



# “SCOOP”

## ARKANSAS FARM SERVICE AGENCY - - STATE OFFICE

March 2014

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## **ADMINISTRATIVE OFFSET**

Under law, delinquent debt owed to Federal Agencies must be offset against any payments due from the Federal Government. The Debt Collection Improvement Act of 1996 (DCIA) was enacted to improve the collection of delinquent debts owed to the Federal Government.

- a. DCIA requires departments and agencies to refer eligible debts more than 180 calendar days delinquent to Treasury for collection action.
- b. DCIA allows exemptions of certain debts from referral to Treasury. These debts include debts active in litigation (including bankruptcy), in appeal status, payable (in full) by offset in 3 years, under civil rights review, and owed by deceased debtors.
- c. DCIA also allows Farm Service Agency (FSA) to collect payments - that otherwise would be made to producers/borrowers who owe Commodity Credit Corporation (CCC), or delinquent direct farm loan program debt - unless the borrower can present an acceptable plan to resolve the delinquency.

Payments subject to offset that are issued by the United States include:

- program payments,
- tax refunds,
- federal salary offset (including military pay),
- federal retirement pay (including military),
- contract or vendor payments,
- social security (including disability),
- railroad retirement, and
- black lung payments.

## **FSA SIGNATURE POLICY**

Providing the correct signature when doing business with FSA can save time and prevent a delay in program and farm loan program benefits. The following are FSA signature guidelines:

### **Policy for Program Benefits such as but not limited LDPs, MAL, Price Support Loans, NAP, LIP, LFP, BWEP, CRP:**

- A married woman shall sign her given name: Mrs. Mary Doe, not Mrs. John Doe
- For a minor, FSA requires the minor's signature, and a signature from an eligible parent
- (Note, by signing the applicable document, the parent is liable for actions of the minor, and may be liable for refunds, liquidated damages, etc.)
- When signing on one's behalf, the signature must agree with the name typed or printed on the form, or be a variation that does not cause the name and signature to be in disagreement. Example - John W. Smith is on the form. The signature may be John W. Smith or J. W. Smith or J. Smith. Or Mary J. Smith may be signed as Mrs. Mary Joe Smith, M.J. Smith, Mary Smith, etc.

- FAXED signatures will be accepted for certain forms and other documents provided the acceptable program forms are approved for FAXED signatures. Producers are responsible for the successful transmission and receipt of FAXED information.
- Spouses may sign documents on behalf of each other for FSA, and CCC programs in which either has an interest, unless written notification denying a spouse this authority has been provided to the county office.
- Spouses shall not sign on behalf of each other as an authorized signatory for partnerships, joint ventures, corporations, or other similar entities.
- Spouses may sign on behalf of each other's individual interest in a partnership, unless notification denying a spouse that authority is provided to the county office.
- Persons signing in a representative capacity must ensure that the applicant is still living. Once a person is deceased, signature authority ceases to exist. If an FSA document is signed in a representative capacity for a deceased person, then the document is invalid and FSA program benefits are not earned.

**Policy for Farm Loan Programs:** - Farm Loan Programs and Farm Programs have different signature requirements. Producer's requesting benefits with our FSA Loan Division should work with their local representative to ensure correct signatures are obtained.

## **FSA FINANCIAL INQUIRIES WEB SITE**

The U.S. Department of Agriculture (USDA) Farm Service Agency's (FSA) Financial Inquiries Web Site is an Internet-based service that allows agricultural producers and other customers to generate reports showing their current, and historical financial information related to FSA programs. Authorized customers may view summary and detailed information about specific payments received, collections paid, outstanding debt (excluding loans), and information reported on the Commodity Credit Corporation (CCC) Form 1099. For additional information, visit <http://www.fsa.usda.gov>. From the top menu bar, click on "Online Services." Under "Related Topics," click on "Financial Inquiries for FSA Producers."

## **FSA ASSIGNMENTS**

An "assignment of payment" is a service provided by the Farm Service Agency (FSA) for producers who are eligible to receive specified program payments from FSA or Commodity Credit Corporation (CCC) programs. Those eligible Producers may arrange to have all or part of their payments assigned directly to another party either by electronic funds transfer (EFT) using the Automated Clearing House (ACH) method or by check. This allows a third party, such as a person or entity, to receive a selected program payment directly from FSA/CCC in lieu of receiving the payment from a producer. To assign eligible FSA or CCC program payments, producers must either use the web-based Assignment application or submit a completed form CCC-36, Assignment of Payments, and CCC-252, Instrument of Assignment form. The assignee must complete and sign SF-3881, ACH Vendor/Miscellaneous Payment Enrollment, to initiate EFT transactions. For additional information on assigning FSA and CCC program payments and other FSA programs and services, contact your FSA county office, or visit FSA's Web site at <http://www.fsa.usda.gov>

## **CHANGING BANKS**

Almost all Farm Service Agency payments are made electronically using direct deposit.

To keep the system running smoothly, it's critical to keep the county office staff up to date on changes you might make in your financial institutions.

If you have changed accounts or institutions that might affect the direct deposit of your FSA payments, contact the FSA county office so we can update our files to insure continued uninterrupted service.

## **SELLING LAND**

If you plan on selling farmland, you should be aware of several consequences associated with FSA programs. For example, if you're planning to sell land that's enrolled in the Conservation Reserve Program, the buyer must agree to continue the enrollment. If the buyer doesn't want to continue the CRP contract, you might have to refund all of the payments you've received to date.

Reviewing program implications with your local Farm Service Agency staff before completing a sale of farmland is always a prudent precaution.

## **INCREASED GUARANTEED LOAN LIMIT**

The loan limit for the Guaranteed Loan Program increased to \$1,355,000 on Oct. 1, 2013. 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 will also increase to \$1,655,000.

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.

## **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.

## **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
- 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.

## **BEGINNING FARMER LOANS**

FSA assists 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.

Additional 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).

## **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.

## **FARM RECONSTITUTIONS**

When changes in farm ownership or operation take place, a farm *reconstitution* is necessary. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

The following are the different methods used when doing a farm recon-

**Estate Method** — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate;

**Designation of Landowner Method** — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. In order to use this method the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding;

**DCP Cropland Method** — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract;

**Default Method** — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system. If DCP direct payments have already been issued on a particular farm, the reconstitution will be effective for the next year, unless the payments are refunded.

## **GUARANTEED LOAN ELIGIBILITY (AS PER FLP-667)**

Changes to FSA regulations have removed Guaranteed Operating term limits. Previous and current guaranteed loan borrowers who were not eligible for further guaranteed loans due to the previous 15 year eligibility term limit may now be eligible for further guaranteed loans through their commercial lender.

## **DIRECT LOAN CHANGES (AS PER FLP-667)**

Changes were made to the interest rate charged on loans where FSA provides 50 percent or less on jointly financed purchases of real estate also called Direct Farm Ownership Participation Loans. The interest rate will be the greater of 2.5 percent or the current interest rate for direct Farm Ownership loans minus 2 percent, as a fixed rate for the duration of the loan. At present, the March direct Farm Ownership rate is 4.25 percent. Because the 2.5 percent floor is greater than subtracting 2 percent from the direct farm ownership loan rate, the rate for Direct Farm Ownership Participation Loans in March is 2.5 percent.

## **FSA ALLOWS LENDERS TO USE EVALUATIONS INSTEAD OF APPRAISALS FOR LOANS OF \$250,000 OR LESS**

Lenders that originate Farm Service Agency (FSA) guaranteed loans may now use internal real estate “collateral evaluations” to support loan requests of \$250,000 or less, rather than appraisals.

This policy change will allow lenders more flexibility and a faster underwriting process, and is consistent with industry standards.

Lenders must follow their regulator’s “Interagency Appraisal and Evaluation Guidelines” and apply these same policies to FSA guaranteed loans as non-guaranteed loans. In addition, lenders should request an appraisal when they would do so for unguaranteed loans even if the loan is under the threshold, such as when the expected loan-to-value is above their established standards.

A description of the method of establishing the real estate value – whether appraisal or evaluation – needs to be described to FSA in their credit presentation.

## **COUNTIES ELIGIBLE FOR EMERGENCY LOANS**

Producers with operations in Counties declared a primary/contiguous disaster due to drought and heat using the streamlined Secretarial Disaster Designation process are eligible to apply for low interest emergency loans.

The streamlined disaster designation process issues a drought disaster declaration when a county has experienced a drought intensity value of at least a D2 (severe drought) level for eight consecutive weeks based on the U.S. Drought Monitor during the crop year.

Emergency loans help producers recover from production and physical losses due to drought, flooding and other natural disasters or quarantine.

Producers have eight months from the date of the declaration to apply for emergency loan assistance. FSA will consider each loan application on its own merits, taking into account the extent of losses, security available and repayment ability. Producers can borrow up to 100 percent of actual production or physical losses, to a maximum amount of \$500,000.

For more information about emergency loans, please contact your local FSA office or visit [www.fsa.usda.gov](http://www.fsa.usda.gov).

## **NEW FARM BILL PROVIDES PERMANENT LIVESTOCK DISASTER ASSISTANCE PROGRAMS**

The 2014 Farm Bill, formally known as the *Agricultural Act of 2014*, makes the Livestock Forage Program (LFP) and Livestock Indemnity Program (LIP) permanent programs and provides retroactive authority to cover eligible losses back to Oct. 1, 2011.

LFP provides compensation to eligible producers who suffered grazing losses due to drought and fire. LIP provides compensation to livestock producers who suffered livestock death losses in excess of normal mortality due to adverse weather and attacks by animals reintroduced into the wild by the Federal Government or protected by Federal law, including wolves and avian predators.

USDA is determined to make implementing the livestock disaster programs a top priority and plans to open program enrollment by April 15, 2014.

As USDA begins implementing the livestock disaster assistance programs, producers should record all pertinent information of natural disaster consequences, including:

- Documentation of the number and kind of livestock that have died, supplemented if possible by photographs or video records of ownership and losses
- Dates of death supported by birth recordings or purchase receipts
- Costs of transporting livestock to safer grounds or to move animals to new pastures
- Feed purchases if supplies or grazing pastures are destroyed
- Crop records, including seed and fertilizer purchases, planting and production records
- Pictures of on-farm storage facilities that were destroyed by wind or flood waters
- Evidence of damaged farm land.

Many producers still have questions. USDA is in the process of interpreting Farm Bill program regulations. Additional information will be provided once the enrollment period is announced. In the meantime, producers can review the [LIP and LFP Fact Sheets](#). Thanks for your patience as USDA works diligently to put Farm Bill programs into action to benefit the farmers and ranchers of rural America.

## **2013 AVERAGE ADJUSTED GROSS INCOME COMPLIANCE REVIEW**

The AGI verification and compliance reviews are conducted on producers who the IRS indicates may have exceeded the adjusted gross income limitations described in [7 CFR 1400.500]. Based on this review, producers will receive determinations of eligibility or ineligibility.

If the producer is determined to have exceeded the AGI limitation of \$500,000 of nonfarm income, \$750,000 of farm income, \$1 million of conservation program benefits or the \$1 million total AGI, then receivables will be established for payments earned directly or indirectly by the producer subject to the applicable limitation. The Arkansas FSA State Office has begun notifying producers selected for the 2013 review. If you have any questions about the review process or determination, please contact the Arkansas FSA State Office at 501-301-3065. Producers who receive initial debt notification letters may only appeal the amount of the debt to their local FSA office. Adverse determinations become administratively final if not timely appealed and can only be reopened if exceptional circumstances exist that prevented the producer from timely filing the appeal.

## **NONINSURED CROP DISASTER ASSISTANCE PROGRAM (NAP)**

The noninsured crop disaster assistance program (NAP) is a federally funded program that helps producers reduce their risk when growing food and fiber crops, specialty crops and crops for livestock feed. These benefits are only available for crops for which the catastrophic level of crop insurance is not available. Application for coverage must be filed by the applicable crop's application closing date.

Production records for all crops must be reported to FSA no later than the acreage reporting date for the crop for the following year. FSA requires that any production reported in a loss year be verifiable according to Agency specifications. *NAP Losses must be reported within 15 days of the date the loss became apparent.*

All applications for NAP payment must be signed by the subsequent crop year's acreage reporting date in order to be considered timely. There are no late-file provisions for NAP applications for payment.

## **2013 ACRE**

Participation in 2013 ACRE requires production reports for planted acres that must be submitted for the covered commodities and peanuts planted on the farm by July 15, 2014. Failure to report production for those covered commodities and peanuts planted on ACRE farms may result in contract termination. If the contract is terminated, all payments, including direct payments previously received plus interest will be required to be refunded.

## **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 following commodities are eligible for farm storage facility loans:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley or minor oilseeds harvested as whole grain
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain
- Pulse crops - lentils, small chickpeas, dry beans and dry peas
- Hay
- Renewable biomass
- Fruits (including nuts) and vegetables - cold storage facilities
- Honey

For more information about FSFL please visit your FSA county office or [www.fsa.usda.gov](http://www.fsa.usda.gov).

## **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.

## **MAINTAINING THE QUALITY OF LOANED GRAIN**

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.

## **UNAUTHORIZED DISPOSITION OF GRAIN**

If loan grain has been disposed of through feeding, selling or any other form of disposal without prior written authorization from the county office staff, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe and a producer's name will be placed on a loan violation list for a two-year period. Always call before you haul any grain under loan.

Selected Interest Rates for March 2014	
90-Day Treasury Bill	0.125%
Farm Operating Loans — Direct	2.250%
Farm Ownership Loans — Direct	4.250%
Farm Ownership Loans, Direct Down Payment, Beginning farmer or Rancher	1.500%
Emergency Loans Actual Loss	3.250%
Farm Storage Facility Loans 7 years	2.125%
Farm Storage Facility Loans 10 years	2.750%
Farm Storage Facility Loans 12 years	2.875%
Sugar Storage Facility Loans	3.125%
Commodity Loans 1996-Present	1.125%

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“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 Avenue, 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).

Linda Newkirk, State Executive Director  
James Culpepper, Chief, Farm Loans Program  
Phone (501) 301-3000

Sharon Baker, Administrative Officer  
Tony Franco, Chief, Farm Programs  
Website: [www.fsa.usda.gov/ar](http://www.fsa.usda.gov/ar)

**PROGRAM DEADLINES**

<p><b>2014 NAP Application Closing Dates:</b>  <b>(last date to purchase 2014 crop year coverage) for:</b></p> <p>Green Beans, Sweet Corn          Tomatoes, (spring and fall), fresh          All forage and grazing crops - (except wheat, rye, barley, and          oats)</p>	<p><b>March 15, 2014</b></p>
<p><b>2013 Final Marketing Assistance Loan Availability Dates for:</b> Wheat,          Oats, Honey, Barley, Canola, Crambe, Flaxseed, Rapeseed, &amp; Sesame Seed</p>	<p><b>March 31, 2014</b></p>
<p><b><u>Final</u> date to inform FSA of crop losses</b></p>	<p><b>Before Crop Disposition</b></p>
<p><b><u>Final</u> date to file prevented planted acreage/credit for Corn</b></p>	<p><b>May 10, 2014</b></p>
<p><b><u>Final</u> date to file prevented planted acreage/credit for Grain Sorghum</b></p>	<p><b>May 30, 2014</b></p>
<p><b><u>Final</u> date to file prevented planted acreage/credit for Upland Cotton for:          Clay, Craighead, Crittenden, Cross, Greene, Jackson, Lawrence,          Mississippi, Poinsett, St. Francis, White, and Woodruff Counties</b></p>	<p><b>June 4, 2014</b></p>
<p><b><u>Final</u> date to file prevented planted acreage/credit for Rice</b></p>	<p><b>June 9, 2014</b></p>
<p><b><u>Final</u> date to file prevented planted acreage/credit for Upland Cotton for:          Arkansas, Ashley, Bradley, Chicot, Clark, Dallas, Desha, Drew,          Jefferson, Lafayette, Lee, Lincoln, Little River, Lonoke, Miller, Monroe,          Phillips, Prairie, and Pulaski Counties</b></p>	<p><b>June 9, 2014</b></p>
<p><b><u>Final</u> date to file prevented planted acreage/credit for Peanuts</b></p>	<p><b>June 9, 2014</b></p>
<p><b><u>Final</u> date to file prevented planted acreage/credit for Soybeans Not          Following Another Crop (NFAC)</b></p>	<p><b>June 30, 2014</b></p>
<p><b><u>Final</u> date to file prevented planted acreage/credit for Soybeans Following          Another Crop (FAC)</b></p>	<p><b>July 10, 2014</b></p>
<p><b><u>Final</u> date to Report 2014 Spring Seeded Crops</b>          (Note crop insured under the NAP Program may have an earlier acreage          reporting date. Check with your local county office for verification.)</p>	<p><b>July 15, 2014</b></p>