



April 2008

## State Executive Director Farm Bill Comments

As this goes to print, Congress still has not completed action on the new Farm Bill. We are hoping that action will be completed soon and the President will sign the legislation.



After that occurs, employee training will need to be completed and software developed and distributed to the county offices. We anticipate that this process could take 60 to 90 days after the legislation is signed before programs can be implemented.

Regardless of the status of the Farm Bill, Spring is on its way. Many of you are in the field and more will be soon. We wish you a safe and productive 2008 crop season.

*Gary J. Nelson, FSA State Executive Director*

## Crop Disaster Program

The sign-up date for the 2005/2006/2007 Crop Disaster Program (CDP) has been announced and started on October 15, 2007. Eligible farmers can sign-up for the CDP program if they have one or more insured crops that suffered quantity losses of 35% or greater to their insured crops in the years of 2005, 2006 or 2007. The sign-up for Quality Losses will be announced at a later date.

The CDP program provides benefits to farmers who suffered quantity and quality losses to 2005, 2006, or 2007 crops from natural disasters.

Producers who incurred qualifying losses in 2005, 2006 or 2007 must choose only one year to apply for benefits. Producers may apply for benefits for losses to multiple commodities as long as the losses occurred in the same crop year.

Only producers who obtained crop insurance coverage or coverage under the Noninsured Crop Disaster Assistance Program (NAP) for the year of loss will be eligible for CDP benefits. Producers must have suffered quantity losses in excess of 35 percent to be eligible for CDP.

To determine an eligible payment under the quantity loss provision, FSA will use loss records from RMA or the NAP application loss record. In most instances producers should not have to provide production records to FSA. To determine quality loss payments, producers will be required to provide verifiable production records which must clearly indicate the quantity of the crop harvested and the price received for the crop or the price available to the crop had it been sold.

## DCP FAV Plantings

Even though a Farm Bill has not been passed for 2008, and even though FSA cannot with any certainty predict the final terms of what Congress will ultimately adapt, to ensure compliance with pending farm bill proposals, producers with plans for fruit and vegetable (FAV's) plantings in 2008 need to be aware of the FAV planting restrictions that did apply on base acreage (Dry peas and Lentils are exempted from the FAV restriction) during the 2002 farm bill. When planting FAV's, producers had the following options:

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 planting history the producer has of each specific FAV crop.
4. Plant FAV's on a nonparticipating farm.

## Farm Changes

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

## Eligible Commodities and Loan/LDP Final Availability Dates for the 2007 Crop:

Commodity	Final Availability Date
Corn, Dry Peas, Grain Sorghum, Lentils, Mustard, Safflower, Small Chickpeas, Soybeans, Sunflowers	May 31, 2008

### Commodity Loan and LDP Deadline

Producers planning to use the commodity loan program for their 2007 crops are reminded that May 31, 2008 is the deadline for filing applications for the following 2007 crops: corn, dry peas, grain sorghum, lentils, mustard, safflower, small chickpeas, soybeans and sunflowers. May 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 May 31 deadline.

### 2008 Wool/Mohair Program

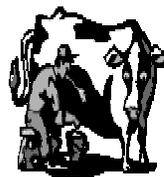
The Consolidated Appropriations Act, 2008, authorized loans for 2008 crop wool and mohair, and LDP's for wool, mohair and unshorn lamb pelts. Eligible wool and mohair must have been sheared in calendar year 2008. Unshorn pelts are eligible for LDP only and the unshorn lambs must have been slaughtered in calendar year 2008. The application period has been extended through April 18, 2008.

Producers are encouraged to file the CCC-633 EZ application for LDP, page 1, prior to loss of beneficial interest. However, through April 18, FSA offices will accept both the page 1 and page 4 on the same date even if beneficial interest was lost prior to filing the page 1. This waiver is only applicable to wool, mohair and unshorn pelt LDP's through April 18, 2008.

Producers interested in a loan on wool or mohair, or an LDP on wool, mohair or unshorn pelts, should contact their local county FSA office staff prior to the April 18 deadline.

## Dairy Disaster Assistance Payment Program – DDAP-III

Signup for the DDAP-III program started March 5, 2008 and ends May 5, 2008.



DDAP-III will help dairy producers recover production losses resulting from a variety of adverse weather conditions. The program provides \$16 million in benefits to dairy producers for production losses that occurred between January 1, 2005, and December 31, 2007, because of qualifying natural disasters.

To be eligible for DDAP-III, dairy producers must have suffered losses in primary and contiguous counties declared or designated a natural disaster. Also, producers in counties receiving an FSA Administrator's Physical Loss Notice determination are eligible. In North Dakota, the qualifying disaster period is January 2, 2005 through December 31, 2007.

Production losses will be calculated using the dairy operation's average production for the base years of 2003 and 2004 and comparing to the disaster year(s) annual production. USDA will calculate payments to eligible producers by multiplying the eligible pounds by the average price received for commercial milk production in the affected areas during the disaster for 2005, 2006 and 2007. If the total amount of funding (less any reserve established for disputed claims) is insufficient to compensate eligible producers for losses, USDA will pay losses at two levels in an effort to more equitably distribute the limited funds and maximize the effectiveness of the program.

When filing an application, dairy producers must provide the average number of dairy cows in the herd for each year of the base period and verifiable production records for each year of the base period. For the loss years, the producer must provide the average number of cows in the herd and verifiable production records to substantiate the marketed production, dumped production if any, and cow purchases or sales during the disaster period.

Dairy producers must maintain records for three years after the date of receiving payment. Additional DDAP-III information may be obtained from local county FSA offices.

### 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.

## **Farm Service Agency – Rural Youth Loans**

The U.S. Department of Agriculture's Farm Service Agency (FSA) makes operating loans of up to \$5,000 to eligible individual rural youths age 10 through 20 to finance income-producing, agriculture-related projects. The project must be of modest size, educational, and initiated, developed and carried out by rural youths participating in 4-H clubs, FFA or a similar organization.

The project must be an organized and supervised program of work. It must be planned and operated with the assistance of the organization advisor, produce sufficient income to repay the loan, and provide the youth with practical business and educational experience in agriculture-related skills.

To qualify for a loan, the applicant must:

- comply with FSA's general eligibility requirements;
- reside in a rural area, city or town with a population of 50,000 or fewer people; and
- conduct a modest income-producing project in a supervised program of work.

These loans can finance many kinds of income-producing agricultural projects. The loan fund may be used to:

- buy livestock, seed, equipment and supplies;
- buy, rent or repair needed tools and equipment; and
- pay operating expenses for the project.

To apply, the applicant must submit completed plans and budgets signed by the project advisor and parent or guardian along with the FSA application for loan assistance. These loans:

- have a maximum loan amount of \$5,000 (total principal balance owed at any one time cannot exceed this amount);
- have an interest rate which is determined periodically, based on the cost of money to the federal government,
- after the loan is made, the interest rate for that loan will not change;
- will be secured, in addition to promissory notes, by liens on the products produced for sale and on chattel property, including livestock, equipment and fixtures purchased with loan funds; and
- have a repayment schedule which varies depending on the type of project for which the loan is made,
- For example, if it involves raising livestock or crops, the loan is paid when the animals or produce are normally sold.

To apply or find out more, visit your local USDA Service Center. A listing of centers, and more information about youth and other loan programs, are available on the FSA website at <http://www.fsa.usda.gov>.

## **Crop Certification**

The annual requirement of reporting to the FSA office can be referred to as crop reporting, acreage reporting, or crop certification. Filing an accurate and timely report for all crops and land uses, including failed acreage, can prevent loss of benefits for a variety of Farm Service Agency programs. The certification form FSA-578, Report of Acreage, must account for all cropland on a farm, whether idle or planted. The producer certification deadline for the 2008 program year in North Dakota is July 15, 2008.

### **CRP & NAP Certification**

Conservation Reserve Program (CRP) acreage must be reported to receive annual rental payments. And, crop acreage for Non-insured Crop Disaster Assistance Program (NAP) must also be reported.

### **Prevented Planting**

Prevented planting needs to be reported no later than 15 calendar days after the final planting date.

### **Failed Acreage**

Reports of failed acreage must be filed before disposition of the crop, and producers must be able to establish to the satisfaction of the county committee that the crop failed and was prevented from being replanted through the normal planting period because of natural disaster conditions.

## **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. For more information about appropriate signature authority, please contact your local FSA county office.

## **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.

Selected Interest Rates for April 2008	
90-Day Treasury Bill	2.250%
Farm Operating - Direct	3.250%
Farm Ownership - Direct	4.875%
Limited Resource	5.000%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	4.000%
Emergency	3.750%
Farm Storage Facility	3.000%
Sugar Storage Facility	4.250%
Commodity Loans	2.625%

**Preventing Fraud, Waste**

The Farm Service Agency and Risk Management Agency are partners in preventing fraud, waste and abuse in the Federal Crop Insurance Program. FSA has been, and will continue to, assist RMA and insurance providers by monitoring crop conditions throughout the growing season. In addition, FSA will refer all suspected cases of fraud, waste and abuse to RMA.

Producers can report suspected cases to the county office staff, RMA or the Office of the Inspector General Hotline: 1-800-424-9121.

**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.

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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.