



DISTRICT 4 – Anderson – Bourbon – Chautauqua – Cherokee – Crawford – Douglas – Elk – Franklin – Jefferson – Johnson – Labette – Linn – Miami – Montgomery – Neosho – Osage

May 2006

NEED MORE GRAIN STORAGE?

FSA has a Farm-Stored Facility Loan (FSFL) Program available to eligible producers. Producers can borrow up to 85% of the cost, not to exceed \$100,000, to build new or remodel existing permanent storage facilities or drying or handling equipment for up to 7 years. A minimum down payment of the difference is required. The interest rate is equivalent to the rate charged on U.S. Treasury securities of comparable maturity loan amount and is fixed for the life of the loan. May's interest rate is 4.875%.

CRP-REX COMPLIANCE REVIEWS

Conservation Reserve Program participants **RE**-enrolling or **eXtending (REX)** CRP contracts expiring in the years 2007-2010 must have a compliance review completed for **all** acreage under contract. This applies irregardless whether they extend part of or all acres of a contract! A flat fee of \$45.00 plus \$1 per acre is charged for the compliance reviews.

Compliance reviews are conducted to determine:

Presence of noxious weeds including Johnsongrass, Musk Thistle, and Sericea Lespedeza.

Presence of other undesirable weeds, plants (including cedar and other trees), insects, and pests.

Proper maintenance of approved cover including adequate fertilization and preventing haying, grazing, or other unauthorized use of CRP acres.

Required management activities according to the conservation plan are being performed.

Each field under a CRP contract will be inspected to determine whether compliance requirements are met. If discrepancies are found the participant will be notified and the county committee will determine whether the producer acted in good faith to comply with program requirements. If good faith is determined a standard payment reduction will be applied to the acres in violation and the producer must apply recommended practices to return the violated acreage to compliance standards **before** re-enrollment or extension of a contract can be approved. If good faith is not determined the violated acres will be terminated from contract and the participant shall be subject to refund of all annual payments earned for the violated acreage as well as liquidated damages! Inspections of CRP acreage requested for re-enrollment or extension will begin in May and completed as soon as feasible. Contact your local FSA office for more information on compliance reviews.

MARKETING ASSISTANCE LOANS

The 2002 Act provides for 9-month wheat, corn, grain sorghum, soybeans, barley and oats nonrecourse marketing assistance loans. A marketing assistance loan provides interim financing and allows a producer growing eligible crops to store production and use loan proceeds to meet cash flow needs without selling the crop. Loans mature on the last day of the ninth calendar month following the month in which the loan is approved. A producer may settle an outstanding nonrecourse loan during the 9-month loan period by repaying the loan at any time; or upon maturity by forfeiting the commodity to CCC. The loan repayment rate is the *lower* of the: Applicable county loan rate plus accrued interest and other charges or CCC determined local market price for the respective commodity (referred to as the posted county price (PCP)). The final loan/LDP availability dates for 2005 crop corn, soybeans, and grain sorghum is May 31.

FOREIGN LAND OWNERSHIP REQUIREMENTS

FSA is required by the Agricultural Foreign Investment Disclosure Act to keep record of land purchased by persons who are not citizens of the United States. Foreign owners of agricultural land are required to visit an FSA office and report their land on a FSA-153 form. Any foreign person who holds, acquires or transfers an interest in agricultural land and does not submit a FSA-153 is subject to a civil penalty of 25 percent of the fair market value of the land on the date the penalty is assessed. Contact your local office for additional information.

TRUSTS – Revocable & Irrevocable

Farm loan customers considering utilizing a trust, should contact their local Farm Loan Manager for information on how a trust will affect future servicing of their loan or eligibility for additional credit. The Farm Loan Manager will be able to provide specific items that should be included in the trust document, which the attorney will be able to incorporate at the time the trust is developed.

Any of our loan customers that have established a trust since obtaining their FSA loan should provide a copy of the trust, along with all exhibits and attachments, to their local Farm Loan Manager. Upon receipt of the trust, the manager will review the trust, document the loan history for the borrower and submit the information to our State Office. We must obtain an opinion from our Office of General Counsel to determine if the trustee has authority to mortgage trust property and incur debt. Establishing a trust which does not contain the required language may prohibit FSA from providing future servicing or extending additional loan assistance. Transferring security property from an individual to an entity (trust) may affect FSA's security interest.

Farm Loan Staff encourages our customers to consider estate planning to keep the family farm intact and will be glad to provide the specific requirements your attorney will need to include in the trust documents. Working together to develop the trust document will enable us to provide continued service for your loan needs and avoid unnecessary legal expenses.

REPORTING 2006 CROP ACREAGE

It goes by different names — crop report, acreage report, crop certification — but regardless of what you call it, filing an accurate and timely acreage report for all crops and land uses, including failed acreage, can prevent loss of benefits for a variety of Farm Service Agency programs.

All cropland on the farm must be reported to receive benefits from the Direct and Counter-cyclical Program, marketing assistance loans and Loan Deficiency Payments. Conservation Reserve Program acreage must be reported to receive annual rental payments. And, crop acreage for which Non-insured Crop Disaster Assistance Program (NAP) coverage is purchased must also be reported.

Crop reports, form FSA-578, Report of Acreage, must account for all cropland on a farm, whether idle or planted. Producers are required to file reports by **May 31** for small grains. Reports for feed grains, cotton, soybeans, sunflowers, and CRP must be reported by **August 1**. When reporting acreages, producers will also need to provide planting dates. If the May 31 and August 1 deadlines are not met, producers will be required to pay for a field visit.

2006 COUNTY COMMITTEE ELECTION PROCESS STARTING JUNE 15

County committees play a vital role in helping to ensure that FSA agricultural programs adequately serve the needs of county producers. Each year farmers and ranchers elect a member to the county committee. (Please contact your FSA office for the name and location of the local administrative area (LAA) from which voters are electing a committee member this year). Nominations for the 2006 committee candidates will be accepted from June 15 to August 1, 2006 at local county offices. Ballots will be mailed to all known eligible voters November 3, with ballot counting to soon follow the December 4 deadline for return of voted ballots. Committee members and alternates take office January 1, 2007.

To be an eligible candidate, a person must participate or cooperate in an FSA program, be of legal voting age and live in the county's local administrative area where the election is being held. Individuals may nominate themselves and others as candidates. Eligible candidates may also be nominated by community-based organizations. All those involved in farming and ranching are encouraged to participate in the county committee election, especially women and minorities, since producer diversity on FSA COCs ensures that the voices of all producers are heard. Additional election information and the nomination form is available on the internet at <http://www.fsa.usda.gov/pas/publications/elections/Default.asp> or at your local FSA office.

MORE CRP EXTENSIONS OFFERED

USDA announced earlier this year that offers would be made to current participants for extension of CRP (Conservation Reserve Program) contracts. Prompting this action was the fact that a significant portion of all acres involved in the program are set to expire in 2007-2010. This process started with extension offers to those with contracts expiring in 2007. The deadline for accepting these first offers has now passed.

Offers were subsequently made in April to those with contracts expiring in 2008-2010. The deadline for contracted producers to accept these offers is June 30, 2006. All participants have now been notified by letter of the specific offer for each individual contract.

The offers from USDA were based on the Environmental Benefits Index (EBI) score of each contract when initially enrolled in the CRP. The highest 20 percent received offers for a new 10 year contract. The next highest one-fifth of the applications got offers for a 5 year extension, then a 4 year extension, etc. All contracts were included for an extension of at least 2 years.

Fields included in each of these offers accepted by the current contract holder will be inspected to verify compliance with CRP requirements. These inspections will be completed during the late spring and summer. Compliance must be determined in order for FSA Committee approval of an extension. A service charge is applicable to these inspections at the rate of \$45 plus \$1 per acre.

Those interested in accepting an offered extension will need to 1) contact their local FSA office to "accept" the offer and pay the inspection fee by June 30, 2006; and 2) look over fields and take decisive action to get any noxious weeds or tree sprouts timely dealt with prior to the inspection. The most common compliance problems will include control of the noxious weeds sericea lespedeza, johnsongrass, and musk thistle as well as uncontrolled tree sprouts. (See "CRP-REX Compliance Review" article in this issue.)

IMPORTANT LOAN DEFICIENCY PAYMENT (LDP) PROGRAM INFORMATION

All producers who produce a price-support commodity are eligible for LDP, provided they have completed FSA eligibility requirements and the Posted County Price (PCP) has dropped below the county loan rate. The PCP is calculated daily by the National FSA, based on daily average market rates of major terminals.

Requirements for LDP eligibility are:

Commodity acreage and total farm acreage must be reported to the FSA office.

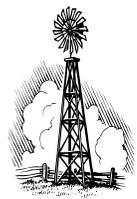
Producer can only request LDP for commodities they produced.

Producer MUST have signed a form CCC-633EZ, Page 1, in the county office before losing beneficial interest (control, risk, and title) in the commodity.

Producer must comply with sodbuster, person determination, and income provisions.

Producer cannot have ANY Federal non-tax debt OR be convicted under Federal or State law of a controlled substance violation.

There are basically **two** types of LDP's—Stored, and **Date Of Delivery**. Stored LDP's are effective for grain for which the producer requests LDP before the producer loses beneficial interest. These LDP's are calculated at the rate in effect on the day the producer requests the LDP in the county office **for the county where the grain is stored**. **Date of Delivery** LDP's allow the producer to request **a** LDP based upon the grain's delivery date to a warehouse **whether the grain be delivered for storage or for when beneficial interest will be lost at delivery** such as being delivered to the elevator for immediate sale or delivered to an unlicensed "warehouse" or grain processor. The LDP payment is then calculated at the rate or rates in effect on the days the grain was delivered, sold or fed.



MOVING INTO THE FUTURE WITH ON-LINE FSA PROGRAMS

"e-Gov" is the term used when talking about the availability of services for FSA customers to conduct business online through their computers. The federal government in general is moving toward more internet processes, making participation in government programs more readily accessible from your home computer. Some of the programs available electronically to FSA customers are: **DCP signup, LDP applications, and accessing your financial and payment histories** online. However, to be able to use this tool, you must first apply for Level 2 e-Gov authorization through your local FSA office.

We would like to help you understand and apply for eGov. Please contact your local office and we will be glad to walk you through the steps and answer any questions you may have.



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