

USDA



Farm Service Agency

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Kentucky FSA Guaranteed Lender News

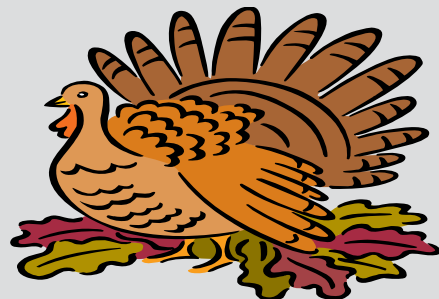
New Employee in Farm Loan Division

Most of you realize by this time that Mitch Whittle was promoted to the position of Farm Loan Chief following the retirement of Butch Dunsmore. On September 2, 2007, Debra V. Hunt was promoted to the position of Farm Loan Specialist and brought into the FSA State Office. Debby has 30 years of service with Farmers Home Administration and the Farm Service Agency. She spent the last 11 years as a Farm Loan Officer in our Montgomery County office. Debby's primary responsibility will be the oversight of the State's FSA guaranteed loan program.

You will learn over time that Debby is not only an excellent employee, but a very reliable individual. We welcome her to the State Office staff and encourage you to contact her regarding your guaranteed loan needs or questions.

"FARM LOANS ARE GOOD BUSINESS -- WE GUARANTEE IT!!"

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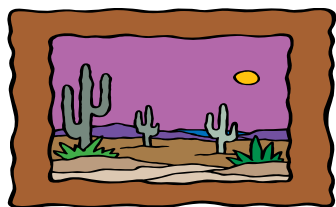
Jeffery S. Hall
State Executive Director

State Executive Director Comments

2007 Proving to be Difficult Year for Kentucky Farmers, but Help is Available

The unexpected heavy frosts in April and the exceptionally dry summer has wreaked havoc with Kentucky farming this year. Farmers in 120 counties are now eligible for Federal disaster assistance as follows:

- Damages and losses caused by extremely cold temperatures that occurred from April 5, 2007, through April 10, 2007. Farmers have until February 1, 2008, to apply for emergency loans to help cover their actual losses.
- Damages and losses due to drought conditions and higher than normal temperatures that occurred on February 1, 2007, and continuing. Farmers have until June 2, 2008, to apply for emergency loans to help cover their physical and production losses.



The disaster assistance includes emergency (EM) loans at a low 3.75% interest rate from USDA's Farm Service Agency (FSA), provided eligibility requirements are met.

USDA has also announced sign-up dates for the new Livestock Compensation Program (LCP), Livestock Indemnity Program (LIP) and Crop Disaster Program (CDP). The three ad-hoc disaster programs provide benefits to farmers who suffered losses caused by national disasters in recent years. Eligible ranchers and other livestock producers can apply to receive benefits under the LCP and LIP programs beginning September 10, 2007.

The Livestock Compensation Program (LCP) compensates livestock producers for feed losses occurring between January 1, 2005, and February 28, 2007, due to a natural disaster. This can include producers who suffered losses resulting from blizzards that started in 2006 and continued into January 2007.

Producers who owned livestock in calendar year 2005 may be eligible for LCP since every county in the State of Kentucky was either declared a primary or contiguous disaster county. The following counties are eligible for calendar year 2006: Allen, Ballard, Bell, Carlisle, Clinton, Daviess, Fulton, Graves, Henderson, Hickman, McCreary, Monroe, Pike, Simpson, Wayne and Whitley.

The Livestock Indemnity Program (LIP) compensates livestock producers for livestock losses between January 1, 2005, and February 28, 2007, that resulted from natural disasters, including losses due to blizzards that started in 2006 and continued into January 2007. Producers in primary counties declared secretarial disaster areas or certain counties declared presidential disaster areas between January 1, 2005, and February 28, 2007, are eligible as are producers located in counties contiguous to those counties. Also, producers in a primary (or contiguous) county that received an Administrator's Physical Loss Notice directly associated with a disaster declaration made by President Bush may also be 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 apply for benefits.

The Crop Disaster Program (CDP) provides benefits to farmers who suffered quantity and quality losses to

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2005, 2006, or 2007 crops from natural disasters if the crop was planted before February 28, 2007, or, in the case of prevented plantings, for crops that would have been planted before February 28, 2007. Producers who incurred qualifying losses in 2005, 2006, or 2007 must choose only one year to apply for benefits. Eligible farmers can sign up for the CDP beginning October 15, 2007, if they suffered quantity losses in excess of 35 percent to their crops. 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. USDA will announce and conduct CDP sign-up for quality losses as soon as possible.

Conservation Reserve Program (CRP) acreage is now available in 18 Kentucky counties for emergency haying and grazing. CRP is a voluntary program that offers annual rental payments and cost-sharing assistance to establish long-term resource-conserving cover on eligible land. To be approved for emergency haying or grazing, a county must have suffered at least a 40 percent loss of normal moisture and forage for the preceding four-month qualifying period. CRP participants who want to apply for emergency haying and grazing to their local FSA office must wait until after August 1st, the end of the nesting season for certain birds.



It is especially important that you, as a lender, be aware of the federal disaster assistance available. I encourage you to assist your customers/borrowers in taking advantage of the disaster programs offered by FSA. If you or your customers/borrowers have any questions about the disaster programs or availability in your county, you should contact the local FSA county office.

2-FLP Handbook Revisions

Handbook 2-FLP, "Guaranteed Loan Making and Servicing" has received amendments as follows:

- ◆ Amendment 29, dated June 8, 2007:
Part 9 has been amended to provide current information for the IA Program because of a final rule that was published in the Federal Register on April 9, 2007.

Subparagraph 287-B has been amended to update FSA-1980-64 to FSA-2221.

Subparagraph 312A has been amended to meet the regulatory requirements in the final rule that was published April 9, 2007.

Exhibit 2 has been amended by:

- removing average farm customers, interest assistance anniversary date, and interest assistance review.
- adding average agricultural loan customer.

Exhibit 10 has been amended to include the calculations and formulas to request payment and renewal for IA. The calculations for requesting IA payment and renewal were removed from subparagraph 228A. Exhibit 10 contains all calculations and formulas for IA.

The following forms have been revised/renumbered according to the final rule published April 9, 2007. All other forms will be available in the near future. Form 1980-04 is obsolete.

Previous Form No.	Current Form No.
FSA 1980-64	FSA-2221
FSA 1980-24	FSA-2222
FSA 1980-15	FSA-2232

- ◆ Amendment 30, dated September 17, 2007:

Subparagraph 244A has been amended to update the statutory limits for guaranteed loans.

Electronic Reporting within the Guaranteed Loan System

Lenders now have the capability to update borrowers' accounts through web access to the status and default status reports. Lenders who want to participate in the electronic data submission with FSA through the USDA LINC web site must do the following:

- recertify using the revised FSA 1980-38, Lender's Agreement.
- ensure that employees with access to electronic reporting create a level 2 eAuthentication ID and password.
- designate an employee(s) as their Security Administrator(s) who will act as a point of contact to FSA.

The lender's designated employee(s) must visit a local USDA Service Center in person for identity proofing. They must bring a government-issued photo ID (e.g. State-issued driver's license, state-issued ID, U.S. passport or U.S. military ID).

After the Security Administrators are designated and the requirements have been fulfilled, the lender shall have the Security Administrator contact the State Office with his/her eAuthentication ID and lender information to be validated and entered into the Application Authorization Security Management (AASM) System.

Participation in the electronic reporting system is voluntary. However, utilizing the system for reporting status and default status reports, guaranteed

loan closings and future GLS electronic reporting applications, such as web-based guaranteed loss claims, will save mailing time, eliminate the possibility of lost documents and reduce paper generation.



2007 Kentucky Small Limited Resource/Minority Farmer Conference

The Kentucky Farm Service Agency is a proud sponsor of the Kentucky State University Cooperative Extension Service 2007 Small Limited Resource/Minority Farmer Conference. The conference this year was held on November 13-15, 2007, at the Kentucky State University in Frankfort, Kentucky.

The conference provides an opportunity to take advantage of tours, success stories, dental and heart health, as well as discussions on the Farm Bill, Animal Identification and Premise Registration. The Kentucky Small Limited Resource Farmer of the Year will also be recognized.

If you have any questions regarding the conference, you may direct them to Louis River, Jr., at (502)597-6327, or Karen Sigler at (502)597-5905.

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