

April, 2012



## North Dakota FSA eNews

### From the State Executive Director

The spring weather conditions in North Dakota seem to be a month ahead of normal. Many producers have planted a considerable amount of cereal grains and as ground temperatures continue to rise corn seed is setting at many shop doors. A word of wise is to be mindful of federal crop insurance early planting in case you need to replant.

The Food, Conservations and Energy Act of 2008 (2008 Farm Bill) provides average adjusted gross income (AGI) limitations for participants who enroll in certain farm programs. These limitations apply to individuals and legal entities who receive payments, as well as to members of legal entities that receive payments. The Farm Service Agency (FSA) and Internal Revenue Service (IRS) formed a partnership to ensure that only those participants who comply with AGI requirements receive farm program benefits. This data-sharing process maintains the confidentiality and privacy of tax return information while providing FSA information necessary to verify your average AGI certification. Letters are currently being sent to individuals or entities that may have exceeded these limitations for the 2009 and or 2010 program year. If you receive one of these letters, please read it carefully and provide the necessary information within 30 days.

Have a safe and successful 2012 growing season.

### CRP General Sign-up through April 6

Producers are reminded of an opportunity to enroll in the Conservation Reserve Program (CRP) general sign-up 43. Producers who want to offer eligible land for CRP's competitive general sign-up can enroll now through April 6, 2012, at their Farm Service Agency (FSA) service center.

CRP is a voluntary program that assists farmers, ranchers and other agricultural producers to protect their environmentally sensitive land. Producers enrolling in CRP plant long-term, resource-conserving covers in exchange for rental payments, cost-share and technical assistance.

Producers interested in CRP are encouraged to contact their local FSA service center or visit FSA's website at <http://www.fsa.usda.gov/crp> for additional information regarding CRP.

### Equine Operations Now Eligible for Emergency Loans

Equine operations whose primary enterprise is to breed, raise and sell horses are now eligible for loan assistance under FSA's emergency loan program. Emergency loans are part of the farm safety net that will assist eligible producers who suffer losses due to drought, flooding, quarantine or other natural disasters.

Emergency loan funds may be used to:

- Restore or replace essential property;
- Pay all or part of production costs associated with the disaster year (the calendar year in which the disaster occurred);
- Pay essential family living expenses;
- Reorganize the farming operation; and
- Refinance certain debts.

Emergency loans can be made to farmers and ranchers who own and operate land in a county

or contiguous county declared by the President or designated by the Secretary of Agriculture as a disaster area. Producers can borrow up to 100 percent of actual production or physical losses up to a maximum of \$500,000. Terms of the loans include an interest rate of 3.75 percent and repayment over a period of one to 40 years depending on the nature of the loss and the collateral available to secure the loan.

## **New Common Acreage Reporting Dates for FSA and RMA**

For the 2012 crop year, the acreage reporting deadline for both FSA and RMA will be July 15 for the following crops: barley, buckwheat, canola, corn, dry beans, dry peas, flax, forage seeding, grain sorghum, grass seed, millet, mustard, oats potatoes, safflower, soybeans, sugar beets, sunflowers, spring wheat, and all other crops not listed with a November 15 deadline. Beginning with the 2013 crop year, the following crops will have a November 15 reporting deadline for both FSA and RMA purposes: apiculture, perennial forage, PRF, rye, and all other fall-seeded small grains. Therefore, a producer planting winter wheat in the fall of 2012 for harvest in 2013, for example, will have to report that acreage to FSA and RMA by November 15, 2012 for the report to be considered timely filed.

## **2012 Acreage Reports.**

Acreage reports must be filed for all cropland on the farm before any 2012 Direct and Counter-Cyclical (DCP) and Average Crop Revenue Election (ACRE) payments can be made or before eligibility can be established for marketing assistance loans and Loan Deficiency Payments (LDP's). Participants of the Conservation Reserve Program (CRP) and the Non-insured Assistance Program (NAP) must report the specific acreage for which benefits are being requested. Additionally, to be eligible for benefits subject to the Supplemental Revenue Assistance Payment Program (SURE), all crops in all counties must be reported, including non-cropland that will be hayed and/or grazed.

The deadline for submitting a timely filed acreage report is July 16, 2012, as July 15 falls on a Sunday this year. Producers are reminded that filing an accurate acreage report for all crops and land uses, including failed acreage and prevented planting acreage, can prevent the loss of benefits for a variety of programs.

Producers who request prevented planting acreage credit must report the acreage and complete a CCC-576, Notice of Loss, within 15 calendar days after the final planting date for the respective crop as established by RMA or FSA. Producers must establish to the satisfaction of the County Committee that all cropland that was feasible to plant and prevented from being planted was affected by a natural disaster rather than a management decision. Additionally, producers are required to prove that preliminary efforts to plant the crop are evident, such as disking the land or orders for purchase or delivery of seed and fertilizer.

Producers requesting failed acreage credit must report the acreage before disposition of the crop to receive credit for that crop. The County Committee must be satisfied that the acreage was planted under normal conditions, but failed as a result of a natural disaster and not a management decision.

## **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.

## **Preventing Crop Insurance Fraud, Waste, and Abuse**

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. Additionally, FSA will assist RMA with auditing claims.

## **2012 Pulse Crop Loan Rates**

Pulse crop loan rates for crop year 2012 have been announced. Pulse crops include dry peas, lentils, small chickpeas and large chickpeas. Regional loan rates are established for dry peas, lentils and large chickpeas, but not for small chickpeas.

Loan rates for North Dakota are

dry peas \$5.19/cwt.

lentils \$10.55/cwt.

large chickpeas \$11.28/cwt. and

small chickpeas \$7.43/cwt.

Regional dry pea and lentil loan rates reflect market price relationships and average to the national loan rate when weighted by their production. Discounts will apply to feed peas, and grade discounts will apply to pulse crops grading lower than U.S. No. 2. The discounts will be posted to Farm Service Agency's Price Support web page at:

[http://www.fsa.usda.gov/Internet/FSA\\_File/2-lp-grain\\_r01\\_a26.pdf](http://www.fsa.usda.gov/Internet/FSA_File/2-lp-grain_r01_a26.pdf)

## **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.

## **Farm Storage Facility Loans (FSFL)**

Low cost financing for storage facilities is available for qualifying producers to build or remodel farm storage facilities. The loan interest rate changes monthly and is based on the rate of interest charged on Treasury Securities of comparable term. Loan terms are 7, 10 and 12 years depending on the amount of the loan. Real estate liens are required for new loans and aggregate loan balances exceeding \$50,000. Loans are available for the purchase and installation of new, eligible storage facilities or permanently affixed drying and handling equipment or for new components used to remodel existing facilities. Eligible facilities include conventional type bins or remanufactured oxygen-limiting upright and bunker silos, new permanently affixed structures suitable for storing hay and renewable biomass, and new cold storage facilities suitable for storing the fruits and vegetables produced by the borrower. The maximum principal amount of a loan through FSFL is \$500,000. Sign-up is continuous, as long as CCC funds are available.

An FSFL loan must be approved before authorizing delivery of equipment or materials, site preparation, or construction.

## **2012 DCP/ACRE Sign-Up**

2012 Direct and Counter-Cyclical Program (DCP) enrollment is available through June 1, 2012. Here are some IMPORTANT REMINDERS:

- All producers with an interest in DCP base acres must be included on the DCP/ACRE contract and receive a proportionate share of DCP/ACRE payment for the farm.
- All producers receiving a share greater than zero on the DCP/ACRE contract must sign the contract no later than June 1, 2012.
- Advance payments are not authorized in the 2012 DCP/ACRE program, therefore 100% of the farm's direct payment will be issued in October of 2012.

## **Supplemental Revenue Assistance Program (SURE)**

The sign-up for 2010 losses runs through June 1, 2012.

The Supplemental Revenue Assistance Program (SURE) provides benefits for farm revenue losses due to natural disasters that incurred in the crop year 2010. SURE is available to eligible producers on:

- Farms in counties with Secretarial disaster declarations, including contiguous counties, that have incurred crop production or quality losses, or both, and includes all crops grown by a producer nationwide, except grazed crops.
- Any farm in which, for the crop year, the actual production on the farm because of disaster-related conditions is 50 percent or less than normal production of the farm.

Interested producers must contact their county office for the application to be processed.

For more information on the SURE program, please visit your local FSA county office or <http://www.fsa.usda.gov>.

## **2011 ACRE Program – Farm Benchmark Yield Update**

Producers who have a 2011 Average Crop Revenue Election (ACRE) program contract on one or more FSA farms, must complete the FSA-658 (Record of Production & Yield) for each ACRE farm and each covered commodity planted in 2011 by not later than July 15, 2012. Production evidence that can be used to support the certified yields can be from the following sources:

- Crop Insurance loss records
- Sales records (buyer specific)
- Crop Insurance APH data base records
- Farm stored production records, appraisals

## **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. You need to provide a copy of your deed or recorded land contract for purchased property. 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. Update signature authorization when changes in the operation occur. Producers are reminded to contact the office of a change in operations on a farm so that records can be kept current and accurate.

## **Foreign Owners 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 percent 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.

## **FAV / Wild Rice Exception**

Producers may not plant fruits, vegetables (FAVs) or wild rice on base acres enrolled in DCP or ACRE. However, if the farm has a history of planting FAVs or wild rice or if the producer has a history of planting the specific FAV or wild rice, the FAV or wild rice may be planted on base acres. In such cases, the direct and countercyclical payments shall be reduced acre for acre for each base acre planted to FAVs or wild rice.

## **DCP FAV Plantings**

Producers with plans for fruit and vegetable (FAV's) plantings in 2012 need to be aware of the FAV planting restrictions that apply on base acreage (Dry peas, Lentils and Garbanzo Beans are exempted from the FAV restriction). When planting FAV's, producers have 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 take 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 take 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.

## **Important Dates to Remember**

2012 DCP/ACRE Signup – Ends June 1, 2012

2010 SURE Signup – Ends June 1, 2012

2011 ACRE Production Evidence – July 15, 2012

2012 Land and Ownership Changes – August 1, 2012

## **April Loan and Interest Rates**

Operating Loans - 1.25%

Farm Ownership Loans - 3.375%

Farm Ownership - Down Payment Loans - 1.50%

Emergency - Amount of Actual Loss - 3.75%

Farm Storage Facility Loan, 7-Year - 1.500%

Farm Storage Facility Loan, 10-Year - 2.125%

Farm Storage Facility Loan, 12-Year - 2.375%

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