



# FSA News

North Dakota Farm Service Agency

www.fsa.usda.gov

January 2007

## State Executive Director Comments

Greetings,

This month's newsletter is being sent to both owners and operators across North Dakota. Since we started printing and mailing the newsletter from the North Dakota State FSA Office, we have only been mailing to farm operators. If you are an owner and would like to receive every issue of the newsletter, please



follow the instructions that are provided in this newsletter for making such a request.

The coming year should be an exciting one for both FSA and producers. The current Farm Bill is set to expire on September 30. The debates will soon begin as new Farm Policy is drafted. I am also hopeful that weather conditions are favorable for crop production in 2007.

I would like to wish each of you a happy and prosperous New Year.

Gary J. Nelson, FSA State Executive Director

## Newsletter Recipients

If you are a farm owner but not an operator, you are receiving the first issue of the FSA News from the North Dakota Farm Service Agency. The State Office took over the printing and mailing of FSA newsletters in February of 2006 in an effort to reduce costs. The newsletter is mailed approximately 9 times a year. It is our intention to mail all newsletters to farm operators and to include farm owners in one mailing a year.

If you would like to receive each issue of the newsletter, please mail your request to the North Dakota State FSA Office at 1025 28<sup>th</sup> ST S, Fargo, ND 58103. Please be sure to include your name and mailing address in the request.

## Change in Farming Operation

If you have bought or sold land, or if you have picked up or dropped rented land from your operation, make sure you report the changes to your county office as soon as possible. A copy of the deed or recorded land contract for purchased property should be provided to the COC. Failure to maintain accurate records with FSA on all land you have an interest in can lead to possible program ineligibility and penalties. Making the record changes now will save you time in the spring.

## Continuous Enrollment in CRP

Land owners and operators may enroll land into CRP on a continuous basis if the land is eligible for certain CRP practices.

The most common practices for continuous CRP signup include field and farmstead windbreaks, salt tolerant vegetative cover and filter or buffer strips.

There are also a number of conservation practices that are available to protect wetlands and provide for wildlife habitat.

Recently, the Duck Nesting Habitat practice was made available as a continuous CRP signup option. This practice is available in areas that have a potential duck nesting density of 25 or more nesting pairs per square mile. Those areas are shown on the map below.



CRP contracts for acreage enrolled under the duck nesting habitat practice may be for a period of 10 to 15 years. The participant will restore wetlands and establish suitable nesting cover. Participants will receive annual rental payments, cost share to establish the habitat and an incentive payment to restore wetlands.

Additional financial incentives to participate in the program are being offered by the North Dakota Game and Fish Department, Ducks Unlimited and ND Natural Resources Trust.

## COC ELECTIONS

The County Committee elections which were held in December are now complete. Results of the election for your county may be obtained by contacting your local county office.

## 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).

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

### Possible Payment Delays

County Offices are currently conducting an extensive review of various eligibility files and a review of signature authorities. In some instances this review may result in a delay of payments. We ask for your understanding and apologize for any inconvenience that the delay may cause.

## Loans Available for Socially Disadvantaged Farmers/Ranchers

The Farm Service Agency (FSA) can make and guarantee loans to socially disadvantaged applicants to buy and operate family-sized farms and ranches. Funds for these loans are reserved each year.

A socially disadvantaged applicant is one of a group whose members have been subjected to racial, ethnic or gender prejudice because of his or her identity as a member of the group without regard to his or her individual qualities. For purposes of this program, socially disadvantaged groups are women, African Americans, American Indians and Alaskan Natives, Hispanics, and Asians and Pacific Islanders.

Direct loans are made to applicants by FSA for both farm operating and farm ownership loans. Guaranteed loans may also be made for ownership or operating purposes, and may be made by any lending institution subject to Federal or State supervision (banks, savings and loan associations, and units of the Farm Credit System) and

guaranteed by FSA. Typically, FSA guarantees 90 or 95 percent of a loan against any loss that might be incurred if the loan fails.

Persons who are primarily and directly engaged in farming and ranching on family-sized operations may apply.

Socially disadvantaged loan applicants do not receive automatic approval. Individual applicants under this program must meet all requirements for FSA's regular loan program assistance. Contact your local FSA Office for a full discussion of your circumstances to determine if you may be eligible.

## General Information on FSA Loans

The Farm Service Agency (FSA) makes direct and guaranteed farm ownership (FO) and operating loans (OL) to family-size farmers and ranchers who cannot obtain commercial credit. FSA also makes loans to individual rural youth to establish and operate income producing projects of modest size in connection with 4-H clubs, FFA, and similar organizations. FSA also provides emergency loans to help producers recover from production and physical losses due to drought, flooding, and other natural disasters.

FSA Farm Loan Program assistance is available to eligible applicants who:

- Are unable to obtain conventional credit.
- Will be the owner or renter of a farm not larger than a family-sized farm.
- Have sufficient training and/or experience in managing and operating a farm.
- Are citizens or lawfully admitted aliens.
- Show repayment ability for the requested loan.
- Show sufficient security for the requested loan.

Other eligibility requirements apply to certain loan types. Contact your local FSA Office for a full discussion of your circumstances to determine if you may be eligible.

### Selected Interest Rates for January 2007

90-Day Treasury Bill	5.125%
Farm Operating - Direct	5.125%
Farm Ownership - Direct	5.250%
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	4.750%
Commodity Loans 1996-Present	6.000%

## NAP Coverage

The Non-Insured Crop Disaster Assistance Program (NAP) was designed to reduce financial losses that occur when natural disasters cause a catastrophic loss of production or prevented planting of an eligible crop by providing coverage equivalent to catastrophic (CAT) insurance. The Statute limits NAP to each commercial crop or agricultural commodity, except livestock for which

CAT is not available, and is produced for food or fiber.

The application deadline date for **the 2007 spring planted NAP** crops is March 15. Producers who already have coverage on prior year NAP crops may choose to continue coverage on the same crop or crops for **2007**,



if the applicable service fee is submitted by the application closing date. A new CCC-471, application for coverage is not required to be signed when applying for continuous coverage of the same crop or crops.

Producers who choose to add a new crop(s) or delete a crop(s) from previous year's coverage or changing crop shares must file a new CCC-471 with signatures and pay the applicable service fee.

### 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 down payment. 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.

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.

### Beneficial Interest

Producers must have beneficial interest in a commodity in order to be eligible for a loan or LDP on the commodity. To maintain beneficial interest, a producer must retain control of the commodity and title to the commodity. For loan deficiency payments, beneficial interest must be retained by a producer from the time of planting of the commodity through the date that the loan deficiency payment application is requested. For loans, beneficial interest must be maintained from the time of planting through the date the loan is repaid.

Beneficial interest will be considered lost upon delivery to any location off the farm that does not have a CCC storage agreement or a State or Federal warehouse license. That means that producers will be considered to have lost beneficial interest on the date of delivery to feed lots, seed plants, ethanol plants and any other location without a CCC storage agreement, or that do not have a State or Federal warehouse license. Contracts for sale with the storing warehouse may contain restrictions that also cause beneficial interest to be lost at a time specified in the contract. Additional information concerning beneficial interest requirements is available at local county FSA offices.

### LDP Applications

LDP applications can be filed in person, by fax or through the eLDP process. A new CCC-633 EZ LDP (06-07-06) application is available and must be used for all LDP requests.

Producers must file the CCC-633 EZ page 1 prior to loss of beneficial interest in order to maintain eligibility for LDP's. The page 1 must be filed before the page 2, request for payment is filed. The page 1 can now be filed for the 2007 crop year. Completion of the CCC-633 EZ page 1 does not cause a producer to lose loan eligibility. However, when the CCC-633 EZ page 2 payment request is filed, the requested quantity on the page 2 is no longer eligible for loan. A loan and LDP cannot be obtained on the same quantity. Additional information may be obtained at the local county FSA office.

### Payment Limitation/Eligibility

USDA payments and benefits are subject to payment eligibility and limitation provisions as defined by law. Producers applying for certain program benefits are required to complete a CCC-502, Farm Operating Plan for Payment Eligibility Review. A farm operating plan, however, is not required to be filed annually if the farming operation continues to be conducted as reflected on the existing farm operating plan and supporting documents are on file in the county office. If any changes occur that could affect a "person," "actively engaged in farming," "cash-rent tenant," "foreign person," or "average adjusted gross income" determination, producers must timely notify the County Office by filing revised farm operating plans and/or supporting documentation, as applicable. Program benefits will not be provided until all required forms are provided and necessary determinations have been made.

A determination of not "actively engaged in farming" will result in the producer being ineligible for many program benefits issued by USDA including DCP and CRP payments, loan deficiency payments, and marketing loan gains.

The following are limitations for various programs administered by FSA:

Payment Type	Limitation
Direct DCP Payments on Covered Commodities	\$40,000
Counter-cyclical DCP Payments on Covered Commodities	\$65,000
Marketing Loan Gains and Loan Deficiency Payments (LDP's)	\$75,000
Conservation Reserve Program (CRP)	\$50,000
Non-insured Assistance Program (NAP)	\$100,000

Spouses may be considered separate "persons" for payment limitation purposes if this determination is requested and applicable requirements are met. Entities such as corporations, limited partnerships, trusts and estates are required to provide names, addresses, and ID numbers of their members. All CCC-502's are subject to spot check through FSA's end-of-year review process. If

**Payment Limitation/Eligibility (continued)**

selected for spot check, producers will be asked to submit proof of their contribution to the operation such as seed, fertilizer and chemical bills, land lease agreements, land contracts or property tax payments, equipment lists, cancelled checks for expenses, and any other items deemed necessary for conducting the review. The producer is required to provide these items for the spot check so that the FSA county committee can determine whether or not the farming operation was actually performed as certified on the CCC-502.

Producers will be ineligible for any commodity, conservation, or price support program benefit if their AGI exceeds \$2.5 million, unless 75% or more of the AGI is from farming, ranching or forestry. Noncompliance with the adjusted gross income (AGI) provisions, either by exceeding the \$2.5 million limitation or by failure to submit the applicable certification statement will result in the determination of ineligibility for all program benefits subject to AGI. Program benefits shall be reduced in an amount that is commensurate with the direct and indirect interest held by an ineligible individual or entity in any entity, general partnership, or joint operation that receives benefits subject to the average AGI limitation.

**New Measurement Service Rates**

Measurement service rates for acreage and bin measurements have recently changed. The mandatory rate for measurement service requiring an on-site farm visit is a \$30 basic farm fee plus \$16 for the first hour and \$8 for every 30 minutes after the first hour. Producers will be charged for a minimum of 1 hour; therefore, the minimum measurement service charge will be \$46. Any mileage charge is included in the basic farm rate; therefore, there is no charge for mileage. The rate was established to recover expenditures in



performing the services. The hourly charge begins when the employee leaves the County Office and ends when the employee returns to the County Office. The hourly rate is rounded to the nearest 30-minute increment after the first hour when computing costs. The mandatory rate for measurement service using digital imagery when a farm visit is not conducted is a \$15 basic farm fee and \$8 per half hour. Producers will be charged for a minimum half hour.

Dates to Remember	
January 15	FSA Offices Closed for Birthday of Martin Luther King, Jr.
January 31	Final date to request loan or LDP for wool and mohair sheared between January 1 through December 31, 2006.
January 31	Final date to request LDP for unshorn pelts for unshorn lambs slaughtered between January 1 through December 31, 2006.
February 19	FSA Offices Closed for Washington's Birthday
March 15	NAP Sales Closing Date for Spring Crops.

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Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, 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.