

Rural Advancement Foundation International-USA

DOCUMENTING DISASTER LOSSES

Producers' ability to receive assistance for disaster losses depends in large part on their ability to demonstrate the extent of those losses. The better the documentation, the more likely it is that a producer will be able to maximize the assistance he or she is eligible for.

As soon as the emergency is over and people and animals are safe, the farmer should begin documenting the loss. It is critical that all damage is documented before recovery efforts take place. Use the camera before the chain saw.

Federal programs often expect people to be at their organized best when their lives are at their worst. Disaster assistance programs can be complicated, with different specific deadlines and application processes. We recommend keeping an inexpensive notebook with documentation of everything you do in the recovery effort including the use of equipment, any agency people you talk to with what you asked and what they said, and notes of the extent of damage.

There are three categories of information that should be documented to show the extent of a particular producer's losses:

1. What was the status of the farm or ranch the day before the disaster?
2. What was the status of the farm or ranch the day after the disaster?
3. What costs have been incurred or estimated as the producer begins to make a recovery?

All aspects of the operation that were affected by the disaster should be accounted for. This includes pre- and post-disaster conditions and values of structures, equipment, livestock, crops and the land itself.

Establishing the Pre-Disaster Value and Condition of Property

Ideally, a producer will already have on hand documentation that establishes the pre-disaster ownership interests and values of affected property. If that is not the case, or if the documentation is destroyed in the disaster, there are several possible sources for this information.

Lenders

A loan application will usually list the value of equipment, crops, livestock, and other assets that would be used as loan collateral. Even if the loan application was denied, the producer can often get a copy of an earlier application. If the loan was approved, there may be appraisals in the loan file that further document the value and condition of the assets.

Insurance Providers

Insurance providers will have copies of insurance applications and any policies issued, including values and descriptions of the covered property. Crop insurance providers will have whatever acreage and production reports the producer submitted for the affected crops.

Taxing Agencies

The producer's most recent federal or state income tax return, if applicable, will help verify income and expenses for the operation. If a producer does not have a copy of their return, a copy can be obtained from the IRS by submitting a completed Form 4056. To get a copy of this form, go to

www.irs.gov/pub/irs-pdf/f4506.pdf or call 800-829-3676. There is usually a small fee for obtaining a duplicate tax return.

The producer's most recent property tax statements will help verify pre-disaster property value and condition. These should be readily obtainable from the taxing agency.

Farm Service Agency (FSA)

Producers who participate in any FSA program that involves crop reporting, such as the Non-insured Crop Disaster Assistance Program (NAP), should request a copy of their FSA file, which includes acreage and production records the producer submitted for the current or prior crop years.

In addition to these sources of documentation of pre-disaster values, there are many other materials that a producer can use to show the value of what was on the farm before the disaster.

1. Receipts and credit card bills show the value of purchased inputs or equipment.
2. Receipts for inputs—such as seed, fertilizer, or pesticides—when multiplied by application rates can be used to demonstrate crop acreage, particularly for specialty crops where standard commodity acreage reporting is a poor fit.
3. Sales records from past years can show the prices that were expected for specialty crops and livestock products.
4. Documentation from auction barns or feedlots and veterinary expenses can show the number of animals on a farm before the disaster.

Establishing the Post-Disaster Value and Condition of Property

If a producer has crop insurance, a crop insurance adjuster will visit the farm to certify the extent of crop damage. FSA will similarly verify crop losses under NAP. For non-insured crops or livestock, communication with your local FSA office is critical. Documentation from third parties is the most helpful. This may include sales receipts, scouting reports, veterinarian reports or other documentation. Photos can be critical as long as they are accompanied by explanatory documentation of where and when the photo was taken, as well as a description of the subject of the photo.

Disaster assistance programs can also cover the costs of disaster recovery. The Emergency Conservation Program can partially reimburse expenses such as the use of equipment like chain saws or backhoes, reinstallation of fences, or time spent working on recovery. Farmers should keep a log of disaster recovery equipment use and time spent. These records are acceptable documentation if they are written at the time of the work performed and not at a later date.

Prepared by Scott Marlow of Rural Advancement Foundation International – USA and amended by Farmers' Legal Action Group (FLAG).