

INDIANA



Farm Service Agency

Indiana State Newsletter • December 2003 • John D. Nidlinger, SED

Fellow Farmers

2003 has turned out to be a very noteworthy year for many of us involved in production agriculture in Indiana. From record rainfalls to drought to soybean aphids we have experienced events that will not be forgotten soon. One constant for Indiana Farmers is FSA; we will be there to assist you in many ways. I hope you will take the time to review this newsletter and get a better understanding of the many programs available and visit or call your local county office for more information.

A change from the previous farm bill is that each farm must be signed up annually. Sign up for the 2004 Program (DCP) is currently underway and will continue until June 1, 2004. We will begin issuing advance direct payments on December 1.

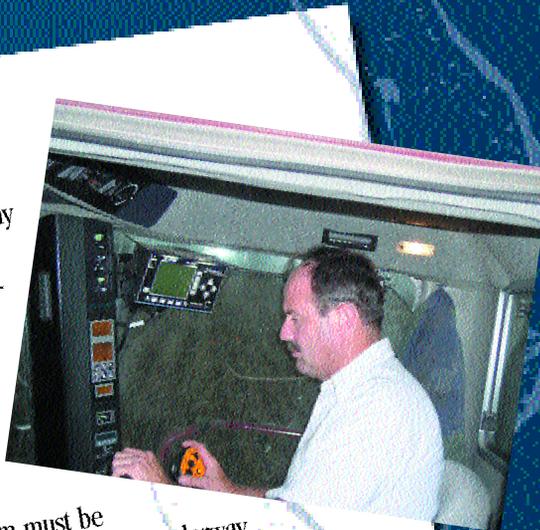
Of special interest this issue takes note of the various loan programs we currently administer. FSA continues to make direct loans to beginning farmers, although our emphasis recently has been loan guarantees. If your lending institution is not utilizing our guarantee program you might want to suggest it. We also are quite proud of the fact that Indiana was selected to pilot a Young Farmer Farmland Contract Guarantee program. I expect this to be a very helpful program to young farmers making their first land purchase.

As we strive to enhance our accessibility electronically, we have placed a priority on the digitization of all farm boundaries and fields in the state with a completion and certification date of December 31, 2004. This digitization allows us to build a CLU (common land unit) which will serve as a base layer for all programs. We hope to be able to perform crop certification on line for the 2005 crop year.

With 2003 coming to an end, I would like to extend best wishes to the Indiana farm community for 2004.

John D. Nidlinger

Executive Director
Indiana Farm Service Agency





Farm Safety... Everyone Wins!

The American farm is a critically important institution to the welfare of this country, as well as to the world. FSA plays many important roles in supporting the American farmer. FSA is also supportive of the farm family including youths, many of whom may someday become farmers. To ensure that youths grow up to become farmers, FSA is supportive of proactive vehicles to prevent farm accidents that injure and kill many youths on an annual basis.

Farm Safety 4 Just Kids has a selection of brochures that would be great for use by parents and grandparents. You can find them on the Farm Safety 4 Just Kids Web site under program services www.fs4jk.org/services. That section includes unique programs/products for Spanish speaking adults, teenagers, and grandparents that might interest certain regions.

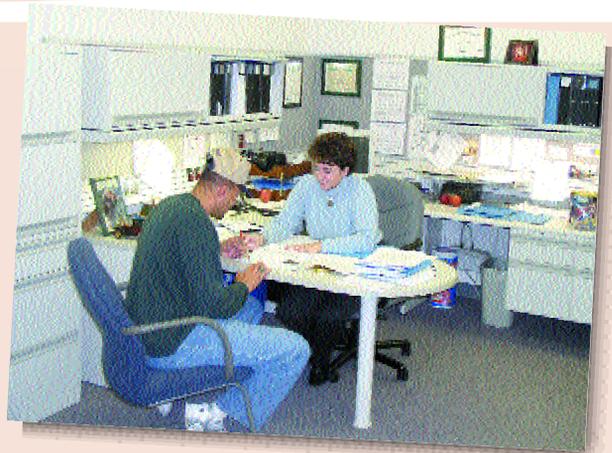
104 No More

Last year, 104 American children—almost two children every week—lost their lives on the farm or ranch. That's 104 little voices that are forever silenced. In addition, this happens almost every year.



2004 Direct and Counter-Cyclical Sign Up

Sign up for the 2004 DCP began Oct. 1, 2003. Contact the county office staff to schedule an appointment to enroll your farm. When updating the 2004 contract, you may elect to receive your advance direct payments any time from December 2003 through September 2004.



Direct and Counter-Cyclical Yield Reviews

FSA is in the process of completing a final review of production evidence to support program yields. Yields were established under the initial base and yield election process.

Farmers and landowners will be notified if they need to submit production records or additional documentation to substantiate oilseed yields and/or counter-cyclical yields for other crops.

The yield review will include final notification to producers on selected farms.

2004 Program Information

Farm Changes — report any farming operation changes so that we can keep your records current. This includes changes in landownership, tenants or crop share arrangements.

Plan to update your payment limitation documents and other program eligibility records starting in October 2004.

Reconstitutions — changes that require farm reconstitutions should be reported as soon as possible so we can update your records prior to 2004 DCP sign up.

Make an appointment to sign up now!

Bank Account Changes?

As of Jan. 1, 1999, all FSA payments are supposed to be electronically transferred into your bank account. In order to make timely payments, you need to notify the office if you close

your account or if another financial institution purchases your bank. Payments can be delayed if we are not aware of changes to your account and routing numbers.

National Agricultural Statistics Service (NASS) News

Do conservation practices improve water, soil, and air quality? Do conservation practices enhance wildlife habitat across this country? To help answer these questions, the USDA's National Agricultural Statistics Service (NASS) will conduct the National Resource Inventory - Conservation Effects Assessment Project, which began in the fall of 2003.

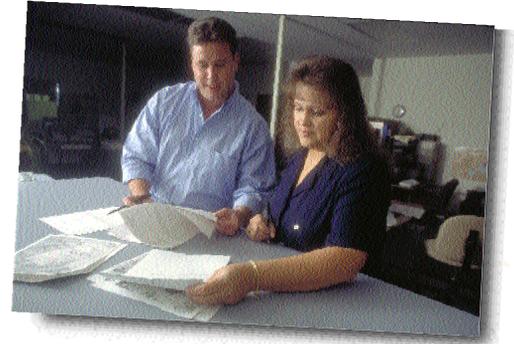
The resulting information will be added to other sources to create a complete picture of environmental and conservation management conditions. Answers from this survey will be used to estimate the potential benefits that have been achieved by farm conservation programs.

NASS works with farmers and ranchers to provide meaningful, accurate, and objective statistics that help keep U.S. Agriculture informed. This survey provides farmers and ranchers



with an important opportunity to help ensure that conservation programs continue to provide America's working lands with the assistance needed to remain both healthy and productive in the future.

Annual progress reports will be published by the Natural Resources Conservation Service beginning in 2005. All agricultural statistics published by NASS are available at www.usda.gov/nass/. For more information, call (800) 363-0469.



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 by either spouse.

There are exceptions to the rule. Spouses may not sign FSA-211s on behalf of each other or sign on behalf of the other as an authorized signatory for partnerships, joint ventures, corporations or other similar entities. Spouses must have a power of attorney on file or sign personally for claim settlements, such as promissory notes, and on security documents for price support loans.

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

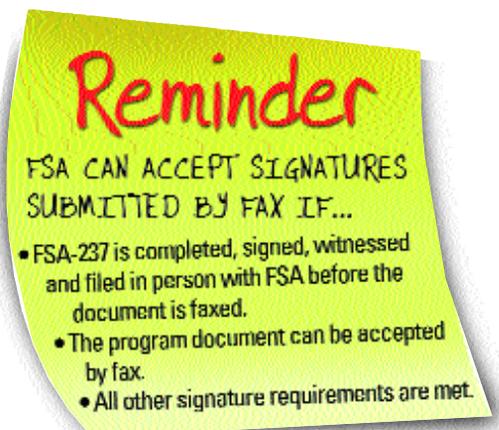
A spouse's authority to sign documents on behalf of the other spouse does not entitle the spouse to review or receive agency records of the other spouse.

Attention Producers, Landowners!

- ✓ Do you intend to clear timber areas to create or to expand existing crop areas?
- ✓ Are you converting a pasture field into a crop field?
- ✓ Are there any areas on your farm(s) that you are considering cropping that have not been cropped in recent years?
- ✓ Is there a wet spot in a field that you want drained to make cropping easier?
- ✓ Are you disturbing a wildlife habitat area of any type?

- ✓ Are you doing anything different on your farm(s) this year?

These are Highly Erodible and Wetlands provision questions that need to be considered each year by producers to assure that they may remain eligible for USDA benefits. If you have any questions or concern that something you plan to do on your farm could jeopardize your eligibility for benefits, please contact your FSA or NRCS representative before you begin work.



Marketing Assistance Loans, LDPs

Marketing assistance loans and loan deficiency payments can mean the difference between a good year and a not-so-good year. With that in mind, it is important to comply with the rules.

To be eligible for loans and LDPs, you must comply with conservation and wetland protection requirements; report how you use cropland acreage on the farm; have beneficial interest in the commodity on the date the loan or LDP is requested and, in the case of a loan, retain beneficial interest while the loan is outstanding; and ensure that the commodity meets CCC minimum grade and quality standards.

Beneficial interest means you retain the ability to make decisions about the commodity; are responsible for loss or damage to the commodity; and have title to the commodity. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan or LDP—even if you regain beneficial interest.

For commodities to be eligible for loans or LDPs, 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 stor-



age must be maintained throughout the term of the loan.

Starting with the 2003 crop, individuals and entities whose previous 3-year average adjusted gross income, or AGI, exceeds \$2.5 million are ineligible for LDPs and market loan gains unless they can show that at least 75 percent of their AGI comes from agriculture.

The 2002 Farm Bill set limits on payments a “person” can receive. The total of LDPs and market loan gains received by a producer is limited to \$75,000 for each crop year. That means \$75,000 for wheat, corn, grain sorghum, barley, oats, soybeans, and other oilseeds; and, \$75,000 for wool, mohair and honey.

You do not have to participate in the Direct and Counter-Cyclical Program to be eligible for loans or LDPs.

Violating provisions of the loan and LDP program may trigger administra-

tive actions, such as assessing liquidated damages, calling the loan and denial of future farm-stored loans and LDPs.

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.



USDA Nondiscrimination Statement

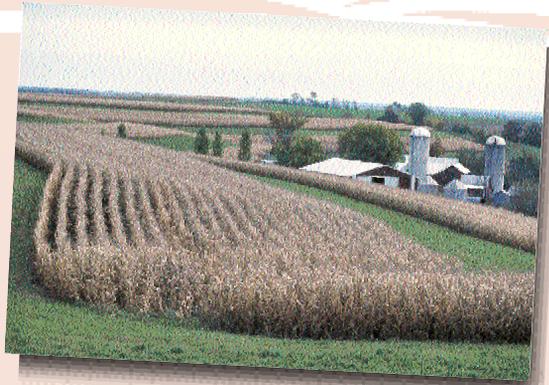
The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact the USDA's TARGET Center at (202) 720-2600. To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410, or call (202) 720-5964 (voice or TDD). USDA is an equal employment opportunity employer.

Unauthorized Disposition

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

Foreign Landowner Notification

Foreign investors, who buy, sell or hold a direct or indirect interest in U.S. agricultural land must report their holdings and transactions to the U.S. Secretary of Agriculture. The reporting requirement became law in 1978 when the Agricultural Foreign Investment Disclosure Act (AFIDA) was signed into law.



Failure to timely file an accurate report can result in a penalty with fines up to 25 percent of the fair market value of the agricultural land.

Who Must Report: Individuals who are not U.S. citizens or citizens of the Northern Mariana Islands or the Trust Territory of the Pacific Islands. Individuals who are not lawfully admitted to the United States for permanent residence or who are not paroled into the United States under the Immigration and Nationality Act. Any organization created under the laws of a foreign government or which has located its principal place of business outside the United States. Any U.S. organization in which a signifi-

cant interest or substantial control is directly or indirectly held by foreign individuals, organizations, or governments. Any foreign governments.

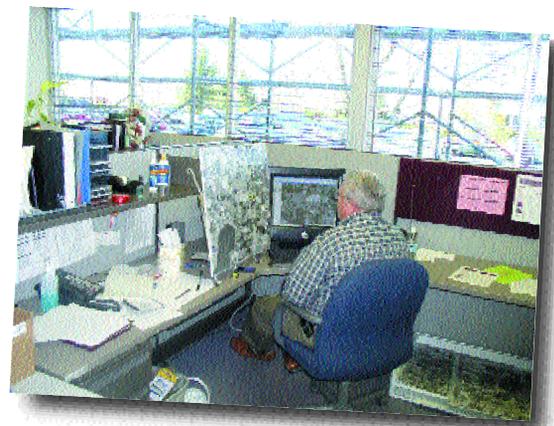
Foreign persons, who owned land on Feb. 1, 1979, were required to report by Aug. 1, 1979. Those buying or selling land on or after Feb. 2, 1979, must report the transaction within 90 days of the date of the transaction.

Where to Report: The Secretary of Agriculture designated the Farm Service Agency (FSA) to collect the FSA-153 reports representing foreign investment. The completed form must be returned to the FSA county office where the land is located.

Crop Disaster Program

Producers have until Jan. 30, 2004, to sign up for the Crop Disaster Program. The Agricultural Assistance Act of 2003 authorized some \$2 billion in aid to producers for qualifying losses to agricultural commodities due to damaging weather or related conditions. CDP had no funding limitation but each producer is limited to \$80,000. CDP includes insured crops,

uninsured crops and non-insurable crops. The damages must have been in excess of 35 percent for either the 2001 or 2002 crop. Producers have a choice of receiving payments for the 2001 or 2002 crops, but not both. CDP provisions were similar to disaster programs authorized for 1998 through 2000 crops.

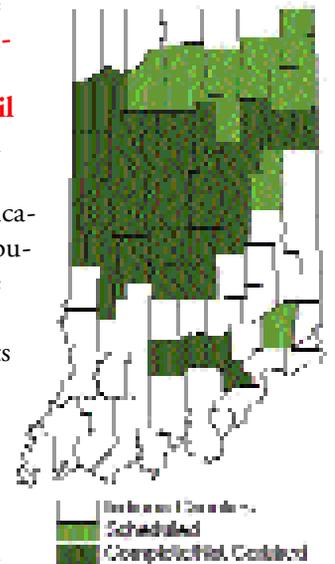


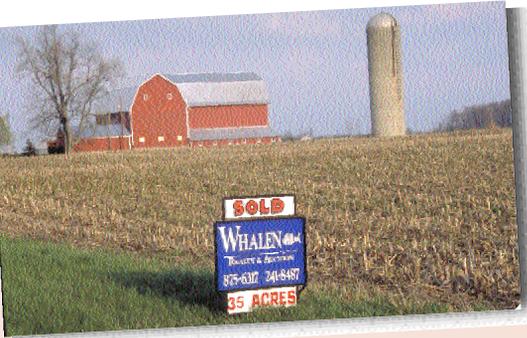
GIS Boundary Blitz

The Farm Service Agency (FSA) is in the process of transforming farm, tract, and field boundaries into an electronic version referred to as the Common Land Unit (CLU) layer. This layer will also include other non-agriculture land units such as urban areas, woodlands, and water. Once the data is in this digital format, it can be easily accessed and maintained using Geographic Information System (GIS) software and related programs. The graphic below illustrates the transformation progress for Indiana.

This data will not be made available to the public until it has been certified.

After certification, distribution will be limited to certain parts of the dataset to protect the privacy rights of landowners and operators. The CLU layer will be used by FSA for business applications such as maintenance of boundaries, crop reporting, compliance, and CRP determinations. The expected completion date for the entire state is the end of 2004.





Designation by Land Owner

When a change occurs in the ownership or operation of a farm, a farm reconstitution is in order. For example, if you sell all or part of the farm or someone else starts operating part of the farm, a farm division is in order.

There are seven methods for dividing a farm:

- Estate
- Designation by Landowner
- Contribution (applicable to allotments and quotas)
- Cropland (applicable to allotments and quotas)
- History (applicable to allotments and quotas)
- DCP Cropland (applicable to base acres for tract divisions only), and
- Default (applicable to base acres for farm divisions only).

The designation by landowner method is the division of acreage bases, allotments and quotas in the manner agreed to by the parent farm owner and purchaser or transferee. This method is used when part or all of a farm or a tract is sold.

To use this method, the land that is sold must have been owned for



INDIANA SELECTED FOR BEGINNING *Farmer and Rancher*

The program, called the Beginning Farmer and Rancher Land Contract Guarantee Pilot Program, guarantees sellers that if a USDA-approved buyer misses payments, USDA will make them. The pilot program will be tested during fiscal years 2003-2007. The 2002 Farm Bill created the pilot program. Every year, up to five land contracts in each of the six pilot states may be guaranteed.

The pilot program provides the seller of the land a 10-year 'prompt payment' guarantee of the sale to the beginning farmer or rancher (buyer). In the event that the buyer does not pay an annual installment due on the contract, or pays only part of an installment, USDA's Farm Service Agency (FSA) will provide the scheduled payment or the unpaid portion to the seller through an escrow agent. The defaulted amount then becomes a federal debt for which the buyer is liable. If the debt is not restructured into a repayment plan or otherwise

satisfied, FSA will use other means to collect the debt from the buyer. The guarantee is limited to the total monetary amount of two installments. The guarantee will also cover the amount of two years' worth of unpaid taxes and insurance.

The following are some of the eligibility requirements prospective buyers must meet:

- Be a beginning farmer or rancher and the owner of a family farm after the contract is completed.
- Have participated in the business operations of a farm or ranch for at least three years.
- Have an acceptable credit history demonstrated by satisfactory debt repayment.
- Be unable to obtain sufficient credit elsewhere without a guarantee to finance actual needs at reasonable rates and terms.
- Provide a 5% down payment.

at least three years, and the owner of the parent farm and the purchaser must file a signed written memorandum of understanding designating bases, allotments and quotas. The MOU must be filed before the farm is reconstituted or there is any subsequent transfer of ownership.

When using the designation by landowner method, all sellers and buyers must sign a form FSA-155, required in farm reconstitutions.

To be effective for the current fiscal year, the farm division must be requested by the earlier of: Aug. 1 of the fiscal year for farms subject to

DCP; or the date planting began or would have begun for farms with tobacco.

A request for a farm division after current fiscal year DCP payments have been made will be processed in the subsequent fiscal year. However, if the producer requests that the reconstitution not be processed in the subsequent fiscal year, all payments shall be refunded. After the payment is refunded, the reconstitution may be processed.

For more information about farm reconstitutions, contact the county office.

Pilot Loan Program

The purchase price of the farm or ranch cannot exceed the current market value as determined by FSA, or \$500,000. The interest rate charged to the buyer for the 10-year term of the guarantee cannot exceed FSA's direct farm ownership loan interest rate in effect at the time the guarantee is issued, plus three percentage points. For instance, the Direct Farm Ownership interest rate is currently 5.25 percent. Rates change monthly and can be found at <http://www.fsa.usda.gov> under Farm Loans, Direct Loans & Rates. Contract payments must be amortized for a minimum of 20 years. During the term of the guarantee, balloon payments are prohibited and payments on the contract must be of equal amounts.

FSA offers direct and guaranteed loans to producers' to buy farms, equipment, feed and other farming essentials. Special loan programs exist for beginning farmers and ranchers, socially disadvantaged per-

sons and rural youth. Each year, FSA makes thousands of loans to farmers and ranchers who cannot obtain private, commercial credit. You can obtain more information about this and other FSA programs by visiting a local USDA Service Center or via the Internet at <http://www.fsa.usda.gov>.

Socially Disadvantaged Loan Program

FSA reserves funds to make loans to socially disadvantaged applicants to buy and operate family-sized farms. Socially disadvantaged groups have been defined as women, Hispanics, Native Americans, African Americans, Asians, and Pacific Islanders.

Individuals, partnerships, joint operations, and cooperatives primarily and directly engaged in farming on family-sized operations may apply for any of the above loan programs.



CRP Continuous Sign Up

The 26th general CRP sign up ended on June 13. Eligible cropland that was not accepted during the general sign up may be re-offered during the next general sign up or offered under CRP's continuous sign up program, provided eligibility requirements are met.

Environmentally desirable land devoted to certain conservation practices may be enrolled in CRP at any time under continuous sign-up. Offers are automatically accepted provided the land and producer meet certain eligibility requirements. Offers for continuous sign-up are not subject to competitive bidding.

All eligible owners and operators, regardless of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status, shall have an opportunity to submit requests to place land in CRP.

Contact the county office for details or visit <http://www.fsa.usda.gov/pas/publications/facts/html/crpcont03.htm>.

AFIDA

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires foreign investors who acquire, transfer, or hold interest in U.S. agriculture land to report these holding and transactions to the Secretary of Agriculture through FSA. Reports are due within 90 days of the transaction or change in status. Failure to report could result in a fine of 25% of the property's value.

Minority and Socially Disadvantaged Farmer Assistance

The Farm Service Agency has established the office of Minority and Socially Disadvantaged Farmers Assistance to work with minority and socially disadvantaged farmers who have concerns and questions about loan applications filed with local offices.



5981 Lakeside Blvd., Indianapolis In 46278

Office Closed

The office will be closed on December 25 for Christmas and January 1 for New Year's Day.

Happy holidays to all!

Dates to Remember

- Dec. 25, 2003**.....Christmas Day
FSA offices closed
- Jan. 1, 2004**.....New Year's Day
FSA offices closed
- Jan. 30, 2004**.....Deadline to apply for Crop Disaster Program
- Jan. 31, 2004**.....Deadline to request LDPs, loans for wool and mohair
- Mar. 15, 2004**.....Final Date to purchase Annual NAP coverage for field crops
- Jun. 1, 2004**.....Final Date to enroll in 2004 DCP program, without late fee
Continues Farm Storage Facility Loans
Continues MILC Program

e-File Change

Effective Oct. 21, 2003, USDA implemented a new registration process for producers interested in applying for electronic access to various USDA agency applications. Click here for additional information.

If you recently initiated an application using either WebReg or WebCAAF SR/SC, you will need to contact the county office staff for assistance.

If you previously completed one of these processes and currently have access, you will continue to have access. However, on your first attempt to login to an application after Oct. 21, you will be prompted one time for additional information.

To register, visit the e-form Web site at <http://forms.sc.gov.usda.gov/> and

click on the "register" link or go directly to www.eauth.egov.usda.gov and follow the instructions.

Why is e-File Important?

Convenience—The Internet allows you access to information 24 hours a day and 7 days a week. For example, you can fill out and submit electronic forms (eforms) any time of the day or night from your home or office.

Faster Processing—This new service delivery option allows you to complete and file your own forms or applications online.

Identity Security—Information submitted to the federal government remains safe and secure because you have a unique User ID and password and only authorized USDA employees can access your information.

