



DISTRICT 6 – Butler – Cowley – Harper – Harvey – Kingman – McPherson – Marion – Reno – Rice – Sedgwick – Sumner Counties

FSA Annual Notification – June 2008

FARM STORAGE FACILITY LOANS

FSA offers seven-year, low-interest loans to grain producers to build new or upgrade existing storage facilities and related essential, permanently affixed drying or handling equipment. Loan opportunities include, but are not limited to:

- New conventional-type cribs or bins, oxygen-limiting and other upright silo-type structures, and flat-type storage structures designed for whole grain storage,
- Perforated floors, safety equipment, electrical equipment and concrete components considered essential for a fully functional storage facility,
- Remodeling existing storage facilities.

Farm storage facility loans must be approved prior to site preparation, equipment purchase or construction, and must be secured by a promissory note and security agreement. Special provisions apply for loans exceeding \$50,000. The maximum loan amount will be 85 percent of the net cost of the applicant's needed storage or handling equipment, not to exceed \$100,000 per borrower. A minimum down payment to the supplier or contractor is required to bridge the gap between the net cost of the storage facility and the loan amount. Fixed interest rates on farm storage facility loans are equivalent to the rate of interest charged on U.S. Treasury Securities of comparable maturity on the date the loan is approved. There is a \$45 application fee.

FOREIGN INVESTORS 90-DAY REPORTING RULE

Foreign owners of U.S. agricultural land are required by law to report their land holdings, acquisitions, leases of 10 years or more, and land use changes within 90 days to the local FSA office. Failure to report these changes can result in a civil penalty of up to 25 percent of the fair market value of their interest in the agricultural land.

SALE OF GROUND - RECONSTITUTIONS

Producers are reminded of the importance of reporting to their local Farm Service Agency (FSA) Office any change to their farming operation that would affect the status of that farm so the change can be effective for the current fiscal year. A farm, as defined by FSA, is generally made up of tracts that have the same owner and the same operator. A sale of land in the farm or a tract of land within the farm would be an instance that requires notifying the local FSA office so a farm reconstitution can be initiated using the FSA-155, *Request for Farm Reconstitution*. These requests must be made by August 1 to be effective for the current program year.

A one-time option is available that allows producers to change a farm's administrative county (where the records are carried) to a neighboring county, if the producer can document that the change would be significantly more convenient.

A special provision exists that would allow contract acres to be divided in a manner agreed to by all sellers and buyers. The method of division, known as the "Designation by Landowner" provision, must be requested and requires all sellers and buyers agree to the method by signing the FSA-155.

There are limitations when this method of division can be used. If you have an ownership change, discuss these provisions with your local county FSA Office.

SIGNATURE AUTHORITY FOR SPOUSES

Spouses can sign FSA program documents on behalf of each other for most FSA farm programs in which either has an interest, without signing any special forms. This signature authority for spouses to sign for each other will be in effect unless notification denying either spouse this authority has been provided to FSA. For *crop loans*, an FSA-211 must be on file for spouses to sign for each other.

SPECIAL ACCOMODATIONS

Special accommodations will be made, upon request, for individuals with disabilities, vision impairment, or hearing impairment. If special accommodations are required, please call the FSA office and we will be happy to make any arrangements that are needed.

CONTROLLED SUBSTANCE

Any person who is convicted under federal or state law of a controlled substance violation could be ineligible for USDA payments or benefits. Violations include planting, harvesting or growing a prohibited plant. Prohibited plants include marijuana, opium poppies and other drug producing plants.

DIRECT DEPOSIT OF PAYMENTS IS MANDATORY

Effective January 1, 1999, all payments issued by FSA are required to be made by direct deposit to a designated checking or savings account with your financial institution. Forms are available at the FSA office to sign up for direct deposit if you haven't yet. For those already signed up, it is important that you notify your local FSA office anytime there is a change in your account number or financial institution. If we aren't notified, future payments can be delayed or lost for a period of time.

RECORD CHANGES

If you have bought, sold, or are renting different land, make sure you report the changes to the FSA 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.

MAKE FSA A PART OF YOUR ESTATE & TRUST PLANNING

Over the recent years, establishing farm trusts have become very popular. FSA farm programs have specific requirements that must be met to recognize the entities of trusts as well as estates and limited liability partnerships and corporations.

While there are some producers who may be under the impression that their trusts do not go into effect until the time of their death, in many cases the land has already been deeded to the trust. These persons may not see the difference since they operate the trust under their own Social Security number. Even though your accountant or legal counsel may not make the distinction either because the same Social Security number is used, for FSA purposes there is a difference between you as an individual and your trust. To stay in compliance with FSA program standards, our records must be a "true reflection" of the farming enterprise that includes how land is owned and operated.

For FSA payment limitation purposes, basic determinations are made based upon land and equipment ownership and who provides capital, labor, and management. In order for any entity to be paid, that entity would need to provide significant contributions of the factors mentioned above. Since entities like trusts and corporations are more complex, it takes a greater amount of FSA processing and devotion of producer input and time to properly address payment regulations.

CRITICAL FEED USE ON CRP ACRES

USDA recently announced that CRP participants with certain established vegetative covers may voluntarily have their CRP contract modified to utilize up to 50% of the CRP acreage for haying or 75% for grazing, for critical feed use. This modification is only available in 2008 to begin after the primary nesting seasons ends (July 15) through November 10, 2008.

CRP participants can utilize the acreage themselves, or lease the privilege to another individual. Request for this modification can be filed at the local FSA office after June 2nd. No payment reduction will be assessed. Producers will be required to pay a fee of \$75 for the modification of their CRP contract. Contact the office for more information.

CONSERVATION COMPLIANCE

- 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 drain to make cropping easier?
- Are you disturbing a wildlife habitat area of any type?

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 question or concern that something you plan to do on your farm could jeopardize your eligibility for benefits, please contact your NRCS representative before you begin work.

LOW INTEREST FARM LOANS AVAILABLE TO THOSE IN NEED

FSA has low interest farm loans available to those who are unable to obtain commercial credit through their local lender. Loans for the purchase of real estate, livestock, machinery, or to pay operating expenses are available now through FSA at interest rates ranging from 3.125% to 5%.

Although FSA does have special loan programs for Social Disadvantaged Applicants, beginning farmers and rural youth ages 10 to 20 years old, FSA loan programs are available to all eligible farm operators.

If you would like to know how you can take advantage of FSA Farm Loan Programs or would like additional details, please contact the nearest FSA Farm Loan Office.

Gary Nuss, Farm Loan Manager
Winfield FSA/Farm Loan Programs (620)221-2060

Limual Vinson, Farm Loan Manager
Wellington FSA/Farm Loan Programs (620) 326-2269

Ray Bartholomew, Farm Loan Manager
South Hutchinson FSA/Farm Loan Programs (620) 669-8161



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