Farm Service Agency

April 2007
Issue 2

Farm Service Agency

Inside this Issue

Farm Service Agency
405 S. Orchard Ave.
Ukiah, CA 95482
(707) 468-9225 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. Of these loans:

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.

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.

Emergency Conservation Program: $4.9 million

This program provides emergency funding and technical assistance for farmers and ranchers to rehabilitate farmland damaged by natural disasters, and for carrying out emergency water conservation measures in periods of severe drought.

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 NAP coverage for 2007, please call the FSA office and request a form.

Lake and Mendocino Counties Eligible for Emergency Loan Assistance

Pursuant to the Secretary of Agriculture's designation of an emergency in the state of California, Lake and Mendocino Counties have been named eligible for USDA emergency farm loans. The following is a list of eligible disasters:

1. S2488: Physical and production losses based on damages and losses caused by extremely low temperatures, freezing conditions, which occurred on January 6, 2007, through January 19, 2007. The authorization for Farm Service Agency (FSA) to accept emergency loan applications under this authorization expires on October 29, 2007.

2. S2474: **Lake County Producers Only**. Physical and production losses based on damages and losses caused by fire, which occurred on September 22, 2006. The authorization for Farm Service Agency (FSA) to accept emergency loan applications under this authorization expires on August 14, 2007.

Farmers have eight months to apply for the loans to help cover part of their actual losses. To be eligible, they must have suffered at least a 30 percent loss of normal production directly related to the above-cited cause; be able to repay the loan and any other loans; be unable to obtain credit elsewhere; have adequate security, and; have multi-peril crop insurance, if available.

All applicants must complete a certification of disaster losses, which reflects the exact date(s) and nature of the designated disaster and how it caused the loss or damage. Crop insurance field reports may be a source for documenting losses directly related to the cited cause.

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.

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.

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.

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.

Mendocino /Lake Farm Service Agency
405 S. Orchard Ave.
Ukiah, CA 95482

Mendocino/Lake County

Committee Members

Richard LaMalfa	Chairperson
Tim Strong	Vice-Chairperson
Walter Stornetta	Member
Dan Campbell	Member
David Mostin	Member
Betty Foster	Advisor

County Executive Director	**Farm Loan Manger**
Katherine Delbar	Belle Davis
Program Technicians	**Farm Loan Technician**
Lesalee Miles-Miller	Karri Bartolomei
Joleen Logan	