"SCOOP"

ARKANSAS FARM SERVICE AGENCY - - STATE OFFICE

September 2013

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2013 COMMODITY LOAN/LDP PROVISIONS

Marketing assistance loans and loan deficiency payments (LDPs) are authorized for the 2013 crop year. Commodities eligible for loan or LDP, whether produced on a participating or nonparticipating farm are:

Wheat	Corn	Rice	Upland Cotton
Oats	Grain Sorghum	Soybeans	Honey
Peanuts	Wool	Oilseeds	Pulse Crops

Hay and silage derived from the above commodities and unshorn pelts are eligible for LDP, but not for marketing assistance loan. In addition, producers who graze wheat, oats, barley, and triticale are eligible for an LDP-like Graze-Out payment, if the crop is grazed out by livestock, and not mechanically harvested. Graze-Out payments only apply at times when an LDP is available on the applicable commodity. As of this date, there are no LDP rates in effect for any commodities.

Eligibility Requirements

To be eligible for loans and LDPs, producers must:

1. Certify planted acreage for all crops and account for all cropland
2. Have beneficial interest in the commodity
3. Share in the risk of producing the commodity
4. Comply with Highly Erodible Land Conservation/Wetland Conservation Provisions (HELC/WC)
5. Comply with Adjusted Gross Income Provisions for loan market gains or LDP's
6. Not owe a delinquent nontax federal debt – Once the debt is resolved, the producer is eligible to participate.
7. Not violate controlled substance provisions

Beneficial Interest Requirements

For a commodity to be eligible for a loan or LDP, the producer must have beneficial interest in the commodity. Beneficial interest means the producer has complete control and title to the commodity. Once beneficial interest is lost, the commodity is ineligible for loan and LDP, even if beneficial interest is regained. For loans, either, producers must maintain beneficial interest through the date the commodity is redeemed from loan, or Commodity Credit Corporation (CCC) takes title to the commodity. For LDPs, beneficial interest must be maintained through the date the CCC-633 EZ, Page 1 is signed or the date LDP is requested.

All producers and landowners who share in the proceeds of the crop are encouraged to sign form CCC-633 EZ, Page 1 prior to harvest. Signing of this form prior to harvest protects a producer or landowner if loan deficiency payment (LDP) benefits are not requested prior to loss of beneficial interest. Signing of the form does not take away any option that is available to request a commodity loan or an LDP.

All commodities pledged for CCC loan must be free, and clear of all liens, judgments, and other encumbrances. If not, lien waivers must be provided. Commodities pledged for CCC loan must be stored in approved on-farm storage, or in State or Federally approved warehouses willing to store the commodity, and issue a warehouse receipt for the loan period.

Producers are responsible for maintaining the storability, and quality of commodities stored on the farm. Additionally, producers MUST request an authorization from FSA PRIOR to MOVING, delivering to buyers, selling, or feeding commodities mortgaged to CCC. Severe penalties apply for non-compliance with this requirement.

Loan rates and interest rates are available upon request at any County FSA Office or on the internet at http://www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing

Final Availability Dates

The final date to request commodity loans or LDP's for 2013 crop commodities are as follows:

Peanuts Wool Unshorn Pelts (LDP only)	January 31, 2014
Wheat Oats Honey Oilseeds – (canola, crambe, flaxseed, rapeseed, sesame seed)	March 31, 2014
Corn Grain Sorghum Rice Upland Cotton Soybeans Pulse Crops Oilseeds – (mustard seed, safflower seed, sunflower seed)	May 31, 2014

Conservation Reserve Program (CRP)

CRP contract approvals for Signup 44 Continuous and Signup 45 General are being issued by county offices to be completed by the end of this month. Annual payments will be deposited at the first of October. If you have received forms in the mail to sign and return to the county office, please be mindful of the 15 day deadlines so that your contract and cost share requests can be properly funded.

Emergency Conservation Program (ECP)

The 2013 Emergency Conservation Program signup periods have ended in many counties in Arkansas for Spring tornadoes and flooding. If you have been approved and funded for assistance, please be mindful of the expiration date for implementing the practice(s) for which you applied.

Emergency Forest Restoration Program (EFRP)

The 2013 Emergency Forest Restoration Program is not currently funded, if you applied for assistance in your county, they will notify you if funds become available.

Biomass Crop Assistance Program (BCAP)

BCAP Contracts that were approved for the 2011 and 2012 years will receive annual payments during the anniversary month of the contract's effective date.

If a participant has been unable to establish, or the if the practice failed, the participant must contact the county office to request an extension or for guidance to be sure the contract acreage is in compliance.

LAST DATE TO MODIFY 2013 DCP/ACRE CONTRACTS NEARS

September 30, 2013 is the final date to revise or modify an approved 2013 Direct and Counter-Cyclical (DCP) or Average Crop Revenue Election Revenue Assistance (ACRE) program contract. Changes might include, however, are not limited to revisions to producer's shares, reduction of bases acres because of conversion of land to non-agriculture uses, sale of land to a different owner, change of operator, death of a participant on the contract, etc. Failure to revise the program contract with all required signatures by September 30, 2013 will result in the ENTIRE farm not being enrolled for 2013. If you have any type of change you need to immediately contact your applicable county office to discuss the situation.

2014 WHEAT AND OATS TO BE CERTIFIED BY DECEMBER 15, 2013

FSA and RMA now have the same acreage reporting deadlines. ***To be timely filed, producers must certify 2014 Wheat and Oats planted, and prevented planted acreages by December 15, 2013.*** The change is designed to help improve services to farm producers with a common reporting environment, and consistent deadlines. Below is a chart with other 2014 acreage-reporting deadlines. ***It is important for producers to understand these deadlines are applicable whether the crop is insured with RMA or not insured with RMA.***

Crop Year (Harvested Year)	Crop	Reporting Date
(new) *2014*	Wheat and Oats	December 15, 2013
(new) *2014*	Apples, Grapes, Peaches	January 15, 2014
(new) *2014*	Corn, Upland Cotton, Grain Sorghum, Peanuts, Rice, Soybeans and other Spring Seeded Crops	July 15, 2014

2013 County Committee Elections

The election of agricultural producers to the Farm Service Agency (FSA) county committees is important to all farmers and ranchers. It is crucial that every eligible producer participate in these elections because FSA county committees are a link between the agricultural community and the U.S. Department of Agriculture.

County Committee (COC) members are a critical component of FSA operations. The intent is to have the COC reflect the makeup of the producers and represent all constituents. This means that minorities, women or lower income producers need to be on the committee to speak for underrepresented groups.

County Committee election ballots will be mailed to eligible voters on Nov. 4, 2013. The last day to return completed ballots to the USDA Service Center is Dec. 2, 2013.

Emergency Farm Loans

USDA's Farm Service Agency (FSA) provides emergency loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine.

Loan Uses

Emergency loan funds may be used to:

- Restore or replace essential property;
- Pay all or part of production costs associated with the disaster year;
- Pay essential family living expenses;
- Reorganize the farming operation; and
- Refinance certain debts.

Further information and applications for the loan programs described are available at local FSA county offices.

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.

NAP Loss Filing

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.

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.

Succession in Interest

If you have made any changes that affect your interest in base acres since you signed your last Direct and Counter-cyclical Program contract, you must report these ***successions-in-interest*** to the county committee by Sept. 30, so that a final determination can be made on who is eligible for the program on the farm. Changes that qualify as a succession-in-interest include:

- A sale of land
- A change of operator or producer, including a an increase or decrease in the number of partners
- A foreclosure, bankruptcy or involuntary loss of the farm.
- A change in producer shares to reflect changes in the producer's share of the crop(s) that were originally approved on the contract.

If a succession-in-interest has taken place, you, as the "predecessor," are required to refund any advance DCP payments you received for the affected base acres before a payment can be made to the "successor."

Not reporting a succession-in-interest can result in contract termination and a loss of program benefits for all producers involved.

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.

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.

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.

AFIDA

Any foreign person who acquires, transfers or holds any interest, other than a security interest, in agricultural land in the United States is required by law to report the transaction no later than 90 days after the date of the transaction. They must file Agricultural Foreign Investment Disclosure Act (AFIDA) reports with the FSA county office that maintains reports for the county where the land is located.

For AFIDA purposes, agricultural land is defined as any land used for farming, ranching or timber production, if the tracts total 10 acres or more.

For more information regarding AFIDA and FSA programs, contact the FSA office near you or visit the USDA Web site at http://www.usda.gov.

Program Deadlines	Date
Final date to **inform FSA of crop losses**	Before Crop Disposition
Final date to **prioritize crop to receive ACRE Payments** Final date to file **a 2012 successor-in-interest DCP or ACRE contract if the change occurred after June 1, 2012** Final date to **return signatures for producers who share in a DCP and/or ACRE contract that had a 2012 successor-in-interest contract filed after June 1, 2012**	September 30, 2013
Final date to report **2014 wheat and oats planted and prevented planted acreage**	December 15, 2013

Selected Interest Rates for September 2013	
90-Day Treasury Bill	% 0.125
Farm Operating Loans — Direct	% 1.875
Farm Ownership Loans — Direct	% 5.0
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	% 1.5
Emergency Loans	% 1.875
Farm Storage Facility Loans	% 2.875
Sugar Storage Facility Loans	% 3.125
Commodity Loans 1996-Present	% 1.125

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