



December 2006

2007 PLANTED WHEAT

Planted crop and total farm acreage reports are required annually to maintain eligibility for Price Support Programs, Non-insured Crop Assistance Program (NAP), Conservation Reserve Program (CRP), and Direct & Counter-cyclical Program (DCP). Small grains, including wheat, barley, and oats, are required to be reported by **May 31, 2007**. When reporting crop and land uses to the FSA Office, farm producers will need to provide the field areas, the planted acreage, and the planting date of each crop. *You should contact your local FSA office for an appointment to certify your planted wheat acreage.*

FARM RECORD CHANGES

It is vital that you notify your local FSA office if changes for the 2007 crop year have been made to any of the farms you have an interest. Changes to report include ground that has been bought or sold, share percentage or type of arrangement (cash rent or share rent), or if one or more owners or operators should now be listed as a trust, corporation, partnership, or estate.

2007 DCP SIGNUP

Enrollment for the 2007 Direct and Counter-cyclical Program (DCP) began October 1, 2006, and continues until June 1, 2007. Farm producers must apply for DCP on an annual basis.

There are two types of DCP payments – Direct payments and Counter-cyclical payments. Both are computed using the base acres and payment yields established for the farm. To be eligible for payments under DCP, the producer must share in the risk of producing a crop on base acres on a farm enrolled in DCP.

For 2007, eligible producers may request to receive direct advance payments based on 22% of the direct payment rate for each commodity associated with the farm. USDA will issue DCP direct advance payments beginning December 1, 2006. Producers receive direct payments at rates established by statute regardless of market prices. Counter-cyclical payment rates vary depending on the market prices and are issued only when the effective price for a commodity is below its target price. *Call your local FSA office for an appointment to enroll your 2007 DCP contract.*

FOREIGN INVESTORS

Foreign investors, who buy, sell, or hold a direct or indirect interest in US agricultural land must report their holdings and transactions to the US Secretary of Agriculture thru the Farm Service Agency. Individuals who are not US citizens, not lawfully admitted to the US for permanent residence, or who are not paroled into the US under the Immigration and Nationality Act are considered Foreign Investors.

Those foreign investors who buy or sell land must report the transaction within 90 days of the date of the transaction by completing Form FSA-153. This form can be obtained at your local FSA county office.

DIRECT DEPOSIT

Remember to promptly inform FSA of closed financial accounts or other changes affecting your direct deposit (electronic funds transfer).

Farm Storage Facility Loans

Seven-year Farm Storage Facility Loans (FSFL) are available to purchase and install eligible storage facilities, to permanently affix drying or handling equipment, safety equipment or to remodel existing facilities. Real estate liens are required for loans that exceed \$50,000. Loans are secured with a promissory note and security agreement. The maximum amount that may be borrowed is 85% of the net cost, up to \$100,000 for each borrower. A 15% down payment is also required.

Doing FSA Business Online

If you are online consider signing up for eAuthentication to acquire level 2 accounts so you can conduct USDA business on-line 24/7. This access requires filling out an online registration form at: <http://www.eauth.egov.usda.gov>, then make a visit to your local county FSA office for identification verification. Bring your photo id with you to the FSA. The only other requirement is that you have an e-mail address. Once your account is established you will have access to filing eLDP, eForms, Customer Statements, Financial Inquiry and many other programs and information will become available electronically.



Our best wishes to you for a Merry Christmas and a Happy New Year!

LOW INTEREST LOANS FOR MINORITIES AND DROUGHT

AFFECTED FARMERS

FARM LOANS: FSA offers direct and guaranteed farm ownership and operating loan programs to farmers who are temporarily unable to obtain private, commercial credit and who meet other regulatory criteria. Each year a portion of the funding FSA receives for loan is specifically targeted for socially disadvantaged persons and beginning farmers. FSA defines a socially disadvantaged person as one of a group whose members are women, African Americans, American Indians and Alaskan Natives, Hispanics, and Asians and Pacific Islanders.

To qualify for a FSA loan, applicants must be US citizens or resident aliens, have a satisfactory history of meeting credit obligations, a set amount of experience operating or managing a farm, and be unable to obtain credit elsewhere at reasonable rates and terms. Interest rates vary from 5.00% to 5.50% based on November rates.

YOUTH LOANS. Loans up to \$5,000.00 are available to rural youths to establish and operate income-producing projects in connection with their participation in 4-H, F.F.A., and similar organizations. Eligible youth must be US citizens between 10 and 20 years old, live in a town less than 10,000 people and be unable to obtain a loan from other sources. Loan proceeds may be used to buy livestock, equipment, and supplies; buy rent, or repair needed tools and equipment; and pay operating expenses for running the project.

EMERGENCY LOANS. FSA provides emergency loans to help cover production and physical losses in counties declared disaster areas by the president, or by the Secretary of Agriculture. All of western Kansas is designated currently as a result of the drought conditions in 2006. Loans are offered at 3.75% for those that qualify.



SHEEP, WOOL & MOHAIR PRODUCERS:

Wool and mohair are eligible for loans or LDP's. A CCC-633EZ (page 1) is required before shearing takes place. This also applies to slaughtered unshorn lambs, a CCC-633EZ; page 1 is needed before the sale of the lambs for the unshorn lamb pelt LDP. You will need to file page 2 of the LDP application form after the wool is shorn or after the unshorn lambs are sold to receive the LDP.

SODBUSTING * PURCHASED LAND * FARM PLANS

Prior to breaking any acreage and/or before planting a crop on newly purchased or rented acreage, carefully read the Conservation Plan of Operation (CPO). Planting a crop on sodbusted acreage or on newly acquired land that does not have a completed CPO will cause the loss of USDA benefits on all acreage owned and operated. You certify compliance with the highly erodible land and wetland provisions on form AD-1026. A CPO must be in place and approved by Natural Resource Conservation Service (NRCS) prior to breaking any acreage or planting a crop on acreage that does not have a completed CPO.

CRP CONTINUOUS SIGN-UP

The Continuous CRP program provides opportunities to enroll environmentally sensitive land devoted to certain conservation practices at any time. These unique offers are automatically accepted, provided that the producer and the land meet certain eligibility requirements. These offers made under the "continuous CRP" are not subject to competitive bidding. Offers made under a general CRP sign-up compete with other offers throughout the nation. Continuous sign-up contracts are 10 to 15 years in duration.

Examples of practices targeted under the continuous CRP program include, but are not limited to: wildlife habitat buffers; grass waterways; shelterbelts; contour grass strips; riparian buffers; wetland buffers; filter strips; wetland restoration (including playa lakes); and habitat buffers for Upland Birds.

This program provides participants with rental payments, including any incentives, and cost share assistance. For more information on the continuous CRP program contact your local FSA office.

PAYMENT ELIGIBILITY 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 have 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 (HELIC) 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 Incentives 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.

Noncompliance with the adjusted gross income provisions, either by exceeding the \$2.5 million limitation or by failure to submit the applicable certification statement, will result in the determination of ineligibility for all program benefits subject to the adjusted gross income provisions. Program benefits shall be reduced in an amount that is commensurate with the direct and indirect interest held by an ineligible individual or entity within an entity, general partnership, or joint operation that receives benefits subject to the average adjusted gross income limitation.

SIGNING PROGRAM DOCUMENTS PROPERLY

Signature policies are being strictly enforced by FSA Offices when it comes to properly signing program documents. If these policies are not followed you may be jeopardizing your benefits and may have to refund program payments.

Spouses may sign documents on behalf of each other, but not for their spouse's interest in partnerships, corporations or other similar entities, or to further delegate authority on an FSA power of attorney. This will be followed unless written notification denying a spouse this authority has been provided to the FSA Office.

Individuals may grant other individuals or entities authority to sign documents on their behalf based on FSA power of attorney form (FSA-211).

General Partnerships must file any formal partnership agreement with the FSA. If there are no restrictions in the partnership agreement then any one general partner may sign program documents on behalf of the general partnership and bind all members. If there are no formal partnership papers any general partner may sign on behalf of the general partnership. **All members of a **Joint Venture** must sign unless an individual is authorized to act on behalf of the JV and bind all members. This could be accomplished by all members signing a form FSA-211 granting power of attorney to an individual for the JV.

Corporations, limited partnerships, limited liability partnerships, limited liability companies and other similar entities will be required to provide the officer has authority to sign on behalf of that entity. These documents may include the corporate charter, bylaws, papers executed according to State Law, or a resolution by the board of directors signed by the secretary or other officer *other than the designated agent*. If the entity documents allow for redelegation of signature authority then the person authorized to sign for that entity may execute an FSA-211.

Estate, Trust, Conservatorship or Guardianship type entities will need to provide the FSA with a document executed according to State law which states who can sign as administrator, executor, trustee, guardian, receiver, or conservator. Types of documents may include court orders of appointment, court approved certificate or letter of administration, trust agreement or last will and testament that established the trust, or other similar document approved by FSA's regional attorney. These documents must be signed or certified by an officer of the issuing court except those approved by the FSA regional attorney.

The above descriptions are the most common type of entities which do business with FSA. Your local office may soon be contacting you for documentation of signature authority for your farming interests. They could also provide you with guidance on how the signature should be written, but in many cases the words "by" or "for" must be included in the signature. If you submit a program application without having established signature authority on file with FSA your application will be incomplete.



FSA WILL BE CLOSED FOR THE FOLLOWING HOLIDAYS:

Christmas Day	December 25, 2006
New Year's Day	January 01, 2007
Martin Luther King, Jr. Day	January 15, 2007
President's Day	February 19, 2007