

March 2007

Missouri Producer



Missouri Farm Service Agency

Parkade Center, Suite 225
601 Business Loop 70 W
Columbia, MO 65203
www.fsa.usda.gov/mo

Hours

Monday - Friday
8 a.m. - 4:30 p.m.

State Committee

Don Fisher, Chairman
Julie Hurst
Craig Westfall
Barbara Wilson
Dan Jennings Jr.

Staff

Tim Kelley, State Executive Director
Patty Dick, Administration
Dan Gieseke, Farm Loans
Bo Wendleton, Compliance
Gerald Hrdina, Conservation
Maurine Long, Price Support
Mike Lafolette, Production Flexibility



2006 2nd Advance CC Payments for Cotton & Peanuts

USDA issued second advance 2006 counter-cyclical payments for cotton and peanuts under the Direct and Counter-Cyclical Payment Program.

The first 2006 counter-cyclical advance payments were issued in October 2006. Counter-cyclical payment rates for 2006 are based on supply/demand and price projections from USDA's World Agriculture Supply and Demand Estimates.

Producers of crops that do not meet the market criteria for a counter-cyclical payment will not receive a second partial payment when effective commodity price projections are equal to or more than their respective target prices.

Overpayments to producers can be repaid to USDA, or the computer system will automatically deduct any unearned amount from a producer's future payments.

No 2006 2nd Advance CC Payments for Grains & Oilseeds

Based on supply/demand and price projections from USDA's World Agriculture Supply and Demand Estimates, producers of crops **other than** cotton and peanuts, will not receive a second partial counter-cyclical payment. When effective commodity price projections are equal to or more than their respective target prices; the commodities do **not** qualify for counter-cyclical payments.

Overpayments to producers can be repaid to USDA, or the computer system will automatically deduct any unearned amount from a producer's future payments.

CREP & Continuous CRP Available

There will be no general signups scheduled for the Conservation Reserve Program (CRP) in 2007 or 2008. The President's FY 2008 Budget assumed no available funding for CRP general signups.

However, environmentally sensitive acreage qualifying for the Conservation Reserve Enhancement Program (CREP) or Continuous CRP will still be eligible for enrollment. These targeted programs will remain funded, and continue to provide a heightened environmental benefit on select areas.

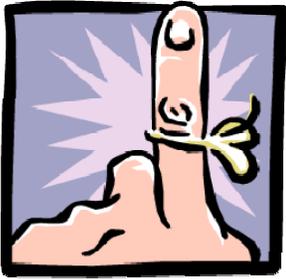
Acreage Reporting

Acreage reporting time will soon be here. Please remember that filing an accurate acreage report for all crops and land uses, including failed acreage and prevented planting acreage, can prevent the loss of benefits for a variety of programs.

Failed acreage must be reported within 15 days of the disaster event and before disposition of the crop. Prevented planting must be reported no later than 15 days after the final planting

date.

Acreage reports are required for many Farm Service Agency programs. For crops other than NAP (Noninsured Crop Disaster Assistance Program) crops, acreage reports are to be certified by the June 30 deadline on small grains and a July 31 deadline on all other crops.



Program Reminders

Acreage reports on crops for which NAP assistance may be paid are due in the county office by the earlier of July 31 or 15 calendar days before the onset of harvest or grazing of the specific crop acreage being reported.

Sodbuster, Swampbuster

Most FSA programs require compliance with sodbuster and swampbuster provisions. These provisions require producers to follow an approved conservation system on all highly erodible land planted to an annual crop as determined by the Natural Resources Conservation Service (NRCS).

Be sure to have determinations made on any new land you plan to plant to annual crops. If you plan to plant a different crop on your current cropland, check with NRCS to assure the new crop will qualify under your conservation system.

Swampbuster provisions state that converting a wetland to make possible the planting of a crop will result in the loss of all USDA benefits. To avoid this possibility it is strongly recommended that producers check with NRCS before starting to work in the fields.

Flexible or Cash Lease

Producers should be careful to differentiate between flexible leases and cash leases when reporting to the Farm Service Agency (FSA).

Flexible leases, in which the producer pays a base rent, and offers a bonus on yield and/or price increase to a landowner, are considered by FSA as share leases. Cash leases specifying a fixed amount, not subject to changes from yield or price are common and the norm across the country. Flexible or hybrid leases are now coming to the attention of FSA.

Each year FSA participants complete form CCC-502 Continuation Sheet for Leased or Owned Land which are subject to spot check. Paying more than what the original lease specifies may violate a producer's CCC-502, if not completed correctly. A violation could make an operator ineligible for Loan Deficiency Payments, commodity loans, Direct Counter-cyclical Payments, or crop insurance.

Example: A lease that is for \$100 acre plus an additional \$40 per acre if the crop exceeds \$4/bushel or 170 bushels corn/acre or \$7/bushel or 40 bushels of soybeans per acre is by FSA procedure a share lease. FSA procedure states that, a lease is a share lease if the lease bases the amount of rent on the quantity of crop produced or the proceeds from the crop, or the interest a producer would have if the crop had been produced.

NAP Application Deadline

March 15 is the deadline date for producers to apply for Noninsured Crop Disaster Assistance Program, or NAP coverage, using Form CCC-471. The application and service fee must be filed by the applicable closing date for each of the 2007 spring seeded NAP crops. To remain eligible for NAP, a producer must annually report the crop, including: type, variety, location, producer shares, date planted, and the intended use (fresh, processed, etc.). Once the crop is harvested the

production must also be reported.

The application service fee is \$100 per crop per county or \$300 per producer per county. The fee cannot exceed a total of \$900 per producer with farming interest in multiple counties. Limited resource producers may request a waiver of service fees.

In the event of a crop failure caused by natural disaster, the producer needs to notify the local FSA office by completing a "Notice of Loss" (form CCC-576). The notice of loss must be executed within 15 days of the date the damage became apparent.

Toll-Free Number

Direct loan borrowers with USDA's Farm Service Agency can now check the status of their accounts around the clock using a new toll-free telephone number.

The toll-free number, 1-888-518-4983, is available in both English and Spanish. The system delivers information on active FSA loans 24 hours a day, 7 days a week.

During the first call to the new system, borrowers will enter their tax identification number or the Social Security Number associated with the loan. They also will need to enter their ZIP code. Borrowers will create a personal identification number for security. Customers must enter their PIN every time they use the system and may change their PIN. The system menu helps users access helpful information. The system may also direct borrowers to contact their local FSA servicing office if action is necessary on their accounts.

Update MILCX Contracts

Dairy operations are reminded to inform the county office of any entity or operation changes that may affect your Milk Income Loss Contract (MILCX). The change from an individual to a corporation or partnership, etc. would require an update to your MILCX and other applicable eligibility forms.

If you have changed creameries or dairy plants and have had your production information sent directly from them in the past, an updated authorization would need to be completed. Contact your local FSA office for additional information.

Honey Loans

Marketing assistance loans and loan deficiency payments for 2005 crop year honey are available until March 31, 2007. The national loan rate for honey is \$0.60 per pound. Market prices currently exceed the loan rate, so LDPs are not available at this time.

To be eligible for a loan, the producer must have produced honey in the United States during the calendar year for which the loan is requested, and extracted the honey on or before Dec. 31 of the applicable crop year; have continuous beneficial interest in the honey through date of repayment of the loan; and been responsible for the financial risk of keeping. Producers are responsible for maintaining the quality of farm-stored honey during the term of the loan.

The honey must be produced in the United States by an eligible producer, from an approved floral source, and stored in approved containers.

The containers must be marked with the producer's name, type of honey, number of container and net weight. Pre-loan inspections are required before the loans can be disbursed.

Honey used as collateral may not be disposed of without approval of the county office staff.

**Selected Interest Rates for
March 2007**

90-Day Treasury Bill	5.00%
Farm Operating Loans — Direct	5.125%
Farm Ownership Loans — Direct	5.375%
Limited Resource Loans	5.00%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	4.00%
Emergency Loans	3.75%
Farm Storage Facility Loans	4.75%
Commodity Loans 1996-Present	6.125%

Dates to Remember

March 15	NAP closing date for spring seeded annual crops.
March 31	Final date to apply for MALs & LDPs for 2006-crop wheat, barley, oats & honey.
Continues	Farm Storage Facility Loans
Continues	Continuous Conservation Reserve program

Facts or Opinions?

Which would you choose to make decisions?

Make the facts known to agriculture's leaders. If asked, please respond to USDA's Agricultural Resource Management Survey.



NASS
Fact Finders for Agriculture
U.S. Department of Agriculture

Crop Insurance Fraud

FSA will be monitoring crop conditions throughout the growing season. FSA will refer all suspected cases of fraud, waste and abuse in crop insurance to the Risk Management Agency. Producers should refer all suspected cases to their local office. Stopping waste and abuse is everyone's responsibility.

The EZ Makes It Easy

The Farm Service Agency now employs the CCC-633 EZ in place of the old CCC-709 and CCC-633-LDP. The EZ form has been created to make the application process more user-friendly.

The CCC-633 EZ is a two-part loan deficiency payment request that allows producers to (1) indicate their intentions to receive LDP benefits *before* losing beneficial interest in the eligible commodity, and (2) submit a request for an LDP at any time during the loan/LDP availability period before or after losing beneficial interest.

The EZ form was developed to cover field direct LDPs, basic LDPs and CCC-cotton AA, and revised to cover basic and field direct LDPs for wool, mohair and unshorn pelts.

By signing the first page of the EZ form, the producer indicates his or her intentions to receive LDP benefits. This one page covers all counties and all eligible harvested commodities for the entire crop year for the individual, joint operation or entity identified on the form.

Once the first page of the form has been signed and submitted, the producer can submit an LDP request by completing page 2 for all harvested commodities, except cotton; page 3 for cotton; or page 4 for wool, mohair and unshorn pelts. The LDP request can be submitted at any time during the loan availability period, before or after losing beneficial interest.

A key point to remember is that page 1 of the EZ form must be signed by the producer before beneficial interest in the commodity is lost. Once beneficial interest is lost the commodity is ineligible for an LDP even if beneficial interest is regained.

All producers are encouraged to submit page 1 of the EZ for each crop year whether or not they plan to subsequently request a loan or LDP.

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