



# NEWSLETTER



March/April 2013

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## Farm Program Staff

**County Executive  
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Linda Rector

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## Farm Loan Staff

**Farm Loan Manager:**  
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**Farm Loan Phone:**  
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## 45<sup>th</sup> CRP General Sign-Up

USDA will conduct a four-week general sign-up for the Conservation Reserve Program (CRP), beginning May 20 and ending on June 14. CRP protects the nation's natural resources through voluntary participation, while providing significant economic and environmental benefits to rural communities across the United States.

Currently, about 27 million acres are enrolled in CRP. Producers that are accepted in the sign-up can receive cost-share assistance to plant long-term, resource-conserving covers and receive an annual rental payment for the length of the contract (10-15 years).

Contracts on 3.3 million acres of CRP are set to expire on Sept. 30, 2013. Producers with expiring contracts or producers with environmentally sensitive land are encouraged to evaluate their options under CRP.

## DCP and ACRE Sign-up

DCP and ACRE signups for the 2013 crops are on-going. The DCP sign-up period will end on Aug. 2, 2013; and the ACRE sign-up period will end on June 3, 2013.

The 2013 DCP and ACRE program provisions are unchanged from 2012, except that all eligible participants in 2013 may choose to enroll in either DCP or ACRE for the 2013 crop year. This means that eligible producers who were enrolled in ACRE in 2012 may elect to enroll in DCP in 2013 or may re-enroll in ACRE in 2013. Likewise producers who were enrolled in DCP may opt for ACRE enrollment.

[Read more about DCP and ACRE](#) or contact the FSA county office for more information, or an appointment to enroll.

## New Microloan Program

The Farm Service Agency (FSA) developed the Microloan (ML) program to better serve the unique financial operating needs of beginning, niche and the smallest of 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 who would like to discuss other farm loan programs available, should contact the local FSA office to setup an appointment with a loan approval official.

## Hay Net

Producers are encouraged to use Hay Net on the FSA website ([www.fsa.usda.gov/haynet](http://www.fsa.usda.gov/haynet)). This online service allows producers with hay and those who need hay to post ads so they can make connections. Hay Net is a popular site for farmers and ranchers who have an emergency need. Individual ads can be posted free of charge by producers who complete a simple online registration form the first time they use the site.

## IRS 1099-G Changes

Calendar year 2012 brought changes to the way FSA reports farm program payments to the producer and to the IRS.

In past years, IRS Forms 1099-G would be issued to show all program payments received from the Farm Service Agency, regardless of the amount.

For calendar year 2012, producers whose total reportable payments from FSA were less than \$600 will not receive IRS Form 1099-G. Also, producers who received payments from more than one county will only receive one Form 1099-G if the total of all payments from all counties was \$600 or more.

The same changes will apply to those who normally receive IRS Form 1099-MISC from FSA.

## 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.

## MILC Contracts Automatically Extended

Dairy producers enrolled in the Milk Income Loss Contract program (MILC) will have their contracts automatically extended through Sept. 30, 2013. There is no need to re-enroll in the program. The MILC program was part of several FSA-related programs that were continued with the extension of the 2008 Farm Bill.

The production start month previously selected by an operation is applicable for FY 2013. Starting March 1, 2013, all production start month changes must be made according to normal start month selection provisions.

Normal start month provisions: Changes must be made on or before the 14th day of the month before the selected MILC production start month, except as otherwise provided during the applicable sign-up phase. A dairy operation cannot select a MILC production start month for any month that has already begun, except as otherwise provided; has already ended or; milk was not produced by the dairy operation.

Please call the FSA office and make an appointment if you decide to make changes.



## 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.

## Honey Loans

Honey loans are a type of marketing assistance loan and they are available until April 1, 2013. The national loan rate for honey is \$.69 per pound. Market prices currently exceed the loan rate, so LDPs are not available at this time.

To be eligible for a loan, the producer must have produced honey in the United States during the calendar year for which the loan is requested, and extracted the honey on or before Dec. 31 of the applicable crop year; have continuous beneficial interest in the honey through date of repayment of the loan; and been responsible for the financial risk of beekeeping. Producers are responsible for maintaining the quality of farm-stored honey during the term of the loan.

The containers must be marked with the producer's name, type of honey, number of container and net weight. Pre-loan inspections are required before the loans can be disbursed.

Honey used as collateral may not be disposed of without approval of the county office staff.

## Payment Limitations (PL)

All payment eligibility and payment limitation provisions, including AGI limitations, are extended for the 2013 crop year, program year, and FY.

All rules and requirements effective for 2012 program payments and benefits are applicable to eligible recipients of 2013 program payment and benefits. This includes the requirements of actively engaged in farming, cash-rent tenant, substantive change, minor child, and spousal provisions. Payments will continue to be limited by direct attribution to person and legal entity.

## Special Accommodations

Special accommodations will be made upon request for individuals with disabilities, vision impairment or hearing impairment. If accommodations are required, individuals should contact the county FSA office staff directly or by phone.

## Farm Storage Facility Loans

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.

## Beginning and Limited Resource Farmers

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.

## 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, go to:

[http://www.fsa.usda.gov/Internet/FSA\\_File/lc\\_guarantee\\_program.pdf](http://www.fsa.usda.gov/Internet/FSA_File/lc_guarantee_program.pdf)

**Additional FSA 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) for more information.**



## 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.

## 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.



## Rural 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.

## 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.

Contact the county office for help preparing and processing the application forms.

### Dates to Remember

April 1	Honey Loans Sign-up Ends
May 1	HWFRCP filing period ends
May 20	45 <sup>th</sup> CRP Sign-up Opens
June 3	ACRE Sign-up ends
June 7	SURE applications accepted for 2011 losses
Aug. 2	DCP Sign-up ends



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