



Farm Service Agency

TWIN HARBORS-LEWIS COUNTIES

# FSA NEWS

September 2009

## PAYMENT LIMITATION & ELIGIBILITY – ANNUAL NOTICE TO PRODUCERS

The 2008 Farm Bill eliminated the three-entity rule. Instead, program payments are limited by direct attribution to individuals or entities. A legal entity is defined as an entity created under Federal or State law that owns land or an agricultural commodity, product or livestock. Through direct attribution, payment limitation is based on the total payments received by the payee and by legal entity members, both directly and indirectly. Shares not held by an individual at the third member level of an entity are ineligible for payment. Qualifying spouses are eligible to be considered separate persons for payment limitation purposes, rather than being automatically combined under one limitation.

Payment eligibility for certain programs still requires being “actively engaged in farming,” defined by significant contributions of: (1) land, capital, equipment, or a combination; and (2) active personal labor or active personal management, or a combination. New provisions make it easier for spouses and minors to meet active personal labor and active personal management contribution requirements.

Payment eligibility also requires compliance with average Adjusted Gross Income (AGI) provisions. Starting in 2009, AGI will be computed using the three tax years preceding the most recently completed tax year (for 2009 – use 2005, 2006, 2007). Three qualifying levels will be used: \$500,000 average **non-farm** AGI for commodity and disaster programs; \$750,000 average **farm** AGI for DCP/ACRE direct payments; and \$1 million average **non-farm** AGI for conservation programs, unless at least 2/3 of average AGI is from farm income. The 2009 changes also include an expanded definition of farm income to incorporate processing, packing, storing, shedding, and transporting of farm, ranch and forestry commodities and on-farm renewable energy production.

## HELP FOR ONLINE ACCESS

Do you want to do FSA business online from the convenience of your home but need to know how to get started? For any business that requires transmitting sensitive information electronically, FSA requires users to have an electronic authorization. This keeps your information secure. Contact the county office if you have questions about doing business online or how to establish your e-authorization.

## ASSIGNING PROGRAM PAYMENTS TO THIRD PARTIES

When producers make the request, FSA will issue all or a portion of their program payment to a third-party (assignee), such as a lender. This can save time and effort for a producer and any assignee with which the producer has an agreement. However, it is important that the producer and third-party communicate concerning any changes in operation that may affect the payment amount each receives. Privacy laws prevent FSA from reporting any changes to the assignee.

FSA will make every attempt to pay the full amount designated by the producer on an assignment form. However, FSA will only pay the assignee to the extent the producer earns the payment. In situations where the assignee or the producer receives a portion of a payment intended to go to the other, they are responsible for working together to resolve any differences.

If you would like to sign up for Assignment of Payment or would like more information on assigning program payments, contact our office.

## TREASURY OFFSET OF FSA PAYMENTS POSSIBLE

Beginning August 3, 2009, you will receive direct deposit payments one day later than in the past. This change is necessary for the Treasury to offset payments against Federal debt, if applicable, as required by the Debt Collection Improvement Act of 1996. Also, starting August 3, the description on your bank statement will read, “FSA TREAS 310.”

## USE OF FSA LOAN FUNDS

If the cost-share requirement on a conservation practice is preventing you from adopting the practice or a new tractor is needed on the farm, FSA may be able to help with the financing. FSA provides low interest, long-term loans to producers who have difficulty obtaining or are unable to obtain commercial credit.

Direct Farm Ownership Loans may be used to purchase land, construct buildings or other improvements and apply soil and water conservation practices. FSA also has a Beginning

**Chehalis Service Center**  
1554 Bishop Rd Ste 100  
Chehalis WA 98532-8710

Telephone: (360) 748-0083  
FSA - ext 2  
NRCS – ext 4  
Conservation Dist – ext 3  
Fax: (360) 740-9745

**National Web Sites:**

FSA: [www.fsa.usda.gov](http://www.fsa.usda.gov)  
USDA: [www.usda.gov](http://www.usda.gov)

**Office Hours:**

Monday – Friday  
8:00 AM – 4:30 PM

**County Committee:**

Byron Bentson, Chair.  
Vic Boekelman, Vice-Chair.  
Sam Zion, Member  
Allen Devlin, Member  
Leo Zylstra, Member  
Ann Aho, Advisor  
Liz Anderson, Advisor

**Office Staff**

Jeff Peterson, CED  
Julie Smith, PT

**Farm Loan Staff**

Jon Wilson, FLM  
Ruth Wynn, FLPT

### In This Issue –

**FULL OF HELPFUL INFORMATION!!!!**

*Please contact our office regarding any direct deposit bank account, and/or farm record changes.*

**NEXT FSA COUNTY COMMITTEE MEETING**

Tuesday, October 20, 2009  
9:30 am

**Handicapped**

**Accommodations:** Special accommodations will be arranged for those persons with a physical, vision, or hearing impaired disability. If special accommodations are needed, please contact our office.



Farmer Down Payment program to help purchase a farm or ranch.

Direct Operating Loans may be used to purchase livestock, poultry, equipment, feed, seed, farm chemicals, and supplies; to apply soil and water conservation practices and to refinance indebtedness with certain limitations.

When a county or contiguous county receives a disaster designation, FSA makes Direct Emergency Loans available. These loans may be used to restore or replace essential property, pay all or part of production costs associated with the disaster year, pay essential family living expenses, reorganize the farming operation or refinance indebtedness with certain limitations.

FSA also makes available Guaranteed Loans through commercial lenders. Guaranteed Farm Ownership and Guaranteed Operating loans can be used for the same purposes as the corresponding Direct Loans but they may also be used to refinance debt. For more information about FSA loan programs, contact Jon Wilson, Farm Loan Manager.

## RURAL YOUTH LOANS

The Farm Service Agency makes loans to eligible 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 \$5,000.

### **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.

## SIGNATURE AUTHORITY FOR SPOUSES

Spouses may sign documents on behalf of each other for FSA and Commodity Credit Corporation programs in which either has an interest unless written notification denying a spouse this authority has been provided to the county office. A spouse may not, however, sign a Power of Attorney on behalf of the spouse, nor may they sign on behalf of the other as an authorized signatory for entities. Spouses must also have Powers of Attorneys on file to sign for claim settlements such as promissory notes.