



Northwest Ohio FSA News September 2009

Newsletter Distribution

This newsletter is distributed to all producers served by Farm Service Agency county offices in Northwest Ohio. While the return address for this mailing on the reverse of this newsletter is that of the Wood County Farm Service Agency, producers should contact their servicing county Farm Service Agency office for additional information and program details.

DCP/ACRE Succession-in-Interest

Producers who transfer or change interest in an approved Direct and Counter-Cyclical Program (DCP) or Average Crop Revenue Election (ACRE) contract must report the change when it occurs but no later than September 30, 2009. Producers must report transfer of interest, sale of land and changes in shares. FSA offices are not able to process these changes after the close of the fiscal year. If the DCP or ACRE contract is not revised and signed by the successor by September 30th then neither the predecessor nor the successor are eligible for payments.

Supporting Documents for DCP/ACRE

Producers must submit supporting documentation to determine eligibility for DCP and ACRE payments. Supporting documentation includes: CCC-902 - Farm Operating Plan for Payment Eligibility; AD-1026- Highly Erodible Land Conservation and Wetland Conservation Certification; CCC-926 - Adjusted Gross Income Statement; FSA-578 - Report of Acreage; signatures from landowners signing to zero shares; a copy of a cash lease agreement, and cash rent certification statements.

DCP Counter-Cyclical (CC) Payments

Final 2008 counter-cyclical payment rates for wheat, barley, and oats are zero because the effective prices exceed the target prices. The effective price is the direct payment rate, plus the higher of the national loan rate or the national average target price. The final 2008 counter-cyclical payment for corn, soybeans and grain sorghum will be determined in October, 2009. Final 2009 counter-cyclical payments for wheat, barley and oats will be determined in July, 2010 and the final 2009 counter-cyclical payments for corn, soybeans and grain sorghum will be determined in October, 2010.

2009 DCP Final Direct Payments

Final 2009 direct payments for all producers participating in the Direct and Counter-Cyclical Program will be issued in a batch payment process scheduled to be ran on or around October 9, 2009. Producers who received an advanced payment will receive the remaining seventy-eight percent of the payment and those who elected not to take the advanced payment will receive the full payment.

Designation of ACRE Payment Acres

Producers on a farm participating in the ACRE program can designate the covered commodity(s) that may receive potential ACRE payments if the planted and considered planted (P&CP) acres of all covered commodities on the participating farm exceed 120 percent of the total base acres on the farm. The maximum potential ACRE payment acres for each covered commodity are calculated by multiplying the P&CP acres for each covered commodity times 83.3 percent. The total ACRE payment acres on the farm can not exceed the farm's total base acres.

Producers do not have to make a designation if only one crop is planted or if the sum of the P&CP acres of all covered commodities on the farm is less than 120 percent of the total base acres on the farm. All producers who share in the covered commodities must sign form CCC-528 to designate ACRE payment acres by September 30, 2009. Payment acres will be allocated based on the percentage of the P&CP acres of a covered commodity to the total P&CP acres of all covered commodities on the farm if no designation is made.

Production Evidence for ACRE

Producers participating in the ACRE program for program year 2009 must establish a benchmark farm yield for each covered commodity that is planted. A benchmark farm yield is the Olympic average of the average yield per planted acre for the farm for the 5 most recent crop years. For 2009, the benchmark farm yield is comprised of data from 2004 through 2008. Because of situations where producers did not have control of farms for the preceding 5 years or a specific covered commodity may not have been planted on the farm in 1 or more of the preceding 5 crop years, average county yields or "plug yields" were established by commodity and county.

Producers may use the ACRE plug yield to establish the benchmark farm yield or may report production evidence. Production evidence must be reported on FSA-658. Producers will be required to certify, but not submit, the documents to support their production at the time FSA-658 is filed. However, the documentation will be required at a later date to verify the reported production. Benchmark farm yields must be certified by June 30, 2010 for small grains and July 15, 2010 for all other crops.

Late-Filed Crop Reporting

Producers must report the crops and land uses for all cropland on the farm to be eligible for program benefits under the Direct and Counter-Cyclical Program, marketing assistance loans and loan deficiency payments. Acreage reports are also required to establish eligibility for the Conservation Reserve Program and Noninsured Crop Disaster Assistance Program payments. Filing an accurate report can prevent loss of program benefits under these programs. The final reporting dates for 2009 crop year were extended to August 14, 2009 for small grains and all other crops. Late filed acreage reports may be filed by paying a minimum fee of \$46 per farm.

Marketing Assistance Loans

Marketing assistance loans can be a source of interim financing to help producers meet cash flow needs without selling harvested commodities. Marketing assistance loans are non-recourse as the commodity is pledged as collateral and producers have the option to deliver the grain to Commodity Credit Corporation (CCC) to satisfy the loan at maturity. Producers may also repay the loan at the market assistance loan repayment rate when less than principal plus accrued interest. Loans mature the last day of the ninth month following the month of disbursement. Producers must retain beneficial interest in the commodity and meet other eligibility criteria to obtain a loan. Commodities must be stored in approved farm storage. 2009 National average loan rates are: Wheat - \$2.75, Corn - \$1.95, Soybeans - \$5.00.

Loan Deficiency Payments

Loan deficiency payments (LDP's) are made to producers who agree to forgo a loan in return for a payment on the eligible commodity when the posted county price is less than the county loan rate. Producers must file form CCC-633EZ, Page 1 before harvest as an intention to receive loan deficiency payment benefits, if available.

New Loan Provisions for 2009-2012

- The commodity certificate exchange option is available until the end of the 2009 crop year.
- There is no payment limitation for market loan gains or loan deficiency payments.
- Federal or State licensed warehouses, with or without a Uniform Grain and Rice Storage Agreement, and Commodity Credit Corporation (CCC) approved warehouses are eligible to store CCC loan commodities.
- CCC will no longer adjust loan rates for warehouse-stored commodities using premiums and discounts.

Revised Loan Repayment Rate Methods

Beginning April 15, 2009, for wheat, corn, grain sorghum, soybeans, barley, oats, canola, flaxseed and sunflower seed, USDA's Commodity Credit Corporation (CCC) has determined and published daily loan repayment rates based on the average market prices during the preceding 30 days. At the same time, CCC began announcing each day a repayment rate based on the preceding five days. The new method replaced the previous one, which was based on the previous day's market rates. The effective alternative repayment rate is the lower of either the 30-day average or the 5-day average.

The 30-day method will reflect a 30-day moving average of all terminal market prices for the crop, adjusted by the difference between the applicable national loan rate and the county loan rate. The 5-day method will reflect a 5-day moving average of applicable terminal market prices adjusted by applicable county differential and terminal adjustments.

The revised loan repayment method will minimize potential forfeitures, accumulation of CCC stocks, CCC storage costs, market impediments and discrepancies in benefits across state and county boundaries.

Farm Storage Facility Loan Changes

Changes to the Farm Storage Facility Loan (FSFL) program have been implemented in accordance with the 2008 Farm Bill. The maximum principal amount per loan is now \$500,000. Participants are required to provide a down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage and equipment. Borrowers may increase the down payment requirement to 20 percent to negate the requirement for a severance agreement. Loan terms of 7, 10 or 12 years are available depending on the amount of the loan and interest rates for each term may be different.

Payments are available in the form of a partial disbursement and the remaining final disbursement. The partial disbursement will be available after a portion of the construction has been completed. The final fund disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount.

Applications for loans must be submitted to the FSA county office that maintains the farm's records. The application fee is \$100 per eligible borrower. Loans must be approved before any site preparation or construction can begin. The following commodities are eligible for farm storage facility loans:

- Corn, grain sorghum, soybeans, oats, wheat, barley or minor oilseeds harvested as whole grain.
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain.
- Hay and renewable biomass.
- Fruits and vegetables (cold storage facilities).

NOTE: If a loan application was submitted, approved, and disbursed under prior policy and was limited because of the \$100,000 maximum per borrower, a producer can submit a new CCC-185 for the difference in the total cost of the structure and the initial FSFL amount.

Downpayment Program

FSA has a special loan program to assist socially disadvantaged and beginning farmers in purchasing a farm. Retiring farmers may use this program to transfer their land to future generations. The applicant must make a cash down payment of at least 5 percent of the purchase price to qualify. The maximum loan amount is the lesser of \$225,000 or 45 percent of the lesser of the following:

- the purchase price of the farm or ranch to be acquired.
- the appraised value of the farm or ranch to be acquired.

The term of the loan is 20 years. The interest rate is currently 1.5 percent. The remaining balance may be obtained from a commercial lender or private party. FSA can provide up to a 95 percent guarantee if financing is obtained from a commercial lender. Participating lenders do not have to pay a guarantee fee.

Financing from participating lenders must have an amortization period of at least 30 years and cannot have a balloon payment due within the first 20 years of the loan.

Rural Youth Loans

The Farm Service Agency makes loans to rural youth to establish and operate income-producing projects in connection with 4-H clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization advisor, produce sufficient income to repay the loan, and provide youth with practical business and educational experience. The maximum loan amount is \$5,000.

MILC Program Price Announcements

MILC payments are issued on a monthly basis when the Boston Federal Milk Marketing Order Class I (Boston Class I) milk price falls below \$16.94 per cwt. The 2008 Act changed the \$16.94 per cwt. of milk trigger for MILC payments to a variable trigger that may be adjusted monthly for variations in feed costs above \$7.35 per cwt. of a 16-percent protein feed ration. As a result, MILC payments rates are calculated using both of the following:

- Boston Class I price announced by the Agricultural Marketing Service.
- National Average Dairy Feed Ration Cost (NADFRC) prices for corn, soybeans, and alfalfa hay announced by NASS.

While the Boston Class I price is announced in the month preceding the month to which it applies, the NADFRC prices are announced in the month that follows the month to which it applies. Both the Boston Class I and NADFRC price announcements must be made for an applicable month before the final MILC payment rate can be calculated and payments disbursed.

Reenrollment of Expired CRP Contracts

Some Conservation Reserve Program contracts will expire September 30, 2009. Affected participants have been notified of the opportunity to reenroll the expiring acres under a new contract to begin October 1, 2009. Producers who are interested in reenrollment should initiate the offer as soon as possible as the necessary eligibility determinations and conservation plans must be completed by September 28, 2009 in order for the contract to begin October 1, 2009.

CRP Practice Completion

Producers who have completed planned conservation practices for the Conservation Reserve Program are reminded to submit invoices and supporting documentation to their local FSA office. This information is needed to process cost-share and practice incentive payments, if applicable. Producers who were not able to complete seeding practices should visit their local office for guidance as practices must be completed within 12 months of the contract's effective date.

Direct Deposit Processing

Beginning August 3, 2009 FSA/CCC payments made by direct deposit will be transmitted by Kansas City to the U. S. Treasury where delinquent federal debts may be offset. This process will cause a 1-day delay in receiving electronic funds. The description on bank statements will read "FSA TREAS 310" beginning August 3, 2009.

Prevented Planted/Failed Acreage Credit

Producers who are prevented from planting wheat can request acreage credit by reporting the acreage on form FSA-578 and completing a prevented planting credit request on form CCC-576 within 15 calendar days after the October 20, 2009 final planting date. Prevented planted acreage must be verified with crop insurance data or a producer paid field visit. Prevented planting credit will not be earned if the acreage is planted to a subsequent crop that does not meet the definition of a double crop.

Producers can receive credit for failed acreage if the acreage is reported on form FSA-578 and a request for acreage credit is made on form CCC-576 before disposition of the crop. The acreage must have been timely planted under normal conditions with the intent to harvest but failed as result of a disaster related condition. Failed acreage may be verified with crop insurance data or a field visit. Farm Service Agency Offices have the option to use County Committee knowledge to verify the disaster condition. (NOTE: If the acreage is planted to a different crop the subsequent crop may be considered a crop for certain FSA purposes.)

The filing of prevented planted and failed acreage credit is important to those producers participating in the ACRE program because approved failed and prevented planted acreage is considered planted for ACRE program payment purposes.

NAP Notice of Loss and Appraisals

A notice of loss must be filed within 15 days after the date of the disaster occurrence or the date damage to the specific crop becomes apparent for production losses. A notice of loss due to prevented planting must be filed within 15 days of the final planting date for the specific crop. Producers are required to file a notice of loss for each disaster occurrence that causes damage to or loss of the specific crop. If a notice of loss has been filed, producers of hand harvested crops are required to notify FSA offices 15 calendar days after harvest is complete and before destruction of the crop so an appraisal of remaining production can be completed.

Producers who have reported a NAP crop and choose not to harvest the specific crop acreage must leave intact all eligible acreage and units for which an application for payment will be made until the units are appraised and released. Producers can leave representative samples of crop acreage for inspection and appraisal for the purpose of providing the county committee with evidence of the crop's production.

2009 Spot Check Selection Process

The Farm Service Agency's National Office is requiring county offices to conduct compliance reviews and spot checks on certain producers selected by the national office through a statistical sampling method. FSA will review both the accuracy of the representations made by the selected producers as well as the producer's compliance with the terms and conditions of all programs in which the selected producers participate throughout the year.

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Conservation Stewardship Program (CSP)

What is the Conservation Security Program? A voluntary program rewarding good land stewardship.

Who's eligible? Individuals, entities, and Indian Tribes operating privately owned agricultural land or nonindustrial woodland.

When & where can I apply? Anytime at any NRCS office.

Why enroll? Earn up to \$ 40,000 per year or \$200,000 during any 5 year period.

August 10th marked the beginning of the new Conservation Stewardship Program (CSP). This program will be run as a continuous sign-up with periodic ranking periods for funding. The first cutoff for ranking is scheduled for September 30, 2009. Another ranking period is tentatively slated to occur after January 1, 2010.

CSP is a voluntary program designed to encourage producers and landowners with cropland, pasture, or woodland to put additional conservation on the land and to improve and maintain existing practices.

The program offers an annual payment for conservation activities and a supplemental payment for the adoption of a resource conserving crop rotation (RCCR). A RCCR is defined as perennial grass or forages, a high residue producing crop, or a cover crop following an annual crop.

Per acre payments are estimated to range from \$ 12 to 22 for cropland, \$ 7 to 14 for pasture, \$ 6 to 12 for woodland, and \$ 12 to 16 for resource conserving crop rotations.

For more information or to determine if you are eligible for this new program, visit your local Natural Resources Conservation Service (NRCS) office or go online to www.oh.nrcs.usda.gov and complete the "Producer Self-screening Checklist".

FSA County Committee Elections

Ballots containing the names of those nominated to serve on Farm Service Agency county committees will be mailed by November 6, 2009. Visit your local farm service agency office if you believe you are eligible to vote in the local administrative area for which the election is being conducted and do not receive a ballot. Producers are reminded that they may not vote on behalf of another individual as an attorney-in-fact. Ballots must be returned to the county office or post-marked by December 7, 2009. The date selected by the local FSA office for counting the votes will be on the ballot. Please vote as only 17 percent of approximately 2 million ballots are voted nationally.

Northwest Ohio FSA Offices

Allen Co. FSA Office	419-223-0010
Defiance Co. FSA Office.....	419-782-4781
Fulton Lucas West Co. FSA Office.....	419-335-6061
Hancock Co. FSA Office.....	419-422-5438
Hardin Co. FSA Office	419-673-7238
Henry Co. FSA Office	419-592-2926
Ottawa Lucas East Co. FSA Office	419-898-2651
Paulding Co. FSA Office.....	419-399-3841
Putnam Co. FSA Office.....	419-523-4871
Seneca Farm Loan Office.....	419-447-7071
Williams Co. FSA Office	419-636-2057
Wood Co. FSA Office	419-352-5171
Van Wert Co. FSA Office	419-238-6780
NW Ohio District Director, Joel Obrecht .	419-352-5171

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Note: This newsletter provides a brief summary of program provisions and is not meant to be all-inclusive. Further information is available at local FSA offices and from FSA's Home Page at: www.fsa.usda.gov.