



### 2006 Final Crop Reporting Dates

✓ **May 31: Small Grains**

✓ **July 17: All crops, except small grains**

## Crop Acreage Reports Required

Producers who participate in the Direct and Counter-Cyclical Program (DCP), Conservation Reserve Program (CRP) or request a commodity loan or loan deficiency payment (LDP) will be required to annually report all crops on the farm. FSA program participation depends on accurate acreage reports.

If you have a crop that has not been planted by the final reporting date, the report must be filed by 15 calendar days after the planting is completed to be timely filed.

Producers with Noninsured Assistance Program (NAP) crops should contact their local office to determine the certification deadline.

## County Committee Elections

The Farm Service Agency (FSA) is soliciting candidates for the County FSA Committee (COC) from June 15 through August 1, 2006.

The FSA County Committee (COC) is a grassroots approach to give farmers and ranchers a much-needed say in how federal actions affect their communities and individual operations. The FSA COC is accountable to the FSA State Committee (STC); oversees the work of the county office and the County Executive Director (CED) who manages the county office.

The County Committee system goes back to the 1930s, when Congress set up a system in which federal farm programs were administered locally. The members on County Committees are nominated and elected by local producers who are eligible to participate in FSA programs.

### Local Administrative Areas

A county or multi-county area served

by the county committee is divided into 3 or 5 Local Administrative Areas (LAA). Each LAA is represented by one member on the county committee. A person may only vote in one LAA in each county or multi-county area in which they participate or cooperate in FSA programs or programs administered by FSA.

### County Committee Duties

The duties of County FSA Committee members include:

- Administering farm program activities conducted by the County FSA Office.
- Informing farmers of the purpose

and provisions of the FSA programs.

- Keeping the State FSA Committee informed of LAA conditions.
- Monitoring changes in farm programs.
- Participating in county meetings as necessary.
- Performing other duties as assigned by the State FSA Committee.

Persons nominated should actively participate in the operation of a farm or ranch and be well qualified for committee work. A producer is eligible to be a County FSA committee

*Continued on page 3*

## Why Should You Participate?

**USDA encourages producers to:**

- **Get involved**
- **Nominate or become a candidate**
- **Vote**



## Message from the State Director ...

County Committee (COC) elections are one of the most important activities we perform in FSA. The COC system was established in 1936 and has served this Agency, and our nation's farmer, well for the past 70 years.

The individuals who serve on the county committees help insure FSA agricultural programs adequately serve the needs of local farmers. Committee members make decisions on program eligibility, program compliance, oversee program administration locally, and will hear appeals from local farmers who disagree with any determination.

Nationally, more than 8,200 committee members support FSA programs. In Kentucky there are 300 COC Members and 99 Advisors.



**Farmers  
Serving  
Farmers**

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Each year there is an election process to determine the membership of each local committee, but there are some important steps leading up to that election.

First, COC members with the assistance of the local FSA office determine the Local Administrative Areas (LAA). These are the boundaries which determine the area of representation. Each LAA has a farmer elected County Committee member.

Every year FSA follows the same procedure for nominating individuals to fill a ballot in the LAA which is conducting an election. To be eligible to hold office, and be nominated to serve, and individual must meet the basic requirements:

- Participate or cooperate in a pro-

gram administered by FSA.

- Be eligible to vote in a county committee election.
- Reside in the LAA in which the election is being held.
- Must not have been disqualified from serving on COC.
- Must not have been dishonorably discharged from military service.
- Must not have been convicted of any felony.

Anyone who is interested in being nominated for the COC election must complete and sign a nomination form (FSA-669A). A copy is included with this newsletter.

Nominations and elections are open to all eligible candidates and voters without regard to race, color, religion, national origin, age, sex, marital status or disability. FSA is committed to promoting diversity on its local county committees so all producers, including minority, female and other under-represented people, have a say in how the Agency's programs are administered locally. While we are fortunate to have many very good COC members serving, it is important to encourage increased participation in the election process.

The election of responsible agricultural producers to FSA county committees is important to ALL farmers with large or small operations. It is crucial that every eligible producer take part in this election because county committees are a direct link between the farm com-



**Jeffery S. Hall**  
State Executive Director

munity and the U.S. Department of Agriculture.

"County committees play an integral role in the local implementation of Farm Service Agency programs," said US Department of Agriculture Secretary Mike Johanns. "I encourage all producers, community-based groups and others who care about American agriculture to participate in the county committee election process by nominating eligible candidates, especially minorities and women."

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

Please take seriously your responsibility to participate in the 2006 County Committee election process. Your involvement will make the Agency stronger.

State Executive Director

## County Committee Elections,

*continued from page 1*

member if the producer resides in the Local Administrative Area (LAA) in which the election is to be held and is eligible to vote.

Federal regulations may prohibit County FSA Committee members from holding certain positions in some farm, commodity, and political organizations if such positions pose a conflict of interest with FSA duties. The positions include functional offices such as president, vice president, secretary, or treasurer; and positions on boards or executive committees. Conflict of interest restrictions also apply to employees, operations, managers, and majority owners of tobacco warehouses. Questions concerning eligibility should be directed to the County FSA Office.

### Nomination Form

Form FSA-669A, included in this

newsletter, allows individuals to nominate themselves or any other person as a candidate. Organizations representing socially disadvantaged farmers and ranchers may nominate any eligible candidate. If additional forms are needed, the form may be copied or may be obtained at the County FSA Office or obtained electronically at <http://forms.sc.egov.usda.gov>. Each form submitted must be:

- Limited to one nominee.
- Signed and dated by the nominee in Item 4. Nominee must sign if willing to have his/her name placed on ballot and agrees to serve if elected. The name shown on ballot will appear exactly the same as in Agency records.
- Delivered to the County FSA Office or postmarked no later than August 1.

Nomination forms and fact sheets in English or Spanish are also available at <http://www.fsa.usda.gov/pas/publications/elections>.

A candidate has the option to request that all voted ballots for an individual county committee be returned to the State Office in lieu of being returned to the county office. This request must be in writing and submitted to the local County Executive Director prior to the announced end of the nomination period.

The County FSA Committee is responsible for reviewing each nomination form to determine the eligibility of the nominee. A person who files this form and is found ineligible will be so notified and have an opportunity to file an appeal in accordance with 7 CFR Part 780.

### Terms

No member of a County Committee may serve more than three consecutive 3-year terms. A member will be considered to have served a term if that member served for a period of one and one-half years, or greater, of that term.

Farm Service Agency

## County Committee Elections

2006

### *Make a Difference: Nominate and Vote*

- ✓ **Aug 1** Final date to file nomination forms at County office. *Nomination forms must be returned to the FSA County Office or be postmarked by August 1*
- ✓ **Nov 3** Ballots mailed to eligible voters
- ✓ **Dec 4** Last day to return completed ballots to the FSA County Office. *Ballots must be returned to the FSA FSA County Office or be postmarked by December 4.*
- ✓ **Jan 1 2007** Elected committee members and alternates take office.

United States 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, audio tape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write: USDA, Director of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

# Farm Loans

## Financial Assistance Available

FSA lends money and provides financial assistance to eligible applicants who operate family-size farms. Under the Guaranteed Loan Program, FSA guarantees loans made by conventional lenders for up to 95 percent of principal. The lender may sell the guaranteed portion of the loan to a third party; however, that will not change your relationship with your lender. All loans must meet certain qualifying criteria to be eligible for guarantees, and FSA will monitor the lender's servicing of the loan. For those unable to qualify for a Guaranteed Loan, FSA offers Direct Loans, which are made and serviced by FSA. Funding for Direct Loans is more limited; therefore, applicants may encounter delays in receiving loans until funding is available.

To qualify for a Direct Farm Loan, the applicant must have sufficient repayment ability and loan collateral.

## Toll-Free Number for Direct Loan Customers

FSA now offers Direct Loan customers the availability to check the status of their accounts any time, day or night, using the new toll-free telephone number, **1-888-518-4983** in both English and Spanish.

The system will provide FSA direct borrows with the following information:

- Original loan amount;
- Unpaid principal;
- If the borrower is delinquent and



## Apply for Your Loan Today

FSA is committed to providing family farmers with loans to meet their farm credit needs. If you are having trouble getting the credit you need for your farm, or regularly borrow from FSA, Direct and Guaranteed Loans are available now.

Ask your lender about an FSA loan guarantee if your lender is reluctant to renew or extend your loan.

Most FSA loan programs have special funding available for minority, female and beginning farmers.

Applying early is important!

the amount of the delinquency;

- Due date of the next installment;
- Principal and interest amount of the next installment;
- Date last payment was received;
- Amount of interest paid.

The first time borrowers call, they will enter their tax identification number or social security number associated with their loan. They will also need to enter their zip code. Customers will create a Personal Identification Number (PIN).

## Youth Loans

FSA can assist eligible rural youth with loans to establish and operate an income producing project in conjunction with 4-H, FFA or another supervised youth program. Youth loans can be used for any agricultural related enterprise such as crops, purchase of cattle or equipment.



To be eligible, the individual must be between the ages of 10 and 20, must have the permission of their parents, and the recommendation and oversight of a project advisor. Loan maximum is \$5,000 per person for up to 7 years.

## Socially Disadvantaged Loans

Each year FSA reserves funds to make loans to socially disadvantaged applicants to buy and operate family-size farms. Eligible persons include women, African Americans, American Indians, Alaskan Natives, Hispanics, Asians and Pacific Islanders.

### Interest Rates

May 2006

#### DIRECT

Operating Loans	5.125 %
Farm Ownership Loans	5.250%
Emergency Loans	3.75%

## Noninsured Crop Disaster Assistance Program (NAP)

NAP provides financial assistance to eligible producers affected by natural disasters. 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.

**Crop Reports:** To remain eligible for NAP, you must annually report the crop, including: type and variety, crop location, producer shares,

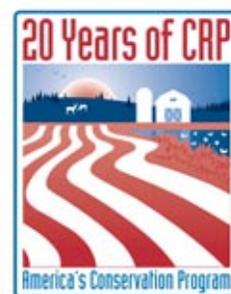
date the crop was planted, type of practice used and intended use (fresh, processed, etc.). Once harvested, the production must be reported.

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



## Unauthorized Disposition

If grain under loan is disposed of through feeding, selling, or any other form of disposal without County Office approval, it is considered unauthorized disposition. The financial penalties are severe and a producer's name will be placed on a loan violation list for 2 years. Always call the FSA Office before any grain is fed or sold.



## Maintenance of CRP Cover

Cover maintenance is your responsibility. Established practices must be maintained according to your CRP conservation plan throughout the contract period. The responsibility includes livestock and controlling soil erosion along with controlling diseases, insects, undesirable plants, and noxious weeds to a level that does not adversely affect the long-term sustainability of the established species or that poses off site drift problems. The control of undesirable growth includes the control of woody growth on grassland plantings.



bird nesting activities.

### Spot-check

Once established, contracts are periodically spot-checked to insure that maintenance requirements are fulfilled. Failure to maintain the established practice according to the guidelines of the program may result in loss of benefits including annual payment reductions and/or contract termination and liquidating damages.

Questions concerning maintenance of CRP contracts should be directed to your local FSA County office.

### Mowing of CRP

While annual mowing of an entire field is prohibited, the conservation plan of operation outlines acceptable maintenance alternatives to insure that the established cover is not adversely affected by undesirable growth. All mowing operations must cease during the period between May 15 and August 1 to avoid interference with grassland

### Kentucky FSA News

is published by

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### Contact your local FSA County Office to:

- ✓ Obtain additional information on FSA programs, or
- ✓ Report a name and/or address change.

## Failed to Sign your 2006 DCP Contract?

If you did not remember to sign your 2006 Direct and Counter-cyclical Program (DCP) contract before June 1, a late-signing fee of \$100 per farm will be assessed. The deadline for 2006 is September 30.

### LDP Reminders



Loan Deficiency Payments (LDP) are paid on those commodities for which the producer has beneficial interest at the time of application. The LDP rate equals the amount by which the applicable loan rate exceeds the alternative loan repayment rate.

▶ **Stored commodity on the farm:** Once the commodity is harvested, you can request a farm-stored LDP until the commodity leaves the farm. The payment rate is based on the date you apply. You must apply for a farm-stored LDP using a CCC-633EZ before you sell or feed the crop, as long as there is an LDP rate in effect.

▶ **Grain sold directly from the field:** The LDP rate is based on the date the grain is delivered. Your sales receipts are your documentation. Receipts should include your name and address, the buyer's name, address and telephone number, the quantity sold, the date of delivery and proof of payment.

The field-direct option is available to producers who normally dry the grain on the farm and then immediately deliver it to a buyer. The grain may also be in temporary storage on the farm for immediate delivery to the buyer. CCC-633EZ pages 1 and 2 must be filed for benefits.

▶ **Grain being fed out during harvest:** Chopped wheat, for instance, fed out during harvest is still eligible for an LDP. Keep track of the harvest dates and the tonnage chopped. The LDP rate is based on the dates of harvest. The county committee determines your yield using the whole grain quantity harvested on your farm, three similar farms or their recommendations. You have 60 calendar days after the date of harvest to provide this information to the FSA county office. Grazing is not considered harvested and is not eligible for an LDP.

## KAFC Agricultural Infrastructure Loan Program

FSA now provides joint financing with the Kentucky Agricultural Finance Corporation (KAFC) Agricultural Infrastructure Loan Program may be used to finance agricultural structures and permanently attached equipment such as livestock and poultry barns, grain storage facilities, greenhouses, tobacco barns, waste storage buildings, etc. The loans may not be used for refinancing debts or purchase of land. The loan applicant must have received a minimum of 20% of his/her gross income from farming for the two years previous to the date of the loan application.

KAFC does not actually make a direct loan. They must use a participating lender (ie: Bank) to make and service the loan on their behalf. (FSA cannot provide loan servicing for KAFC). KAFC funds are deposited in the Bank under a participation agreement. The Bank in turn makes the loan using the Bank's

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**Change of address must be reported to your LOCAL FSA County Office.**

A directory of local FSA County offices is available on-line at:  
<http://www.fsa.usda.gov/ky/>

## KAFC Loan Program

*Continued from page 6*

note and mortgage. There will be 2 notes, one for the Bank's portion with its rates and terms and one for the KAFC portion.

The maximum amount of KAFC funds used by the participating lender must be the lower of \$100,000 or 50% of the cost of the project. The KAFC portion of the lender's loan may be set up for a maximum term of 10 years or the useful life of the project, if less than 10 years.

The effective interest rate on the KAFC portion of the loan funds is now 2.75% for producers documenting past involvement in tobacco either by receiving a Phase II payment, enrollment in TTPP (the tobacco buyout) or an executed current tobacco marketing contract. For those without involvement in tobacco, the rate will be 4.75%. In either case, KAFC will pay .75% (75 basis points) to the Bank as a loan servicing fee. KAFC reserves the right to change the rates in the future for new loans as market conditions change.

FSA may partner with KAFC and its participating lender through our direct and/or guaranteed loan program. It is a win/win situation. Our funds go further and the farmer receives a very favorable blended interest rate.

For further information, you may contact Tim Hughes, KAFC Marketing and Business Development Coordinator at 502-564-4627, extension 232.

**Kentucky Agricultural Finance Corporation**  
<http://kafc.ky.gov/>

## Beginning Farmer Program

FSA, the KY Agricultural Finance Cooperation (KAFC) and other participating lenders are cooperating to provide new financing options for young farms. The KAFC Beginning Farmer Program has eligibility criteria similar to the FSA Beginning Farmer Program. To qualify, applicants must not have operated a farm for more than 10 years and who don't currently own a farm greater in size than 30% of the average farm size of the county in which the operation is located. In addition, for real estate loans, they must have participated in the business operation of a farm for at least 3 years. The applicant (and spouse, if applicable) must have a net worth of less than \$250,000 at the time of application. The loan limit for this program is \$100,000. In the case of farm real estate purchases the KAFC participation is capped at 25% of the farm's purchase price.

There must be a lender who will provide at least 50% of the needed financing and who will agree to service the entire debt. The lender will receive no more than 100 basis points (1%) as a servicing fee which would result in a 3% effective rate on the KAFC portion of the debt. FSA is not able to service the participated amount by KAFC thus requiring the involvement of a private lender. The KAFC portion of the debt will be included in the lender's notes and mortgage, thus resulting in a blended interest rate. The KAFC interest rate is fixed at loan closing. KAFC reserves the right to adjust rates on future loans in this program.

The applicant must submit a 5 year business plan which shows repayment ability. There also must be a commitment from a Mentor who is willing to advise the applicant dur-

ing the term of the loan.

The maximum loan term will be 10 years, but may be less depending upon the type of collateral. Loan funds may be used to purchase livestock, equipment and agricultural facilities. They may also be used in some instances to provide working capital and for a down payment on a farm real estate purchase. They may be used to purchase a share in an existing farm entity (this is not an eligible purpose under FSA loan programs). Refinancing of existing debt is prohibited under this program.

The following is an example of how this program could work with an FSA joint financing direct FO loan:

- Farm real estate purchase of \$300,000.
- FSA joint financing direct FO loan of \$150,000 (subject to availability of loan funds) fixed for 40 years at 5 percent.
- Farmer Friendly Bank loan of \$150,000, \$75,000 of which is provided to the Bank by KAFC at a 3 % rate for a 10 year term. The other \$75,000 is actual Bank funds which will be set up at the Bank's normal rates and terms. The Bank may use a variable rate on its portion of the debt. The Bank may hold a first lien position ahead of the FSA loan on their total debt and their entire debt is eligible for an FSA guarantee, as needed.

This is a program which can be of great help to young farmers trying to establish themselves in business. We encourage you to work in partnership with KAFC and other lenders in utilizing these funds. For more information, contact Tim Hughes, KAFC Marketing and Business Development Coordinator at 502-564-4627, Ext. 232.

USDA Farm Service Agency  
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June 2006

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Farm Service  
Agency online



- My USDA
- USDA Customer Statement  
[www.usda.gov](http://www.usda.gov)

- eLDP
- eDCP  
[www.fsa.usda.gov](http://www.fsa.usda.gov)

- Kentucky FSA NEWS  
[www.fsa.usda.gov/ky](http://www.fsa.usda.gov/ky)

### Special Accommodations

will be made upon request for individuals with disabilities, vision impairment or hearing impairment. If accommodations are required, individuals should contact their local FSA County office.

## Important Dates

- ✓ **June 1** Final Application Date for 2006 DCP
- ✓ **July 4** Independence Day - Federal Offices Closed
- ✓ **July 17** Final date to certify all crops, except small grains
- ✓ **August 1** Final date to file nomination forms at County office. *Nomination forms must be returned to the FSA County Office or be postmarked by August 1*
- ✓ **Sept 1** Final date to apply for coverage under NAP for 2007 on Christmas trees, Crustaceans, Grass-Sod & Finfish
- ✓ **Sept 30** Final date to apply for coverage under NAP for 2007 on Wheat
- ✓ **Nov 3** Ballots mailed to eligible voters
- ✓ **Dec 4** Last day to return completed ballots to the FSA County Office. *Ballots must be returned to the FSA FSA County Office or be postmarked by December 4.*
- ✓ **Jan 1 2007** Elected committee members and alternates take office.