Farm Service Agency

Gentry/Worth County

FSA NEWSLETTER

December 2007

Gentry County FSA Office

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660-726-5525
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7:00 a.m. – 4:30 p.m.

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Mary Ann Gibson, PT
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Worth County FSA Office

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To Gentry and Worth County Producers

With harvest virtually completed in Worth and Gentry counties and a new year rapidly approaching I think it's interesting to stop for a moment and think about what a year we had in 2007. Pastures and hay crops were off to a great start when several days of frost set all forages way back, then as the planting season began we had heavy rains and floods, then some areas of the counties experienced drought in July and August, still other producers had crops that were heavily damaged by wildlife that were without their normal food sources because of the spring frosts, and yet despite all the set backs and troubles most producers I've spoken with felt they have had a successful year with reasonably good yields.

Hay and pasture acreages in the counties never fully recovered from the early frost damage and yields were disappointing but many producers were able to take advantage of the managed haying and grazing provisions of CRP and over 15,000 acres of CRP acreage was released for either haying or grazing in Gentry and Worth counties. This is a tremendous increase in acreage over what has been released in the past and certainly was a great help for many producers trying to gather winter feed for their livestock.

Signups are currently underway in our offices for 2 different disaster programs; a Crop Disaster Program (CDP) and a Livestock Compensation Program (LCP). The Crop Disaster Program (CDP) provides benefits to producers who suffered quantity losses in excess of 35% to 2005, 2006 or 2007 crops. For 2007 crops to be eligible they must have been planted before February 28, 2007 and experienced a loss due to a natural disaster. Spring planted 2007 crops are not eligible. Please read the article inside the newsletter for more information, including the equation used to determine eligibility. Signup for benefits under quality losses in these years is expected to begin in early 2008.

The other disaster program, the Livestock Compensation Program (LCP) provides benefits for grazing losses to livestock producers for losses experienced in either 2005 or 2006. See the article entitled Livestock Compensation Program for complete details. I urge all livestock and crop producers to contact the office promptly to determine if they are eligible for benefits under either of these programs.

Also in the newsletter is information concerning Marketing Assistance Loans for 2007 crops and information on FSA beginning farmer loans. Now is also a great time to start planning for better ways to market your 2008 crops. If additional grain storage would help your marketing plans for your 2008 crop, contact us concerning a Farm Storage and Facility Loan. This program offers low interest rates and attractive terms to finance additional grain storage. As always if you have any questions concerning these or any USDA or FSA program contact your local Farm Service Agency Office for complete details.

The entire staffs at the Gentry and Worth County FSA offices join with me in wishing you a Joyous and Wonderful Holiday Season and a Happy and Prosperous New Year!

Sincerely, Mark Cadle

LIVESTOCK COMPENSATION PROGRAM

The **Livestock Compensation Program (LCP)** sign-up is currently underway. This program compensates producers for a portion of their grazing losses during the 2005 or 2006 grazing periods in Gentry and Worth Counties. A **Livestock Indemnity Program (LIP)** is also available for livestock death losses due to eligible disaster events occurring between January 1, 2005 and February 28, 2007.

Eligible ranchers and other livestock producers can apply to receive LCP compensation for feed losses occurring between January 1, 2005, and December 31, 2005, or January 1, 2006 and December 31, 2006, due to a natural disaster. Producers are eligible to be paid for only one year, which will generally be the year of their greatest loss. The natural disaster that occurred in Gentry and Worth Counties during the eligible time periods was drought.

The program is similar to livestock programs in the past, as it looks at livestock numbers and grazing losses, calculates a dollar value for both, and pays the lesser of the two. Producers can apply for benefits for both years and the program will determine year with the best benefit. Knowing the numbers of livestock owned or cash leased as of January 1 of 2005 and 2006 will begin the process. Several species of livestock are eligible for the program, however the main category of livestock in Worth and Gentry counties will be beef cattle. They will be divided into 2 groups; adult cattle, which are cows which have had at least 1 calf, bred heifers, and bulls 2 years of age or older, or non-adult cattle, which are cattle that weigh at least 500 pounds on January 1 of the designated year but do not meet the requirements for adult cattle. For calves or non-adult cattle to be eligible for payment a producer must have owned them January 1 of either 2005 or 2006, they must have weighed at least 500 pounds on January 1 and the producer would have had to have maintained ownership through May 1, the beginning of the grazing period, of the applicable year. For example, calves sold in February will not be eligible because they did not graze your pastures after May 1.

The program will pay the lesser of; the value of the calculated grazing or feed loss, or a flat rate for the livestock. Producers will need to certify a grazing loss percentage for the year and provide pasture information for the application. Maximum payment rates are adult beef cattle, $10.66 per head, non-adult beef $8.00 per head; all sheep and goats, $2.67 per head; and equine, $7.89 per head. Eligibility of equine and other livestock depends on its use. Sales of these types of livestock must be a part of the farming operation and be shown as farm income.

Crop Disaster Program (CDP)

CDP signup is currently underway. Producers who experienced quantity losses in excess of 35% to crops in 2005, 2006 and 2007 are eligible. For 2007 the crop must have been planted or prevented planted before Feb. 28, 2007. Eligible producers with losses in multiple years will receive the payment for the year with the highest benefit. Qualified producers with land administered in more than one county may receive payment in both counties. Applications for loss benefits may be made on multiple commodities as long as the losses occurred in the same crop year. A payment limitation of $80,000 per person applies. Only producers who obtained crop insurance coverage or coverage under the Noninsured Crop Disaster Program (NAP) for the year of loss will be eligible for CDP benefits.

The FSA office has received a download from the Risk Management Agency (RMA) which shows who had insurance and who received indemnity payments from insurance. In these situations, the FSA office can easily run an application to determine eligibility. There are various examples of when a producer may not have received an indemnity payment from insurance, but could be eligible for payment through CDP. One example would be based on the level of insurance a producer carries. If a producer has insurance at a 50% level, he may not have had enough of a loss to qualify with crop insurance, but there may have been a loss greater than 35% which would qualify under CDP. If unsure of eligibility, the following equation is used per RMA unit: Producer Share x yield x 65% - actual production. If the result is a positive number, the loss would be eligible through CDP. Also, producers get the benefit of using the higher of the established RMA yield for the unit or the county average yield which is 113 bu/ac for corn and 38 bu/ac for soybeans in Gentry County and 118 bu/ac for corn and 38 bu/ac for soybeans in Worth County.

Contact the office with specific questions.

Loans Available For Commodities

Although LDP's for the fall harvest do not appear to be available, producers are reminded of the advantages of the Marketing Assistance Loan (MAL) program. These grain loans can be a great tool to use to raise operating capital quickly and easily to pay necessary bills and expenses while waiting until later in the marketing year to market your 2007 crops.

To be eligible for a MAL, producers must comply with conservation and wetland protection requirements; beneficial interest requirements; report how you use cropland acreage on the farm; and ensure that the commodity meets CCC minimum grade and yield standards. Producers must also meet other payment limitation criteria. Keep in mind the following information when requesting a loan:

- Producers must have beneficial interest in the commodity on the date the loan is requested and they must retain beneficial interest while the loan is outstanding. Beneficial interest means retaining the ability to make decisions about the commodity, responsibility for loss or damage to the commodity, and title to the commodity. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan – even if beneficial interest is regained.
- For commodities to be eligible for loans, they must have been produced by an eligible producer, be in existence, in a storable condition and be merchantable for food, feed or other use as determined by CCC. The quality of the commodity in farm storage must be maintained throughout the term of the loan.
- Interest rates for loans vary monthly and are based on the month of approval.
- The loan term is nine months and there is no penalty for early payoff. A market repayment rate will be used when available, if less than principal plus interest. The market gain associated with repayment of the CCC loan, whether repaid with cash or a commodity certificate, will be reported on an IRS Form 1099G. The total of market gain and LDP's is limited to $75,000 per person.

Violating provisions of the loan and LDP program may trigger administrative actions, such as assessing liquidated damages, calling the loan and denial of future farm stored loans and LDP's. The most common loan violations are removal or disposing of a commodity being used as loan collateral without prior authorization and providing incorrect quantity certifications.

Contact the office for complete MAL details.

Farm Storage Facility Loans (FSFL)

Do you need more storage capability for your farming operation? Check with your local FSA office to discuss the possibility of a Farm Storage Facility Loan. Low cost loans for storage facilities continue to be available for producers to build or remodel farm storage facilities for a variety of commodities, including wheat, grain sorghum, corn and soybeans.

The seven-year FSFL's 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 FSFL's are secured with a promissory note and security agreement. The maximum amount that may be borrowed is 85% of the net cost of the storage or handling equipment, up to $100,000 for each borrower. A minimum down payment is also required. A $45.00 application fee is assessed and other fees are incurred depending on the type of loan being processed.

FARM RECORDS CHANGES

Any ownership, operator, address, or even bank account changes should be reported to the FSA office to keep our records up to date. Failure to maintain accurate records with FSA on all land you have an interest in or your operation could result in delays of payment, program ineligibility, or fines. Consult the local FSA office if you have questions.

FSA Farm Loans Available For Beginning Farmers or Ranchers

Beginning farmers or ranchers can get direct farm ownership loans by using funds set aside especially for them by the Farm Service Agency. These loans finance up to 100 percent of the land's purchase price (up to the $200,000 loan limit), and the term of the loan can be up to 40 years. The interest rate can be 5.5 percent, or the "limited resource" rate of 5.00 percent.

The direct farm ownership loan funds may also be used in joint financing where FSA lends up to 50 percent of the amount financed and another lender provides 50 percent or more. FSA may charge an interest rate of not less than 4 percent with terms up to 40 years.

Beginning farmer applicants must have been farming for at least three years and not more than ten. Applicants cannot own real estate that exceeds 30 percent of the average farm size for the county.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
GENTRY/WORTH FSA OFFICE
512 East Hwy. 136
Albany, MO 64402

Required CRP Mid-Contract Management Practices

If you enrolled land in CRP with the 26th signup (contracts that became effective October 1, 2003) or after, certain contracts are required to complete a series of mid-contract management practices on the acreage. These practices include: strip disking, prescribed burning or chemical applications. These management practices are mandatory and there are no waivers or options to avoid the requirement to complete them.

There is a certain time period during each year that the management practice must be performed depending on the established cover. These practices were contained in your conservation plan of operation that you completed with NRCS at the time your acreage was enrolled in CRP. Cost-share is available for all three practices and you must report completion of the practice to your FSA office. If you have any questions concerning these management practices contact your local NRCS or FSA office. Penalties for non-compliance can be expensive.