



NEWSLETTER



August 2012

Virginia State FSA Office

**J. Calvin Parrish
State Executive
Director**

1606 Santa Rosa Rd
Suite 138
Richmond, VA 23229

804-287-1503 phone
804-287-1723 fax

Hours
Monday - Friday
7:30 a.m. - 4:30 p.m.

State Staff

Pete Adamson, Chief
Farm Loans

Brent L. Whitlock, Chief
Farm Programs

Connie Washburn-Marsh, Chief
Administration

Linda Cronin, Public Affairs &
Outreach Specialist

Virginia FSA Internet

More Information about Virginia FSA programs, activities and news can be found on the VA FSA Internet at <http://www.fsa.usda.gov/va>

Drought Disaster Assistance

USDA has streamlined the disaster designation process, lowered emergency loan rates and created greater CRP flexibility to help farmers and ranchers in drought-stricken areas across the country.

FSA's low-interest emergency loans will help producers recover from losses due to drought, and other natural disasters. The interest rates have been reduced to 2.25 percent, providing a much-needed resource for producers hoping to recover from production and physical losses associated with natural disasters.

New guidelines were announced for emergency haying and grazing on Conservation Reserve Program (CRP) land. Annual rental payments for farmers enrolled in the CRP, who use those lands for emergency grazing and hay production, will be reduced by 10 percent instead of 25 percent. Also, because of the current severe drought, all counties with a drought level of D0 or higher, as measured by the US Drought Monitor, are approved for emergency haying and grazing outside of the primary nesting season (PNS).

USDA encourages all farmers and ranchers to contact their crop insurance companies and local USDA Farm Service Agency Service Centers, as applicable, to report damages to crops or livestock loss. In addition, USDA reminds livestock producers to keep thorough records of losses, including additional expenses for such

supplies. More information about federal crop insurance may be found at www.rma.usda.gov. Additional resources to help farmers and ranchers deal with disaster losses may be found at www.usda.gov/disaster.

Highly Erodible Land Initiative Sign-Up

The Highly Erodible Land Initiative sign-up under the Conservation Reserve Program (CRP) began on July 23, 2012. The purpose of this initiative is to protect up to 750,000 acres of the nation's most highly erodible croplands. Producers may enroll at their local Farm Service Agency (FSA) county office. Enrollment will continue until the 750,000 acre limit has been met.

CRP is a voluntary program designed to help farmers, ranchers and other agricultural producers protect their environmentally sensitive land. Through this Highly Erodible Land Initiative, eligible landowners receive annual rental payments and cost-share assistance to establish long-term, resource conserving covers on eligible cropland for a period of 10 years. Croplands with an erodibility index of 20 or greater are eligible for enrollment.

For more information producers are encouraged to contact their local FSA office or visit FSA's website at: www.fsa.usda.gov/crp

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 of 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.

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.

Actively Engaged

FSA wants to remind producers about 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 if 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 and;
- The total direct payments received, both directly and indirectly, by the legal entity and each of the members can't exceed \$40,000.

Electronic Services Available

If a producer has Internet access, program participants can access many services from home 24 hours a day, seven days a week, and receive approval and payment by direct deposit within 48 hours.

To participate in these services, you must meet all program eligibility requirements. Online services have stringent security measures to protect your private information.

To utilize electronic services a producer needs an active USDA eAuthentication Level 2 account, which requires an e-mail address and filling out an online registration form at www.eauth.egov.usda.gov/ followed by a visit to the county office for identity verification.

If you have more questions, or would like assistance establishing your account, just contact your local USDA Service Center and talk with our trained FSA personnel.

Wetland Compliance

Producers participating in most programs administered by the Farm Service Agency (FSA) and the Natural Resources Conservation Service (NRCS) are required to abide by certain conditions on any land owned or farmed that is highly erodible or

that is considered a wetland.

To be in compliance with the highly erodible land conservation and wetland conservation provisions, producers must agree, that they will not:

- Produce an agricultural commodity on highly erodible land without a conservation system;
- Plant an agricultural commodity on a converted wetland;
- Convert a wetland to make possible the production of an agricultural commodity.

Producers planning to remove fence rows, convert woodlots to cropland, combine crop fields, divide a crop field into two or more fields, install new drainage, or improve or modify existing drainage, must notify the FSA and update Form AD-1026. FSA will notify NRCS and NRCS will then provide highly erodible land or wetland technical determinations.

To get additional information on highly erodible land and wetland conservation compliance contact the FSA office or the NRCS office at a local USDA Service Center. Additional information about conservation programs offered by FSA can be found online at www.fsa.usda.gov/conservation, and information on NRCS programs can be found at www.nrcs.usda.gov.

Farm Safety

Flowing grain in a storage bin or gravity-flow wagon is like quicksand, it can kill quickly. It takes less than five seconds for a person caught in flowing grain to be trapped.

The mechanical aspects of grain handling equipment, also presents a real danger. Augers, power take offs, and other moving parts can grab people or clothing.

These hazards, along with pinch

points and missing shields, are dangerous enough for adults; not to mention children. It is always advisable to keep children a safe distance from operating farm equipment. Always use extra caution when backing or maneuvering farm machinery. Ensure everyone is visibly clear and accounted for before machinery is engaged.

FSA wants all farmers to have a productive crop year, and that begins with putting safety first.

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. 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.

Applications for FSFL must be

submitted to the FSA county office that maintains the farm's records. An FSFL must be approved before any site preparation or construction can begin.

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

Marketing Assistance Loans

A Marketing Assistance Loan (MAL) is available for producers who share in the risk of producing the crop. To be eligible, a producer must maintain continual beneficial interest in the crop from harvest through the earlier of the date the loan is repaid or CCC takes title to the commodity. Beneficial interest means retaining the ability to make decisions about the commodity; responsibility for loss or damage to the commodity; and title to the commodity. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan — even if the producer regains beneficial interest.

Commodity loan eligibility also requires compliance with conservation and wetland protection requirements; beneficial interest requirements, acreage reporting and ensuring that the commodity meets Commodity Credit Corporation minimum grade and quality standards. For commodities to be eligible they must have been produced by an eligible producer, be in existence and in a storable condition and be merchantable for food, feed or other uses as determined by CCC. The quality of the commodity in farm storage must be maintained throughout the term of the loan.

Producers do not have to participate in the Direct and Counter-Cyclical and/or ACRE programs to be eligible for commodity loans.

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.

CREP & Continuous CRP Available

The Conservation Reserve Enhancement Program (CREP) allows farmers and ranchers to voluntarily enroll environmentally sensitive land into a program that decreases erosion, restores wildlife habitat and safeguards ground and surface water. CREP is a partnership with federal and state government and is limited to specific geographic areas.

Environmentally sensitive acreage qualifying for the Conservation Reserve Enhancement Program (CREP) or Continuous CRP will be eligible for annual rental payments and cost-share of up to 50 percent on approved practices. These programs will remain funded, and continue to provide heightened environmental benefits on select areas.

FSA Farm 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.

Farm ownership loans or farm operating loans may be obtained as direct loans for a maximum of up to \$300,000. Guaranteed loans have a maximum limit of \$1,214,000. This makes the maximum combination of direct and guaranteed loan indebtedness \$1,514,000.

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 and Limited Resource 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
- Does not own a farm 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 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 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.

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
- 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 application forms. The FSA staff can help you with questions you may have about a particular program.

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.

Planting (Crop) Report Dates Change

The Farm Service Agency (FSA) has new deadlines for reporting the plantings of crops. The new dates are identical to those used by crop insurance. The chart below lists crops and the deadline dates currently in effect.

One major change should be noted. Be aware that hay, pasture, and other forage crops must be reported no later than November 15th in the calendar year prior to harvest. For example, hay to be cut and baled in May of 2013 must be reported by November 15, 2012.

Producers participating in USDA programs are required to report a portion, or all, of their planting to be eligible for benefits.

Planting (Crop) Report Dates Change (Table)

| Crops | Reporting Deadline |
|--|--------------------|
| Apples, Fall Barley, Fall Oats, Peaches, Fall Wheat, and all other Fall-Seeded Small Grains | January 15 |
| Cabbage, Fresh Market Tomatoes (Planted 4/4- 5/15), Potatoes, Spring Oats | May 15 |
| Fresh Market Beans (Planted 3/4- 5/25) | June 15 |
| Burley Tobacco, Corn, Cotton, Dark Air Tobacco, Fire- Cured Tobacco, Flue-Cured Tobacco, Fresh Market Sweet Corn, Fresh Market Tomatoes (Planted 5/16- 7/5), Grain Sorghum, Peanuts, Processing Beans (Planted 9/6- 7/10), Soybeans, Tomatoes, and all other Crops | July 15 |
| Cabbage | August 15 |
| Fresh Market Beans (Planted 7/15-9/5), Processing Beans (Planted 7/15-9/5) | September 15 |
| Apiculture, PRF, Hay, Pasture, other Forages & CRP | November 15 |
| Clams | November 30 |

| Dates to Remember | |
|-------------------|--|
| Aug. 1 | Last Day to file COC nomination form |
| Sep. 4 | Deadline for 2013 value-loss NAP applications |
| Oct. 1 | Deadline for 2013 small-grain NAP & crop insurance applications |
| Nov. 15 | Deadline for 2013 PRF & agriculture crop insurance applications |
| Nov. 20 | Deadline for 2013 tree, vine, bush and strawberry NAP applications |
| Nov. 30 | Deadline for 2013 mollusk crop insurance applications |
| Dec. 3 | Deadline for 2013 honey and maple sap NAP applications |
| | |

| Selected Interest Rates for August 2012 | |
|---|--------|
| 90-Day Treasury Bill | 0.125% |
| Farm Operating - Direct | 1.25% |
| Farm Ownership - Direct | 3.375% |
| Limited Resource | 5.0% |
| Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher | 1.5% |
| Emergency | 3.75% |
| Farm Storage Facility – 7 year | 1.125% |
| Farm Storage Facility – 10 year | 1.625% |
| Farm Storage Facility – 12 year | 1.875% |
| Commodity Loans 1996-Present | 1.250% |

