013 maturity date can be repaid through close of business on Tuesday, September 3, 2013. Monday, September 2, 2013 is a Federal holiday, so the maturity date falls on the next workday.**

Please contact your local FSA office for questions regarding MALS.

### ADJUSTED GROSS INCOME

USDA and the Internal Revenue Service have established an electronic information exchange process for verifying compliance with the adjusted gross income (AGI) provisions for farm programs. Written consent is required from each producer or payment recipient for the tax review process. No actual tax data will be included in the report that IRS sends to FSA.

This ensures that payments are not issued to producers whose AGI exceeds certain limits. The limits set in the 2008 Farm Bill are \$500,000 nonfarm average AGI for commodity

and disaster programs; \$750,000 farm average AGI for direct payments; and \$1 million nonfarm average AGI for conservation programs.

Participants in CCC programs subject to average AGI rules must submit form CCC-933 to their local FSA County Office to avoid interruption of program benefits. This form may be obtained from local FSA and NRCS offices or online at: <http://forms.sc.egov.usda.gov/eforms/mainservlet>.

### ACTIVELY ENGAGED

USDA has amended the rules that govern the requirements to be 'actively engaged' in farming. These rules apply to eligibility for payments under the Direct and Counter-cyclical Program (DCP) or Average Crop Revenue Election (ACRE) program administered by FSA.

Normally the stockholder or a member of a legal entity must make contributions of active personal labor and/or active personal management for the farming operation. The contributions are to be performed on regular basis, must be identifiable, and separate from the contributions of others.

The exception to this rule for a stockholder or member of a legal entity only occurs when both of the following apply:

- At least half of the interest in the legal entity is held by stockholders or members who are providing active personal labor or active personal management;
- The total direct payments received by the legal entity and each of the members can't exceed \$40,000.

### FILING FOR NAP LOSSES

The CCC-576, Notice of Loss, is used to report failed acreage and prevented planting and may be completed by any producer with an interest in the crop. Timely filing a Notice of Loss is required for all crops including grasses. For losses on crops covered by the Non-Insured Crop Disaster Assistance Program (NAP) and crop insurance, you must file a CCC-576, Notice of Loss, in the FSA County Office within 15 days of the occurrence of the disaster or when losses become apparent.

If filing for prevented planting, an

acreage report and CCC-576 must be filed within 15 calendar days of the final planting date for the crop.

### NAP COVERAGE AVAILABLE FOR 2014 ANNUAL FORAGE CROPS

The Texas Farm Service Agency will offer Noninsured Crop Disaster Assistance Program (NAP) coverage for 2014 crops that are planted annually and used for livestock feed or fodder.

The Risk Management Agency (RMA) recently announced a pilot program that offers a CAT level Rainfall Index-Annual Forage Insurance Plan to producers in Texas, Kansas, Nebraska, North Dakota, Oklahoma and South Dakota.

Because there is limited time for producers in these states to transition from NAP to the new RMA pilot program, an exception was made that will allow the states to continue offering NAP coverage for 2014. However, NAP coverage will not be available for 2015 annual forage crops.

Eligible producers can apply for 2014 NAP coverage at their local FSA Office using form CCC-471, Application for Coverage. Producers must file the application and service fee by the September 1, 2013 deadline for small grains. The service fee is the lesser of \$250 per crop or \$750 per producer per administrative county, not to exceed a total of \$1,875 for a producer with farming interests in multiple counties.

Producers who meet the definition of a limited resource farmer or rancher can request a waiver of the service fee.

For more information about NAP, please contact your local FSA office or visit [www.fsa.usda.gov](http://www.fsa.usda.gov).

### 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 (HELC) 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).

### COMPLIANCE SPOT CHECKS

Compliance spot checks will be conducted on 2013 crops. Instead of locally selecting farms, contracts, deficiency loans, etc. for review, a nationwide selection of producers is employed. Spot check selections are to be conducted based on a producer's participation in Conservation Reserve Program, Direct and Counter-cyclical Program, Loan Deficiency Program, etc.

For more information about the spot check selection procedure, feel free to contact your local Farm Service Agency office for additional clarification.

### 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.

## 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.

## MICROLOAN PROGRAM

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

FSA offers applicants a Microloan designed to help farmers with credit needs of \$35,000 or less. The loan features a streamlined application process built to fit the needs of new and smaller producers. This loan program will also be useful to specialty crop producers and operators of community supported agriculture (CSA).

Eligible applicants can apply for a maximum amount of \$35,000 to pay for initial start-up expenses such as hoop houses to extend the growing season, essential tools, irrigation and annual expenses such as seed,

fertilizer, utilities, land rents, marketing, and distribution expenses. As financing needs increase, applicants can apply for a regular operating loan up to the maximum amount of \$300,000 or obtain financing from a commercial lender under FSA's Guaranteed Loan Program.

Individuals interested in applying for a microloan or would like to discuss other farm loan programs available, should contact the local FSA office to setup an appointment with a Loan Approval Official.

## 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 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 youth to establish and operate agriculture 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.

For more information you can stop by your FSA county office. Our staff can help with preparing and processing the application forms.

## 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, 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.

## 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.

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**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	
Aug. 1	County Committee Nomination Deadline
Aug. 2	DCP Deadline
Continues	Continuous Conservation Reserve program