



November 2006

# Atchison County Newsletter

## Atchison County USDA Service Center

**Atchison County FSA**  
302 E. Hwy 136  
Rock Port, MO 64482  
(660) 744-5328 (Phone)  
(660) 744-5536 (Fax)

**Hours**  
Monday – Friday  
8:00 a.m. – 4:30 p.m.

**County Committee**  
Duane Klute, Chairperson  
Craig Heits, Vice Chair  
Julie Joesting, Member

**Staff**  
County Executive Director  
Corey Leshner

Farm Loan Manager  
Bob Dreyer

Farm Loan Officer  
Roger Uptergrove

Program Technicians  
Nancy Daugherty  
Pam Husing  
Patricia Lane  
Marilyn Thurnau  
Karen Vette

Field Assistants  
Chuck Linthicum

**Wonder How the Posted County Price is Calculated?**

**See the article on Page 2.**

**Visit our website:**

**[www.fsa.usda.gov](http://www.fsa.usda.gov)**

The month of October was a busy one at the office. We issued the annual Conservation Reserve Program (CRP) payments, final 2006 direct payments for the Direct and Counter-Cyclical Program (DCP) and final 2005 counter-cyclical payments for DCP.

The marketing year for corn and soybeans ended in September. Final average prices for soybeans were above the target price for counter-cyclical payments. The final price for corn was \$2.00 per bushel which resulted in a \$0.35 counter-cyclical payment. Producers who chose to take advance payments received two advances during the year equaling \$0.14 each and a final payment of \$0.07. Producers who chose not to take the advances received the full \$0.35 in October. Counter-cyclical payments were paid using the following formula: corn base acres x 85% x \$0.35 x the established yield for the farm.

It has been determined that prices are high enough not to warrant 2006 advance counter-cyclical payments on corn or soybeans at this time.

Sign up for 2007 DCP began October 1<sup>st</sup> and ends June 1, 2007. Producers need to be aware that the first advance for the direct payment will only be 22% of the total with the balance being paid in October 2007.

This year the FSA office is required to update all eligibility paperwork and possibly some power of attorney forms. As a result, producers should expect sign up to take longer than in the past. We are asking that producers who have multiple farms or have had changes in their operation this past year to call before coming in. We may have to set up appointments for some producers, so we can complete this task efficiently.

In addition, producers who are going to apply for a commodity loan need to visit the office early in the day. Due to the various eligibility forms to be updated, some loans may not be able to be disbursed until the following day. Also, if there are liens on your crop, you will have to have a lien waiver (CCC-679), before the loan can be disbursed.

We greatly appreciate your patience during the upcoming year. As always, if you have questions, please don't hesitate to contact the office.

Corey Leshner

## Posted County Price Calculations

Current legislation authorizes producers to obtain marketing assistance loans (MALs) and Loan Deficiency Payments. Producers are permitted to repay a MAL for a loan commodity at a rate that is the lesser of the loan rate established for the commodity plus interest, or the Posted County Price (PCP).

### PCP Objectives:

PCPs are determined in a manner that will:

- Minimize potential loan forfeitures
- Minimize the accumulation of stocks by the government
- Minimize the government's cost for storing the commodity
- Allow the commodity to be marketed freely and competitively both domestically and internationally
- Minimize discrepancies in marketing loan benefits across state and county boundaries.

Determining a rate that simultaneously meets these statutory objectives will not guarantee that PCPs will generate an LDP, plus the local cash price, that equals county loan rates.

### PCP Determinations:

The PCP is a proxy for the cash value of a commodity. It is determined by taking terminal market prices, then adjusting for a value reflecting historical price relationships between local and terminal market prices (county differential) and then adding or subtracting a value to minimize differences across state and county boundaries and reflect localized current year market anomalies (terminal adjustment).

When PCPs fall out of line with cash prices in a county or region, and it appears that the discrepancy may last, the Kansas City Commodity Office makes permanent adjustments to differentials for applicable commodities and counties.

### Definitions:

**Terminal Price (TP)** – the average cash offering for a commodity in a specified terminal market on a particular day. Counties are assigned at least one terminal for each commodity (in most cases, two terminals are assigned).

**County Differential (CD)** – an assigned value based on historical price relationships between local county market prices and assigned terminal prices for that commodity.

**Terminal Adjustments (TA)** – a value assigned by USDA and used to minimize MAL benefit differences between state and county boundaries and to reflect current market relationships.

**PCP Formula** – Using the abbreviations from each of the above components the formula is:

$$TP \pm CD \pm TA = PCP$$

PCP calculations that feature two terminal prices use the higher of the two adjusted prices. The concept behind this approach is that the higher of the two terminal prices will be reflective of the price that producers receive for their commodity.

### PCP Calculation Example

#### Atchison County, MO – Corn – 10/30/06

Terminal	GLF (Gulf Coast)	KCM (Kansas City)
Terminal Price	\$3.90	\$3.21
County Differential	-\$0.51	-\$0.27
Terminal Adjustment	-\$0.53	-\$0.01
	\$2.86	\$2.93
<b>Posted County Price</b>		<b>\$2.93</b>

**\*\* The LDP aspect of the loan program is designed to avoid forfeitures. Utilizing the loan provision is the only way for the producer to guarantee receipt of the loan rate for the applicable crop\*\***

## 2007 DCP Sign-up Begins Oct 1st

Are you planning to participate in the 2007 Direct and Counter-cyclical Program? If so, contact the nearest FSA county office to sign a 2007 DCP contract (CCC-509). Sign-up begins Oct 1, 2006, and must be completed before June 1, 2007. (You can sign your contract after June 1 and before Sept. 30, 2007, but you will be assessed a late-signing fee of \$100.) When you sign the CCC-509, you agree to:

- comply with highly erodible land conservation and wetland conservation provisions on all your land;
- devote acreage equal to the base acreage to an agricultural or conserving use;
- effectively control noxious weeds and otherwise maintain base acres according to sound agricultural practices;
- not plant perennial fruits and vegetables or harvest annual FAVs (other than lentils, mung beans, and dry peas) or wild rice on base acres (Exceptions: Double-cropping covered commodities or peanuts with wild rice, fruits, or vegetables shall be permitted in any region in which there is a history of this type of double-cropping.);
- file acreage report with respect to all cropland on the farm; and
- notify the county office staff when there is a transfer of or change of interest of a producer.

You must designate shares and sign a new DCP contract each year.

## Power of Attorney for DCP/eLDP

FSA now has the ability to establish a representative role for an individual to submit electronic eLDP and DCP applications on behalf of an owner or producer. The individual entitled to act for the owner or producer must have an unlimited power of attorney on file with the Farm Service Agency. Producers or individuals having unlimited power of attorney can request eLDP/DCP access at their local FSA office.

## FSA Farm Loans Available For Beginning Farmers or Rancher

Beginning farmers or ranchers can get a "regular" farm ownership loan by using funds set aside especially for them by the Farm Service Agency. These loans finance up to 100 percent of the land's purchase price (up to the \$200,000 loan limit), and the term of the loan can be up to 40 years.

The November interest rate is 5.5 percent, and the "limited resource" rate of 5.00 percent.

The regular farm ownership loan funds may also be used in joint financing where FSA lends up to 50 percent of the amount financed and another lender provides 50 percent or more. FSA may charge an interest rate of not less than 4 percent with terms up to 40 years. All FLP loans are approved subject to availability of funds.

Qualification: Beginning farmer applicants must have been farming for at least three years and not more than ten. Applicants cannot own real estate that exceeds 30 percent of the average farm size for the county.

## Beginning Farmer Down Payment Ownership Program (10-40-50)

**Purpose:** Obtain help financing the purchase of a farm up to \$250,000 of the purchase price or the appraised value whichever is less. The applicant must put down 10 percent. The Farm Service Agency finances up to 40 percent of the purchase price. The remaining 50 percent of the purchase price can be financed on contract with the seller or through a conventional lender. The lender can obtain a guarantee from FSA if the borrower is eligible.

**Rates:** The FSA loan for 40 percent will be locked in for the full 15 years. Currently the rate is 4 percent. The loan for the balance of 50 percent should be the rate the contract holder or lender would charge an average customer. All FLP loans are approved subject to availability of funds.



Farm Service Agency  
 Atchison County Office  
 302 E. Hwy 136  
 Rock Port, MO 64482

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### County Committee Election

Just a reminder: Voters in Lincoln, Tarkio, Colfax and Dale townships be watching your mailbox for your official county office committee election ballot starting early this month. Ballots will be mailed to all eligible voters on November 3, 2006. If, for some reason, you don't receive a ballot, feel free to notify the FSA office. Completed and signed ballots are due back in the county office by the close of business on December 4, 2006.

### DATES TO REMEMBER

2006 Loan Rates	
Corn	\$1.89
Soybeans	\$4.97
Wheat	\$2.85
Oats	\$1.34

Selected November Interest Rates	
90-Day Treasury Bill	5.00%
Farm Operating Loans – Direct	5.25%
Farm Ownership Loans – Direct	5.50%
Farm Ownership Loans – Direct Down Payment, Beginning Farmer	4.0%
Emergency Loans	3.75%

Nov. 3	County Committee Ballots Mailed to Eligible Voters
Nov. 10	Veterans Day Holiday – USDA Service Center Closed
Nov. 23	Thanksgiving Day Holiday – USDA Service Center Closed
Dec. 4	Last Day to Return County Committee Election Ballots
Dec. 25	Christmas Day Holiday – USDA Service Center Closed
On Going	Continuous CRP
On Going	Fam Storage Facility Loans
On Going	Sign Up for Direct and Counter-Cyclical Program

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To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, D.C., 20250-9410, or call 202-720-5964 (voice or TDD).

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