

Farm Service Agency

April 2007
Issue 2

Farm Service Agency

Inside this Issue

- 1 California Accomplishments for 2006
- 2 2007 Non-insured Crop Disaster Assistance Program
- 3 Permitted Entities
- 4 FSA Signature Requirements
- 5 Husband and Wife Provisions
- 6 Acreage Reporting
- 7 Requesting LDP's for 2007

Farm Service Agency
5630 S. Broadway
Eureka, CA 95503
(707) 442-6058 ext 2

California Accomplishments for 2006

The USDA Farm Service Agency supports American farmers through a variety of credit and commodity programs designed to stabilize and enhance our rural landscape. FSA is at the forefront of providing services farmers have come to trust in order to complement their operations in times of plenty and brace operations during times of economic insecurity.

The California Farm Service Agency delivered more than \$520.5 million in payments and assistance to the state's farmers and ranchers during the past year.

Making Credit Available to Farmers:

Farm Loans: \$83.8 million

In fiscal year 2006, FSA county offices approved 443 loans to producers who operate family-sized farms and ranches, and who were temporarily unable to obtain commercial credit.

Farm Operating Loans: FSA processed 375 loans, totaling \$61.47 million in Direct and Guaranteed farm operating loans to help California's producer's plant crops, purchase livestock, or re-organize their operation.

Farm Ownership Loans: FSA processed 56 loans, making \$20.5 million in credit available to California farmers. The loan funds for farm ownership are used to purchase real estate or to construct buildings.

Of these Direct and Guaranteed loans **\$63.8 million** were special qualified loans. FSA provided **\$36.2 million** to 207 qualified farmers under socially disadvantaged loan program, and **\$27.58 million** to 153 qualified beginning farmers.

Youth Loans: Under the Youth Loan Program, rural youths may receive a loan to establish and operate income-producing projects. Money must be used to purchase supplies, equipment, animals and pay operating expenses. FSA California made 49 youth loans last year.

Farm Programs: \$373.94 million

California farmers received \$373.94 million in Commodity Credit Corporation program benefits.

Disaster Programs: \$57.4 million

California producers received \$57.4 million in disaster assistance during FY 2006. From drought to flood, freeze to tornadoes, natural disasters severely affect even the best run agriculture operation.

Milk Income Loss Contract Payments: \$36.02 million

This program is a safety net for the state's dairy farmers. FSA provided \$36,018,130 in payments to eligible dairy farms when the Boston Class I milk price was below \$16.94 per hundredweight. Eligible milk production for payment purposes does not exceed \$2.4 million pounds per operation.

Livestock Assistance Program: \$7.5 million

Farm Service Agency's Livestock

Assistance Program provides payments to livestock producers who suffered grazing losses due to natural disasters in 2003 or 2004. To be approved, a county must have suffered a 40 percent or greater loss of available grazing for at least three consecutive months as a result of damage due to drought, hot weather, disease, insect infestation, fire, severe storms, or other disasters during the 2003 or 2004 crop years.

**Conservation Reserve Program:
\$4.73**

The Conservation Reserve Program is USDA's largest environmental improvement program on private lands.

2007 Non-insured Assistance Program (NAP)

Producers enrolled in the 2007 Non-insured Assistance Program must file Form CCC-576, "NAP Notice of Loss" within 15 days of a disaster condition, or within 15 days of when the damage to the crop becomes apparent. If you feel you are experiencing a loss to your crop and have purchased 2007 NAP coverage, please call the FSA office and request a form.

Permitted Entities

No person may receive payments subject to these rules from more than three entities in which the person holds substantial beneficial interest, generally 10 percent or more. If an individual receives payments as an individual, the individual may not also receive payment from more than two entities that receive payment as a separate "person." If an individual does not receive payment as an individual, the individual may not receive payment from more than three entities that receive payment as a separate "person."

For example, if an individual has a farming interest as an individual and also owns stock in six corporations that also farm, the individual must select just two of those corporations through which he or she may indirectly receive payments. The payments to the other four corporations will be reduced by the same percentage that the individual owns in each of the other four corporations. If the individual did not have an individual farming interest, three of the corporations could be selected as "permitted entities."

Any person who owns 10 percent or more of a corporation or other entity that is earning payments subject to these rules, either directly or indirectly, will be required to select that interest as "permitted" before that share of the payment may be paid to the entity.

Notification: All entities earning payment subject to these rules must report to their local FSA committee the name and Social Security number of each individual who owns, either directly or indirectly, any interest in such entity. A contract to participate in the applicable programs will not be considered complete until this information is provided.

The entity also is required to inform all members of the entity of the rules regarding payment eligibility and permitted entities.

FSA Signature Requirements

Proper signatures on Farm Service Agency contracts, applications and forms must be submitted before the document will be considered as filed. All entities, including revocable and irrevocable trusts, corporations, partnerships, estates, etc., must provide evidence of signature authority stipulating those individuals who are authorized to represent the entity. FSA cannot accept signatures without such documentation on file.

Examples of acceptable evidence include trust agreements, corporate charters or resolutions, partnership agreements and court orders of appointment. Spouses can sign for one another on most program documents unless written notification denying a spouse this authority has been provided to the county office staff. An FSA-211 may be filed to delegate signature authority for FSA program purposes to another individual.



Husband and Wife Provisions

General Rule: In accordance with the Agriculture Act of 1970 and subsequent acts, total payment to a husband and wife cannot exceed a single payment limitation amount. A husband and wife are considered one "person" for payment limitation purposes.

"Person" Rule: A husband and wife can request to be separate "persons" on their farming operating plans (CCC-502) and be eligible for two separate payment limitations. In order to be considered separate "persons" they would have to meet one of two exceptions:

1. Separate farming operations before marriage when both apply:

- ✓ Before marriage, both spouses were separately engaged in unrelated farming operations in at least the previous crop year;
- ✓ All farming operations of both spouses have been maintained separately and distinctly.

2. Interest in no more than one entity.

- ✓ If a spouse **receives** payment as an individual or as a member of a joint operation, then the husband and wife can be considered separate “persons” as long as neither spouse holds, directly or indirectly, a substantial beneficial interest in an entity that is receiving payment as a separate “person”.
- ✓ If a spouse **does not receive payment** as an individual or as a member of a joint operation, then the husband and wife can be considered separate “persons” as long as neither spouse holds, directly or indirectly, a substantial beneficial interest in more than one entity that is receiving a payment as a separate “person”.

Actively Engaged in Farming: To be eligible for separate payment limitations under this rule, each spouse must make commensurate contributions that are “At Risk” of:

1. Capital, land, and/or equipment, and;
2. Active personal management/labor

- A. Individual Operations: These contributions must be made by each individual spouse.
- B. Joint Operations: Only the contributions of active personal labor and/or management must be contributed by each spouse. The joint operations may provide the other contributions.

Acres Reporting

The timely filing of an accurate acreage report for all crops and land uses, including failed acreage, can prevent loss of benefits for a number of programs, including Direct and Counter-cyclical Payment Program, Conservation Reserve Program, Non-

insured Crop Disaster Assistance Program, as well as marketing assistance loans and loan deficiency payments.

To be timely, you must file an FSA-578 by July 15, 2007. To be considered timely, acreage reports for:

- prevented planted acreage must be filed no later than 15 calendar days after the final reporting date for the applicable crop
- failed acreage must be filed before the disposition of the crop.

We will accept crop certifications from farm operators, farm owners, persons authorized by power of attorney and tenants and sharecroppers, for which they have a share. We will also accept crop acreage reports for any purpose for all producers.



Requesting LDPs for 2007

To request 2006 crop loan deficiency payments, you must use the CCC-633 EZ, Loan Deficiency Payment Agreement and Request. Here’s an explanation for each page of the form.

Page 1 – Producer’s *intention to request* LDPs in the future.

- Must be signed before beneficial interest is lost.
- Terms and conditions for requesting LDPs.
- Covers all farms and all eligible crops in all counties.

- Submit one to the county office staff. Remind staff of other counties where you have farming interest.
- This is your intention to request an LDP in the future. It is not a request for payment.

Page 2 – Producer’s *request for LDP payment on feed grains, minor oilseeds, rice and pulses.*

- Use after grain is harvested and in storage. You maintain beneficial interest. The LDP rate will be the rate in effect on the date page 2 is received in the office.
- Can use after beneficial interest is lost. LDP rate will be the rate in your administrative county office on the date beneficial interest was lost. Must provide production evidence.
- Use when you wish to receive LDP rate based upon date commodity was delivered to warehouse. You must maintain beneficial interest from harvest through delivery to the warehouse. Complete all required sections including item 23B.

Page 4 – Producer’s *request for LDP payment on sheared wool, sheared mohair or unshorn pelts.*

- Use when wool or mohair is sheared and in storage. You maintain beneficial interest. LDP rate is based on the date page 4 is received in county office.
- Use if beneficial interest is lost at shearing. LDP rate will be the rate in your administrative county office on the date beneficial interest was lost. Must provide production evidence.
- For unshorn pelts, page 4 is submitted within 60 days of slaughter. LDP rate is based upon date of delivery to slaughter company or buyer. Additional sheared wool and mohair and unshorn pelts information may be obtained from the county office.

Humboldt/Del Norte Farm Service Agency
5630 S. Broadway
Eureka, CA 95503

Humboldt/Del Norte County

Committee Members

Gary Nicholson	Chairperson
Jim O'Neil	Vice-Chairperson
Robert Tedsen	Member
Robert Vevoda	Member
Joey Borges	Member
Kara Miller	Advisor

County Executive Director	Farm Loan Manger
Katherine Delbar	Belle Davis
Program Technicians	Farm Loan Technician
Dolores Mayorga	Karri Bartolomei

The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status(not all prohibited bases apply to all programs). Persons with disabilities who require alternative means for communications 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 326-W, Whitten Building, 14th and Independence Avenue, SW Washington, D.C., 20250-9410, or call (202)720-5964(Voice or TDD)

