



March 2007

### State Executive Director Comments

Greetings,



At the time we issued the last newsletter in mid-January, we were marveling at what a mild winter we were having. Needless to say, our perspective has changed a bit since then. Before we know it, spring will be here and field work will begin. Hopefully the weather will cooperate, and we will get much needed moisture in the areas of the State that are short and that crops can be seeded at their optimum time across North Dakota. Yes, hope does spring eternal!

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 2006 crops are reminded that March 31, 2007 is the deadline for filing applications for the following 2006 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 nontax 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 2006 crop honey through March 31, 2007. Eligible honey must have been produced in the United States, derived from an eligible floral source, extracted by December 31, 2006 and stored in eligible containers as determined by Commodity Credit Corporation. Steel drums must be new, or reconditioned and free of rust and dents, and contain an inside food lining.

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 2006 crop honey loan program should contact their local county FSA office staff prior to the March 31, 2007 deadline.

### Wool LDP's

Loan deficiency payments are currently available for eligible 2007 wool, mohair and unshorn lamb pelts. Eligible wool must have been sheared in calendar year 2007. Eligible unshorn lambs must have been slaughtered in calendar year 2007.

Producers must file applications prior to losing beneficial interest in the wool, mohair or unshorn lambs. Beneficial interest includes maintaining title and control. Producers are considered to have lost beneficial interest in the lambs when they are sold for immediate slaughter. The CCC-633 EZ application, page 1, must be completed prior to loss of beneficial interest in the commodity.



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.

### LDP Applications

The CCC-633 EZ LDP application is a multi-part form. Page 1 is the intention to request an LDP and can be filed now for the 2007 crop year. It will cover all farms and commodities in which a producer has an interest for the 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.

All producers sharing in 2007 crop production are encouraged to complete the CCC-633 EZ page 1 in order to maintain eligibility for potential 2007 crop LDP benefits. Farm operators should contact their owners who receive crop shares to encourage them to complete the page 1.

### 2007 Crop Loan Rates

The 2007 crop commodity loan rates are available at any county FSA office, or online at: <http://www.fsa.usda.gov/FSA> and clicking on the "Price Support" link.

### Farm Rescue

Have you or someone you know experienced a major injury or illness? Now is the time to apply for free spring planting assistance from Farm Rescue. The application deadline has been extended to April 1, 2007. Call 701-526-0947 or visit [www.farmrescue.org](http://www.farmrescue.org) to obtain an application.

### Toll-Free Number for Borrowers

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.

Selected Interest Rates for March 2007	
90-Day Treasury Bill	5.000%
Farm Operating - Direct	5.125%
Farm Ownership - Direct	5.375%
Limited Resource	5.000%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	4.000%
Emergency	3.750%
Farm Storage Facility	4.750%
Sugar Storage Facility	5.000%
Commodity Loans 1996-Present	6.125%

### Farm Service Agency - Farm Loans

#### Overview

The Farm Service Agency (FSA) makes and guarantees loans to family farmers and ranchers to purchase farmland and finance agricultural production. Farmers may apply for direct loans at FSA local offices or USDA Service Centers. Guaranteed loans are also available from local commercial lenders who apply for loan guarantees from FSA.

#### FSA Farm Loans

FSA's loan programs are designed to help family farmers who are temporarily unable to obtain private, commercial credit. In many cases, these are beginning farmers who have insufficient net worth to qualify for commercial credit. In other cases, they are farmers who have suffered financial setbacks from natural disasters, or who have limited resources with which to establish and maintain profitable farming operations.

Some farmers obtain their credit needs through the use of loan guarantees. Under a guaranteed loan, a local agricultural lender makes and services the loan; and FSA guarantees it against loss up to a maximum of 90 percent in most cases. In certain limited circumstances, a 95-percent guarantee is available. FSA has the responsibility of approving all loan guarantees and providing oversight of lenders' activities.

For those unable to qualify for a loan guarantee from a commercial lender, FSA also makes direct loans, which are serviced by an FSA official. FSA has the responsibility of providing credit counseling and supervision to its direct borrowers by making a thorough assessment of the farming operation. The Agency evaluates the adequacy of the real estate and facilities, machinery and equipment, financial and production management, and the farmer's goals. The weaknesses in all phases of the operation are identified and prioritized. An FSA official then works one-on-one with the farmer to develop a plan of supervision that will help overcome those weaknesses and ultimately result in the farmer's graduation to commercial credit.

Unlike FSA's commodity loans, most farm loans must be fully secured and can only be approved for those who have repayment ability.

The eventual goal of FSA's farm loan programs is to graduate its borrowers to commercial credit. Once a farmer is able to obtain credit from the commercial lending sector, the Agency's mission of providing temporary, supervised credit is complete.

Additional information may be obtained at local FSA offices or through the FSA Web site at [www.fsa.usda.gov](http://www.fsa.usda.gov).

### 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.

### 2007 DCP Rates (Revised 6/06)

The Farm Security and Rural Investment Act of 2002 established the following payment rates for 2007 for each of the eligible commodities:

Wheat	\$0.52/bushel
Corn	\$0.28/bushel
Grain Sorghum	\$0.35/bushel
Barley	\$0.24/bushel
Soybeans	\$0.44/bushel
Oats	\$0.024/bushel
Other Oilseeds	\$0.0080/lb

### CDP Linkage

As a condition of receiving benefits under the 2003/2004 Crop Disaster Program, many producers are required to purchase Federal Crop Insurance or a Noninsured

Assistance Program (NAP) policy. If producers fail to obtain the necessary crop insurance policy or NAP policy, the 2003/2004 Crop Disaster Program Payment will have to be refunded. If you have any questions on which policies you are required to purchase, please contact FSA.

### 2007 NAP

The Noninsured Assistance Program (NAP) provides financial assistance to eligible producers affected by a natural disaster. The program covers crops for which Federal Crop Insurance is not available.



NAP covers losses greater than 50% of your expected production, based upon your approved yield and reported acreage. To apply for 2007 crop coverage, producers must complete a CCC-471 application for coverage and pay the service fee. The application and service fee must be filed by the applicable sales closing date. The service fee is \$100 per crop per county or \$300 per producer per county, not to exceed \$900 per producer in all counties.

The deadline to purchase NAP coverage for spring crops is approaching. Producers must purchase NAP policies for spring seeded crops by March 15, 2007.

### 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 the 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.

### No General CRP Signups in 2007 and 2008

Secretary of Agriculture, Mike Johanns, has recently announced there will be no general signups scheduled for the Conservation Reserve Program (CRP) in 2007 or 2008.

However, landowners may continue to enroll land under the Continuous CRP signup provisions. These targeted programs will remain funded and continue to provide a heightened environmental benefit on select areas.

Some of the Continuous signup practices are field and farmstead windbreaks, filter strips, riparian buffers, wetland restorations and duck nesting habitat. Wetland restoration and duck nesting habitat practices have State acreage allocations. Contracts will be approved for those practices until the allocations have been reached or the programs are no longer authorized.



**FSA Assists RMA**

FSA county office staff will be assisting Risk Management Agency and insurance providers in monitoring crop conditions throughout the growing season. FSA staff will be making two inspections; one during the growing season and one during the time harvest is normal for the crop.

The staff will be checking to see if reported crops have been planted and cared for in a workmanlike manner. All suspected cases of fraud, waste, and abuse of the Federal Crop Insurance Program will be referred to RMA. Producers may report suspected cases of fraud, waste, and abuse to the county office staff, RMA office or Office of Inspector General.

FSA will assist RMA with auditing claims.

**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.



Dates to Remember	
March 15	NAP Sales Closing Date for Spring Crops.
March 31	Final loan availability date for 2006 crop wheat, barley, oats, canola, crambe, flaxseed, rapeseed and honey

**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.

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.

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