

April 2007

South Dakota FSA News

FSA WEB SITE – <http://www.fsa.usda.gov>

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Farm Loan Programs (FLP)

Farm Service Agency's Farm Lending Division is a source of temporary credit for family sized farm operations. FSA makes both direct and guaranteed loans.

Direct farm loans are made by FSA with Government funds. Farm Ownership, Operating, Emergency and Youth loans are the main types of loans available under the direct program. Direct loan funds are also set aside each year for loans to minority applicants and beginning farmers.

FSA guaranteed loans provide lenders (e.g., banks, Farm Credit System institutions, credit unions) with a guarantee of up to 95 percent of the loss of principal and interest on a loan. Farmers and ranchers apply to an agricultural lender, which then arranges for the guarantee. The FSA guarantee permits lenders to make agricultural credit available to farmers who do not meet the lender's normal underwriting criteria.

FSA guaranteed loans are for both Farm Ownership and Operating purposes. Like the Direct Loan Program, a percentage of Guaranteed Loan funds are targeted to beginning farmers and ranchers and minority applicants.

In addition, Farm Service Agency (FSA) makes operating loans to individual rural youths age 10 through 20 to establish and operate income producing projects. These projects must be of modest size and be initiated, developed and carried out by rural youths participating in 4-H Clubs, FFA, or a similar organization or with a vocational teacher or county extension agent. The project must be an organized and supervised program of work. Projects must be planned and operated with the assistance of the organization advisor, produce sufficient income to repay the loan, and provide the youth with practical business and educational experience.

Further information and applications for FSA loan programs are available at local county offices and on the web at:

<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&topic=landing>

Beginning, Small, and Limited Resource Farmers & Ranchers – Do you Require Financial Assistance to Fund Conservation Program Initiatives?

USDA's Natural Resources Conservation Service (NRCS) and Farm Service Agency (FSA) have worked together to make conservation programs more available to beginning, small, and limited resource farmers. As producers move from initial contract development into the implementation stage under NRCS' Environmental Quality Incentives Program, many face the inability to acquire the initial capital investment of their cost-share portion needed for contract implementation.

To help producers implement conservation measures, FSA has several loan programs available to assist with up-front costs. FSA makes direct and guaranteed farm ownership and operating loans to family-size farmers and ranchers who cannot obtain commercial credit otherwise. A primary objective of FSA's farm loan programs is to assist small, beginning, and socially disadvantaged (minority and female) producers. In fact, a portion of FSA's loan funds are reserved for beginning and socially disadvantaged producers. These loan programs are not new and have been used successfully in conjunction with conservation programs throughout the United States.

Additional program information, loan applications, and other materials are available at your local USDA Service Center. You may also visit www.fsa.usda.gov and www.nrcs.usda.gov.

The EZ Makes It Easy Loan Deficiency Payments (LDP's)

The Farm Service Agency now employs the CCC-633 EZ in place of the old CCC-709 and CCC-633-LDP. The EZ form was created to make the application process more user-friendly.

The CCC-633 EZ is a two-part loan deficiency payment request that allows producers to (1) indicate their intentions to receive LDP benefits *before* losing beneficial interest in the eligible commodity, and (2) submit a request for an LDP at any time during the loan/LDP availability period before or after losing beneficial interest.

The EZ form covers basic and field direct LDP's for crops, wool, mohair and unshorn pelts.

By signing the first page of the EZ form, the producer indicates his or her intentions to receive LDP benefits. This one page covers all counties and all eligible harvested commodities for the entire crop year for the individual, joint operation or entity identified on the form.

Once the first page of the form has been signed and submitted, the producer can submit an LDP request by completing page 2 for all harvested commodities; or page 4 for wool, mohair and unshorn pelts. The LDP request can be submitted at any time during the loan availability period, before or after losing beneficial interest.

A key point to remember is that page 1 of the EZ form must be signed by the producer before beneficial interest in the commodity is lost. Once beneficial interest is lost, the commodity is ineligible for an LDP even if beneficial interest is regained.

All producers are encouraged to submit page 1 of the EZ for each crop year whether or not they plan to subsequently request a loan or LDP.

Removing CCC Loan Collateral

Producer reminder: Grain under loan with Commodity Credit Corporation (CCC) cannot be removed or disposed of without prior county office staff authorization or repayment. The county office staff may issue release authorizations based on a telephone or in person request when you are ready to move the grain. A loan violation is subject to monetary and administrative penalties, such as repaying the loan at principal plus interest, liquidated damages, calling the loan and denial of future farm-stored loans and loan deficiency payments.

All commodity loans are subject to spot check. Locking in a market loan repayment rate is not a marketing authorization. If you are planning to move CCC loan grain, contact the county office staff for additional information.

Farm Storage Facility Loans (FSFL)

Low cost loans are available for producers to build new or remodel existing farm storage facilities for a variety of commodities, including wheat, soybeans and corn.

The seven-year Farm Storage Facility Loans are available for the purchase and installation of eligible storage facilities, permanently affixed drying or handling equipment, or remodeling existing facilities. Eligible facilities include new conventional-type cribs or bins and new and remanufactured oxygen-limiting and other upright silo-type structures.

All Farm Storage Facility Loans are secured by a promissory note and security agreement. The maximum amount that may be borrowed is 85 percent of the net cost of the storage or handling equipment, up to \$100,000 for each borrower. A minimum down payment is also required. For details, contact the county office staff.

Direct and Counter-Cyclical Program (DCP)

Signup Deadline

The deadline for enrollment in the 2007 Direct and Counter-Cyclical Program has been extended to August 3, 2007. Participants must provide all necessary signatures on the CCC-509 Contract by this date. Documents submitted by mail must be post-marked by August 3rd to be considered timely filed.

CCC-509 Contracts on which all required signatures are not obtained by August 3rd will not be considered timely filed. Signatures obtained after August 3rd and before September 30th are considered late filed and will be assessed a \$100 per-farm late fee.

FAV Limitations

Producers who participate in the DCP are subject to certain restrictions on the planting of wildrice, fruits and vegetables on DCP base acreage unless it is established that there is producer history or farm history of planting wildrice, fruits or vegetables. If either exception applies, the DCP payments are reduced acre-for-acre for the planting of wildrice, fruits or vegetables on base acres.

The planting of wildrice, fruits and vegetables on non-base acres is not a DCP contract violation and will not result in payment reductions.

Violations of the DCP contract may result in termination of the DCP contract.

Producers intending to plant wildrice, fruits or vegetables are encouraged to contact their local office to inquire about what crops are considered a fruit or vegetable and the effects of planting these types of crops.

Flexible or Variable Lease Agreements

Using flexible or variable leases has become increasingly attractive to tenants and landowners due in part to the fluctuating market prices. The conditions of lease agreements vary greatly; producers and landowners alike must be aware of the effects that the terms of the lease may have on program eligibility. Consequently local FSA County Committee's are charged with ensuring fair treatment for tenants and landowners.

Generally speaking, if a lease contains provisions that require the payment of rent on the basis of the amount of crop produced or the proceeds derived from the crop, or the interest such producer would have had if the crop had been produced, or combination thereof, such agreement shall be considered a share lease. Accordingly, the tenant and landowner must share in the division of payments for the DCP and must designate the shares appropriately on the CCC-509 contract.

Approval of the DCP contract will be dependent on whether the payment shares are reflective of each producer's interest in the base acreage based on the conditions of the lease agreement and a determination is

made that the interests of tenants and landowners are protected.

Payment Limitation/Eligibility

Producers are not eligible for program benefits subject to limitation until all required forms for the specific situation are provided and the necessary payment limitation and payment eligibility determinations are made. Producers are required to notify the County Office of any changes in the farming operation which would affect a "person", actively engaged in farming, cash rent tenant, or foreign person determination.

2007 Producer/Land Changes

Producers need to be aware of the importance of reporting changes in their farm operations to our office. Types of changes that must be reported include, but are not limited to, address changes, cash rent and share rent changes, and changes in members or shares of an entity. Failure to keep us informed of these types of changes results in inaccurate farm data and may possibly delay the issuance of program payments or may affect program eligibility.

Acreage Reporting – July 15 Deadline

Acreage reporting time will soon be here. Please remember that filing an accurate acreage report for all crops and land uses, including failed acreage and prevented planting acreage, can prevent the loss of benefits for a variety of programs including Marketing Assistance Loans and LDP's, Direct and Counter-Cyclical Payments under DCP, CRP annual rental payments and the Noninsured Crop Disaster Assistance Program (NAP).

Failed acreage must be reported within 15 days of the disaster event and before disposition of the crop.

Prevented planting must be reported no later than 15 days after the final planting date.

The acreage reporting deadline for all crops in South Dakota is July 15.

NAP Reminders and Updates

When disaster strikes, what do I do?

First, you must notify your local FSA Office by completing Part B, Notice of Loss, on Form CCC-576, Application for Payment. **THIS NOTICE MUST BE WITHIN 15 CALENDAR DAYS OF THE:**

- natural disaster occurrence
- final planting, if your planting was prevented by a natural disaster (Prevent Plant);
- date damage to the crop or loss of production becomes apparent to you; or
- the normal harvest date.

To receive NAP benefits, you must complete Form CCC-576, prior to the application closing date of the subsequent year.

When may I qualify for prevent planting coverage?

If weather conditions, such as excessive moisture prevent you from planting the crop, you may qualify for prevent planting coverage. When crop failure occurs prior to the final planting date for the crop, you must replant the crop in order to maintain coverage. Claims must be filed on Form CCC-576, Application for Payment, within 15 days

after the final planting date. NAP benefits are not provided for losses due to failure to follow good farming practices.

What do I need to provide to receive NAP benefits?

Form CCC-576, Application for Payment, requires you to provide evidence of production and note whether the crop was marketable, unmarketable, salvaged, or used differently than intended.

FSA will send a certified loss adjuster to inspect the crop acreage. You must allow FSA to inspect the damage prior to destroying the crop or making any other use of the land.

Do I need to report my NAP crop acreages?

Acreages, shares, and plant dates of NAP covered crops **must** be reported on Form FSA-578, prior to July 15. Crops planted after the established final plant date will have a reduced coverage.

Am I required to provide and maintain production records for NAP Coverage?

You are responsible for maintaining production records on all NAP covered crops. NAP crop production must be reported to your FSA office no later than the subsequent year's acreage reporting date.

If you are reporting production loss, you must certify the loss and provide acceptable records of production. You are responsible for maintaining the records for three years.

Eligible production records include:

- commercial receipts
- appraisals
- settlement receipts
- pick records
- load summaries
- scale tickets
- warehouse ledger receipts
- contemporaneous diaries or measurements

Highly Erodible Land (HEL) & Wetland Conservation (WC) Compliance

Producers must file a new AD-1026 before performing any maintenance related to Sodbuster and Swampbuster provisions. Check with your local office before draining, cleaning waterways, installing dugouts or dams, or any activity that could alter the identity of a wetland, or before breaking up any new land. Violations of the HEL and WC provisions may result in loss of program benefits.

Early Land Preparation on CRP Acres

In the final year of a CRP contract, certain CRP acres may be destroyed to prepare a seedbed for either fall-seeded or spring-seeded crops. Participants interested in preparing these fields for future crop production need to contact their local FSA County Office for details. Prior approval from the county office is required for this activity.

Reviewing & Adjusting CRP Rental Rates

The County and State FSA Committees are currently reviewing CRP rental rates. The review could result in rates being increased or decreased. Any changes in the rates will become effective upon final approval by the State FSA Committee and the national office. The rates will apply to new CRP contracts that are approved after the new rates become effective.

**PRESORTED STANDARD
 US POSTAGE PAID
 HURON, SOUTH DAKOTA
 PERMIT #7**

***NEW* State Acres for Wildlife Enhancement (SAFE)**

On March 22, 2007, FSA announced a new initiative, SAFE, that allows states to address local wildlife conservation needs. SAFE, State Acres for Wildlife Enhancement, allows producers to install practices that benefit high priority state wildlife conservation objectives through the use of targeted restoration of vital habitat. This cooperative effort is based on locally-developed proposals that address the highest priority wildlife objectives in the state. The proposals will be considered by FSA's State Committee (STC) after a review by the State Technical Committee.

SAFE proposals must be based on the existing CRP framework and CRP practices. Each state received an allocation of acres based on weighted average cropland. The total enrollment nationwide shall not exceed 500,000 acres and South Dakota has been allocated 20,700 acres.

Wildlife agencies or groups wanting more information on submitting a SAFE proposal should contact the Conservation Division at the State FSA Office in Huron at (605) 352-1175 or 1177.

Continuous CRP Practices With Limited Acres

FSA offers several CRP practices that can be placed under a Continuous CRP Contract any time during the year. Several of the Continuous CRP practices have an acreage limitation. Authorization for some of the Continuous CRP practices will expire at the end of December 2007.

Producers interested in placing land into CRP should check with their County FSA Office to see if any of the Continuous practices fit their conservation needs and are available in their county. The practices that allow for limited acres are Farmable Wetland Practice, Wetland Restoration Practice, Quail Buffers, and the newly announced Duck Habitat Practice.

In addition to the above listed practices, also available are continuous practices without acreage limitations such as: farmstead shelterbelts, field windbreaks, buffers, filter strips, waterways, and marginal pastureland buffers intended to protect streams.

NAP Sales Closing Dates for 2008

09-01-2007	09-30-2007	12-01-2007
Christmas Trees	Rye	Apples
Value Loss/Aquatic	Winter Wheat	Asparagus
Nursery Crops		Grapes
Turfgrass Sod		Honey
		Mint
		Raspberries
		Rhubarb
		Strawberries

IMPORTANT DATES

May 31	Final Loan Availability Date – Row Crops
July 15	Acreage Reporting Final Date
August 3	FY 2007 DCP Enrollment Deadline
Continuous	Continuous CRP Signup
Continuous	FSFL Loans
Continuous	FLP Loans

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