

Texas FSA Today

AN ONLINE MONTHLY NEWSLETTER COVERING THE HOTTEST TOPICS IN FEDERAL FARM PROGRAMS

December 2007

FARM LOAN PROGRAM RULES STREAMLINED

Beginning January 1, 2008, farmers, ranchers and producers will find it easier to apply for FSA's Farm Loan Programs. Over the past few years FSA has streamlined areas of its farm loan programs, such as the Guaranteed and Emergency Loan Programs, by revising loan making and servicing requirements and procedures to better serve applicants and borrowers.

Streamlining of the Direct Loans Program includes:

- Reducing applicable federal regulations by more than 80 percent
- Modifying requirements to more closely conform to those used by other lenders
- Ensuring all forms are available on-line
- Reducing the number of forms required by nearly 50%
- Consolidating guidance into six handbooks instead of nearly 40 instruction manuals.

Program rules and forms will officially change on Dec. 31, 2007 allowing employees time for nationwide training on the new forms and rules. Until then, FSA

will follow current procedures.

The streamlining rule can be viewed via the Federal Register at http://www.access.gpo.gov/su_docs/fedreg/frcont07.html.

More information about streamlining can be provided by local Farm Loan Program staff or online at <http://www.fsa.usda.gov>; click on "Farm Loan Programs" for more information.

DAIRY DISASTER AID PROGRAM SIGNUP BEGINS DEC. 3, 2007

Sign up for the Dairy Disaster Assistance Program (DDAP-III) began at local FSA service centers Dec. 3, 2007, for eligible dairy producers.

DDAP-III will help dairy producers recover production losses resulting from a variety of adverse weather conditions in the last few years. The program provides \$16 million in benefits to dairy producers for production losses that occurred between Jan. 1, 2005, and Feb. 28, 2007, because of qualifying natural disasters. It compensates producers for production losses that resulted from lost herds or dumped milk when dairy plants closed or the natural disaster damaged containment equipment. Additionally, power outages, fuel

shortages, and infrastructure damage may have temporarily interrupted the flow of dairy products to markets.

To be eligible for DDAP-III, dairy producers must have suffered losses in primary and contiguous counties declared or designated a natural disaster. Also, producers in counties receiving an FSA Administrator's Physical Loss Notice determination are eligible.

To find out more information or to apply for the program, contact your local USDA Service Center or FSA County Office.

LOAN REDEMPTION ISSUES ON COTTON STORED OUTSIDE

For Crop Year 2007, Texas is considered a "storage deficit region" for cotton warehouses with CCC Cotton Storage Agreements. CCC may grant warehouses authority to store cotton outside; however, CCC will not grant storage credits to the producer for the period when cotton is stored outside.

FSA County Offices cannot process loan repayments for outside stored cotton because the automated system will not correctly compute storage credit for cotton stored outside. Cotton buyers are encouraged to redeem

loan cotton stored outside through the Centralized Cotton Redemption process referred to as CCR.

CCR is directly linked to the Cotton Online Processing System (COPS) and properly computes storage credits applicable with the repayment amount. Buyers who utilize CCR receive faster service on loan redemptions.

Because of FSA's software limitations, buyers who opt to redeem loan cotton stored outside through their local FSA County Office can expect delays in processing the repayment and *releasing warehouse receipts*.

Buyers are encouraged to get set up for CCR before beginning to buy Crop Year 2007 cotton. To set up for CCR, email Shannon.Fulghem@kcc.usda.gov (Kansas City FSA Automation Division) or call 816-926-1533.

USDA WORKS TO PROTECT PERSONALLY IDENTIFIABLE INFORMATION (PII)

USDA has launched a campaign to make certain your "Personally Identifiable Information" or PII, is protected. PII generally refers to your personal information which is maintained by a USDA agency. This information can include details of financial transactions between you and USDA; and may include your Social Security number, date of birth or other personal information which can be linked to you.

As part of USDA's official policy on social security numbers, USDA will collect, use, maintain,

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and/or disseminate Social Security numbers only when required by statute or when specifically authorized to do so. USDA agencies will not use the number as an identifying number. Agencies must mask or encrypt Social Security numbers so they cannot be viewed on computer screens, reports, or other products. Agencies will not use Social Security numbers to access customer records.

FSA SEEKS PUBLIC COMMENT ON EMERGENCY CONSERVATION PROGRAM

FSA is offering members of the public an opportunity to voice opinions about the Emergency Conservation Program (ECP) and to suggest ideas about improving the program in the future.

ECP provides emergency funding and technical assistance for farmers and ranchers to rehabilitate farmland damaged by natural disasters and for carrying out emergency water conservation measures in periods of severe drought. Funding for ECP is appropriated by Congress.

To learn more about ECP program issues and proposed alternatives, please review the Federal Register at <http://edocket.access.gpo.gov/2007/pdf/e7-20961.pdf>

Written comments on the scope of the Draft Supplemental Environmental Impact Statement and requests for copies should be directed to ECP SEIS, Geo-Marine Incorporated, 2713 Magruder Blvd., Suite D, Hampton, VA 23666-1572.

To ensure that the full range of issues and alternatives are addressed, FSA invites comments. Comments should be submitted by close of business December 24, 2007.

AG CENSUS BEGINS IN DECEMBER

The National Agricultural Statistics Service (NASS) will begin distribution of the 2007 Census of Agriculture later this month, allowing America's farmers and ranchers the opportunity to help shape the future of agriculture.

Conducted every five years by the U.S. Department of Agriculture, the Census is a complete count of the nation's farms and ranches and the people who operate them. According to NASS, the Census of Agriculture provides information that is not available elsewhere. The last Ag Census was conducted in 2002.

NASS will mail out Census forms on December 28, 2007 to collect data for the 2007 calendar year. Completed forms are due by February 4, 2008. Producers can return their forms by mail or, can complete and submit the Census online via a secure web site at <http://www.agcensus.usda.gov/>.

The Census looks at land use and ownership, operator characteristics, production practices, income and expenditures and other topics. It provides the only source of uniform, comprehensive agricultural data for every county in the nation.

Policy-makers use Census

data for decisions concerning agricultural and rural programs. Community planners use Census information to target delivery of local services. Companies rely on Census data when determining where to locate their operations. Farmers look at Census data when deciding to make changes in their production strategies.

IRS FORM 1099-G

Producers who receive market gains on a Commodity Credit Corporation (CCC) loan by redeeming the loan with cash or commodity certificates will now have their market gains reported to the IRS on Form 1099-G.

Due to changes in tax laws, FSA now reports to the IRS all market gains associated CCC loan repayments.

A market gain is the difference between the repayment rate, determined by the CCC, and the original loan rate. If the repayment rate drops below the original loan rate then the difference is considered a market gain. Producers will receive, by mail, the amount reported by FSA to the IRS for market gains and storage credits on IRS Form 1099-G.

Producers who have questions about how reporting market gains will affect their taxes should contact a tax advisor or visit the IRS website on Repayment of Commodity Credit Corporation Loans at http://www.irs.gov/irb/2007-33_IRB/ar07.html.

MAINTAINING THE QUALITY OF GRAIN IN LOAN

This year's large grain crop has its obvious up side, but there is a downside too. Many producers are hard pressed to find adequate storage for every bushel harvested. Overfilled grain storage bins can lead to grain quality problems.

Bins are ideally designed to hold a level volume of grain. When bins are overfilled and grain is heaped up, airflow is hindered and the chance of spoilage increases.

Producers who take out marketing assistance loans and use the farm-stored grain as collateral should remember that they are responsible for maintaining the quality of the grain through the term of the loan.

For information on storage visit: <http://www.extension.umn.edu/distribution/cropsystems/M1080-FS.pdf>

LDP DEADLINE ON UNSHORN LAMB PELTS

Eligible producers have until Jan. 31, 2008, to apply for LDPs for unshorn pelts produced during the 2007 crop year.

Eligible producers must have beneficial interest in the pelts, must have owned the lamb for at least 30 calendar days before the date of slaughter and must sell the unshorn lamb for immediate slaughter. Producers must also comply with wetland conservation and highly erodible

land conservation provisions on all lands where they have an interest.

To qualify for payment, pelts must have been produced by an eligible producer from live unshorn lambs of domestic origin in the United States.

SPOUSAL SIGNATURES

Husbands and wives may sign documents on behalf of one another for FSA and Commodity Credit Corporation programs in which either has an interest. This option is automatically available unless a written request for exclusion is made to the county office staff by either spouse.

There are exceptions to the rule. Spouses may not sign FSA-211s on behalf of each other or sign on behalf of the other as an authorized signatory for partnerships, joint ventures, corporations or other similar entities. Spouses must have a power of attorney on file or sign personally for claim settlements, such as promissory notes, and on security documents for price support loans.

Individual signatures are also required on certain Farm Loan Program and Farm Storage Facility Loan documents.

A spouse's authority to sign documents on behalf of the other spouse does not entitle the spouse to review or receive agency records of the other spouse.

LOANS FOR BEGINNING FARMERS

FSA has funding to assist 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 average size.

Each member of an entity must meet the eligibility requirements. Loan approval is not guaranteed.

CONTINUOUS CRP

The Continuous Conservation Reserve Program is an environmental improvement program for private lands that allows participants to enroll acreage in conservation practices to reduce soil erosion, improve water and soil quality and provide wildlife habitat and food sources.

Continuous CRP is a voluntary enrollment program. Eligible landowners enter into 10 to

15-year contracts. In return, the landowners receive annual rental and maintenance payments, incentive payments for certain activities, and cost share for establishment.

To qualify for enrollment in the Continuous CRP, participants and acreage must meet certain requirements. Provided the eligibility requirements are met, FSA will automatically accept enrollments of acreage into Continuous CRP. Landowners may enroll at any time during the year.

For more information on Continuous CRP enrollments or local Conservation Reserve Enhancement Program (CREP) availability, please contact your local FSA office or visit <http://www.fsa.usda.gov/pas/publications/facts/html/crpcont03.htm>.

EAUTH PASSWORD RULES HAVE CHANGED

Starting in November 2007, password rules have changed for customers using USDA's eAuthentication system. You can use your eAuth account to go online to view program participation, submit forms, request LDPs, and sign DCP contracts. The next time you log into any USDA program using your Level 1 or Level 2 account you may be asked to change your password. The password must fit the following guidelines:

- All passwords will expire in 180 days
- Passwords must be 9 to 12 characters long

- Passwords must contain at least 1 uppercase and 1 lowercase letter
- Passwords must contain a number and/or one of these special characters:

(i.e. - ! # - \$ % * = + ; , ? ~)

- Do not use dictionary words, spaces, tabs, or any other special characters not listed above.
- Passwords CANNOT contain your name, street address, city, User ID, Date of Birth, Mother's Maiden Name, PIN, or security questions/answers

These changes enhance the security of your eAuthentication account, making it more difficult for someone to obtain unauthorized access. For more information about these changes, you can go to the eAuth Help website at <http://www.eauth.egov.usda.gov/eauthHelp.html> and click on the Frequently Asked Questions link. Remember, any time you have password problems you can call the eAuth Help Desk for assistance at 1-800-457-3642 or email them at eAuthHelpDesk@ftc.usda.gov.

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.

