

# USDA



## Nebraska Farm Service Agency

# Producer News

February 2008

### State Executive Director Comments

“Change is Inevitable” and at Farm Service Agency (FSA) this statement is certainly true. One example of change in Nebraska’s FSA is that a new State Executive Director (SED) has been appointed. I am Milton Rogers, a winter wheat producer from the panhandle area of the state. I have been the Nebraska State Executive Director since November, and had served as the Acting SED from September 2007 until the November appointment. Prior to serving as SED, I had been the Chairman of the FSA State Committee for six years.



Milton Rogers  
State Executive Director

I admit that the position as the administrator of a large, statewide Federal agency has many challenges. There are certainly many government rules, policies, and regulations to learn and apply to the management of FSA. I also have found that the position is rewarding because I get to work with the knowledgeable, dedicated FSA employees all across the state. Finally, I get to work with the agricultural producers from Nebraska and across the nation to do what we all enjoy doing – producing food and fiber to feed and clothe our country and the world.

Brian Wolford, the previous SED for Nebraska has returned to the banking business that he had enjoyed before in his career. We all want to wish Brian and his family the best that the future can provide. Thank you Brian for your efforts to make the Nebraska Farm Service Agency better positioned to be able to adapt and change for future challenges.

Significant program changes will be made in the near future in the USDA/FSA farm programs. How the changes will affect each of us as producers as the Farm Bill is developed in Congress and within the agency is important. Farm program benefits and producer requirements do not just magically appear. The programs are developed with several necessary steps including: Legislation, Reconciliation,

Agency Policy and Regulatory Development, Education and Training, Implementation, and Program Delivery.

It is a necessity for each of us as producers and land owners that participate in USDA provided farm programs, to educate ourselves. The changes may come as a totally new farm bill or as additional language in an extension to the current legislation, or possibly as a default to the permanent farm bill language. In each of these possibilities, there will be changes that you will need to educate yourself about. You do need to understand the benefits and the requirements of the program so that you can make proper, informed decisions in the way that you want to participate in the farm programs of USDA.

Once the new Farm Program language becomes clear with the benefits and requirements for producer participation, there will be opportunities for explanations available to you through the FSA offices, public meetings, newsletters, and farm publications. Remember that when you are signing the necessary forms for program participation, you are saying that you understand the programs and that you agree to abide by the law and agency policy and regulations to receive the benefits. It is your responsibility to understand the program provisions and what is expected of you by the Farm Service Agency to properly receive the benefits of the farm programs.

Finally, ask yourself what changes have you had in your farm/ranch operations. Some examples are: (1) owner or producer address changes, (2) buying or selling of land, (3) changes of tenants on rented land, (4) creation, termination, or changes of Trusts, Partnerships, Corporations, (5) transferring land ownership of any nature such as into or from a Trust or Corporation, (6) death of a producer, (7) reconstitutions, (8) changes in rent shares or lease arrangements, (9) other changes in your farm and ranch



operations. All of the above need to be reported to your FSA County Office. Now is the time to report those changes and ask the questions before we all get busy with the farm bill and spring work. This information is important and necessary for your proper participation in the FSA farm programs.

Yes, "change is inevitable". Additionally, to realize improvements, change is necessary!

I am pleased to serve you as the Nebraska Farm Service Agency Executive Director and the Nebraska FSA employees look forward to working with each of you for a prosperous and safe 2008 in Nebraska agriculture.

### **Dairy Disaster Assistance Program III (DDAP-III)**

Recent disaster legislation provides for a Dairy Disaster Assistance Program to make payments to eligible dairy producers who suffered dairy production losses in a county covered by a natural disaster declaration occurring during the period of January 1, 2005 through December 31, 2007. Production losses must be directly associated to the loss conditions identified in the disaster declaration during the eligible period.

Eligible production losses will be determined by establishing the dairy operation's base production, using the average production and livestock numbers for 2003 and 2004, less the actual marketed production for the year requesting disaster benefits.

The enrollment period will be announced by the Secretary of Agriculture. Eligible producers of a dairy operation must prior to the end of the enrollment period:

- certify to compliance with HELC/WC provisions
- complete an FSA-747 (DDAP-III Application) with all required signatures
- provide acceptable proof of the dairy cow numbers
- provide evidence of commercial milk production marketed by the dairy operation
- provide any other documentation required by the County Office to confirm payment eligibility

### **Livestock Compensation Program (LCP)**

Most county offices in Nebraska are currently accepting applications for the LCP which compensates livestock producers for pasture and feed losses resulting from natural disasters occurring between Jan.1, 2005, and December 31, 2007. Livestock producers may elect to receive compensation for losses in 2005, 2006, or 2007 if the county was a primary or contiguous county declared in a secretarial disaster areas or counties declared presidential disaster areas between Jan. 1, 2005, and December 31, 2007. Producers incurring a loss in more than one of the 2005, 2006 or 2007 calendar years may only receive benefits for one year.

The applicant must have eligible livestock maintained for commercial use as part of a farming operation that includes: dairy cattle, beef cattle, buffalo, beefalo, equine, poultry, elk, reindeer, sheep, goats, swine or deer on the beginning date of the approved disaster event. Feedlot cattle and livestock maintained for recreational purposes are ineligible.

The payment rate for each livestock category will be based on 61 percent of the national payment rate based on

a 30 day feed cost. Producers will not be penalized if they reduced the average number of livestock they owned for grazing during the production year for which assistance is being provided. Producers may receive a maximum of \$80,000 in LCP benefits.

USDA has not yet announced a final sign-up date for LCP. Producers will be able to enroll in LCP at their local FSA Service Center where their livestock operation is headquartered. A producer should contact the local county office to discuss all the livestock and pasture information necessary to complete the application. Late filed applications will not be approved.

### **Limited Resource and Beginning Farmer or Rancher Information**

The Natural Resources Conservation Service (NRCS) can provide additional cost share support for the Environmental Quality Incentives Program (EQIP) and Conservation Security Program (CSP) for qualifying limited resource and beginning farmers and ranchers. Contact your local NRCS office for details.

## Livestock Indemnity Program (LIP)

Livestock producers are busy signing up for the LIP which compensates livestock producers for livestock death losses between Jan. 1, 2005, and Dec. 31, 2007, that were a direct result of an approved natural disaster.

Producers in primary or contiguous counties declared secretarial disaster areas or counties declared presidential disaster areas between Jan. 1, 2005, and Dec. 31, 2007, are eligible. Producers incurring eligible livestock losses in more than one of the 2005, 2006 or 2007 calendar years must choose only one year for which they want to receive benefits.

The following are among the eligible livestock under LIP: dairy cattle, beef cattle, buffalo, beefalo, catfish, crawfish, equine, reindeer, sheep, goats, swine, poultry, elk or deer.

The payment rate will be based on 26 percent of the market value of the livestock as determined by the U.S. Secretary of Agriculture. These rates will be available in local FSA Service Centers during the sign-up period. Producers may receive a maximum of \$80,000 in LIP benefits.

USDA has not announced a final sign-up date for LIP but we encourage producers to sign up as soon as possible since late filed applications will not be approved. Producers will be able to enroll in LIP at their local FSA Service Center where the disaster occurred.

## March 14 Deadline For 2008 Wool Program

The Consolidated Appropriations Act, 2008 authorized commodity loan and loan deficiency payments (LDPs) for 2008 crop wool and mohair, and LDPs for unshorn pelts. The 2008 wool and mohair loan rates remain the same as the 2007 rates. The Act extends the program only through March 15, 2008. Because March 15 is a Saturday, producers must file their loan or LDP request no later than March 14, 2008.

Producers normally are required to file the CCC-633 EZ page 1, LDP application prior to loss of beneficial interest. However, for applications filed by March 14, LDP requests may be filed after loss of beneficial interest. For those cases, the LDP rate will be based on the rate in effect on the date that beneficial interest was lost. Producers can file both the CCC-633 EZ page 1, and the CCC-633 EZ page 4, Request for LDP, at the same time.

Wool and mohair producers interested in the 2008 program should contact the staff at the local county FSA office prior to the deadline for additional details.

## Administrative FSA Office Decisions

FSA farm programs are administered by farm number in their physical location county. Over the years FSA has allowed farms and/or tracts to be administered in a contiguous county if the farm/tract was combined with other land. FSA now offers an additional option to farmers and landowners for their convenience.

You now have a one time opportunity to have one or more of your farms transferred administratively to a contiguous county FSA Office without a farm combination if it provides you "significant convenience." The farm(s) could remain separate in the contiguous county. If there is not an FSA Office in the contiguous county you have the option to move the farm(s) to the next contiguous county where an FSA Office is located.

In order to make this change the farm operator and owner(s) have to agree to the farm transfer and provide FSA with a written statement as to why the change is more convenient. Request for a transfer should be directed to the office where the land is currently administered. The transfer requests are subject to County Committee approval in both the transferring and receiving office.

**Example:** I farm in the southeast corner of county A and do my FSA business in the County A Office on my six FSA farms. I also have a farm I cash rent in County B and it is administered by the County B FSA Office. It would be more convenient if I have the farm from County B moved to the County A FSA Office so that I only have to do business with one FSA Office. I submit a written request signed by me and the landowner to the County B FSA Office. If approved, I will now do all of my FSA business in the County A FSA Office.

### Nebraska Farm Service Agency

State Committee

Rob Anderson, Acting Chairman

Ronald Ochsner

Mary Gerdes

Dennis Richters

Milton Rogers, State Executive Director

Mike Sander, Administrative Officer

Rich Barta, Farm Loan Chief

Greg Reisdorff, Conservation &

Environmental Programs

Dan Steinkruger, Production & Compliance Programs

Doy Unzicker, Price Support Programs

## **2005/2006/2007 Crop Disaster Program Expanded To Include All 2007 Losses**

With the signing of the Consolidated Appropriations Act, 2008 by the President, the Crop Disaster Program (CDP) has been expanded to include all 2007 crop losses. Previously the program was limited to crop losses for 2007 crops planted before February 28, 2007. With this change eligible producers can apply for losses in any or all of the three years and will be paid for the year with the highest CDP benefits.

The CDP sign-up period for this program began on October 15, 2007. All Nebraska FSA Offices are currently taking applications. Contact your local FSA Office for an appointment to apply. At this time a final sign-up date has not been established. Eligible farmers and landowners are encouraged to apply as soon as possible so that the program can be completed prior to the new farm bill implementation.

In order to be eligible for a CDP benefit a producer must have carried federal crop insurance or coverage under the FSA administered Noninsured Crop Disaster Assistance Program (NAP) in the year of the loss. In most cases FSA has the loss data from the Risk Management Agency for crop insurance losses or NAP losses. FSA may request additional information from CDP applicants in some situations.

Losses must be due to an eligible disaster condition. The CDP loss threshold is 65% of the historic yield (higher of the crop insurance APH yield or the county yield) by unit. There are situations where a producer was not eligible for a crop insurance indemnity or NAP payment in a given year because their loss threshold under those programs was less than 65% but they are eligible under CDP. CDP payments are paid at 42% of the established price. The crop disaster program has a CAP on benefits at 95% of what the value of the crop would have been in the absence of the losses. Other eligibility information and program details are available from your local FSA Office.

The crop disaster legislation also contained provisions to compensate producers for quality losses on crops in 2005, 2006 and 2007. These quality provisions are in addition to the quality provisions under the existing programs. If you suffered quality losses on one or more crops in these years look for an announcement by USDA and FSA of the sign-up period for quality losses in the near future.

### **Reporting 2008 Fall Seeded Crops and Farm Record Changes to FSA**

We are all waiting for a farm bill to begin our 2008 farm program operations. In order to be prepared we ask that you provide your local FSA Office with:

- Your 2008 acreage report for winter wheat and perennial crops including alfalfa, grass, grapes, asparagus, strawberries, etc.
- Report farm ownership and operator changes so that we can update our farm records to be prepared for a 2008 program sign-up.
- Report field boundary changes and other cropland changes completed last summer and fall so that FSA can update our Common Land Unit (field) data in GIS to insure your acreages are as accurate as possible. The 2007 imagery flown in July and August is available to assist with boundary changes.

### **Conservation Compliance**

All producers must have an approved conservation plan in place before planting an agricultural commodity on highly erodible land, or they must be applying a conservation system on the highly erodible land that is planted to an agricultural commodity. Producers with approved conservation plans must be actively applying the conservation systems contained in the plan.

Producers farming highly erodible land without an approved plan or conservation system to control erosion may be considered ineligible for USDA program benefits. These producers must work with Natural Resources Conservation Service to develop an approved consideration plan and fully apply the required conservation system to the highly erodible land before they can be determined eligible for USDA program benefits.

## ***FSA Farm Loans Available***

### **Beginning Farmers or Ranchers Loans**

The Farm Service Agency (FSA) provides direct and guaranteed loans to beginning farmers and ranchers. Each fiscal year, the Agency targets a portion of its direct and guaranteed farm ownership (FO) and operating loan (OL) funds to beginning farmers and ranchers.

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.

Maximum amounts of indebtedness are:

- Direct FO or OL: \$200,000;
- Guaranteed FO or OL: \$949,000 (Amount varies annually based on inflation).

### **Direct Operating Loans and Farm Ownership Loans**

**Purpose:** Obtain up to \$200,000 to finance your farm business. This includes annual operating and family living expenses, machinery, or breeding livestock purchases, refinance most operating type debts and real estate improvements or repairs for operating loans.

Obtain up to \$200,000 to purchase real estate and real estate improvements or repairs.

**Rates:** The interest rate as of February 1, 2008 is 3.875 percent for Operating Loans and 5.00 percent for Farm Ownership.

**Terms:** Loans for real estate can be amortized for up to 40 years and for chattels up to 7 years.

### **Beginning Farmer Down Payment Ownership Program (10-40-50)**

**Purpose:** Obtain help financing the purchase of a farm up to \$250,000 of the purchase price or the appraised value whichever is less. The applicant must put down 10 percent, FSA finances up to 40 percent of the purchase price. The remaining 50 percent of the purchase price can be financed on contract with the seller or through a conventional lender. The lender can obtain a guarantee from FSA if the customer is eligible.

**Rates:** The FSA loan for 40 percent will be locked in for the full 15 years. Currently the rate is 4 percent. The loan for the balance of 50 percent should be the rate the contract holder or lender would charge an average customer.

**Qualification:** Beginning farmer applicants must have been farming for at least three years and not more than ten. Applicants cannot own real estate that exceeds 30 percent of the average farm size for the county.

### **Emergency Loans**

**Purpose:** The FSA may make Emergency Loans to eligible family farmers which will enable them to return to their normal operations if they sustained qualifying losses resulting from natural disasters. To be eligible for these loans, you have to have farmed in a county designated or contiguous to a disaster area. You may contact your local FSA county office to find out if your county is designated.

**Rates:** The interest rate for the emergency loan is 3.75%.

**Terms:** Most EM loans may be for up to seven years; however, if the loan is secured only on crops, it must be repaid when the next crop year's income is received. Loans to replace fixtures to the real estate may be scheduled for repayment up to 40 years.

**Deadline:** The final date for making an application for an EM loan is eight months after the disaster is declared.

## **Guaranteed Operating Loans and Farm Ownership Loans**

**Purpose:** Obtain up to \$949,000 in Guaranteed Farm Ownership and/or Farm Operating loans. Funds can be used to purchase or enlarge a farm, refinance debt or for most operating uses.

Under this program your local lender makes the loan and FSA provides a guarantee of up to 95 percent (depends on the circumstances) on the loan. This allows your local lender to continue to help you even if you are experiencing a decline in your financial condition.

**Rates:** The interest rate is negotiated with the lender but should not exceed the rate charged to their average customers. You could qualify for Interest Assistance (4 percent rate reduction) if your cash flow and financial statements show the need.

**Terms:** Loans for real estate can be amortized for up to 40 years and for chattel up to 7 years.

**Where to apply:** Contact your local commercial lenders who participate in the Guaranteed loan program. Local FSA offices have lists of participating lenders.

## **Beginning Farmer Joint Financing Plan**

Beginning farmer or rancher applicants may choose to participate in a joint financing plan that is also available to other applicants. In this program, FSA lends up to 50 percent of the amount financed, and another lender provides 50 percent or more. FSA will charge a reduced interest rate of 5% for 40 years.

## **Joint Financing to Purchase Real Estate**

Farmer and rancher applicants may choose to participate in a joint financing program. In this program, FSA lends up to 50% of the amount financed and another lender provides 50% or more of the amount financed. FSA will charge a reduced interest rate of 5% for 40 years.

## **Youth Loans**

Remember FSA makes operating loans to individual rural youths are 10 through 20 to establish and operate income producing projects. These projects must be of modest size and be initiated, developed, carried out by rural youths participating in 4-H Clubs, FFA, or a similar organization or with a vocational teacher or county extension agent. The project must be an organized and supervised program of work and the approved project must be related to the business of agriculture. 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. Contact your local FSA office for more details.

## **Applications for FSA Loans**

Farmers and ranchers that intend to apply to the Farm Service Agency for loan assistance for the upcoming crop year are encouraged to file their applications as early as possible. Filing early will help ensure that your loan is processed and approved as early as possible so that planting decisions can be made. Failure to apply early can result in a delay in processing loans due to the volume of applications that must be processed in date order. Contact your local FSA farm loan manager or officer for more details and assistance in applying.

## **Farm Storage Facility Loan Program**

Producers considering expanding their on-farm grain storage should look into the Farm Storage Facility Loan Program. This low interest loan program is available to all producers of eligible commodities to help build or upgrade commodity storage and handling facilities. Eligible commodities include corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, or minor oilseeds harvested as whole grain. Also eligible are corn, grain sorghum, wheat, oats or barley harvested as other than whole grain. Some of the program details include:

- Items eligible for loan are conventional bins designed for whole grain storage, oxygen limiting or upright silos designed for whole grain wet storage and silage, flat storage structures used primarily to store grain, and bunkers. Permanently affixed grain handling and drying equipment, safety equipment (ex. ladders), electrical equipment, concrete foundations, site preparation, materials and paid labor, are also eligible.
- Used equipment, portable dryers, scales, structures of temporary nature, or structures used for commercial purposes are not eligible.
- The loan amount will be up to 85% of the net cost of the facility, not to exceed \$100,000 per producer.
- The loan will be for a 7 year term with annual installments.
- The interest rate will be fixed for the term of the loan. The interest rate for Farm Storage Facility Loans approved in January 2008 will be 3.625%.
- A down payment of 15% is required.
- Producers are required to carry property insurance on the storage facility and also crop insurance on the facility commodity for the term of the loan.
- Loans over \$50,000 require real estate to be taken for security.
- Eligible bushel capacity is limited to 2 years of production minus the applicant's current available storage.
- There is a \$45 non-refundable application fee.

### **Attention Socially Disadvantaged Farmers**

FSA has a number of loan programs available to assist applicants to begin or continue in agriculture production. Loans are available for operating type loans and/or purchase or improvements of farms or ranches.

While all qualified producers are eligible to apply for these loan programs, the FSA has provided priority funding for members of Socially Disadvantaged Applicants.

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 members 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, Alaskan Natives, Hispanics, Asian Americans, and Pacific Islanders.

If producers or their spouses believe they would qualify as socially disadvantaged, they should contact their local FSA office for details. FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

### **March 17, NAP Closing Date**

The Non-Insured Crop Disaster Assistance Program, or NAP, provides financial help to producers of noninsurable crops when a low yield, loss of inventory or prevented planting occurs because of natural disasters. NAP also provides coverage for crops when the catastrophic level of multi-peril insurance is not offered.

Producers must apply for coverage using Form CCC-471, "Application for Coverage," and pay the service fee at the county office. The application and service fee must be filed by March 17, the application closing date for most spring-seeded crops. The service fee is \$100 per crop per county or \$300 per producer per county. The fee cannot exceed a total of \$900 per producer with farming interest in multiple counties. Limited resource producers may request a waiver of service fees.

To qualify, a producer must be landowner, tenant or sharecropper who shares in the risk of producing an eligible crop. In addition, the producer's annual gross revenue cannot exceed \$2 million. A payment limitation of \$100,000 per crop year is in effect.

## ***Sodbuster Rules***

Highly erodible land may be brought into crop production only under provisions set forth and implemented in a Conservation Plan of Operation developed for the specified acreage.

Before producers clear, plow or otherwise prepare areas not presently under crop production for planting, they are required to file an AD-1026 with FSA indicating the area to be brought into production. Following this, the Natural Resources Conservation Service (NRCS) makes a determination.

If NRCS indicates on a form CPA-026 that the area will be highly erodible land, the producer will be required to develop and implement a conservation plan on the affected acreage, before bringing land into production.

Producers must file an AD-1026 certifying compliance with above provisions prior to applying for program benefits. Program benefits include, but are not limited to price support, Direct and Counter-cyclical Program, Conservation Reserve Program, Environmental Quality Incentive Program, USDA farm operating and real estate Loans and catastrophic and buy-up Multi-Peril Crop Insurance.

Producers must complete a new AD-1026 each time a change in the farming operation occurs, either in the land farmed or operating arrangement or structure.

## ***Dates to Remember***

Feb. 18, 2008  
Washington's Birthday. FSA offices closed.

Mar. 15, 2008  
Crop Insurance Sales Closing Date.

Mar. 17, 2008  
Final application date for Noninsured Crop Disaster Assistance program for spring seeded crops (vegetables, barley, oats, etc).

Mar. 31, 2008  
Final loan/LDP availability date for small grains and honey.

Mar. 31, 2008  
Final date for Graze Out LDP.  
~~FSA offices closed.~~

May 26, 2008  
Memorial Day. FSA offices closed.

May 31, 2008  
Final loan availability date for soybeans and feed grains.