



March 2009

Buchanan County News

**Buchanan County
USDA Service Center**

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Marketing Assistance Loans

Marketing Assistance loans are commodity loans 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 term of the loan.

Commodity loan eligibility also requires you comply with conservation and wetland protection requirements, beneficial interest requirements, report how you use cropland acreage on the farm and ensure the commodity meets CCC minimum grade and quality standards. For commodities to be eligible 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 storage must be maintained throughout the term of the loan.

Buchanan county loan rates are the following:

Corn \$1.99 bu.
Soybeans \$5.15 bu.
Grain Sorghum 3.51 cwt.

These loans mature 9 months following the month of disbursement. The interest rate for all loans disbursed in March is a whopping 1.5%. This loan option can be a good marketing tool inasmuch working capital can be obtained while the borrower still has title of the crop to sell at a higher price later.

Producers do not have to participate in the Direct and Counter-Cyclical Program to be eligible for commodity loans.

DCP Sign-up Underway

The Direct and Counter-cyclical Program was extended by the 2008 Farm Bill. The sign-up runs from now until June 1, 2009. Advance direct payments of 22% of the farm's total direct payments are available. The total direct payments per farm for the 2009 program will be approximately 98% of what that farm received in 2008. Direct payments are guaranteed payments for participation in the program.

Counter-cyclical payments are also a component of the 2009 DCP. Current price levels suggest there will be no counter-cyclical payments made, but the safety net is still there for participants, likewise Loan Deficiency Payments are still available if market conditions warrant them.

A new option for 2009 is the Average Crop Revenue Election (ACRE). This option's benefits are calculated on crop revenue for each of the farm's base commodities. A participant who chooses this option would forgo any potential counter-cyclical payments, have their guaranteed direct payment reduced by 20% and be subject to a 30% reduction in commodity loan rates.

At this time we do not have all the provisions of this option, but we hope to have a better picture as the program evolves. Sign-up for ACRE is unknown at this time, but will probably be into the Spring.

Banking Changes?

If you have changed banks and not notified FSA, your payment could be delayed. Payments are electronically transferred into your bank account, if we are not aware of changes to your account and routing numbers, there could be problems. 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. It is important that any changes in producer's account such as type account, bank mergers, routing number or account numbers, be provided to the county office promptly to avoid possible payment delay.

NAP Application Deadline

The deadline to signup for Noninsured Crop Disaster Assistance Program, or NAP coverage is **March 16, 2009**. Producers are reminded about the need for insurance coverage on crops in order to remain eligible for the agency's Disaster Assistance Programs such as SURE and LFP. Producers must purchase at least catastrophic (CAT) level of insurance for all insurable crops.

NAP is a federally-funded program that provides coverage to producers for non-insurable crops when low yields, loss of inventory or prevented planting occurs due to natural disasters. Crops eligible for NAP coverage are those for which crop insurance is not available, including fruits, vegetables and forage crops just to name a few. Producers must apply for coverage before a disaster strikes. NAP applications for coverage must be filed using Form CCC-471 and pay the applicable service fees (\$250 per crop) by the closing date. Application closing dates vary by crop. Buchanan County producers can contact the FSA Office for specific crop application sales closing dates at 364-3927 ext. 2.

More information about NAP may be found on the FSA web site located at

<http://www.fsa.usda.gov>

SAFE & Continuous CRP Available

At this time USDA has no general signups scheduled for the Conservation Reserve Program (CRP) in 2009. However, environmentally sensitive acreage qualifying for the Conservation Reserve Program State Acres For wildlife Enhancement (SAFE) Practice and Continuous CRP will still be eligible for enrollment. These targeted programs remain funded, and continue to provide a heightened environmental benefit on select areas.

Sodbuster, Swampbuster

Most Farm Service Agency programs require compliance with sodbuster and swampbuster provisions. These provisions require producers to follow an approved conservation system on all highly erodible land planted to an annual crop as determined by the Natural Resources Conservation Service.

Be sure to have determinations made on any new land you plan to plant to annual crops. If you plan to plant a different crop on your current cropland, check with NRCS to assure the new crop will qualify under your conservation system.

Swampbuster provisions state that converting a wetland to make possible the planting of a crop will result in the loss of all USDA benefits. To avoid this possibility it is strongly recommended that producers check with NRCS before starting to work in the fields

Tobacco Quota Buyout

Any transfers of Tobacco Transition Program contracts to family members needs to be reported to this office as soon as possible when the successor is known. The process to change the entity and /or shares on a contract takes some time.

Program Changes

Producers will notice two major changes immediately in 2009. First, as of about December 1, 2008, the office will no longer process checks. If you do not have direct deposit, it will take 5-7 days longer for you to receive your checks. This is important when taking CCC loans, and repaying those loans when the buyer's check is joint payee. Your initial disbursement and refund will take longer. Second, for 2009, farms with crop acreage bases of 10 acres or less will not be eligible to enroll in DCP. This policy was waived for 2008 at the end of the year, but will be in effect for 2009. However, these farms can be reconstituted with other farms if the new combination meets the definition of a farm per FSA provisions.

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.



Selling Land?

If you're planning to sell farmland, there may be some program consequences you should be aware of. For 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.

Please consider discussing possible program consequences with the county office staff before selling any land.

Beginning Farmers and Ranchers

FSA has funding to assist beginning farmers and or 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 percent of the county's median farm size; and

Note: All applicants for direct farm ownership loans must have participated in business operation of a farm for at least three years.

Farm Storage Facility Loans

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

Adjusted Gross Income

The Farm Bill also made some changes in the maximum adjusted gross income a producer can have and still qualify for farm payments. First, in 2009, certification will be for the years 2005, 2006, and 2007.

Limitations are:

- \$500,000 – The limit for non-farm income. Above that, ineligible for all commodity program payments and benefits.
- \$750,000 – The limit for farm income. Above that, ineligible for direct payments only.
- \$1,000,000 – The limit for non-farm income. Above that, ineligible for all conservation program benefits unless 66.66% of the total adjusted gross income is average adjusted gross farm income.

Dates To Remember

<u>March 16</u>	<u>Final day to purchase NAP</u>
<u>May 31</u>	<u>Last day to obtain loan on 2008 corn and soybeans.</u>
<u>June 1</u>	<u>DCP signup ends.</u>
<u>June 30</u>	<u>Final date to report small grains.</u>
<u>July 31</u>	<u>Final date to report spring seeded crops and CRP.</u>
<u>Ongoing</u>	<u>Farm Facility Loan Program</u>
<u>Ongoing</u>	<u>Continuous CRP</u>

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