



FSA News

North Dakota Farm Service Agency

www.fsa.usda.gov

March 2006

State Executive Director Comments

This is the second State Office issued newsletter. This newsletter contains important information regarding an opportunity to enroll land into the Conservation Reserve Program (CRP) as well as an



opportunity to re-enroll and extend existing CRP contracts.

I would also like to make you aware that this newsletter is available on line at: <http://www.fsa.usda.gov/nd/> If you have any comments or suggestions regarding this newsletter, please pass them on to your local county office. They will forward them to us.

Gary J. Nelson, FSA State Executive Director

Restrictions on Removing CCC Loan Collateral

Producers preparing for spring planting are reminded of Commodity Credit Corporation (CCC) loan restrictions. Grain under CCC loan cannot be

removed without prior authorization or repayment. Unauthorized removal, which includes removal for cleaning for seed or planting, is considered a violation and is subject to monetary and administrative penalties.

The loans are subject to spot check. Determined shortages must be repaid with principal plus interest, and additional monetary penalties plus loss of future loan eligibility and restrictions on LDP's may apply.

Producers planning to remove or clean CCC loan grain should contact their local county FSA office staff for additional information.

If the loan collateral will be sold, producers must contact the county FSA office and obtain a marketing authorization prior to removing the commodity. The marketing authorization may be requested by telephone.

Commodity Loan and LDP Deadline

Producers planning to use the commodity loan program for their 2005 crops are reminded that March 31, 2006 is the deadline for filing applications for the following 2005 crops: wheat, barley, oats,

canola, crambe, flaxseed, rapeseed and honey. March 31 is also the deadline for requesting a loan deficiency payment (LDP) for the crops earning an LDP.

To be eligible for a loan or LDP, a producer must have complied with the annual program requirements for the farm that produced the crop, maintain beneficial interest in the commodity, and not have a delinquent federal non-tax debt.

Commodity loan and LDP applications must be filed with the county FSA office that maintains the farm program records for the farm that produced the crop. Producers interested in a commodity loan or LDP on the above listed commodities should contact their local county FSA office staff prior to the March 31 deadline.

Honey Loans

Nonrecourse honey loans are available on the 2005 crop honey through March 31, 2006. Eligible honey must have been produced in the United States, derived from an eligible floral source, extracted by December 31, 2005 and stored in eligible containers as determined by Commodity Credit Corporation. Steel drums must be new, or reconditioned and free of

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Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotope, etc.) should contact USDA's Target Center at (202) 720-2600 (voice and TDD). To file a complaint of Discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW., Washington, DC 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer

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Eligible producers must have beneficial interest in the honey, reported acreage for any owned or operated cropland, be in compliance with highly erodible and wetland provisions, and not have a delinquent non-tax federal debt.

Honey producers interested in the 2005 crop honey loan program should contact their local county FSA office staff prior to the March 31, 2006 deadline.

Wool LDP's

Loan deficiency payments are currently available for eligible 2006 wool, mohair and unshorn lamb pelts. Eligible wool must have been sheared in calendar year 2006. Eligible unshorn lambs must have been slaughtered in calendar year 2006.

Producers must file applications prior to losing beneficial interest in the wool, mohair or unshorn lambs. Beneficial interest includes maintaining title, control and risk of loss. Producers are considered to have lost beneficial interest in the lambs when they are sold for immediate slaughter. For 2006, a new CCC-633 EZ application is available and must be used for all LDP requests.

Wool applications must specify if the request is for a "graded" LDP or "ungraded" LDP. Graded applications require a copy of the core test results from a CCC-approved testing facility before payment can be issued. Producers cannot change from a graded to ungraded application after submitting a payment request.

Interested producers should contact their local county FSA office for information on LDP application and eligibility requirements.

New LDP Application

A new CCC-633 EZ LDP application is available and must be used for the 2006 crop year. The CCC-633 and the CCC-709 forms are obsolete and will not be accepted for 2006 LDP requests.

The CCC-633 EZ is a multi-part form. Page 1 is the intention to request an LDP and can be filed anytime after January 1. It will cover all farms and commodities in which a producer has an interest for the 2006 crop year. Page 1 must be filed before beneficial interest is lost in the commodity and before a request for payment is completed on pages 2-4. The completion of page 1 does not cause a producer to lose loan eligibility for the commodity. The option of obtaining a loan is maintained until a page 2 or 4 payment request is filed.

Page 2 of the form is used to request the LDP payment for wheat and feed grains, oilseeds, pulse crops and honey. Page 4 is used to request wool, mohair and unshorn pelt LDP payments.

Producers are encouraged to complete the CCC-633 EZ page 1 in order to maintain eligibility for potential 2006 crop LDP benefits.

CRP Re-enrollments and Extensions

Conservation Reserve Program participants who have general signup contracts expiring on September 30, 2007, should have received a letter from the county office explaining their options under the 2007 CRP contract re-enrollment and extension program.

Depending upon their contract's Environmental Benefits Index, producers will have an option to re-enroll their land in a new 10 or 15-year CRP contract or extend their existing contract for five, four, three or two years.

Eligible producers have until April 14 to accept the offer. Participants indicate acceptance by paying an

inspection fee for each contract of \$45 plus \$1 per acre, not to exceed \$500. All contracts that will be extended or re-enrolled must be inspected to verify they are in compliance with contract terms.

Participants may extend or re-enroll all or part of the acreage currently under contract.

Rental rates for extended contracts will be the same as that on the current contract. Rental rates for re-enrolled acreage will be updated.

Please contact the county office staff if you have any questions.

CRP General Sign-Up

Farm Service Agency will be conducting a general sign-up for the Conservation Reserve Program from March 27 through April 14. Cropland under CRP contracts expiring on September 30, 2006 will be eligible to be offered along with cropland currently not enrolled in CRP. All offers to enter into CRP will be ranked based on the environmental benefits index. The contracts on accepted offers will begin on October 1, 2006.

Base Acres Reduced for CRP

There is currently no statutory authority to reinstate reduced crop bases or previously reduced PFC acres to DCP for contracts that expire September 30, 2007 due to the expiration of the 2002 Farm Bill.

DCP Direct Payment Change

Recent legislation changed the amount of advance direct payments producers may receive under the DCP program. Producers who enroll land into the DCP program after February 8, 2006, will receive an advance payment of 40% of the direct payment rather than the previous level of 50%. The balance of the direct payment (60%) will be made in October.



Crop Insurance and NAP Requirements

As a condition of eligibility under the 2001/2002 and 2003/2004 CDP programs, if a commodity was not covered by FCIC or the NAP program during the disaster year, the producer agreed to purchase buy-up crop insurance or NAP coverage for the next two available crop years. If you received a CDP payment on a crop that was not insured under either of the previous two CDP programs make sure that you have purchased the appropriate insurance for the applicable crop years. The 2006 sales closing dates for FCIC and NAP spring crops is March 15, 2006.

Apply for Your Loan Today

The Farm Service Agency 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 you've had a setback and your lender is reluctant to extend or renew your loan.

Loan funds are available now — applying early is important so that a loan can be processed and funded in a timely manner.

Most of our loan programs have special funding available for

minority, female and beginning farmers.

FSA employees will help you complete the necessary application and other forms, and help you understand what information is required, where to find it or who to contact to get it. To find out more about FSA loan programs, contact the county office staff.

For the 2007 crop year, producers will be limited to an advance payment of 22% with the balance being issued in October of 2007.

Selected Interest Rates for March 2006	
90-Day Treasury Bill	4.125%
Farm Operating - Direct	4.875%
Farm Ownership - Direct	5.125%
Limited Resource	5.000%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	4.000%
Emergency	3.750%
Farm Storage Facility	4.500%
Sugar Storage Facility	4.625%
Commodity Loans 1996- Present	5.625%

2005 2nd Advance CC Rates

The Farm Security and Rural Investment Act of 2002 allows for advance counter-cyclical payments in October at 35% of the projected payment and in February at 70% of the projected payment for each fiscal year's CC payments. Based on the projected marketing year prices, USDA is projecting CC payment rates for barley, corn and grain sorghum. The projected rates are:

Barley	\$.15
Corn	\$.40
Grain Sorghum	\$.27

Producers who have requested advance CC payments will be receiving this second advance payment in the next few weeks. Producers who previously had not requested the advance payment

may request the advance payment by June 30 for barley or September 30 for corn and grain sorghum. Final CC payments are issued after the end of the marketing year for the applicable crop – July 1 for barley and October 1 for corn and grain sorghum. No CC payments are projected for wheat or soybeans.

Combination Share Leases

For FSA purposes, leases are considered to be combination share leases if the lease provides for both of the following:

- A guaranteed amount such as a fixed dollar amount or quantity and
- A share of the crop or crop proceeds.

If such a lease exists, both the owner and operator are required to share in the DCP payments.

Foreign Buyers Notification

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. Foreign persons who have purchased or sold agricultural land in the county are required to report the transaction to FSA within 90 days of the closing. Failure to submit the AFIDA form could result in civil penalties of up to 25% of the fair market value of the property. County government offices, realtors, attorneys and others involved in real estate transactions are reminded to notify foreign investors of these reporting requirements

Conservation Compliance

All participants in USDA programs are required to have a conservation system in place on all the highly erodible land (HEL) that they operate. Several areas where problems can arise with complying with a conservation system are; renting new cropland, purchasing

new land, breaking out additional cropland, planting different crops such as soybeans, and changing or removing existing conservation practices. It is very important that you contact the FSA office before doing any of the above. Also, it is very important that you contact our office before modifying - tiling, draining, dredging, filling or leveling - any wetland or drainage ditch. Failure to obtain advance approval for any of these situations can result in loss of all Federal payments and eligibility.

DCP FAV Plantings

Producers with plans for fruit and vegetable (FAV's) plantings in 2006 need to be aware of the FAV planting restrictions on DCP base acreage (Dry peas and Lentils are exempt from the FAV restriction). Producers have the following options when planting FAV's:

1. Plant FAV's on a participating farm's "free acres."
2. Plant FAV's on base acreage of a participating farm that has a farm FAV history and takes an acre-for-acre reduction in the DCP payment. NOTE: Farm FAV history is based on the FAV planting history for 1991-1995 or 1998-2001.
3. Plant FAV's on base acreage of a participating farm without farm FAV history, using the producer's FAV history and takes an acre-for-acre reduction in DCP payment. NOTE: Producer FAV history is based on the producer's planting history of each specific FAV crop.
4. Plant FAV's on a nonparticipating farm.

Agricultural Economic Survey Measures Farm Financial Health

North Dakota agricultural producers will have the opportunity to "let the facts be known" by participating in the 2005 Agricultural Resource Management Survey conducted by USDA's National Agricultural Statistics Service (NASS). This survey provides the leading

economic indicators about the agricultural industry used by members of the agricultural community and their legislators when making important decisions that support America's farmers and ranchers such as the 2007 Farm Bill.

Farm Production Expenditures, the first report with results from the survey, will be released in August 2006. For a copy of the finished report or to obtain other agricultural statistics, visit the National Agricultural Statistics Service website at www.usda.gov/nass/ or call 1-800-626-3134.

Dates to Remember	
March 15	Deadline to purchase Noninsured Assistance Program Coverage.
March 31	Final loan and LDP availability date for 2005 wheat, barley, oats, canola, crambe, flaxseed, rapeseed and honey.
April 14	CRP contract re-enrollment or extension deadline.
May 29	FSA Offices closed for Memorial Day.
May 31	Final loan and LDP availability date for corn, dry peas, grain sorghum, lentils, mustard, safflower, small chickpeas, soybeans and sunflowers.
June 1	Deadline to timely enroll in the 2006 DCP.
July 15	Deadline to file a timely acreage report (FSA-578) for 2006