



February 2006

State Executive Director Comments

In the past, County FSA Offices have printed and mailed newsletters to farm owners and operators. The annual cost of distributing farm program



information to producers through newsletters is about \$250,000. In an effort to reduce those costs and improve services, the North Dakota State FSA Office will be issuing newsletters to the State's producers.

Our goal is to continue to provide you with information about our programs that can help you in the management of your farming operation.

If you have not done so, I would ask that you visit our website at: www.fsa.usda.gov. There you will find a considerable amount of information regarding all of the services offered by FSA.

Wishing you a productive and profitable year,

Gary J. Nelson, FSA State Executive Director

Extensions Offered for CRP Contracts

CRP participants with general signup contracts expiring on September 30, 2007, will be notified by February 13, 2006, of

their opportunity to extend the CRP contract. Contracts will be eligible for 2, 3, 4 or 5-year extensions or a new 10 to 15 year contract. The length of the extension will depend on the contract's original environmental ranking. Participants must notify FSA of their intent to extend or re-enroll by April 14, 2006.

CRP Signup Scheduled

A competitive CRP general signup is scheduled from March 27, 2006, through April 14, 2006.

Online Services Available

If you have internet access at home, you may be interested in conducting FSA business online. There are a number of services available to you online including:

- eForms – Submit and sign FSA forms electronically.

- eLDP - Allows producers to request Loan Deficiency Payments online.
- eDCP - Allows producers to choose payment options, assign crop shares, and sign and submit their Direct and Counter-cyclical Program contracts online.
- Customer Statement – Provides access to business transactions in a single report. The statement includes participation, application and payment status in various commodity and conservation programs, farm loans, maps and land unit information.
- Financial Inquiries – This option allows you to inquire about a particular electronic deposit, program payment, debt, or 1099G.

In order to conduct business online you will need a USDA eAuthentication Level 2 Customer account. This account will allow you to access the online services available through USDA. Stop by your Service Center for assistance or logon to www.eauth.egov.usda.gov to start the process.

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 a 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, audiotope, 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

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.

Commodity Loan and LDP Deadlines

Producers planning to use the commodity loan program for their 2005 crops are reminded that March 31, 2006 is the deadline for filing applications for the following 2005 crops: wheat, barley, oats, canola, crambe, flaxseed, rapeseed and honey. March 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 March 31 deadline.

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. New loan amounts, plus the aggregate balance of all outstanding FSFL loans cannot exceed \$100,000.

Loan processing and approval can take up to 90 days from the time the application is received. Producers intending to use the FSFL program for construction in 2006 should contact their local county FSA office staff as soon as possible to review loan eligibility and application requirements.

FSA Assists RMA

FSA county office staff will be assisting Risk Management Agency (RMA) 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. FSA will also assist RMA with auditing claims.

Payment Limitation/Eligibility

USDA payments and benefits are subject to payment eligibility and limitation provisions as defined by

law. Producers applying for certain program benefits are required to complete a CCC-502, Farm Operating Plan for Payment Eligibility Review. A farm operating plan, however, is not required to be filed annually if the farming operation continues to be conducted as reflected on the existing farm operating plan and supporting documents are on file in the county office. If any changes occur that could affect a "person," "actively engaged in farming," "cash-rent tenant," "foreign person," or "average adjusted gross income" determination, producers must timely notify the County Office by filing revised farm operating plans and/or supporting documentation, as applicable. Program benefits will not be provided until all required forms are provided and necessary determinations have been made.

A determination of not "actively engaged in farming" will result in the producer being ineligible for many program benefits issued by USDA including DCP and CRP payments, loan deficiency payments, and marketing loan gains.

The following are limitations for various programs administered by FSA:

Payment Type	Limitation (In Dollars)
Direct DCP Payments on Covered Commodities	\$40,000
Counter-cyclical DCP Payments on Covered Commodities	\$65,000
Marketing Loan Gains and Loan Deficiency Payments (LDP's)	\$75,000
Conservation Reserve Program (CRP)	\$50,000
Non-insured Assistance Program (NAP)	\$100,000

Spouses may be considered separate "persons" for payment limitation purposes if this determination is requested and

applicable requirements are met. Entities such as corporations, limited partnerships, trusts and estates are required to provide names, addresses, and ID numbers of their members.

All CCC-502's are subject to spot check through FSA's end-of-year review process. If selected for spot check, producers will be asked to submit proof of their contribution to the operation such as seed, fertilizer and chemical bills, land lease agreements, land contracts or property tax payments, equipment lists, cancelled checks for expenses, and any other items deemed necessary for conducting the review. The producer is required to provide these items for the spot check so that the FSA county committee can determine whether or not the farming operation was actually performed as was certified on the CCC-502.

Producers will be ineligible for any commodity, conservation, or price support program benefit if their AGI exceeds \$2.5 million, unless 75% or more of the AGI is from farming, ranching or forestry. Noncompliance with the adjusted gross income (AGI) provisions, either by exceeding the \$2.5 million limitation or by failure to submit the applicable certification statement will result in the determination of ineligibility for all program benefits subject to AGI. Program benefits shall be reduced in an amount that is commensurate with the direct and indirect interest held by an ineligible individual or entity in any entity, general partnership, or joint operation that receives benefits subject to the average AGI limitation.

2005 Income Statements (1099-G)

Producers that earned or refunded benefits received from FSA program participation will receive a CCC-1099-G form. The forms will be sent directly from the FSA Kansas City Office sometime in January. The form lists all

payments and refunds made in the year 2005. Please remember that it is your responsibility to review these documents for accuracy and properly report this information to IRS. If you discover the CCC-1099-G is incorrect or if you have any questions, please contact your local FSA Office.

Updating Direct Deposit Information

Direct Deposit information and forms must be kept current so payments can be delivered to the correct person and account. Please report all changes in your bank account to this office as soon as possible.

COC Election Completed

The County Committee elections have been completed and votes have been tallied in all of our offices. For election results, please contact your local office. We thank all who participated in this year either by voting, or as candidates. The County Committees are a valuable part of our agency. We thank the men and women who devote their time for this public cause.

Annual Financial Statements

With the end of the year fast-approaching, now is a good time to take a look at your financial condition.

No matter how large or small your farming operation, or whether or not you borrow money, it is a good idea to put together a financial statement every year on the same date. It is an excellent habit.

The important thing is that you do it the same day every year. Usually this day is Jan. 1 or the beginning of your tax year. This way you can compare your financial condition from one year to the next from the same point in time.

Most agriculture lenders would love to have all of their borrowers get into this habit. This will enable your lender to compare "apple apples" when reviewing your

financial condition and will help them make better informed credit decisions.

Blank financial statements can be obtained from your lender or

Selected Interest Rates for February 2005	
90-Day Treasury Bill	4.000%
Farm Operating - Direct	4.875%
Farm Ownership - Direct	5.250%
Limited Resource	5.000%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	4.000%
Emergency	3.750%
Farm Storage Facility	4.375%
Sugar Storage Facility	4.500%
Commodity Loans 1996-Present	5.375%

2006 DCP Signup

Signup for the 2006 DCP began on October 1, 2005, and will end on June 1, 2006. When completing the signup for 2006, a 50% advance payment can be requested for 2006 direct payments. Producers may elect any month from December 2005 to September 2006 for advance payments. However, each farm must be annually enrolled in the program before 2006 payments can be issued. Producers may also request an advance counter-cyclical payment; however, there is the possibility that an advance counter-cyclical payment will have to be refunded. Producers are eligible for counter-cyclical payments if the effective prices for each eligible commodity are less than their respective target prices set in the 2002 Farm Bill. For each DCP commodity, the counter-cyclical payment equals the payment rate times 85% of the farm's base acreage times the farm's counter-cyclical payment yield.

2006 NAP

The Noninsured Assistance Program (NAP) provides financial assistance to eligible producers affected by a natural

disaster. The program covers crops for which Federal Crop Insurance is not available. NAP covers losses greater than 50% of your expected production, based upon your approved yield and reported acreage. To apply for 2006 crop coverage, producers must complete a CCC-471 application for coverage and pay the service fee. The application and service fee must be filed by the applicable sales closing date. The s to service fee is \$100 per crop per county, or \$300 per producer per county not to exceed \$900 per producer in all counties.

Producers must purchase NAP policies for spring planted crops by March 15, 2006. Some spring planted crops for which NAP is available include amaranth, dry beans, buckwheat, crambe, millet, and grain sorghum.

Crop Insurance and NAP Requirements

As a condition of eligibility under the 2001/2002 and 2003/2004 CDP Programs, producers agreed to purchase buy-up crop insurance or NAP coverage for the next two available crop years for commodities not covered by FCIC or the NAP program during the disaster year. If you received a CDP payment on a crop that was not insured under either of the previous two CDP programs make sure that you have purchased the appropriate insurance for the applicable crop years. The 2006 sales closing dates for FCIC and NAP spring crops is March 15, 2006.

Farm Changes

To ensure accuracy of farm records, it is very important that you notify the FSA office of all land ownership 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 a operation
- Changing from individual to an entity
- Name changes
- Deaths of landowners
- Deaths of members in an operation

Dates to Remember	
February 20	President's Day - FSA Offices Closed
March 15	Deadline to purchase Noninsured Assistance Program Coverage.
March 31	Final loan and LDP availability date for 2005 wheat, barley, oats, canola, crambe, flaxseed, rapeseed and honey.