



The State Executive Director's Outlook

We are well into the fall season, which is the time that the rewards of many months of hard labor are harvested. The dry weather that many areas have experienced this year will affect the harvest to some

degree. We can be thankful that South Carolina has not seen the droughts that we read about in other parts of the country.

As you go about the business of harvesting your crops, be sure to keep in mind the beneficial interest rules that affect your eligibility for benefits in the form of Loan Deficiency Payments (LDPs) and Marketing Assistance Loans. These rules governing how we administer the program have been developed from the basic concept that you remain eligible for these payments as long as you own the crop. Be sure that you find out precisely what the rules are before you put the ownership of your commodity in question.

As technology develops, some of you may be interested in knowing that FSA is trying to leverage the new technology to give our customers access to our programs via the web. This is especially true in the application process for LDPs. Web requested LDPs, called eLDPs, have been available for a couple of years now. For more information on applying for eLDPs, as well as for other FSA benefits please visit <http://www.fsa.usda.gov/pas/default.asp> and look under "FSA eGov".

To get web access to your records and program information on the web, visit <http://www.eauth.egov.usda.gov/#L2> for instructions on how to set up an account, or, visit with the local FSA office staff who will be glad to help you get started.

J. Kenneth Rentiers, Jr.

CONSERVATION NEWS

CRP Maintenance and Management Activities

All Conservation Reserve Program contracts have required maintenance activities such as disking firebreaks. Contracts that were developed to enhance wildlife habitat also have required management



activities such as burning longleaf pines. CRP participants shall carefully review their CRP conservation plan to determine what maintenance or management activities are required and when. No maintenance or management activities can be performed during the primary nesting season which is

April 1 to September 1. Producers needing to perform management or maintenance requirements need to begin making plans to do so now. There is a short window of opportunity between **September 1,**

2006 through April 1, 2007. Failure to complete required maintenance or management activities is a contract violation that could result in the termination of the CRP contract.

Clear-Cutting CRP

Clear-cutting CRP trees for any reason is a contract violation. If your CRP trees are damaged by root-rot, pine beetles or other disasters, you should immediately notify the FSA office.



Transfer of Ownership - CRP Land

If a CRP participant sells the CRP land, or there is a death of a CRP participant, the new owner or estate representative must assume the CRP contract within 60 days or the contract will be terminated. If you are considering selling your land that contains a CRP contract, contact the FSA office so that they can advise you of the penalties that will apply if the new owners do not assume the contract.



CURRENT SOUTH CAROLINA EMERGENCY DESIGNATIONS

M1625 - ANDERSON, CHEROKEE, GREENVILLE, LAURENS, OCONEE, PICKENS, AND SPARTANBURG:

On January 20, 2006, President Bush declared the above seven counties as primary disaster areas in SC based on damages and losses caused by a severe ice storm that occurred from December 15, 2005 through December 16, 2005.

ABBEVILLE, CHESTER, GREENWOOD, NEWBERRY, UNION AND YORK were named as contiguous counties.

Applications will be accepted through **September 20, 2006.**

S2280 - ABBEVILLE, AIKEN, ALLENDALE, ANDERSON, EDGEFIELD, HAMPTON, McCORMICK, and OCONEE:

On March 7, 2006, the Secretary of Agriculture declared 112 counties in the State of Georgia as primary disaster areas based on damages and losses by drought that occurred from August 1, 2005, and continuing. The above counties in SC were added as contiguous counties.

Applications will be accepted through **November 7, 2006.**

N858 - HAMPTON AND JASPER: On June 13, 2006, the FSA Administrator made FSA emergency physical loss loans available in several Georgia counties due to losses caused by excessive rain, high winds, and a tornado that occurred on May 27, 2006. The above counties in SC were added as contiguous counties.

Applications will be accepted through **February 14, 2007** for severe physical losses only.

For more information on the emergency loan program, please contact your local USDA Service Center or visit the FSA website at www.fsa.usda.gov.

NAP COVERAGE

The Non-Insured Crop Disaster Assistance Program (NAP) was designed to reduce financial losses that occur when natural disasters cause a catastrophic loss of production or prevented planting of an eligible crop by providing coverage equivalent to catastrophic (CAT) insurance. Statute limits NAP to each commercial crop or agricultural commodity, except livestock, for which CAT is not available and is produced for food or fiber.

The application deadline to apply for many 2007 NAP crops is soon approaching:

For alfalfa, apples, blackberries, cranberries, blueberries, grapes, all perennial grasses for hay or grazing, honey, kiwifruit, lespedeza, nectarines, peaches, pears, pecans, plums and figs, the deadline date is **November 20, 2006**.

For artichokes, asparagus, basil, beets, broccoli, brussel sprouts, cabbage, carrots, cauliflower, all greens, kohlrabi, lettuce, green onions, english or garden peas, potatoes, radishes, rutabagas, turnips, and leeks the deadline is **December 15, 2006**.

Producers who already have coverage on **2006** NAP crops may choose to continue coverage on the same crop or crops for **2007**, if the applicable service fee is submitted by the application closing date. A new CCC-471, application for coverage is not required to be signed when applying for continuous coverage of the same crop or crops. Producers who choose to add a new crop(s) or delete a crop(s) from previous year's coverage or changing crop shares must file a new CCC-471 with signatures and pay the applicable service fee.

Producers with **2006** NAP coverage must remember to complete the following to qualify for benefits:

- Timely file acreage reports and keep track of harvested production using acceptable methods. For example, bale weights or other means of determining quantities of hay are required.
- File a "Notice of Loss" within 15 days of when a loss is apparent, due to drought, hail, etc.

COUNTY COMMITTEE ELECTIONS

Farmers Serving Farmers

There is a County Committee (COC) serving in each County Office of Farm Service Agency (FSA) in South Carolina. Each COC is composed of three to five elected members from local administrative areas (LAAs), each member serving a 3-year term. In any given county, one or two seats are up for election each year. COCs may also have an appointed advisor to further represent the local interests of socially disadvantaged farmers and ranchers.



Make a difference.

Farmers who serve on the COC help decide the kind of programs their counties will offer. The COC is responsible for the fair and equitable administration of FSA farm programs in their counties.

Who Can Vote?

Agricultural producers of legal voting age can vote if they participate or cooperate in any FSA program. Check with your local FSA office or on the FSA Web site for more information on voting requirements. Voting eligibility is not limited by the size or type of operation.

COC members are a critical component of the day-to-day operations of FSA. COC members are local agricultural producers helping deliver FSA programs in their local farming communities.

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Dates to Remember

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|-----------------|--|
| November 3 | Election ballots mailed to eligible producers |
| December 4 | Last day to return ballots and mail ballots to the USDA Service Center |
| January 1, 2007 | Committee members and alternates take office |

The election of responsible agricultural producers for FSA county committees is important to ALL farmers and ranchers with large or small operations. It is crucial that every eligible producer take part in this election because COCs provide a direct link between the farm community and the U.S. Department of Agriculture.

LAND FOR SALE

Producers and investors are encouraged to bookmark this Web site <http://www.resales.usda.gov/>. This site provides a national list of all inventory farms that are available for sale by



the Farm Service Agency. These properties were acquired by the agency through mortgage defaults and oftentimes represent a good value. They may also represent an opportunity for beginning farmers to obtain a parcel of real estate and are initially targeted to beginning farmers for financing by the FSA.

FARM PROGRAM NEWS

New LDP and Commodity Loan Rules!

Please Note! 7 Code of Federal Regulations Parts 1421 and 1427 amended regulations governing the Marketing Assistance Loan (MAL) and Loan Deficiency Payment (LDP) with respect to certain Beneficial Interest determinations. A major change that affects South Carolina farmers involves storing commodities off the farm. Producers who deliver commodities to a facility where the commodity is commingled with commodities from other producers are ineligible for a MAL or LDP, if the facility is not authorized by State or Federal law to store such commodities for the benefit of producers. Therefore, the delivery of commodities to a location that is not considered a CCC-approved or State or Federally licensed facility will result in the loss of beneficial interest in the commodity on the date of physical delivery.

If you plan to store grain off the farm at a commercial facility, contact your local county office to determine if the facility is approved. Again, if the facility is not approved either by the State of South Carolina or Federal UGRSA approved, beneficial interest is considered lost immediately upon delivery.

2007 DCP Sign-up Starts October 1st

Sign-up for the 2007 Direct and Counter-cyclical Program (DCP) begins on Oct. 1, 2006. The CCC-509, "Direct and Counter-cyclical Program Contract," includes base acres, payment acres, payment yields, producer payment shares, advance direct and counter-cyclical payment selections and signatures of the producer and county office representative.

The CCC-509 must be submitted by June 1, 2007, to be considered timely. All owners and operators who will share in the DCP payments on the farm must sign the CCC-509. Forms with signatures that are obtained after June 1, 2007, but before Sept. 30, 2007, will be accepted, but the farm will be assessed a late-file fee of **\$100**.

Farm producers must apply for DCP on an annual basis and can opt out of the program for any year if they so choose.

Producers must file the following documents to be eligible for DCP payments: the annual DCP contract (CCC-509), a farm-operating

plan (CCC-502 and related forms), an average adjusted gross income certification (CCC-526), a certification of compliance with highly erodible land and wetland conservation provisions (AD-1026).

A certification of the acreage of all cropland on the farm (FSA-578) is also needed before final payments can be issued.

Payment Limitations

USDA payments and benefits are subject to producer eligibility and limitation provisions as defined by law. Documents and forms to determine eligibility and limitation once completed are reviewed on an annual basis.

It is the producer's responsibility to report changes in the farming operation that may affect payment eligibility and payment limitation.

The following limitations apply to Direct and Counter-cyclical Program payments for each contract year. For all covered commodities (except peanuts): \$40,000 for direct payments and \$65,000 for counter-cyclical payments. For peanuts: \$40,000 for direct payments and \$65,000 for counter-cyclical payments.

The Environmental Quality Incentive Program has a \$450,000 payment limitation.

The Conservation Reserve Program annual limit is \$50,000 per person.

Entities such as corporations, limited partnerships, trusts and estates are required to provide names, addresses, and ID numbers of their members. These entities should also identify every payment under more than one entity.

Adjusted Gross Income - Effective through 2007, an individual or entity shall not be eligible for certain program benefits during a crop, program or fiscal year if both of the following apply.

- The three-year average of the adjusted gross income for the individual or entity exceeds \$2.5 million; and
- Less than 75 percent of the average AGI is derived from farming, ranching or forestry operations.

Reporting Farm and Record Changes

If you have bought, sold or are renting different land, make sure you report the changes to the Farm Service Agency office as soon as possible after they occur. For farm ownership

changes you will need to provide a recorded deed or recorded land contract. Failure to maintain accurate records with FSA on all land you have an interest in can lead to possible program ineligibility and fines if you are participating in our program.

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 may have to refund all of the payments you've received to date.

It is the producer's responsibility to notify the Farm Service Agency of any changes in his or her farming operation or entity status throughout the year. Also, please report changes in banking information.

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's important to comply with the rules.

To be eligible for loans and LDPs, you must comply with conservation and wetland protection requirements; beneficial interest requirements, report how you use cropland acreage on the farm and ensure that the commodity meets CCC minimum grade and quality standards.

Requesting LDP's and loans has been made easier with the CCC-633 EZ. Complete page 1 of the EZ form indicating your intention to



receive LDP benefits before losing beneficial interest. Once you've signed the EZ form, you can submit an LDP request at any time during the loan availability period – before or after losing beneficial interest.

When it comes to loans, you must have beneficial interest in the commodity on the date you request the loan, and you must retain beneficial interest while the loan is outstanding.

Final DCP Payments For 2006

Enrolled producers can expect their final direct payment to be directly deposited into personal bank accounts sometime during the first few weeks of October.

Producers who did not elect to receive an advance direct payment will receive their entire direct payment for the year in one lump sum after the end of the fiscal year (September 30).

The direct payment for a crop equals 85 percent of the farm's base acreage times (x) the farm's direct payment yield times (x) the direct payment rate.

Farm Storage Facility Loans

Low cost loans for storage facilities are available for producers to build or remodel farm storage facilities for a variety of commodities, including wheat, rice, soybeans and corn.

The seven-year Farm Storage Facility Loans are available for the purchase and installation of eligible storage facilities, permanently affixed drying or handling equipment, or remodeling existing facilities. Eligible facilities include new conventional-type cribs or bins and new and remanufactured oxygen-limiting and other upright silo-type structures.

All farm storage facility loans are secured by a promissory note and security agreement. The maximum amount that may be borrowed is 85 percent of the net cost of the storage or handling equipment, up to \$100,000 for each borrower. A minimum down payment is also required. For details, contact the county office staff.



Refund of Unearned CCC Payments

There is the potential that under current market prices producers who received advance counter-cyclical payments may be required to repay all or a portion of the advance payments. Producers have two options to refund unearned advances:

Refund Option 1: Commodity Credit Corporation will automatically reduce any Direct and Counter-cyclical Program payments you received, to satisfy your obligation to repay the unearned advance counter-cyclical payments. Scheduled payments you may have received include: final direct payments for the previous year, advance counter-cyclical payments, and advance direct payments. For this method you need not take any action—the Farm Service Agency Service Center will automatically take deductions from future DCP payments.

Refund Option 2: This method follows procedures under the Debt Collection Improvement Act of 1996. Under this option you will be sent an initial notification letter following the end of each crop's marketing year that will inform you of the specific amount of the debt, followed by a first demand letter. At that time you may settle the debt by writing a check to CCC.

Please notify the local FSA staff if you wish to use refund option 2.

FSA DATES TO REMEMBER

April 1 to September 1	Conservation Reserve Program Primary Nesting Season. No management or maintenance activities can be performed on CRP land.
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E-AUTHENTICATION - WEB ACCESS TO USDA

If you are inclined to take advantage of what the web has to offer, you will want to look into the progress FSA has made into making our services available over the internet. Although some programs are more web accessible than others, you can get forms that must be submitted, fill them out, and then submit them to your local office electronically for most programs. The steps to get web access to USDA are:

- Go to <http://www.eauth.egov.usda.gov/eauthCreateAccount.html> and register yourself as an individual wanting level 2 web access. You will get a confirmation email from our national office that will give you instructions on how to finish the remainder of the process. Be sure the name you register in step 1 is the same name shown on your government ID in step 2 below.
- Take your confirmation email to the local FSA Office and identify yourself by presenting a government issued form of identification and have them confirm your identity in the USDA system. Examples of a government issued ID are a state driver's license, or passport.

SEPTEMBER INTEREST RATES

Farm Operating	5.625%
Farm Operating – Limited Resource	5.000%
Farm Ownership	5.750%
Farm Ownership - Limited Resource	5.000%
Farm Ownership - Beginning Farmer Down Payment	4.000%
Emergency – Actual Loss	3.750%
Farm Storage Facility	4.875%
Commodity Loans 1996-Present	6.125%
Tobacco (TTPP) Discount Rate	10.000%

WEB LINKS TO REMEMBER

Web Access to FSA (and USDA) Programs:
<http://www.eauth.egov.usda.gov/#1.2>
 Access the USDA Customer Statement:
<http://customerstatement.usda.gov/>

Tobacco Buy-out Sign-up Deadline For 2007

Quota holders and producers not currently enrolled in the Tobacco Transition Payment Program (TTPP) have until November 1, 2006, to sign-up in order to receive a 2007 TTPP payment.

The TTPP, also known as the “tobacco buy-out,” provides approximately \$10 billion in ten equal installments to eligible tobacco quota holders and producers from 2005 through 2014. Tobacco payments will be issued annually on January 15.

Also, USDA reminds tobacco quota holders and producers that they have until November 1, 2006, to sell their remaining eight annual payments to a successor in order to receive a lump-sum payment. Certain requirements must be met to qualify for lump-sum payments. More information on lump-sum payments is available online at <http://www.fsa.usda.gov/tobacco/Default.htm> or by calling the National Tobacco Processing Center at 1-800-673-2331. Producers who do not complete this process by November, can arrange for the sale of their remaining seven payments beginning Jan. 16, 2007. For more information about the TTPP, visit the FSA Web site: <http://www.fsa.usda.gov/tobacco/Default.htm>.

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