



MAY 2010

LOGAN COUNTY FSA NEWS

LOGAN COUNTY FARM SERVICE AGENCY

1015 W. 2nd Street
Oakley, KS 67748
785.672.4861 PHO
785.672.4223 FAX
www.fsa.usda.gov

HOURS

Monday – Friday
8:00 am – 4:30 pm

COUNTY COMMITTEE

Samantha Smith
Larry Schertz
David Renner
Committee normally meets
2nd Wednesday of each month

FARM PROGRAMS STAFF

Darin Slack, CED
Donna Carmichael
Sarah Barton
Toni Belshe
Bernie Heinz, FA

FARM LOANS PROGRAM STAFF

Dwight Jurey, FLM
Roy Jessup, FLO
Helen Carr
Valerie Krier

DATES TO REMEMBER

ONGOING

Supplemental Revenue Assistance (SURE) Signup for 2008 Losses

MAY 31, 2010

Memorial Day (Office Closed)
Deadline to Certify Small Grains Commodity Loan & LDP Deadline for Soybeans, Minor Oilseeds and Feed Grains

JUNE 1, 2010

2010 ACRE or DCP Signup Deadline
Start Accepting Nominations for County Committee Election

JUNE 15, 2010

Final Date to provide income verification forms to IRS

AUGUST 1, 2010

Deadline to Certify Spring Seeded Crops including CRP

DISCLOSURE OF TAX INFORMATION

Farm Service Agency (FSA) and Natural Resources Conservation Service (NRCS) programs are subject to average adjusted gross income (AGI) compliance. *Written consent is required from each producer* to give IRS the ability to compare AGI's certified with FSA. All producers **must** submit form CCC-927 (for individuals) or form CCC-928 (for legal entities) directly to the Internal Revenue Service (IRS) within 120 days of enrollment, and **no later than June 15, 2010**. Failure to file these forms may result in a refunding of 2009 & 2010 payments.

MAIL FORMS DIRECTLY TO
Internal Revenue Service-USDA
PO Box 24033
Fresno, CA 93779

Forms may be picked up at the Logan County FSA Office or on the internet at: www.fsa.usda.gov/ks ♦

SURE Supplemental Revenue Assistance Payments (SURE) is a program for producers who suffered crop production losses in 2008. SURE provides disaster assistance to eligible producers on farms that incurred qualifying crop production losses. For SURE purposes, a farm is defined as all crops from all land in which a producer had an interest in nationwide.

Each participant must meet risk management purchase requirements of having obtained a Federal Crop insurance policy or an FSA NAP policy for all economically significant crops. A socially disadvantaged farmer, beginning farmer or rancher, or a limited resource farmer may be eligible for SURE without a policy.

Because Logan county is contiguous to an Agriculture Secretarial declared primary disaster county for 2008, a participant with an interest in a crop of economic significance must only suffer a 10 percent production loss.

Although a SURE signup deadline has not yet been announced, due to complexity of the program, producers should contact the Logan County FSA Office, as soon as possible, to add their names to an application processing list. ♦

MAINTAINING BASE ACRES For 2010, the Kansas State FSA Committee has determined all land, or base acreage, enrolled in a DCP or ACRE contract **must** be protected from wind and water erosion, and weeds shall be controlled. All land includes base acreage planted to a crop or left idled and fallowed. Weed control generally means preventing weed seed production.

The Logan County FSA Committee reminds FSA participants it is their responsibility to ensure adequate conservation measures are taken to keep erosion and weeds from impacting land of neighboring producers.

Complaints have been received and spot checks are being conducted. Failure to adequately control erosion and/or weeds can result in maintenance violation penalties. ♦

MAINTAINING CRP ACRES

Maintenance of CRP acres is the responsibility of all CRP participants. Producers who have signed a 10 to 15 year contract have agreed to maintain their contracted acres according to program guidelines. Conservation Plan of Operations (CPO) should be consulted for more specific guidelines.

While ensuring an approved grass stand is established, maintenance duties also include controlling undesirable vegetation, such as weeds, noxious weeds, brush and volunteer trees, and preventing unauthorized grazing or haying.

The Logan County FSA Committee reminds FSA participants it is their responsibility to ensure undesirable vegetation, weeds, noxious weeds, insects, rodents and etc, that pose a threat to existing cover or adversely impact other landowners in area are controlled.

Failure to adequately maintain CRP acreage can result in maintenance violation penalties. ♦

NAP – NOTICE OF LOSS

Producers are reminded of the requirement to submit a written notice of loss to FSA within (15) days of a disaster occurrence or from when applicable loss becomes apparent. The Noninsured Crop Disaster Assistance Program (NAP) provides insurance like benefits for noninsurable crops. NAP coverage is also required for applicable crops to maintain eligibility for the Supplemental Revenue Assistance Program (SURE). ♦

SIGNUP DEADLINE! June 1st is last day to sign up for 2010 ACRE or DCP program benefits. Please call 785.672.4861 for appointments. ♦

COUNTY COMMITTEE UPDATE!

Representing Local Administrative Area (LAA) #3, Samantha Smith was elected to serve on the Logan County FSA Committee for a three-year term beginning January 1, 2010. Samantha has actually worked directly with the County Committee since 2007 serving as a Minority Advisor in representation of the interests of socially disadvantaged groups. ♦

NEED AN FSA GUARANTEED LOAN?

Have high expenses, low crop prices, drought or hail hurt your balance sheet? Are you concerned your lender might consider your loans a “troubled asset”? Michael Boehlje, Agricultural Economist from Purdue University, recently wrote about preparing for loan renewal.

Dr. Boehlje said during tight economic times, your lender is likely to ask more questions and be more conservative in loan decisions. Knowing your lender's key concerns will help better prepare your credit request. He suggests supplementing a copy of your tax return with accrual information such as income and expenses you either accelerated or deferred. This will help a lender understand your profitability. Consider increasing crop insurance to reduce risk. Variable interest rates are another source of risk. A tough choice is whether to maintain a variable rate loan or move to a fixed rate which is higher but more certain.

Boehlje says a fundamental principle of lending is that working capital (current assets minus current liabilities) is the first line of defense against financial stress. Lenders evaluate working capital, or liquidity, using the current ratio which equals current assets divided by current liabilities. Historically, a current ratio of 1.5 has been adequate. In tough times,

lenders may raise this standard. Calculate your current ratio before meeting with your loan officer. You might re-build working capital by delaying capital purchases or getting a loan to term out carryover losses.

In some cases, an **FSA guarantee** is needed to support a loan request. FSA typically provides lenders with a guarantee of 90 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.

FSA guarantees benefit operators in several ways. First the guarantee permits lending to farmers who do not meet a creditor's normal underwriting criteria. By lowering loan risk, FSA guarantees may also enable a lender to offer a lower interest rate or better repayment terms. FSA guarantees also make it easier for a lender to raise funds and reduce interest rate risk via secondary markets for loans. For example, your lender may be able to offer a long term fixed rate by selling the guaranteed portion of your real estate loan to Farmer Mac.

Dr. Boehlje said that knowing what your lender wants and being prepared to sell your credit-worthiness will make loan renewal less stressful for you and your lender. ♦

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