

# MICHIGAN



## Farm Service Agency

Michigan State Newsletter • October 2005

*Michigan Farmers:*

*Welcome to the premiere issue of the Michigan State Farm Service Agency Newsletter. It is our hope to provide you with the information you need to keep you up-to-date on agency programs and activities.*

*Please take the time to review this newsletter and get a better understanding of the many programs available through the Farm Service Agency. Visit us on the web at <http://www.fsa.usda.gov/mi> or call your local county office for more information. FSA is there to assist you in many ways.*

*Please take special note in this issue of information regarding the calendar of events, eLDP's and County Committee Elections. We have also included information regarding loans specially designed for beginning farmers.*

*With our 2005 crop year coming to an end and harvest in full swing, remember to use safety precautions at this busy time.*

*Until our next newsletter,  
Bruce Weir  
Executive Director Michigan FSA*



*State Committee from left to right: Catherine Knoerr, Nancy Dietz, State Committee Chairperson, Jan Voshburg, Robert Zeeb and Roy Hackert*

### Farm Loan Programs

This year has been very busy for Farm Loan staff as we work with clients from across the state to process their loan and servicing requests. FSA has various loan programs to help farmers. Loans are available to purchase cattle, machinery and equipment, provide operating funds for annual expenses, and in some cases purchase or improve real estate property. FSA also offers emergency loan assistance to those adversely impacted by disastrous weather conditions. FSA loans can be tailored to meet your needs. If you have a credit need, please contact your local Farm Loan Manager.

### USDA Nondiscrimination Statement

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 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, 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.

# What is the Continuous Conservation Reserve Program (CCRP)?



The Continuous Conservation Reserve Program (CCRP) is a voluntary enrollment program in which landowners and operators are given the opportunity to establish conservation covers on environmentally sensitive cropland to reduce soil erosion, improve water and soil quality and improve wildlife habitat and food sources. Acreage is placed under contracts that range from 10 to 15 years in length. In return, the participant receives annual rental and maintenance payments, incentives payments for certain practices, and cost share for practice establishment.

To be eligible for enrollment in the

CCRP, participants and acreage must meet certain eligibility requirements. Provided that the eligibility requirements are met, FSA will automatically accept enrollment acreage into the CCRP. As the program name implies, land can be enrolled on a continuous basis any time of the year.

The CCRP is but one component of the Conservation Reserve Program (CRP). Periodically, the USDA conducts whole field enrollment opportunities into the Conservation Reserve Program that are known as General Sign-ups. Under General CRP Sign-ups individual acreage enrollment offers are selected under a

competitive process based on a score known as the Environmental Benefits Index (EBI). The last CRP General Sign-up, the 29th, ended on Sept. 24, 2004. Eligible cropland that was not accepted during that general sign up can be re-offered during the next general sign up or offered under the Continuous Conservation Reserve Program (CCRP).

For more information on the CRP and CCRP enrollment requirements, available practices and program payments, please contact your local FSA office or visit our website at: <http://www.fsa.usda.gov/mi/Conservation>.

## FSA Targets Funds for Socially Disadvantaged Farmers

This special financing program is available for those who are part of a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of the group without regard to their individual qualities. SDA members include women, African Americans, American Indians, Hispanics, Asian and Pacific Islanders and Alaskan Natives.

SDA loan applicants do not receive automatic approval. Individuals must be

U.S. citizens with a satisfactory credit history; have sufficient education, training or experience managing or operating a farm; possess the legal capacity to incur debt; and be unable to obtain credit elsewhere, a positive cash flow and adequate security are also required. Other criteria may also apply.

For more information on this special program, please contact your local Farm Loan Manager.

## Reminder

### Applying for a loan or LDP...

- You must retain beneficial interest in the crop
- complete a CCC-633EZ prior to harvest
- complete a CCC-633LDP before losing beneficial interest
- the CCC-709 is good for grain which is fed or sold directly from the field during harvest.

## Unauthorized Disposition

If loan grain has been disposed of through feeding, selling or any other form of disposal without county office approval, it is considered unauthorized disposition. The financial penalties are severe and producer's name will be placed on a loan violation list for a two-year period. Always call the office before any loan grain is fed or sold.

## Linkage Requirement for Crop Disaster Program

If you received disaster benefits on an insurable crop that you did not have insured, or on a non-insurable crop that you did not carry Non-Insurable Crop Disaster Assistance (NAP) coverage on you are required to purchase insurance (greater than CAT) or NAP, as applicable on that crop for the next 2 available crop years.

Sales closing dates are fast approaching for both Insurance coverage and NAP coverage.

For NAP coverage obtained from

your local FSA Office the following application closing dates are; September 30th for small grains including winter wheat, rye, fall barley, fall speltz, fall mint, and forage (production);

November 20th for apples, apricots, asparagus, blueberries, sweet & tart cherries, cranberries, grapes, nectarines, peaches, pears, plums, raspberries, rhubarb, and strawberries; December 1st for honey and maple sap. There is a service fee of \$100.00 per crop per administrative county;

or \$300.00 per producer per administrative county not to exceed a total of \$900.00 per producer. This fee must be paid each year no later than the application closing date to remain eligible for your disaster payments. Contact your local FSA office for more information and application closing dates for your specific crops.

For crops that are insurable in your specific county contact your insurance agent for sales closing dates or your local FSA office for a list of agents that service your county.

## Marketing Assistance Loans, LDPs

Marketing assistance loans and loan deficiency payments can mean the difference between a good year and a not-so-good year. With that in mind, it is important to comply with the rules.

To be eligible for loans and LDPs, you must comply with conservation and wetland protection requirements; report how you use cropland acreage on the farm and retain beneficial interest while the loan is outstanding; and ensure that the commodity meets CCC minimum

grade and quality standards. Beneficial interest means you retain the ability to make decisions about the commodity; are responsible for loss or damage to the commodity; and have title to the commodity. Once beneficial interest in a commodity is lost, the commodity may be ineligible for loan or LDP—even if you regain beneficial interest. For commodities to be eligible for loans or LDPs, they must have been produced by an eligible producer, be in existence and

in a storable condition and be merchantable for food, feed or other uses as determined by CCC. The quality of the commodity in farm storage must be maintained throughout the term of the loan. Loans mature 9 months after the month in which they are disbursed. Loans can be issued on commodities as soon as it is harvested. The final date to obtain Loans or LDP's on 2005 harvested commodities is March 31, 2006 for small grains and May 31, 2006 for feed grains.

## Loans Specially Designed for Beginning Farmers

FSA provides direct and guaranteed loans to beginning farmers who are unable to obtain financing from commercial credit sources. Each fiscal year, the Agency targets a portion of its direct and guaranteed farm ownership (FO) and operating loan (OL) funds to beginning farmers.

A beginning farmer or rancher is an individual or entity who (1) has not operated a farm or ranch for more than 10 years; (2) meets the loan eligibility requirements of the program to which he/she is applying; (3) substantially participates in the operation; and, (4) for FO loan purposes, does not own a farm greater than 30 percent of the average size farm in the county. (Note: all applicants for direct FO loans must have participated in business operation of a farm for at least 3 years.) If the applicant is an entity, all members must be related by blood or marriage, and all stockholders in a corporation must be eligible beginning farmers.

FSA has a special down payment FO loan program to assist beginning farmers and ranchers to purchase a farm. This program also provides a means for retiring farmers to transfer their land to a future generation.

If you are a beginning farmer and in need of financing, please contact your local FSA office.

## 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 planting, harvesting or growing a prohibited plant. Prohibited plants include marijuana, opium poppies and other drug producing plants.

## Direct and Counter Cyclical Program

**2005 Program Year:** Producers who missed the June 1, 2005 deadline to timely enroll their farm(s) into the 2005 Direct and Counter Cyclical Program (DCP) could still do so by paying a late filing fee of \$100.00 per farm. The final date to late file was September 30, 2005. Contact your local FSA office for more information on your specific situation.

Remember that crop reporting is also a requirement of the DCP program and the dates for timely reporting crops has also passed, however you can still report your acres as long as physical evidence is still in the field, by paying a late filing fee of \$25.00 plus \$0.20 an acres (for measured acres) for each farm late filed.

**2006 Program Year:** Sign up for the 2006 DCP begins on October 1, 2005. When updating the 2006 contract, you may elect to receive your advance direct payments at any time from December 2005 through September 2006.

You may also elect to receive advances on the counter-cyclical payment as follows: You may elect to receive 35% of the projected payment rate to be paid on or after October 2006 and/or you may elect to receive 70% of the projected payment rate, minus any counter-cyclical payment already issued for the covered commodity, to be paid after February 1, 2007. Remember Counter-cyclical payments are authorized only when the effective price for a commodity falls below the target price.

Before advance payments can be made you will need the owner's signature if receiving a share of the payment. If the owner is not receiving a share you must provide a signed rental agreement (i.e. cash lease) from the owner(s) effective for the 2006 crop year.

If you are making any changes whether it is the land you are renting, ownership of a farm or a change in your Farming Operation you will need to contact your local FSA

## Payment Eligibility and Limitation

For most programs administered through FSA, the individual, entity, or entity member is not eligible to receive program benefits if the average adjusted gross income exceeds \$2.5 million and less than 75% of your average adjusted gross income is derived from farming, ranching or forestry operations. USDA payments and benefits are subject to payment eligibility, such as "actively engaged in farming" requirements; cash-rent tenant rule; permitted entity restriction; foreign person rule; average adjusted gross income limitation and payment limitation provisions.

Although annual filings are not required, documents used to determine eligibility are reviewed annually. It is

each participant's responsibility to timely notify the County Office by filing revised farm operating plans and/or supporting documentation, as applicable. Failure to do so may adversely affect eligibility and/or limitation. These changes include renting a new farm, giving up a farm, buying or selling land or other changes. In addition, entities such as corporations, limited liability companies, trusts and estates are required to provide names, address, and ID number of members, and notify FSA of interests as of April 1 and whenever member interests change.

Following are programs requiring payment eligibility or limitation determination, including the maximum payment limitation:

Payment Type	Limitation (In Dollars 2002 through 2007)
Direct payments on covered commodities: wheat, barley, oats, corn, grain sorghum, soybeans, minor oilseeds	\$40,000
Counter-cyclical payments on covered commodities: wheat, barley, oats, corn, grain sorghum, soybeans, minor oilseeds	\$65,000
Loan Deficiency Payments (LDP) & Market Gains, except wool, mohair, and honey:	\$75,000
Wool, mohair, and honey LDP & Market Gains	\$50,000
Conservation Reserve Program (CRP)	\$50,000
Noninsured Crop Disaster Assistance Program (NAP)	\$100,000
Trade Adjustment Act (TAA)	\$10,000 (may be adjusted downward if DCP counter-cyclical payments are received)
Environmental Quality Incentives Program (EQIP)	\$450,000 in aggregated for all contracts for FY 2002-2007
Tree Assistance Program (TAP)	\$75,000



## eLDP's LOAN Deficiency Payments

# GO ONLINE!

The Farm Service Agency's (FSA) new electronic Loan Deficiency Payment Service (eLDP) is an Internet-based service allowing in most cases, customers to receive approval and payment by direct deposit within 48 hours. eLDP's are offered as an additional option to producers requesting an LDP. LDP benefits are still available at the local FSA county office. However, eLDP services provide greater flexibility to producers who conduct business online and want to avoid travel time to and from the local FSA office. USDA provides eLDP services in a secure online environment that protects participants' privacy through stringent security measures. All participating customers will have an eLDP Customer Profile set up through a software application that validates their farming and crop information. Your local FSA county office will maintain Customer Profiles for accuracy. eLDP customers can use a personal computer to submit an LDP

application in which payment is automatically routed by electronic funds transfer to the customer's bank account. The eLDP process is available 24/7, except during routine backup and maintenance periods. The applicable LDP rate is based upon the rate in effect on the application date and the location which the commodity is stored. To be eligible for eLDP, customers must:

- Be in compliance with all annual eligibility requirements for marketing assistance loans and LDP's;
- Receive program payments by direct deposit;
- Have an active USDA eAuthentication Level 2 account;
- Produce and harvest an eligible loan commodity.

Customers are required to have an active USDA eAuthentication Level 2 account, which requires filling out an online registration form at <http://www.eauth.egov.usda.gov/> followed by a visit to the county office for identity verification. Contact your local FSA county office for further information.

## Does Your Operation Need Additional Grain Storage? Michigan FSA Offers Farm Storage Facility Program

Under the Farm Storage Facility Program, the Farm Service Agency makes loans to grain producers to build or upgrade farm storage and handling facilities. Loans may be made for the purchase and installation of eligible storage facilities, permanently affixed drying or handling equipment, or remodeling existing facilities. The maximum term of the loan is 7 years, and loans bear interest at the rate charged on U.S. Treasury securities of comparable maturity on the date the loan is approved. The interest rate for each loan will remain in effect for the term of the loan.

## Farm Loan Programs Borrowers on Active Duty!

FSA is committed to providing service above and beyond the normal scope of daily servicing to Farm Loan Programs borrowers who are impacted by military deployments. This includes regular military personnel, and National Guard and Reservist borrowers who are called to active duty. These individuals may be entitled to additional servicing options under the Service Members Act and the National Defense Act. In brief, the National Defense Act provides for non-accrual of interest and deferral of payments for borrowers who are on active duty during war or a national emergency.

Borrowers who may be impacted by these provisions are encouraged to contact your local FSA Farm Loan Manager for additional details.



## Conservation Compliance Reminder

*All participants in USDA programs are required to have a conservation system in place on all the highly erodible land that they operate. Several areas where problems can arise with complying with a conservation system are; renting new cropland, purchasing new cropland, breaking out additional cropland, shortening an established cropping rotation, planting new crops, 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 program eligibility.*

In Farm Service Agency dialect, farms are constituted to group all tracts having the same owner and the same operator under one farm serial number. When ownership of land changes and the land no longer meets the definition of a farm or the operation of a farm changes, a farm reconstitution is required. Reconstitution is the process of combining or dividing farms or tracts of land based on the farming operation.

To be effective for the current year, recons must be requested by Aug. 1 for farms enrolled in the Direct and Counter-cyclical Program. If current year DCP direct payments have already been issued on the farm, the reconstitution will be effective for the next fiscal year. However if the producer requests that the reconstitution be processed in the current fiscal year, all payments shall be refunded. After the payment is refunded, the reconstitution may be processed.

**Special Accommodations**  
 Will be made upon request for individuals with disabilities, vision impairment.  
 If accommodations are required, individuals should contact their local FSA County Office.

## BEFORE



*Monoculture of grasses that has lost desired diversity.*

## AFTER



*Desired diverse stand of native grasses and forbs.*

**+ MID-CONTRACT MANAGEMENT =**

## What is CRP Mid-Contract Management?

Mid-Contract Management of the Conservation Reserve Program (CRP) acreage are activities that must be performed on certain practices to ensure the original plant diversity, wildlife benefits, and protection of the soil and water resources are present for the life of the contract.

For CRP practices with grasses, legumes, and wildflowers, research has shown that typically 3-4 years after establishment the site becomes dominated by a thick growth of the grasses. To ensure wildlife habitat benefits in these sites, management is required to encourage legumes and wildflowers, and to ensure the grass is not too thick to limit small wildlife species from traveling through the cover to meet their needs.

When CRP practices with trees reach an average diameter of at least 5 inches, the site must be evaluated to ensure the trees are not too crowded, for crowding hampers adequate growth and fruit and nut production for wildlife.

Effective May 12, 2002 all new CRP General Sign-up, Continuous CRP, and Conservation Reserve Enhancement Program (CREP) contracts are required to perform management activities as part of their approved conservation plan. Participants with contracts that were approved prior to May 12, 2002, may have their conservation plan revised to include mid-contract management

practices and be eligible for cost share for those practices.

The following management activities are available for management of CRP INTRODUCED GRASSES AND LEGUMES (brome grass, timothy grass, clover, alfalfa, etc.): PRESCRIBED BURNING, LIGHT DISKING, GRASS-SPECIFIC HERBICIDES, and/or INTERSEEDING INTRODUCED LEGUMES.

For CRP NATIVE GRASSES (little and big bluestem, switchgrass, Indian grass, etc.) and WILDFLOWERS: PRESCRIBED BURNING, LIGHT DISKING, GRASS-SPECIFIC HERBICIDES, and/or INTERSEEDING NATIVE WILDFLOWERS, are the available allowable management activities.

Mid-Contract Management of CRP acreage is distinct and separate from maintenance. Maintenance of CRP cover is required if untreated pests (weeds, insects, brush, trees, etc.), pose a threat to the existing planted cover, are adversely impacting non-CRP acreage, or if the planted cover is no longer providing erosion control. Most CRP practices receive an annual maintenance rate that is paid to participants to off-set the costs of required maintenance.

Contact your local FSA Service center for detailed information on Mid-Contract Management Practice options.

# Noninsured Crop Disaster Assistance Program (NAP)

NAP provides financial assistance to eligible producers affected by an eligible cause of loss such as damaging weather, adverse natural occurrences, or a condition related to damaging weather or adverse natural occurrence. Eligible crops include commercial crops and other agricultural commodities produced for food (including livestock feed) or fiber for which the catastrophic level of crop insurance is not available. NAP covers losses greater than 50% of your expected production at 55% of the average market price.

## How to apply:

Eligible producers must file CCC-471 (Non-Insured Crop Disaster Assistance Program (NAP) Application for Coverage) in the FSA administrative office serving the county or counties where their acreage is located, no later than the application closing date established by the State.

## What does it cost:

Producers shall pay a nonrefundable service fee in the amount of \$100 per crop per administrative county; or \$300 per producer per administrative county not to exceed a total of \$900 per producer.

## Deadline:

The application and service fee must be filed by the application closing date for the crop. There are various application closing dates throughout the year.

Three application closing dates coming up soon are September 30th for small grains including winter wheat, rye, fall barley, fall speltz, fall mint, and forage (production); November 20th for apples, apricots, asparagus, blueberries, sweet & tart cherries, cranberries, grapes, nectarines, peaches, pears, plums, raspberries, rhubarb, and strawberries; December 1st for honey and maple sap. Contact your local County FSA Office for the application closing date(s) specific to crops you are growing. Coverage cannot begin until 30 days after the coverage is purchased and the crop is planted.

## Crop Reporting:

To remain eligible for NAP, you must annually report the crop including; type and variety, crop location, producers shares, date the crop was planted, type of practice used and intended use (fresh, processed, etc.). Once harvested, the production must be reported.

## What if the crop fails:

When a covered crop is affected by a disaster, you must notify your local FSA office by completing a Notice of Loss (CCC-576) within 5 calendar days after the natural disaster occurrence or the date the damage becomes apparent. Don't lose out on potential benefits by failing to notify FSA at the time of loss.

## Signature Authority for Spouses

Husbands and wives may sign documents on behalf of each other for FSA and Commodity Credit Corporation programs in which either has an interest, without signing any special forms. This option is automatically available unless a written request for exclusion is made to the county office by either spouse.

## Foreign Landowner Notification

Foreign investors, who buy, sell or hold a direct or indirect interest in U.S. agricultural land must report their holdings and transactions to the U.S. Secretary of Agriculture. The reporting requirement became law in 1978 when the Agricultural Foreign Investment Disclosure Act (AFIDA) was signed into law.

Failure to timely file an accurate report within 90 days of the transaction to their local Farm Service Agency office can result in a penalty with fines up to 25 percent of the fair market value of the agricultural land.

### **Dates to Remember**

**October 1, 2005:**

Sign up for 2006 Direct and Counter Cyclical Program begins

**October 10, 2005:**

Offices closed for Columbus Day

**November 4, 2005:**

Ballots mailed to eligible producers

**November 11, 2005:**

Offices closed For Veterans Day

**November 20, 2005:**

NAP Application closing date for apples, apricots, asparagus, blueberries, sweet & tart cherries, cranberries, grapes, nectarines, peaches, pears, plums, raspberries, rhubarb, and strawberries.

**December 1, 2005:**

NAP Application closing date for honey and maple sap

**December 5, 2005:**

Last day to return ballots to the USDA Service Center

## **New LDP Form (CCC-633EZ) Available For Crop Year 2005**

Loan deficiency payments (LDP's) are payment made to producers who, although eligible to obtain a marketing assistance loan (MAL), agree to forgo the loan in return for an LDP on an eligible commodity. In the past LDP's were requested on CCC-709's , CCC-633 LDP's, and through the online eLDP process. LDP's were always required to be requested before beneficial interest was lost, and before the final loan availability date for that particular commodity.

Each year numerous producers failed to submit an applicable LDP request for program benefits before beneficial interest was lost in the commodity. The beneficial interest requirement is statutory, and requests for relief of those provisions could not be granted.

In an effort to simplify the LDP program, a new form has been made available. The new form is referred to as a CCC-633EZ and is titled "Loan Deficiency Payment (LDP) Agreement and Request". By using the new form a producer only has to submit one form, which will cover all eligible commodities and be recognized by all of the producer's affiliated County Offices. This new form allows producers to indicate their intentions to receive LDP benefits before loss of beneficial interest and also allows producers to submit an LDP request for benefits any time during the loan/LDP availability period.

The CCC-633EZ is a multi-page form. Page 1 is the LDP agreement and Page 2 or Page 3, is the LDP benefit request. When Page 1 is filed before a loss of

beneficial interest it ensures the LDP eligibility. Page 1 is not a commitment to obtain an LDP, but only indicates the producer's intention. Only when Page 2 is completed is the producer committed to obtain an LDP.

For crop year 2005 the Agency will continue to recognize the CCC-709, and the various CCC-633's along with the CCC-633EZ as acceptable forms of LDP requests. For crop year 2006, the CCC-709 and CCC-633's will no longer be acceptable. All LDP requests for crop year 2006 will have to be on a CCC-633EZ.

Please contact your local Service Center to obtain additional information about this new and exciting form.