



From the Desk of the State Executive Director

Colorado Farmers and Ranchers:

By the time this newsletter reaches your mailboxes, the Farm Service Agency will be well into the second quarter of fiscal year 2008, with an ultimate goal of providing personal and professional service to you, the Colorado agricultural community.

In fiscal year 2007, we delivered more than \$217 million in federal program payments and loans to Colorado farmers and ranchers. Our approximate 170 permanent employees, along with temporary and interim office assistants, helped producers complete applications for disaster programs; and processed payments for commodity programs, farm ownership and operating loans, and conservation and environmental programs.

County Committee elections were held in November and December, and new committee members took office January 1. Colorado's 139 locally-elected committee members help deliver FSA farm programs at the local level and the responsible agricultural producers who serve on the committees play an important role for ALL farmers and ranchers with small or large operations.

Finally, as always, take the time to read the information in this newsletter. It is designed to provide information and resources you may need to help you manage your farm operation.



Lewis Frank
State Executive Director

Colorado State Committee

Reggie Wyckoff, Chair
Washington County

Chann Fogg
Delta County

Landis Porter
Montezuma County

John Schweizer
Otero County

Leon Silkman
Kit Carson County

State committees are responsible for the general oversight of FSA state operations. They oversee implementation of domestic farm programs, provide policy direction to the State Executive Director and oversee FSA county committees. In addition, they hear program appeals and keep producers and ranchers informed of FSA policies.

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USDA Streamlines Forms & Rules for Farm Loan Programs

Largest Such Initiative in 60-year History of Farm Loans

Acting Agriculture Secretary **Chuck Conner** has announced that the forms and rules for USDA's Farm Loan Programs will be modernized by January 1, 2008, to make it easier for America's farmers, ranchers and producers to apply for loans.

"This streamlining initiative is part of a historic transformation in agriculture farm lending programs," said Conner. "By making our processes simpler and more straightforward, we will more efficiently serve America's farmers and ranchers. We incorporated about 1,500 comments from nearly 600 members of the public in making these changes."

Over the past few years, USDA's Farm Service Agency has streamlined specific areas of its

farm loan programs, such as the Guaranteed and Emergency Loan Programs, by revising loan making and servicing requirements and procedures to better serve applicants and borrowers.

Direct Loans Programs streamlining includes:

- Reducing the number of pages in the Code of Federal Regulations necessary to administer the Farm Loan Programs by more than 80 percent;
- Modifying requirements to more closely conform to those used by other lenders;
- Ensuring all forms are available on-line;
- Cutting nearly in half the number of forms required; and

- Making guidance more manageable by replacing nearly 40 instruction manuals with six handbooks.

The program rules and forms will officially change on December 31, 2007. This will allow employees of the Farm Service Agency (FSA), which administers the program, time for nationwide training on the new forms and rules. Until then, FSA will follow current procedures.

The streamlining rule can be viewed via the Federal Register at http://www.access.gpo.gov/su_docs/fedreg/frcont07.html

For more information, contact your local FSA office or go to our website at www.fsa.usda.gov. ♦

Disaster Programs

On May 25, 2007, President Bush signed into law the “U.S. Troop Readiness, Veteran’s Care, Katrina Recovery, and Drug Accountability Appropriations Act, 2007 (2007 Act). The 2007 Act provides funds for a Crop Disaster Program (CDP), Livestock Compensation Program (LCP) and Livestock Indemnity Program (LIP).

CDP provides benefits to farmers who suffered quantity and quality losses to 2005, 2006, or 2007 crops from natural disasters if the crop was planted before December 31, 2007, or, in the case of prevented plantings, for crops that would have been planted before December 31, 2007. Crops planted in 2007 for harvest in 2008 are not eligible. Producers who incurred qualifying losses in 2005, 2006 or 2007 must choose only one year to apply for benefits. Producers may apply for benefits for losses to multiple commodities as long as the losses occurred in the same crop year. Only producers who obtained federal crop insurance coverage (FCIC) or coverage under the Noninsured Crop Disaster Assistance Program (NAP) for the year of loss will be eligible for CDP benefits. Producers must have suffered quantity losses in excess of 35 percent to be eligible for CDP. Sign-up began October 15, 2007.

LCP compensates livestock producers for feed losses and LIP for livestock losses occurring between January 1, 2005, and December 31, 2007, due to a natural disaster. Producers in primary counties declared secretarial disaster areas or certain counties declared presidential disaster areas between January 1, 2005, and December 31, 2007, are eligible as are producers located in counties contiguous to those counties. Producers in a primary (or contiguous) county that received an Administrator’s Physical Loss Notice directly associated with a disaster declaration will also be eligible. Sign-up began September 10, 2007.

Contact your local FSA County Office for more details. ♦

DAIRY DISASTER AID PROGRAM

Sign-up for the Dairy Disaster Assistance Program (DDAP-III) began December 3, 2007.

DDAP-III will help dairy producers recover production losses resulting from a variety of adverse weather conditions in the last few years. The program provides \$16 million in benefits to dairy producers for production losses that occurred between January 1, 2005, and February 28, 2007, because of qualifying natural disasters. It compensates producers for production losses that resulted from lost herds or dumped milk when dairy plants closed or the natural disaster damaged containment equipment. Additionally, power outages, fuel shortages, and infrastructure damage may have temporarily interrupted the flow of dairy products to markets.

To be eligible for DDAP-III, dairy producers must have suffered losses in primary and contiguous counties declared or designated a natural disaster between January 1, 2005 and February 28, 2007. Also, producers in counties receiving an FSA Administrator’s Physical Loss Notice determination are eligible.

To find out more information or to apply for the program, contact your local FSA County Office. ♦

AFIDA

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. The Farm Service Agency administers this program for USDA. Foreign persons who have purchased or sold agricultural land in the country are required to report the transaction to FSA within 90 days of the closing. Failure to submit the AFIDA form could result in civil penalties of up to 25% of the fair market value of the property. County government offices, realtors, attorneys, and others involved in real estate transactions are reminded to notify foreign investors of these reporting requirements.

FSA Measurement Service

Farmers who would like a guarantee for their crop and land use acreages will be ahead of the game using FSA’s measurement service. Measurement service guarantees compliance with a program, if the planting is limited to the measured area. Incorrect acreage

certification could result in reduced program payments or marketing quota penalty or loss of price support for the crop. Measurement fees increased in October 2006. To schedule measurement service, contact FSA at your local USDA Service Center. ♦

FSA Measurement Service Fees

Basic Farm Fee	\$30
Plus Hourly Rate (1 hour minimum)	\$16
Total Minimum Fee	\$46
Each 30 minutes after 1st hour	\$8

GIS

Geographic Information System

GIS is replacing the often tedious process of drawing, erasing, revising, and recording maps and photos of a producer's operation. With GIS, an individual farm is identified and its geographic information captured, stored, mapped, and analyzed in a computer-based environment. In the future as farm fields are outlined, the system has the potential to calculate the size of the field and connect to a database with the field's cropping history.

This new technology uses current aerial photographs as a base layer, and technicians create another layer, or common land unit, by outlining each farm field. But GIS can provide a great deal more

problem-solving capabilities than using a simple mapping program or adding data to an online map. GIS can reveal important information that can lead to better decision making. For example, agricultural records can be combined with hydrography data to determine the level of fertilizer runoff in streams; or combine cropping history with soils data to determine rotation schedules for the highest yield.

FSA County Offices in Colorado are working to certify a GIS record of the farms and ranches of FSA program participants. Once a record for a particular farm has been created, a copy of the map and a notification letter is sent to the owner allowing a producer to review and/or modify the record. Colorado FSA has completed about 60% of the records of operations in our State.

For more information about GIS and how it will ultimately benefit FSA customers, contact the FSA County Office nearest you ♦

BEGINNING FARMERS AND RANCHERS

The Farm Service Agency (FSA) provides direct and guaranteed loans to beginning farmers and ranchers who are unable to obtain financing from commercial credit sources. Each fiscal year, the Agency targets a portion of its direct and guaranteed farm ownership (FO) and operating loan (OL) funds to beginning farmers and ranchers.

A beginning farmer or rancher is an individual or entity who (1) has not operated a farm or ranch for more than 10 years; (2) meets the loan eligibility requirements of the program to which he/she is applying; (3) substantially participates in the operation; and, (4) for FO loan purposes, does not own a farm greater than 30 percent of the average size farm in the county. (Note: all applicants for direct FO loans must have participated in business operation of a farm for at least 3 years.) If the applicant is an entity, all members must be related by blood or marriage, and all stockholders in a corporation must be eligible beginning farmers.

Maximum Loan Amounts

Maximum amounts of indebtedness are:

- Direct FO or OL: \$200,000;
- Guaranteed FO or OL: \$949,000 (Amount varies annually based on inflation).

Down Payment Farm Ownership Loan Program

FSA has a special down payment FO loan program to assist beginning farmers and ranchers to purchase a farm or ranch. This program also provides a means for retiring farmers and ranchers to transfer their land to a future generation.

Sale of Inventory Farmland

FSA advertises acquired farm property within 15 days of acquisition. Eligible beginning farmers and ranchers are given first priority to purchase these properties at the appraised market value for the first 135 days after acquisition. If more than one eligible beginning farmer or rancher offers to purchase the property, the buyer is chosen randomly.

Joint Financing Plan

Beginning farmer or rancher applicants may choose to participate in a joint financing plan that is also available to other applicants. In this program, FSA lends up to 50 percent of the amount financed, and another lender provides 50 percent or more. FSA will charge a reduced interest rate on the loan.

Where to Apply

Applications for direct loan assistance may be submitted to the FSA local office serving the area where the operation is located. Local FSA offices are listed in the telephone directory under U.S. Government, Department of Agriculture, and Farm Service Agency. For guaranteed loans, applicants must apply to a commercial lender who participates in the Guaranteed Loan Program. Local FSA offices have lists of participating lenders.

For More Information

Further information about this and other FSA programs is available from local USDA Service Centers or on the FSA website at: <http://www.fsa.usda.gov>. ♦

Land For Sale

Producers and investors are encouraged to bookmark this Website, <http://www.resales.usda.gov>.

The site provides a national list of all inventory farms that are available for sale by FSA. The properties were acquired by the Agency through mortgage defaults and oftentimes represent a good value. They also represent an opportunity for beginning farmers to obtain a parcel of real estate and are initially targeted to beginning farmers for financing by FSA.



THE BALLOTS ARE IN!

The 2008 County Committee election process is complete and elected committee members and alternates took office on January 1. This annual election of agricultural producers to county committees is important to ALL farmers and ranchers with large or small operations.

Committee members are a critical component of the day-to-day operations of FSA. They help deliver FSA farm programs at the local level and help decide the kind of programs their counties will offer. They work to make FSA agricultural programs serve the needs of local producers.

Visit www.fsa.usda.gov/co to download or view a complete list of Colorado's County Committee members. ♦

ELIGIBILITY RECORDS

By official mandate, FSA Offices have been directed to review all program participant eligibility records for accuracy and completeness before issuing 2007 payments. This is a result of recent audits nationally, that found form blocks incomplete. Participants who receive documentation to complete in order to verify eligibility, should return corrected forms to their servicing office as soon as possible to avoid any delay in FSA program payments.

Marketing Assistance Loans

The 2002 Farm Bill provides for nonrecourse marketing assistance loans and LDPs through the 2007 crop year for wheat, corn, grain sorghum, barley, oats, soybeans, other oilseeds, pulse crops, wool, mohair, and honey.

Nonrecourse marketing assistance loans are nine-month loans that provide eligible producers with interim financing on their production. Instead of selling the crop immediately, the loan allows a producer to store the production in approved farm storage structures or USDA Commodity Credit Corporation (CCC) approved warehouses, pledging the crop as collateral.

Producers may obtain loans or receive LDPs on all or part of their eligible production anytime during the loan availability period. The loan availability period runs from when the commodity is normally harvested (or sheared for wool and mohair) until specified dates in the following calendar year. See the table below for final loan/LDP availability dates for the respective commodities.

To be eligible for a marketing assistance loan or an LDP, producers must (1) comply with conservation and wetland protection requirements; (2) report how they use their cropland acreage on the farm; (3) ensure that the commodities meet CCC minimum grade and quality standards; (4) share in the risk of producing the crop; and

(5) have beneficial interest in the commodity. A producer retains beneficial interest when he/she maintains control of and title to the commodity.

Producers are reminded that they are responsible for any loss in quantity or quality of the farm-stored loan collateral.

A producer who is eligible to obtain a loan, but who agrees to forgo the loan, may obtain LDP. The LDP rate equals the amount by which the applicable loan rate where the commodity is stored exceeds the alternative loan repayment rate for the respective commodity.

Contact your local USDA Service Center for additional information ♦

Final Loan/LDP Availability Date	Commodity
January 31	mohair and wool
March 31	barley, canola, crambe, flaxseed, honey, oats, rapeseed, sesame and wheat
May 31	corn, dry peas, grain sorghum, lentils, mustard seed, safflower, small chickpeas, soybeans and sunflower seed

Agriculture Census Online

This year marks the first time producers have the option of responding to the Census online. This convenient and secure online response option can save you time and will save taxpayer dollars for return postage costs. The USDA's National Agricultural Statistics (NASS) Service web site can be accessed at www.agcensus.usda.gov.

Census forms were mailed to producers in late December and include instructions on how to submit an online response. Forms are due February 4, 2008.

The Census of Agriculture, taken every five years, is a complete count of U.S. farms and ranches and the people who operate them. The Census looks at land use and ownership, operator characteristics, production practices, income and expenditures and many other areas. For America's farmers and ranchers, the Census of Agriculture is their voice, their future and their responsibility. ♦

Conservation Reserve Program – CRP

USDA issued over \$79 Million in CRP rental payments to Colorado participants in October for completed performance in fiscal year 2007. The department issued about \$1.8 billion nationwide. In Colorado, 2,474,853 acres are enrolled in CRP. Producers holding about 14,076 contracts on 6,658 farms received an average of \$32 per acre.

CRP participants should carefully review their CRP conservation plan to determine what maintenance or management activities are required and when. No maintenance or management activities can be performed during the primary nesting season from March 15 to July 15. Failure to complete required maintenance or management activities is a contract violation that could result in the termination of the CRP contract.

If a CRP participant sells land under contract, or in the event of death of a participant, the new owner or estate representative must assume the CRP contract within 60 days or the contract will be terminated. If you are considering selling your land that contains a CRP contract, contact your local FSA county office for advisement of the penalties that will apply if the new owners do not assume a contract in the specified time period.

Non-insured Crop Disaster Assistance Program (NAP)

NAP provides financial assistance to eligible producers affected by an eligible cause of loss such as damaging weather, adverse natural occurrences, or a condition related to damaging weather or adverse natural occurrence. Eligible crops include commercial crops and other agricultural commodities produced for food (including livestock feed) or fiber for which the catastrophic level of crop insurance is not available. NAP covers losses greater than 50% of your expected production at 55% of the average market price.

How to apply:

Eligible producers must file CCC-471 (Non-Insured Crop Disaster Assistance Application for Cover-

age) in the FSA administrative office serving the county or counties where their acreage is located no later than the application closing date established by the State.

What does it cost:

Producers pay a nonrefundable service fee in the amount of \$100 per crop per administrative county; or \$300 per producer per administrative county not to exceed a total of \$900 per producer.

Deadline:

The application and service fee must be filed by the application closing date for the crop. There are various application closing dates. See Program Dates and Deadlines on page 5 of this newsletter.

Crop Reporting:

To remain eligible for NAP, you must annually report the crop including: type and variety, crop location, producer shares, date the crop was planted, type of practice used, and intended use (fresh, processed, etc.). Once harvested, the production must be reported.

What if the crop fails:

When a covered crop is affected by a disaster, you must notify your local FSA office by completing a CCC-576 (Notice of Loss) within 15 calendar days after the natural disaster occurrence or the date the damage becomes apparent.

For more information about NAP, contact an FSA staff member at your local USDA Service Center ♦

Reasonable Accommodations

Reasonable accommodations will be made, upon request, for individuals with disabilities, vision impairment, or hearing impairment to attend or participate in meetings or events sponsored by the Farm Service Agency. If you require special accommodations to attend or participate in one of our events, please call the FSA county office and we will make any needed arrangements.

Controlled Substance

Any person who is convicted under federal or state law under a controlled substance violation could be ineligible for USDA payments or benefits. Violations include planting, harvesting or growing a prohibited plant. Prohibited plants include marijuana, opium poppies and other drug producing plants.



Program Dates and Deadlines

January 31 - Final date to request loan or LDP on 2007 wool, mohair and unshorn pelts

February 1 - Final date to sign-up for NAP (onions and scallions)

March 15 - Final date to sign-up for NAP (contact your local county office for a list of eligible crops)

March 31 - Final date for loans and LDPs on 2007 wheat, oats, barley and honey

May 31 - Final date for loans and LDP on 2007 corn, grain sorghum, soybeans, sunflowers and other oilseeds

July 15 - Final date to report all 2008 crop acres

August 1 - Final date to request farm reconstitutions

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).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call 202.720.5964 (voice and TDD).