



December 2006

# *Buchanan County News*

**Buchanan County  
USDA Service Center**  
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816-364-3927 (phone)  
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[www.fsa.usda.gov/](http://www.fsa.usda.gov/)

**Office Hours**  
Monday - Friday  
7:30 a.m. - 4:30 p.m.

**County Committee**  
Erma Giddens  
Travis Klein  
Doug Shepherd

**Program Technicians**  
Debbie Johnson  
Beck Kelly  
Allyson Wells

**Field Assistants**  
Nate Parry  
Larry Heintz

**Farm Loan Manager**  
Charlotte Holeman

**County Director**  
Craig Everly

## **Annual DCP Enrollment**

To participate in the Direct and Counter-Cyclical Program, producers are required to **designate shares and sign the DCP Contract (CCC-509) on a yearly basis.** The annual DCP sign-up period runs from October 1 to June 1 of the applicable program year. To be considered enrolled timely, the CCC-509 must be submitted by June 1, 2007. In cases where a farm is re-constituted, all resulting farms will need to enroll (signatures obtained) if the producers intend to participate. CCC-509s with signatures obtained after June 1, but by September 30, will be accepted, but the farm will be assessed a late-filed sign-up fee of \$100. All supporting documentation, such as CCC-502, AD-1026, and CCC-526, must be submitted before payments can be issued. Annual acreage reports indicating uses of all cropland on a farm must be filed by the applicable established reporting dates. Acreage reports filed after the applicable final reporting date may be accepted if all requirements are met and a late-filed fee is paid.

DCP payments are calculated by taking 85 percent of the farm's base acres, multiplied by the farm yield, times the applicable payment rate, times the producer share. Producers may receive an advance of the direct payment, beginning December 1 of the program year. The advance rate for the direct payment has been reduced to **22%** for the 2007 contract

year. Final direct payments will be made after October 1, 2007. Please call this office to make an appointment to enroll for the 2007 DCP. FSA county offices around the nation have come under much scrutiny pertaining to eligibility forms, farm corporation documents, trust agreements, articles of partnership, powers-of attorney, limited liability company agreements, etc. etc. It may be the case that we have insufficient or outdated information on file for an individual to act on behalf of any of the above entities. If this is the case, we would have to receive the required documentation before a payment could be made. This in turn will take more time to accomplish which is why we are asking participants to make appointments. An appointment could save you much time in the long run. Please call 364-3927 ext. 2 to schedule a visit.

## **2006 Crop Loans**

Nine month commodity loans are available on 2006 crop corn, soybeans, wheat and grain sorghum. County loan rates are as follows:

- Corn \$1.99 bu.
- Soybeans \$5.16 bu.
- HRW Wheat \$3.14 bu.
- SRW Wheat \$2.76 bu.
- Grain Sorghum \$3.48 cwt.

The volatility of crop prices might make these loans an attractive marketing tool. The interest rate for all loans disbursed in December is 6.00%. Contact this office for more details.

## ***Farm Reconstitutions***

In program terminology, farms are *constituted* to group all tracts having the same owner and the same operator under one farm serial number. When changes in ownership or operation take place, a farm *reconstitution* is necessary. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

The following are the different methods used when doing a farm recon. Remember, to be effective for the current year, recons must be requested by Aug. 1 for farms enrolled in the Direct and Counter-cyclical Program.

**Estate Method** — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate;

**Designation of Landowner Method** — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons. In order to use this method the land sold must have been owned for at least three years and the buyer and seller must sign a Memorandum of Understanding;

**DCP Cropland Method** — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract;

**Default Method** — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.

If DCP direct payments have already been issued on a particular farm, the reconstitution will be effective for the next year, unless the payments are refunded.

## ***Payment Limitations***

USDA payments and benefits are subject to producer eligibility and limitation provisions as defined by law. Documents and forms to determine eligibility and limitation once completed are reviewed on an annual basis.

It is the producer's responsibility to report changes in the farming operation that may affect payment eligibility and payment limitation.

The following limitations apply to Direct and Countercyclical Program payments for each contract year. For all covered commodities (except peanuts): \$40,000 for direct payments and \$65,000 for counter-cyclical payments. For peanuts: \$40,000 for direct payments and \$65,000 for counter-cyclical payments.

The Environmental Quality Incentive Program has a \$450,000 payment limitation.

The Conservation Reserve Program annual limit is \$50,000 per person.

Entities such as corporations, limited partnerships, trusts and estates are required to provide names, addresses, and ID numbers of their members. These entities should also inform every payment under more than one entity.

**Adjusted Gross Income.** Effective through 2007, an individual or entity shall not be eligible for certain program benefits during a crop, program or fiscal year if both of the following apply.

- The three-year average of the adjusted gross income for the individual or entity exceeds \$2.5 million; and
- Less than 75 percent of the average AGI is derived from farming, ranching or forestry operations.

Once an AGI form is executed, it does not need to be completed annually unless circumstances warrant a change in AIG eligibility status.

## **Reporting Farm Changes**

It is the producer's responsibility to notify the Farm Service Agency of *any* changes in his or her farming operation or entity status throughout the year. Changes that may affect a determination include a change in contract shares of a contract which may reflect change of land lease from cash rent to share rent or from share rent to cash rent; modification of a variable/fixed bushel rent arrangement; a change in the size of the producer's farming operation by the addition or deletion of a farm; a change in the structure of the farming operation, including any change in the member's shares; a change in the contributions of farm inputs of capital, equipment, active personal labor, or active personal management; and a change of farming interest not previously disclosed on CCC-502 or update, including the farming interests of a spouse or minor child.

### **Record Changes**

If you have bought, sold or are renting different land, make sure you report the changes to the Farm Service Agency office as soon as possible after they occur. For farm ownership changes you will need to provide a recorded deed or recorded land contract. Failure to maintain accurate records with FSA on all land you have an interest in can lead to possible program ineligibility and fines if you are participating in our program.



## **Bank Account Changes?**

As of Jan. 1, 1999, all Farm Service Agency payments are supposed to be electronically transferred into your bank account. In order to make timely payments, you need to notify the office if you close your account or if another financial institution purchases your bank. Payments can be delayed if we are not aware of changes to your account and routing numbers.

### **Unauthorized Disposition**

If loan grain has been disposed of through feeding, selling or any other form of disposal without prior written authorization from the county office staff, it is considered unauthorized disposition. The financial penalties are severe and a producer's name will be placed on a loan violation list for a two-year period. Always call the office before any loan grain is fed or sold.

### **Selling Land?**

If you're planning to sell farmland, there may be some program consequences you should be aware of. For example, if you're planning to sell land that's enrolled in the Conservation Reserve Program, the buyer must agree to continue the enrollment. If the buyer doesn't want to continue the CRP contract, you may have to refund all of the payments you've received to date.

Please consider discussing possible program consequences with the county office staff before selling any land.

### **Tobacco Quota Buyout**

Any transfers of Tobacco Transition Program contracts to family members needs to be reported to this office as soon as possible when the successor is known. The process to change the entity and /or shares on a contract takes some time as this change is not completed at the county level but has to be routed through our national office.

### ***Youth Loans***

Rural youth ages 10 to 20 may be eligible for loans to establish and operate income-producing projects that are modest in size. These loans can finance nearly any kind of income-producing project. Some common projects include livestock and crop production, lawn and garden services, repair shops, aquaculture and roadside stands. These projects must be in connection with FFA, 4-H or other similar organizations and be part of an organized and supervised plan of work. The maximum loan amount is \$5000. These loans provide youth with excellent practical business and valuable educational experience. Contact Charlotte Holeman or Tom Shelton at 660-582-7423.

<b><u>Dates To Remember</u></b>	
<u>December 25</u>	<u>Office closed. Christmas day</u>
<u>January 1</u>	<u>Office closed. New Year's day</u>
<u>May 31</u>	<u>Last day to obtain loan on 2006 corn and soybeans.</u>
<u>June 1</u>	<u>DCP signup ends.</u>
<u>June 30</u>	<u>Final date to report small grains.</u>
<u>July 31</u>	<u>Final date to report spring seeded crops and CRP.</u>
<u>Ongoing</u>	<u>Farm Facility Loan Program</u>

### ***Emergency Loans***

FSA disaster loans due to drought are available in Buchanan county. In order to qualify, a farmer must have suffered a 30% loss in production due to dry weather which began January 1, 2006 and is continuing. Applications will be accepted through June 11, 2007. For more information call 660-582-7423.

<p>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).</p> <p>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). USDA is an equal opportunity provider and employer.</p>
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