



MARCH 2009

STEVENS COUNTY FSA NEWS

Stevens County FSA

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Monday – Friday
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County Committee

Doug Falstad - Chairperson

Bruce Stumpf - Vice Chair.

John H. Steele – Reg. Member

Gayla McCanna - Advisor

Web Sites

National:

www.fsa.usda.gov

WA State:

www.fsa.usda.gov/wa

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DIRECT AND COUNTERCYCLICAL PROGRAM SIGN UP

Sign up for the Direct and Counter Cyclical program (DCP) continues.

As soon as all your paperwork is in, an advance payment, at a rate of 22% can be issued. If advance payments are not requested, your entire payment will be paid in October of 2009.

The sign up will take a little more time than normal. New eligibility forms are being completed for all participants this year and FSA staff must review existing power of attorney forms to ensure they are still valid for programs under the 2008 Farm Bill. The new eligibility forms include the CCC-926, Average Adjusted Gross Income Statement and the CCC-902, Farm Operating Plan for Payment Eligibility.

March is a great month to stop by and get your sign up out of the way. Please give us a call to schedule an appointment.

MILK INCOME LOSS CONTRACT PROGRAM (MILC)

Our office recently received word that payments under the MILC program will not be disbursed until the National Average Dairy Feed Cost Price is announced. The Feed Cost Price will not be known until one month after the payment month. For example: The Feed Cost Price for February is not known until after March 31st. Therefore, February payments cannot be made until some time in April.

EMERGENCY LOAN PROGRAM

USDA's Farm Service Agency (FSA) provides emergency loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters, and quarantine. Emergency Loan funds can be used to restore or replace essential property, pay production expenses for the disaster year, pay family living expenses, reorganize the farming operation, and to refinance certain debts.

Emergency Loans can be made to farmers or ranchers who own or operate land in a county declared by the President as a disaster area or designated by the Secretary of Agriculture. They must be established farmers, citizens or permanent residents, be unable to receive credit elsewhere, and have collateral and repayment ability. Borrowers are required to keep acceptable records, operate in accordance with the farm plan they have developed with FSA officials, obtain crop insurance, and may be required to participate in financial management training. Collateral is required. Producers can borrow up to \$500,000. The term of the loan is based on the repayment ability of the applicant, not to exceed 20 years for production losses or 40 years for losses to real estate. Applications must be received within 8 months of the county's disaster or quarantine designation date.

Stevens County has recently received designation as a disaster county due to severe winter weather. For more information contact Farm Loan Manager, Steve King, in Spokane at 509 924-7350.



PAYMENT LIMITATION CHANGES

The 2008 Farm Bill altered payment limitation and eligibility provisions for FSA programs. These changes apply to 2009 and subsequent years. The three-entity rule has been eliminated. Instead, payments will be limited by direct attribution to an individual or entity. An individual's payments will be combined from all entities in which there is an interest. An individual may belong to an unlimited number of entities, but the total payments from all shares will be held to the payment limit for the program in which he/she is participating. For example, the most an individual can receive from direct payments under the Direct and Counter-Cyclical Program is \$40,000, no matter how many legal entities with which he/she is associated.

Payments are attributed through four levels of ownership in an entity. Shares not held by an individual at the third member level are ineligible for payment. For joint operations, including general partnerships, payments will be attributed to legal entity and individual members, but not the joint operation. Spouses will no longer receive a combined payment limitation. If other eligibility requirements are met, each spouse may earn payments subject to separate program limits. Payments to minor children are still combined with the payments of the parent receiving the larger amount of program payments, unless the minor meets requirements to be separate. State, local governments, political subdivisions and agencies are not eligible for program payments unless payments are used for the support of public schools and are earned on state-owned land. Payment eligibility still requires being actively engaged in farming, defined by significant contributions of land, capital, equipment, personal labor and personal management. Landowners are still considered actively engaged in farming on the land that they own without having to provide significant contributions of active personal management or labor. New provisions make it easier for spouses and minors to meet active personal labor and active personal management requirements.

Operators and tenants need to be aware that changes were recently made to Actively Engaged in farming provisions. Each stockholder, partner, or member with an ownership interest in a corporation or other similar entity must make a contribution, whether compensated or not, of active personal labor, active personal management or a combination thereof to the farming operation. The contribution of active personal management and/or labor must be performed on a regular basis, be identifiable and documentable, and be separate and distinct from the contributions of any other member, stockholder, or partner. The failure of any partner, stockholder, or member to meet this requirement **will result in a reduction of payments** to the payment entity commensurate with the ownership share held by that interest holder. Please note this does not apply to landowning entities because the landholding entity is considered actively engaged in farming under the landowner exemption.

FARM CHANGES

This is the time of year that farm and business changes need to be reported to our office. This includes lease changes, ownership changes, and business organization changes such as the forming or dissolving of corporations, Limited Liability Companies, trusts, estates, or partnerships. Please report these types of changes as soon as possible.