

March 2009

USDA Extends Comment Period for Regulation on Payment Limitations and Payment Eligibility

Following Agriculture Secretary, Tom Vilsack's announcement that the comment period for the regulation defining actively engaged participation in a farming operation has been extended for an additional 60 days, FSA is seeking a diverse range of comments from different areas of the United States and farming communities. With this extension, the public may continue to submit comments until April 6, 2009. The Federal Register Rules on the payment limitation and payment eligibility is available at: <http://www.regulations.gov> and once there type: *CCC FRDOC 0001-0061* in the "Search Document" field and then click on the "Adobe Acrobat symbol" to view the Federal Register Rules.

- To submit an electronic comment online go to: www.regulations.gov and once there type: *CCC FRDOC 0001-0069* in the "Search Documents" field and click on the "Go" icon. Lastly, click on "Send a Comment or Submission" link.
- E-mail: Dan.McGlynn@wdc.usda.gov;
- Fax: (202) 690-2130; or
- Mail: Dan McGlynn, Acting Director, Production, Emergencies and Compliance Division, FSA, U.S. Department of Agriculture (USDA), Stop 0517, Room 4754, 1400 Independence Ave., SW., Washington, DC 20250-0517.

The actively engaged provision requires that individuals and entities must be "actively engaged in farming" with respect to a farming operation in order to be eligible for specified payments and benefits. To be "actively engaged in farming," the individual or entity must make significant contributions to the farming operation of (1) capital, equipment, land, or a combination; and (2) personal labor or active personal management, or a combination.

Under rules in effect since 1988, not every member of an entity is required to contribute active personal labor or management. The interim rule currently requires each partner, stockholder, or member with an ownership interest to make a contribution **whether compensated or not** of active personal labor or active personal management. The contribution must be regular and substantial, and documented as well as separate and distinct from any other member's contribution. The rule limits the ability of passive stockholders to continue to realize benefits from the entity.

The substantive rule changes make the requirement for adding new persons to a farming operation more restrictive. The addition of a person to an existing farming operation can be met through an increase of 20 percent of base acres to the operation; previously the requirement was an increase of 20 percent in cropland.

Honey Loans

Marketing assistance loans and loan deficiency payments for 2008 crop year honey are available until March 31, 2009. The national loan rate for honey is \$0.60 per pound. Market prices currently exceed the loan rate, so LDPs are not available at this time.

To be eligible for a loan, the producer must have produced honey in the United States during the calendar year for which the loan is requested, and extracted the honey on or before Dec. 31 of the applicable crop year; have continuous beneficial interest in the honey through date of repayment of the loan; and been responsible for the financial risk of keeping. Producers are responsible for maintaining the quality of farm-stored honey during the term of the loan.

The honey must be produced in the United States by an eligible producer, from an approved floral source, and stored in approved containers.

The containers must be marked with the producer's name, type of honey, number of container and net weight. Pre-loan inspections are required before the loans can be disbursed.

Honey used as collateral may not be disposed of without approval of the county office staff.

NAP Application Deadline

The deadline to sign-up for Noninsured Crop Disaster Assistance Program, or NAP coverage is March 16, 2009 for producers to apply for Non-Insured Crop Disaster Assistance Program (NAP) coverage using form *CCC-471, Application for Coverage*, and pay the service fee at the county office. 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, LFP, TAP, and ELAP. Pro

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ducers must purchase at least catastrophic (CAT) level of insurance for all insurable crops and producers must apply for coverage before a disaster strikes.

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.

To download the electronic "*NAP Basic Provisions Document*", form CCC-471 NAP BP, go to:

http://www.fsa.usda.gov/Internet/FSA_File/ccc_471_nap_bp.pdf. The application and service fee must be filed by **March 16th**, the deadline date for 2009 spring planted crops which include: forage sorghum, oats, potatoes, soybeans, sunflowers and all spring planted specialty crops grown for food.

The service fee is \$250 per crop per county or \$750 per producer per county. The fee cannot exceed a total of \$1875 per producer with farming interest in multiple counties. Limited resource producers may request a waiver of service fees.

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
- Also, the applicant must meet the loan eligibility requirements of the program to which he/she is applying.

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

To find out more about loans for Beginning Farmer and Ranchers and more basic qualifications required, contact your local FSA county office to setup an appointment with a loan approval official.

DCP Sign-up Continues

Sign-up for the 2009 Direct and Counter-cyclical Payment (DCP) Program continues **until June 1, 2009**. The June 1, 2009 deadline is mandatory for all participants. FSA **will not** accept any late-filed applications.

Online sign-up is available to all producers who are eligible to participate in the DCP Program and can be accessed at:

www.fsa.usda.gov/dcp and then click on the "Access eDCP Services" link, under the "I Want to..." section. To access the service, producers must have an active USDA eAuthentication Level 2 account, which requires filling out an online registration form at:

<http://www.eauth.egov.usda.gov> and then click on the "Create an Account Page" link, and lastly followed by a visit to the local FSA Service Center for identity verification.

FSA computes DCP Program payments using base acres and payment yields established for each farm. Eligible producers receive direct payments at rates established by statute regardless of market prices. For 2009, you may request to receive advance direct payments based on 22 percent of the direct payment for each commodity associated with the farm. FSA began to issue advance direct payments in December 2008. Counter-cyclical payment rates vary depending on market prices and are issued only when the effective price for a commodity is statutorily set below its target price.

Eligible producers for the DCP Program are also eligible to enroll in the Average Crop Revenue Election (ACRE) Program or the Counter-cyclical Program. The enrollment period for the ACRE Program will begin in the spring. You may first enroll in the DCP Program, receive advance direct payments and then later modify your enrollment to the ACRE program or you may wait and elect to enroll in DCP and ACRE at the same time in spring 2009.

For more information about DCP, visit your local FSA office or go online to read the DCP factsheet at:

http://www.fsa.usda.gov/Internet/FSA_File/dcp2008.pdf.

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 converting wetland areas to make possible the planting of a crop.

CRP Practice CP8A - Grass Waterways - Sign up Now for Financial Assistance!

A typical grass waterway is approximately 30 feet wide and 1 foot deep. Although a grass waterway can be inconvenient to farm around, they are very effective in saving soil on your farm. FSA offers cost share through the Conservation Reserve Program (CRP) to install grass waterways. Visit your local FSA office to sign up for a grass waterway practice through CRP. FSA will ask you to identify the location of the proposed waterway on a map. FSA will also ask for a copy of deed for the parcel where the proposed waterway is to be constructed. CRP provides:

- cost share to construct, seed, fertilize, and mulch the waterway;
- practice incentive payment (PIP) to help cover construction costs;
- \$100 per acre signing bonus;
- annual rental payment for 10 years for the acreage enrolled.

If you wish to construct a waterway on your farm, you should sign up now! The best time to install a waterway is shortly after wheat harvest while the stubble is still in the field.

Steps for installing a grass waterway under CRP:

1. Landowner signs up at local FSA office.
2. Technical experts visit the proposed site. They figure a cost estimate, stake the area, conduct a survey, and then draw up plans.
3. Archeological study is performed for the construction area (this may take up to 30 days to complete...another reason to sign up early!)
4. Landowner is presented with several plans, so they can shop around for contractor prices.
5. Once the waterway has been constructed, technical experts inspect the waterway.
6. Waterway must be fertilized, seeded, and mulched by September 15th.
7. Landowner submits bills to FSA office. Cost share is then calculated.



(Photo Courtesy of the USDA NRCS, this is an example of an ideal site for a CRP Grass Waterway Practice). *Article courtesy of Ron Schneider, Auglaize County SWCD.*

CRP Program Participant Reminder Letter

CRP participants are reminded to report to their local Farm Service Agency (FSA) when there are changes that occur due to transfer of ownership, death, incompetent or missing persons.

The following changes must be reported to the FSA office; changes to banking information for direct deposit payments, mailing address changes, land ownership changes--including land transfers to living trusts, irrevocable trusts, etc. Estates of CRP participants need to contact their local FSA Service Center while the Estate is open to obtain and submit documents needed to ensure earned CRP payments can be issued.

Representatives of deceased CRP participants must inform their local FSA Service Center by submitting one or more of the following applicable documents:

- Copy of death certificate;
- Copy of Court appointment for estate;
- Estate ID number if available; and/or
- Copy of deed transferring ownership to survivor.

Failure to report these changes may result in ineligibility for CRP annual rental payments or termination of CRP contracts, which requires the refund of all payments received under the CRP contract including annual rental payments, cost share and incentive payments plus interest and liquidated damages. It is extremely important that all Conservation Reserve Program Contracts contain accurate information.

CRP Program participants are reminded to take action to report changes immediately to avoid unnecessary delays in program benefits or inaccurate payments. Lastly, contact your local FSA county office if you have any questions regarding the terms and conditions of your CRP contract.

Selected Interest Rates for March 2009

90-Day Treasury Bill	0.125%
Farm Operating Loans — Direct	2.000%
Farm Ownership Loans — Direct	3.500%
Farm Ownership Loans — Beginning Farmer Down Payment	1.500%
Emergency Loans	3.750%
Farm Storage Facility Loans	2.250%
Sugar Storage Facility Loans	3.750%
Commodity Loans 1996-Present	1.500%

CREP, SAFE & Continuous CRP Available

At this time USDA has no general sign-ups scheduled for the Conservation Reserve Program (CRP) in 2009. However, environmentally sensitive acreage qualifying for the Conservation Reserve Enhancement Program (CREP), Conservation Reserve Program State Acrea 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.

Toll-Free Number for Borrowers

Direct loan borrowers with USDA's Farm Service Agency can check the status of their accounts around the clock using a toll-free telephone number.

The toll-free number, 1-888-518-4983, is available in both English and Spanish. The system delivers information on active FSA loans 24 hours a day, 7 days a week.

During the first call to the system, borrowers will enter their tax identification number or the Social Security Number associated with the loan. They also will need to enter their ZIP code. Borrowers will create a personal identification number for security. Customers must enter their PIN every time they use the system and may change their PIN. The system menu helps user's access helpful information. The system may also direct borrowers to contact their local FSA servicing office if action is necessary on their accounts.

Dates to Remember

Mar. 16	Deadline to obtain 2009 NAP coverage on spring planted crops.
Mar. 31	Final Availability for 2008 crop wheat, barley, oats, honey loans and LDPs.
May 25	Memorial Day Holiday. FSA Offices Closed.
May 31	Deadline to apply for 2008 commodity loans and LDP's on feed grains, soybeans, pulse crops.
June 1	Deadline to sign-up for 2009 Direct and Counter-cyclical Payment Program. USDA will not accept any late-filed applications.
June 15	County Committee Nomination period begins.
June 30	Final certification date for small grains.
Continues	Farm Storage Facility Loan Program.
Continues	Continuous Conservation Reserve Program.

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