

August 2013



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Virginia FSA State Office Updates

Virginia FSA State Office **DCP Deadline**

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Hours

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

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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>

To learn more about FSA
programs you can also visit the
National website at
<http://www.fsa.usda.gov>

The sign-up period for DCP is still open. Producers are encouraged to sign up for DCP before the September 16, 2013, deadline.

To make an appointment or to receive more information, contact the FSA county office.

Microloan Program

The Farm Service Agency (FSA) developed the Microloan 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.

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/efcommon/eFileServices/eForms/CCC933.PDF>.

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.

Disaster Assistance

The Farm Service Agency would like to remind crop and livestock producers that have recently experienced severe damage from flooding, wildfires and tornadoes that FSA programs exist to aid producers.

We encourage all who have suffered a disaster due to the recent severe weather conditions to read the fact sheets and visit their local FSA county office so they get a quick start in the recovery process.

Fact sheets for all of these programs can be found at the disaster assistance program page <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=diap&topic=landing>.

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.

Highly Erodible Lands and 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 <http://www.nrcs.usda.gov>.

Compliance Spot Checks

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

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

Foreign Landowner 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.

Foreign individuals who 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 could result in civil penalties of up to 25 percent of the fair market value of the property.

County government offices, real estate agents, 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. New loan terms of seven, 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 U.S. 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.

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.

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.

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

Beginning and Limited Resource 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. Farm operating loans are available as well as loans to 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 you can read the [Land Contract Guarantee Program Fact Sheet](#).

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.

Selected Interest Rates for August 2013

90-Day Treasury Bill - 0.125%

Farm Operating - Direct - 1.5%

Farm Ownership - Direct - 3.625%

Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher - 1.5%

Emergency - 2.5%

Farm Storage Facility – 7 year - 2.000%

Farm Storage Facility – 10 year - 2.625%

Farm Storage Facility – 12 year - 2.750%

Commodity Loans 1996-Present - 1.125%

Dates to Remember

September 4 Deadline for 2014 Applications for Coverage for NAP Value Loss Crops

September 16 Deadline for 2013 DCP Contracts

September 30 Deadline for 2014 Applications for Coverage for NAP Small Grain Crops

CREP Sign Up continues

Submit NAP Notices of Losses timely

Provide your County Office with livestock death losses because of a natural disaster.

For more information on bulletin subjects or details regarding your GovDelivery subscription with the Virginia FSA State Office, contact Linda Cronin, Outreach/Information Coordinator at linda.cronin@va.usda.gov or call at 804-287-1537.

USDA is an equal opportunity provider and employer. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., SW, Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).