



December 2006

### State Executive Director Comments

Greetings,

This will be the final issue of FSA



News for 2006. It is my hope that you find the newsletters to be timely, useful and informative. As always, feel

free to make comments or suggestions regarding the content or format of the newsletter to your local FSA Office. They will forward them to the State Office for consideration.

I would like to wish each of you a Merry Christmas and a joyous New Year.

Gary J. Nelson, FSA State Executive Director

### County Committee Elections

County Committee Elections have been run in all counties. Ballots are required to be returned to the county office or postmarked by December 4. Ballots will be opened no later than December 11. Contact your local county office for the exact time ballots will be opened for your county. The opening time was also listed on your ballot. Information regarding election of COC members is for public information and will be available from your county office after the ballots are opened.

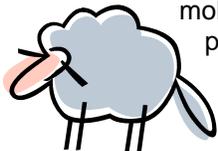
### Dairy Indemnity Program

Dairy producers who are required by a public regulatory agency to remove their milk from the commercial market due to contamination by pesticides, toxic substances or chemical residues may be eligible for payments under the Dairy Indemnity Payment Program. Applications for losses during the fiscal year ending October 31 must be filed by

December 31, 2006. Additional information is available at local county FSA offices.

### Wool/Mohair Deadline

The deadline for 2006 wool and mohair loan applications and wool, mohair and unshorn pelt LDP applications is January 31, 2007. Eligible wool or mohair must have been shorn in calendar year 2006. Eligible unshorn lambs must have been sold for slaughter in calendar year 2006. Applications must be received in the county FSA office on or before the January 31 deadline.



### 2006 Crop Production Evidence

Producers who obtained a certified LDP or repaid a commodity loan at the market repayment rate without production evidence are subject to spot check. If selected for spot check, acceptable evidence must be provided to prevent a refund of the LDP payment or refund of the market gain.

Acceptable forms of evidence include a paid for measurement service, assembly sheets or delivery evidence, cleaning tickets, warehouse receipts and warehouse scale tickets (not weight tickets). The evidence must contain the producer's name, the crop year, commodity, net weight and net bushels or cwt, and class, if applicable. If the commodity has been sold, the evidence must include the date of sale and proof of payment from the buyer.

If stored at a warehouse and a warehouse receipt is not presented for the stored production when the

LDP is requested, the evidence must include the statement from the warehouseman; "Title and control remains with the producer and a negotiable warehouse receipt can be issued to the producer for the quantity physically delivered to the warehouse."

Dry pea production evidence must also include the following statement: "Sample contains \_\_\_% of whole, broken, or pieces of peas" with the percentage identified.

### Hulless Barley and Hulless Oats

Effective for the 2007 and subsequent crops, hulless barley and hulless oats will **not** be eligible for CCC loans or LDP's. CCC has determined that hulless barley and hulless oats do not meet the U.S. Standards for Grain for classification as barley and oats. The announcement is being made now so that producers are aware of the ineligibility when planning for the 2007 crop season.



### Restrictions on Removing CCC Loan Collateral

Producers are reminded of Commodity Credit Corporation (CCC) loan restrictions. Grain under CCC loan cannot be removed without prior authorization or repayment. Removal and disposition without written authorization or repayment, which includes moving to nondesignated bins, feeding, using for seed, or delivery to a buyer, is considered a violation and is subject to monetary and administrative penalties.

Commodity 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.

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 and can be obtained for a 15 or 30 day authorization period.

Producers planning to remove or sell CCC loan commodities should contact their local county FSA office staff for additional information prior to removal of the loan collateral.

**Farm Storage Facility Loans**

Farm storage facility loans (FSFL) are available for construction of storage and handling equipment. New structures and permanently affixed handling and drying equipment are eligible for loan as determined by the county



committee. Loan term is 7 years and requires a 15 percent downpayment. The interest rate is based on the CCC rate in effect during the month the loan application is approved. New loan amounts, plus the aggregate balance of all outstanding FSFL loans cannot exceed \$100,000.

Loan processing and approval can take up to 90 days from the time the application is received. Producers intending to use the FSFL program for construction in 2007 should contact their local county FSA office staff as soon as possible to review loan eligibility and application requirements.

**Faxed Signatures Accepted**

As of November 23, 2005, producers are allowed to fax signed documents to FSA for participation in various programs.

Selected Interest Rates for November 2006	
90-Day Treasury Bill	5.000%
Farm Operating - Direct	5.250%
Farm Ownership - Direct	5.500%
Limited Resource	5.000%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	4.000%
Emergency	3.750%
Farm Storage Facility	4.625%
Sugar Storage Facility	4.875%
Commodity Loans 1996-Present	6.000%

**2007 DCP Signup OnLine**

Producers with Level 2 eAuthentication may signup for the 2007 DCP program online at [http://www.fsa.usda.gov/egov/edc\\_p\\_default.htm](http://www.fsa.usda.gov/egov/edc_p_default.htm).

If you currently do not have Level 2 access and wish to complete the 2007 DCP signup process online, you need to complete the online registration at <http://www.eauth.egov.usda.gov>, and then visit your local FSA office for identity verification.

**FSA Direct Loan Year-End Analysis**

As part of its supervised credit role, FSA requires Direct Loan borrowers to provide updated financial information periodically and participate in an annual review of their operation by FSA. This is commonly referred to as a Year-End Analysis. The FSA also completes a comprehensive evaluation of the real estate and chattel property used in the operation, the farm business organization and key personnel, and any planned changes to the operation. FSA will then identify and prioritize training and supervisory needs and help the borrower complete a plan of

supervision to assist the producer in achieving financial viability. FSA employees can help you complete the necessary forms and help you to understand what necessary information is required to complete the Year-End Analysis. Due to the increase in workload throughout the State of North Dakota, FSA borrowers are encouraged to complete the Year-End Analysis as soon as possible. Please contact your local FSA office to set up a time to complete your Year-End Analysis.

FSA provides temporary credit to its direct loan borrowers; therefore, all borrowers are required to refinance their loans with a private, commercial lender when they are financially able to do so.

**2007 DCP Signup**

Signup for the 2007 DCP began on October 1, 2006, and will end on June 1, 2007. When completing the signup for 2007, a 22% advance payment can be requested for 2007 direct



payments. Producers may elect any month from December 2006 to September 2007 for advance payments. However, each farm must be annually enrolled in the program before 2007 payments can be issued. Producers may also request an advance counter-cyclical (CC) payment; however, there is the possibility that an advance CC payment will have to be refunded. Producers are eligible for CC payments if the effective prices for each eligible commodity are less than their respective target prices set in the 2002 Farm Bill. For each DCP commodity, the payment formula is the applicable payment rate (Direct/CC) times 85% of the crop's base acreage times the applicable farm payment yield (Direct/CC).

## Signature Requirements on CCC-509

All parties that share in the crop must sign the CCC-509. If the farm is cash leased, the owner will be recorded with a '0' share of the crop. The lessor must provide the following to the County Office:

- The landowner's signature to zero share on the CCC-509
- Written lease, rental arrangement, or other document signed by the owner that proves that the producer has the land cash leased for the fiscal year.
- Cash rent certification statement only if both of the following apply:
  - A producer is requesting a payment after **June 30**
  - The farm was cash leased by the producer in the previous fiscal year and the producer was designated to receive payment of the CCC-509 for that same year.

## Farm Changes

To ensure accuracy of farm records, it is very important that you notify the FSA office of all land



ownership and address changes as soon as they occur. A copy of the applicable recorded deed should be provided to complete land ownership changes. Failure to notify FSA of farm changes may result in refunds of program payments.

Farm changes may include items such as:

- Address changes
- Change in bank accounts

- Land purchases or land sales
- Land leases
- Additional members added to an operation
- Changing from an individual to an entity
- Name changes
- Deaths of landowners
- Deaths of members in an operation

## Power of Attorney

Before accepting a signature on any program or related documents on behalf of another, FSA is required to verify that signature authority is on file in the County Office. Producers wishing to appoint an attorney-in-fact to act on their behalf for FSA and CCC programs must complete the FSA-211, Power of Attorney (POA) form. Signature of the grantor must either be witnessed by an FSA employee or be notarized by a valid Notary Public.

## Combination Share Leases

For FSA purposes, a lease is considered to be a combination share lease, 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.

## Bank Account Changes

All FSA payments may be electronically transferred into your bank account. In order to make timely payments, you need to notify the office if you close your account or if another financial institution purchases your bank. Payments can be delayed if we are not aware of changes to your account and routing numbers. It is important that any changes in a

producer's account such as type account, bank mergers, routing number or account numbers be provided to the county office promptly to avoid possible payment delay.

## POA for Incapacitated Individuals

If an individual is declared incompetent and a conservator has been appointed by the court to act on behalf of the incompetent individual, the conservator may sign FSA and CCC documents by providing a copy of the court order.

If a conservator has not been appointed, a non-FSA power of attorney (POA) form for the incapacitated individual will be acceptable when all of the following apply:

- The grantor can not complete an FSA-211 due to the incapacitation
- The individual appointed as an attorney-in-fact on the non-FSA POA form signs and dates a certification form at the FSA Office.
- A copy of the non-FSA POA form is provided to FSA
- The Regional Attorney for FSA approves the non-FSA POA form.

## Spouse Signatures

Husbands and wives may sign documents on behalf of each other for FSA and CCC programs in which either has an interest. This option is automatically available unless a written request for exclusion is made to the county office staff by either spouse.

There are exceptions to the rule. Spouses may not sign FSA-211s on behalf of each other or sign on behalf of the other as an authorized signatory for partnerships, joint ventures, corporations or other similar entities. Spouses must have a

power of attorney on file or sign personally for claim settlements, such as promissory notes, and on security documents for price support loans.

**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.

**Controlled Substance**

Any person who is convicted under federal or state law of a controlled substance violation could be ineligible for USDA payments or benefits. Violations include possession, trafficking, planting, harvesting or growing a prohibited plant. Prohibited plants include marijuana, opium poppies and other drug producing plants.

Dates to Remember	
December 4	Deadline to postmark County Committee Election Ballots
December 25	FSA Offices closed for Christmas
January 1	FSA Offices closed for New Years
January 31	Wool and mohair Loan/LDP deadline.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.)

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