USDA Farm Service Agency

DISTRICT 3 - Atchison - Brown - Clay - Cloud - Doniphan - Geary - Jackson - Leavenworth - Marshall - Nemaha - Pottawatomie - Republic - Riley - Shawnee - Washington – Wyandotte

FSA Annual Notification –September 2006

LOAN DEFICIENCY PAYMENTS (LDP)

Each crop year, numerous producers fail to submit an applicable Loan Deficiency Payment (LDP) request for program benefits before beneficial interest is lost in the commodity. In an effort to simplify the LDP program, form CCC-633EZ is available. The form allows producers to indicate intentions to receive LDP benefits before loss of beneficial interest and allows producers to submit an LDP request for payment at any time during the LDP availability period (before or after losing beneficial interest).

The CCC-633EZ form ensures LDP eligibility for eligible producers on all eligible commodities when filed before loss on beneficial interest and before the final loan availability date. Bu completing and agreeing to the terms and conditions provided on form CCC-633EZ, **Page 1**, *before losing beneficial interest,* producers may be eligible to receive LDP benefits based on the earlier of:

- Date beneficial interest is lost
- The date of request for payment

Note: Regulations require that load summary sheets or delivery records provided at the time of application **MUST** be certified by the warehouse that ownership or title of the delivered commodity remains with the producer. *This certification is only valid for seven (7) days.*

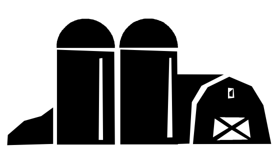
To receive payment, producers **must** submit CCC-633EZ, **Page 2** before the applicable final loan availability date for the commodity.

Loan Deficiency Payments (LDPs) are made to producers who agree to forgo a loan in return for a payment on an eligible commodity. The final date to request a loan or a loan deficiency payment for the 2006 crop is:

- March 31, 2007 for wheat, oats, and barley
- May 31, 2007 for corn, sorghum, and soybeans

The new form is effective for 2005 and subsequent years. The CCC-633EZ is available on the internet on the Kansas website at http://www.fsa.usda.gov/ks

FARM STORAGE FACILITY LOANS



Low cost loans for storage facilities are available for producers to build or remodel farm storage facilities for a variety of commodities, including wheat, rice, soybeans and corn. The interest rate changes each month. The September interest rate is 4.875 percent.

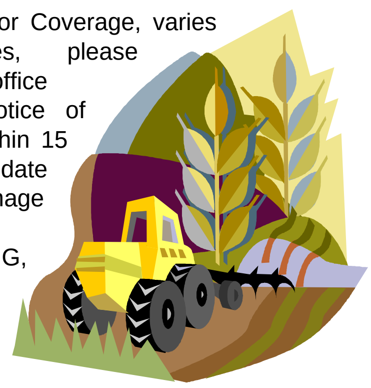
The seven-year Farm Storage Facility Loans are available for the purchase and installation of eligible storage facilities, permanently affixed drying or handling equipment, or remodeling existing facilities. Eligible facilities include new conventional-type cribs or bins and new and remanufactured oxygen-limiting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

SPECIAL ACCOMODATIONS

Special accommodations will be made, upon request, for individuals with disabilities, vision impairment, or hearing impairment. If special accommodations are required, please call the FSA office and we will be happy to make any arrangements that are needed

NONINSURED ASSISTANCE PROGRAM DEADLINES



- CCC-471, Application for Coverage, varies between commodities, please contact your local FSA office
- CCC-576, Part B, Notice of Loss, must be filed within 15 calendar days after the date the disaster or damage becomes apparent.
- CCC-576, Part G, Payment Application, must be filed by the earlier of the date the CCC-471 is filed for the subsequent crop year or application closing date for the subsequent crop year.
- CCC-578, Report of Acreage Report, must be filed by the earlier of May 31 or 15 days prior to harvest of the crop.

FOREIGN INVESTORS REPORTING RULE

Foreign owners of U.S. agricultural land are required by law to report their land holdings, acquisitions, leases of 10 years or more, and land use changes within 90 days to the local FSA office. Failure to report these changes can result in a civil penalty of up to 25 percent of the fair market value of their interest in the agricultural land.

DESIGNATION BY LANDOWNER

Producers are reminded of the importance of reporting to their local Farm Service Agency (FSA) Office any change to their farming operation that would affect the status of that farm so the change can be effective for the current fiscal year. A farm, as defined by FSA, is generally made up of tracts that have the same owner and the same operator. A sale of land in the farm or a tract of land within the farm would be an instance that requires notifying the local FSA office so a farm reconstitution can be initiated using the FSA-155, Request for Farm Reconstitution. These requests must be made by June 1.

A special provision exists that would allow contract acres to be divided in a manner agreed to by all sellers and buyers. The method of division, know as the "Designation by Landowner" provision, must be requested and requires all sellers and buyers agree to the method by signing the FSA-155, or providing a memorandum of understanding that includes signatures of all sellers and buyers.

The designation by landowner method of division may be used more specifically when:

- Part of the farm is sold or ownership is transferred.
- An entire farm is sold to 2 or more persons.
- Farm ownership is transferred to 2 or more persons.
- Part of a tract is sold or ownership is transferred.
- A tract is sold to 2 or more persons.
- Tract ownership is transferred to 2 or more persons.

When notifying the county office of ownership changes, the designation by landowner method of division should be discussed to see if this method would result in a more satisfactory division of contract acres compared to the default method most commonly used for farm and tract divisions. The designation by landowner method can only be used when requested and if all buyers and sellers agree in writing.

US DEPARTMENT OF AGRICULTURE
Riley County FSA Office
District 3 Headquarters
2615 Farm Bureau Rd
Manhattan, KS 66502-3066

PRSRT STD
US POSTAGE PAID
MANHATTAN, KS
PERMIT #86

SIGNATURE AUTHORITY FOR SPOUSES

Spouses can sign FSA program documents on behalf of each other for most FSA farm programs in which either has an interest, without signing any special forms. This signature authority for spouses to sign for each other will be in effect unless notification denying either spouse this authority has been provided to FSA. For crop loans, an FSA-211 must be on file for spouses to sign for each other.

LOANS TO UNDERSERVED FARMERS

Farm Service Agency reserves direct and guaranteed loan funds each year to help Socially Disadvantaged Applicants (SDA) buy and operate family sized farms and ranches. These underserved farmers, SDA, are a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of the group without regard to their individual qualities. These groups include women, Blacks, American Indians, Alaskan Natives, Hispanics, Asians, and Pacific Islanders.

The program aims to: 1) Target direct and guaranteed loan assistance to SDA farmers and ranchers. 2) Discover and remove barriers that prevent the full participation of SDA applicants in FSA's farm loan programs. 3) Provide information and assistance to SDA applicants so that they may develop sound farm management practices, analyze problems, and plan the best use of available farm resources.

POSSESSION OF FIREARMS PROHIBITED

USDA customers are reminded that Federal Law 18 USC Sections 930 prohibits the possession, use, or threat of use of a firearm or other dangerous weapon on Federal Facilities (owned or leased), including buildings and parking areas. The term "dangerous weapon" means a weapon, device, instrument, material, or substance, animate or inanimate, that is used for, or is readily capable of, causing death or serious bodily injury, except that such term does not include a pocket knife with a blade of less than 2 ½ inches in length.

Beginning January 2007, under the Personal and Family Protection Act, qualified Kansan's may be approved to carry concealed handguns. However, USDA customers are reminded that any weapon, including licensed concealed, is prohibited by Federal Law in Federal facilities and parking areas. Violations can result in fines or imprisonment, or both.

PAYMENT ELIGIBILITY AND PAYMENT LIMITATION REQUIREMENTS

Producers should be aware of payment limitation and payment eligibility requirements to be eligible for most United States Department of Agriculture (USDA) benefits. Program payments that require eligibility determinations prior to payment include the Direct and Counter Cyclical Program, Conservation Reserve Program, Loan Deficiency, Marketing Loan Gains, Environmental Quality Incentive, and Disaster Assistance Programs.

No program benefits can be afforded any producer until form CCC-502, Farm Operating Plan for Payment Eligibility Review and supporting documentation has been provided and County Committee determinations made. The Farm Operating Plan does not need to be filed annually. However, 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. Changes that may affect a determination include, but are not limited to the following:

- Contract shares that may reflect a change of land lease from cash rent to share rent or a change from share rent to cash rent, modification of a variable/fixed bushel rent arrangement.
- The size of a producer's farming operation by the addition or deletion of a farm that may affect the application of a cropland factor.
- The structure of a farming operation, including any change in the member's share.
- Contributions of farm inputs of capital, equipment, active personal labor, or active personal management.
- The acquisition of farming interests not previously disclosed on CCC-502 or update, including the farming interests of a spouse or minor child.
- An increase in income that may affect the 3-year average for the determination of average adjusted gross income or other change that affects eligibility under the average adjusted income limitation.

By statute, entities earning program benefits subject to a payment limitation must provide to the county committee the names, addresses, and ID numbers of the entities' members. The entity is also required to inform its members of the requirements to designate "permitted entities." Signature authority is required for all entities.

Form **AD-1026**, Highly Erodible Land Conservation (HELC) and Wetland Certification (WC), must also be on file and a County Committee determination made prior to receiving benefits for most programs.

A "person" or entity can earn $40,000 per year in Direct payments, $65,000 in Counter Cyclical payments, $50,000 under the Conservation Reserve Program, $450,000 under the Environmental Quality Incentive Program, and $100,000 under the Noninsured Crop Disaster Assistance Program. Other programs also have payment limits, such as Loan Deficiency payments and Marketing Loan gains of up to $75,000, a separate marketing loan gain or LDP limitation of $75,000 exists for honey, peanuts, mohair, and wool. Spouses, if certain conditions are met, may be considered a separate person for payment limitation purposes if they request to be. An individual or entity cannot be eligible to receive certain payments and benefits if the average adjusted gross income (AGI) exceeds $2.5 million unless at least 75 percent of the average AGI was derived from farming, ranching, or forestry operations.

Payment limitation and payment eligibility determinations may be initiated by the County Committee or requested by the producer. All payment limitations and eligibility determinations, as well as AGI certifications, are subject to spot check. A "not actively engaged in farming" determination may result in the loss or denial of all program benefits and request for repayment of USDA payments or loans.