



NEWSLETTER



February 2012

Virginia State FSA Office

J. Calvin Parrish State Executive Director

1606 Santa Rosa Rd
Suite 138
Richmond, VA 23229

804-287-1503 phone
804-287-1723 fax

Hours

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

State Staff

Pete Adamson, Chief
Farm Loans

Nelson Link, Chief
Farm Programs

Connie Washburn-Marsh, Chief
Administration

Linda Cronin, Outreach &
Publish Affairs/Outreach Specialist

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>

DCP/ACRE Sign-up

2012 Direct and Counter-Cyclical
Program (DCP) enrollment is now
underway and will continue through
June 1, 2012.

IMPORTANT REMINDERS:

- All producers planting on **DCP base** acres must be identified on the DCP/ACRE contract and must receive a proportionate share of DCP/ACRE payment for the farm.
- Changes on the farm after enrolling June 1st in DCP/ACRE **must** be reported to your local FSA office such as:

- Ownership changes
- Producer changes
(Individuals and Entities)
- Change in crop shares
arrangements

Note: Changes cannot be made after
Sept. 30, 2012.

Supplemental Revenue Assistance Program (SURE)

The sign-up for 2010 SURE losses
continue through **June 1, 2012.**

The Supplemental Revenue Assistance
Program (SURE) provides benefits for
farm revenue losses due to natural
disasters that incurred in the crop year
2010. SURE is available to eligible
producers on:

- Farms in counties with Secretarial
Disaster declarations, including
Contiguous counties, that have
incurred crop production or quality
losses, or both, and includes all
crops grown by a producer
nationwide, except grazed crops.
- Any farm in which, for the crop year,
the actual production on the farm
because of disaster-related
conditions is 50 percent or less than
normal production of the farm.

FSA's GovDelivery

The USDA Farm Service Agency
offices are moving toward a paperless
operation.

Producers are asked to enroll in the
new GovDelivery system which will
provide notices, newsletters and
electronic reminders instead of a hard
copy through the mail.

FSA, like many other
organizations, is trying to work
smarter and be more efficient. Moving
to electronic notifications via email
will help conserve resources and save
taxpayer dollars.

County Committee ballots will
continue to be mailed to all eligible
producers.

Producers can now subscribe to
receive free e-mail updates by going to
<http://www.fsa.usda.gov/subscribe>.

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; and
- The total direct payments received by the legal entity and each of the members can't exceed \$40,000.

1099-G

Producers who have received payments from FSA should have received a CCC-1099-G. A CCC-1099-G is a report to the Internal Revenue Service about FSA payments made to producers during the previous calendar year. The CCC-1099-G is a service to help participating producers report taxable income. It is not intended to replace the program participant's responsibility to report income to the IRS.

When the CCC-1099-G is received, it should be checked with your records to see that the amounts are correct. Refunds will no longer be reported on

the 1099-G, but will be available online from the FSA Financial Inquiries (FSA-FI) web-based database. Program participants with an eAuthentication user ID and password may access their refund information at FSA-FI and select "Inquiry Type 1099/Refund Reports". Refund amounts are displayed on the Producer's Year-to-Date Activity web page.

If you have a question concerning the 1099-G refund information, you may contact your local FSA office for assistance locating the correct payment data.

Marketing Assistance Loans

Marketing Assistance Loans, also referred to as Commodity Loans, are available to producers who share in the risk of producing the crop. To be eligible, you must maintain beneficial interest in the crop through the time of application. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan — even if you regain beneficial interest.

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.

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.

Farm Storage Facility Loans (FSFL)

With the implementation of the 2008 Farm Bill producers of eligible commodities can obtain low-interest financing to build or upgrade farm storage and handling facilities. The USDA Farm Service Agency (FSA) administers FSFL on behalf of the USDA Commodity Credit Corporation (CCC).

The maximum principal amount of a loan through FSFL is \$500,000. Participants are required to provide a down payment of 15-20 percent, with CCC providing a loan for the remaining 80-85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. 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.

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.

The following commodities are eligible for farm storage facility loans:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, or barley harvested as whole grain
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain
- Hay
- Renewable biomass
- Fruits (including nuts) and vegetables - cold storage facilities

For more information about FSFL or other FSA price support program, please visit your FSA county office.

Farm Loan Programs

The Farm Service Agency is committed to providing family farmers with loans to meet their farm credit needs. If you are having trouble getting the credit you need for your farm, or regularly borrow from FSA, direct and guaranteed loans are currently available.

Ask your lender about an FSA loan guarantee if you've had a setback and your lender is reluctant to extend or renew your loan.

Farm ownership loans or farm operating loans may be obtained as direct loans for a maximum of up to \$300,000. Guaranteed loans have a maximum limit of \$1,214,000. This makes the maximum combination of direct and guaranteed loan indebtedness \$1,514,000.

The one-time loan origination fee charged on FSA guaranteed farm ownership and operating loans has increased from 1 percent to 1.5 percent of the guaranteed portion of the loan, for loans obligated after October 1, 2011.

To find out more about FSA loan programs, contact the county office staff.

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 \$5,000.

Beginning and Limited Resource Farmers

FSA assists beginning farmers and 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 % 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. 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 a group.

FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

Spousal Signatures

Husbands and wives may sign documents on behalf of each other 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, where spouses may not sign on behalf of each other for partnerships, joint ventures, corporations or other similar entities.

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

For more clarification on spousal signature authority, feel free to contact your local FSA office.

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. Many producers have NAP coverage on hay/and or pasture and are reminded that the deadline to obtain 2012 coverage is **February 15**.

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 loss.*

Land Contract (LC) Guarantee Program

The Farm Service Agency (FSA) makes loans through the Land Contract (LC) Guarantee Program. The LC Guaranteed Loans will be offered to the owner of a farm who wishes to sell real estate through a land contract to a beginning farmer or a farmer who is a member of a socially disadvantaged group.

A land contract is an installment contract between a buyer and a seller for the sale of real property, in which complete ownership of the property is not transferred until all payments under the contract have been made.

Guarantees can be used for financing the purchase of a farm with a purchase price up to \$500,000 on a new land contract. FSA offers two types of guarantees under this program. The seller may request either of the following:

Prompt Payment Guarantee: A guarantee of up to the amount of three amortized annual installments plus the cost of any related real estate taxes and insurance; or

Standard Guarantee: A guarantee of 90 percent of the outstanding principal balance under the land contract.

To find out if you qualify contact your local FSA office today or see additional information, including a complete list of borrower and seller eligibility criteria and application materials through the FSA website at www.fsa.usda.gov.

Conservation Reserve Program (CRP) Signup

CRP is a voluntary program available to agricultural producers to help them use environmentally sensitive land for conservation benefits. Producers enrolled in CRP plant long-term, resource-conserving covers to improve the quality of water, control soil erosion and develop wildlife habitat. In return, USDA provides participants with rental payments and cost-share assistance. Contract duration is between 10 and 15 years. Producers with expiring contracts and producers with environmentally sensitive land are encouraged to evaluate their options under CRP. Producers also are encouraged to look into CRP's other enrollment opportunities offered on a continuous, non-competitive, signup basis.

Signup begins **March 12, 2012** and will end on **April 6, 2012**. CRP has a 25-year legacy of successfully protecting the nation's natural resources, while providing significant economic and environmental benefits to rural communities across the United States.



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Selected Interest Rates for February 2012

90-Day Treasury Bill	0.125%
Farm Operating Loans - Direct	1.50%
Farm Ownership Loans - Direct	3.5%
Limited Resource Loans	5.0%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	1.5%
Emergency Loans	3.75%
Farm Storage Facility Loans	1.375%
Commodity Loans 1996-Present	1.125%

Dates to Remember

Underway	Signup for 2010 SURE
Underway	June 1 DCP Sign-Up Ends
March 12 - April 6	CRP Sign-Up
Continues	Continuous Conservation Reserve Program

USDA is an equal opportunity provider and employer.