



July 2006

# Ohio FSA State Newsletter

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## Election Nomination Period Open

The county office staff is accepting nominations for candidates to serve on the County Farm Service Agency committee. The nomination period closes **Tuesday, Aug. 1.**

"Farmers and ranchers have an important opportunity to ensure that their FSA county committees represent them by participating in the county committee election process," said Ohio's State Executive Director for FSA, John Stevenson. "I encourage agricultural producers across the country to nominate eligible candidates, especially minorities and women, to serve on their local county committees and to vote this fall."

Farmers and ranchers who serve on county committees help make decisions necessary to administer federal farm programs offered in their communities. County committees make decisions on agricultural issues such as commodity price support loans and payments, conservation programs, disaster payments and employing county executive directors.

If you participate or cooperate in programs administered by FSA and live in the local administrative area conducting an election, you may be nominated for candidacy for a committee.

You can obtain a complete list of eligibility requirements by visiting the county office or online at:  
<http://www.fsa.usda.gov/pas/publications/facts/html/cocelig06htm>.

You can nominate yourself or others as candidates. Community based organizations representing minorities and women can nominate candidates. To become a nominee, eligible individuals must sign nomination form **FSA-669A**. The form includes a statement that the nominee agrees to serve if elected.

Keep the following important dates in mind during the 2006 county committee election process:

- The nomination period ends August 1.
- Ballots will be mailed to eligible voters by Nov. 3.
- The last day to return voted ballots to the county office is Dec. 4.
- Newly elected county committee members take office Jan. 1, 2007.

For more information about FSA county committees or to obtain a nomination form (**FSA-669A**), visit the county office or go online at:  
<http://www.fsa.usda.gov/pas/publications/elections/Default.asp>.

## CRP Cover Maintenance

You are required to maintain your Conservation Reserve Program acres according to the conservation plan you agreed to with the Natural Resources Conservation Service. You need to make sure you:

- Have adequate approved vegetative cover to control erosion for the contract period;
- Control weeds and other types of undesirable vegetation; and
- Take control measures outside of the primary nesting season which is **between March 1-July 15.**

Please keep in mind mowing for cosmetic purposes is prohibited at all times. That is why it is important to review your conservation plan and talk to NRCS for the best control method, if you think undesirable plant species are invading your CRP land.

## FSA Farm Loans

The Farm Service Agency makes both direct and guaranteed farm ownership and operating loans to family-size farmers and ranchers who cannot obtain commercial credit from a bank, Farm Credit System institution or other lender. FSA loans can be used to purchase land, livestock, equipment, feed, seed and supplies. The loans can also be used to construct buildings or make other farm improvements.

If you're having trouble getting commercial credit, check with the county office staff about eligibility, as well as maximum loan amounts, rates, term and authorized loan purposes.

If you have Internet access, visit <http://www.fsa.usda.gov/dafl/default.htm> to learn more about FSA loans.



| Selected Interest Rates for<br>July 2006                          |         |
|---|---------|
| 90-Day Treasury Bill  | 4.875%  |
| Farm Operating - Direct   | 5.50%   |
| Farm Ownership - Direct   | 5.75%   |
| Limited Resource  | 5.000%  |
| Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher | 4.000%  |
| Emergency   | 3.750%  |
| Farm Storage Facility   | 5.000%  |
| Sugar Storage Facility  | 5.250%  |
| Commodity Loans 1996-Present                                      | 6.000%  |
| Tobacco (TTPP) Discount Rate                                      | 10.000% |

## Refund of 2005 CC Payments

If you participate in the Direct and Counter-cyclical Payment Program, take note. There is possibility that under current market conditions producers who received 2005 advance counter-cyclical payments may be required to repay all or a portion of these payments.

You will have two options to refund unearned advances:

**Refund Option 1:** The Commodity Credit Corporation will automatically reduce any DCP payments you receive between Oct. 1, 2006, and Oct. 31, 2007, to satisfy your obligation to repay the unearned 2005-crop advance counter-cyclical payments.



Scheduled payments you may receive during this period include 2006-crop final direct payments, 2006-crop advance counter-cyclical payments and 2007-crop advance direct payments.

For this method, you need not take any action — the county office staff will automatically take deductions from future DCP payments.

**Refund Option 2:** This method follows procedures under the Debt Collection Improvement Act of 1996.

Under this option, you will be sent an initial notification letter following the end of each crop's marketing year that will inform you of the specific amount of the debt, followed by a first demand letter. At that time, you may settle the debt by writing a check to the Commodity Credit Corporation. Please let the staff at the county office know, if you decide to use Refund Option 2.

## Farm Reconstitutions

In Farm Service Agency terms, farms are *constituted* to group all tracts having the same owner and the same operator under one farm serial number. When changes in ownership or operation take place, a farm *reconstitution* is called for. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

The following are the different methods used when doing a farm recon. Remember, to be effective for the current year, recons must be requested **by Aug. 1** for farms enrolled in the Direct and Counter-cyclical Program.

- Estate Method — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate;
- Designation of Landowner Method — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. This method cannot be used to divide allotments or quotas, if the parent farm is located in two or more counties and the allotments and quotas cannot be transferred from one county to another by

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sale, lease or owner. In order to use this method the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding;

- Default Method — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.
- DCP Cropland Method — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract;

**The final date to request a 2005 reconstitution is Aug. 1, 2005.** If 2005 DCP direct payments have already been issued on the farm, the reconstitution will be effective for 2006, unless the payments are refunded.

### ***Beneficial Interest Policy Changes***

The policy on beneficial interest has been amended. Detailed information about the changes is available from the county office staff, but here's a summary.

**Open Storage.** Producers who deliver to a Commodity Credit Corporation-approved warehouse, and the commodity is placed in open storage for a term of 15 calendar days or more, will lose beneficial interest in the commodity on the 16th calendar day of the physical delivery unless an approved warehouse receipt can be provided to the producer.

**Unapproved Facilities.** Producers who deliver commodities to a facility where the commodity is commingled with commodities from other producers are ineligible for a marketing assistance loan or loan deficiency payment, if the facility is not authorized by state or federal law to store such commodities for the benefit of producers. Therefore, delivery of commodities to a location that is not considered a CCC-approved or state or federally licensed facility will result in the loss of beneficial interest in the commodity on the date of physical delivery.

Deliveries of a commodity to entities such as a dairy, feedlot, pit, ethanol plant, wool pool, feed mill, or any other unapproved storage facility, will result in the loss of beneficial interest on the date of delivery, regardless of any other action or agreement between such an entity and the producer.

### **Seed and Hybrid Seed Contract Producers.**

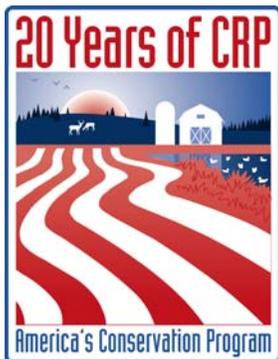
Commodities produced under a contract in which the title to the seed remains with the entity and the entity provides the seed to the producer, including contracts for the production of hybrid seed and other specialty seeds, are eligible to be pledged as collateral for a MAL and/or LDP. Beneficial interest in the commodity will be considered lost the earlier of the date:

- a payment is received for the commodity
- the commodity is delivered to the contract company.

**Purchased Commodity.** A person who purchases or otherwise acquires a commodity from a producer under any circumstances does not have beneficial interest in the commodity regardless if the purchase or acquisition is made before or after the harvest of the commodity. However, CCC will consider a person to have beneficial interest in the commodity if, before harvest, the person has obtained title to the growing commodity and the risk of producing the commodity at the same time title was obtained for the land on which the commodity was growing.

**Deceased Producer.** Upon the death of a producer, CCC will consider an estate, heirs of the deceased producer, or a person to whom title to a commodity has passed by State law, to have beneficial interest in a commodity produced by the deceased producer. The same terms and conditions that would have been applicable to the deceased producer will be applicable to the assumed producer.

If you have any questions on this important topic, contact the county office staff.





### ***It's Not Too Late...***

...to sign-up for the 2006 Direct and Counter-cyclical Payment Program, but having missed the June 1 deadline will cost you a late-filing fee of \$100 per farm.

You have until **Sept. 30, 2006**, to sign-up for the 2006 DCP.

Remember, when signing the 2006 contract, contract shares should correspond with (1) the shares and risk and (2) control of base acreage reported on acreage reports.

Succession to contract shares for 2006 must be reported and new contracts signed no later than **Sept. 30, 2006**.

Contact the county office staff for details.

### **Dates to Remember**

|          |  |
|----------|--|
| July 4   | Independence Day Holiday.<br><b>FSA Offices Closed.</b>                            |
| July 15  | <b>Final certification date</b> for all crops except small grains.                 |
| August 1 | <b>Deadline</b> to submit COC nomination forms.                                    |
| August 1 | <b>Final date</b> to request farm reconstitution for current fiscal year.          |
| Sept. 4  | Labor Day Holiday.<br><b>FSA Offices Closed..</b>                                  |
| Sept. 29 | <b>Final date</b> for 2006 DCP contract revisions.                                 |
| Sept. 30 | <b>Last day</b> for late file sign-up for the 2006 DCP program.<br>\$100 late fee. |

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