



January 2008

State Executive Director Comments

Greetings,

We have received a number of inquiries regarding 2008 commodity programs and signups.



As you know, Congress is still working out a new Farm Bill. Until a Farm Bill is signed into law, FSA can not accept applications for 2008 benefits.

FSA Offices can make farm changes based on operator changes, or changes in land ownership. We will provide details as soon as a Farm Bill is signed into law.

Gary J. Nelson, FSA State Executive Director

Crop Disaster Program – Change in Eligibility for 2007 Crop

The sign-up period for the Crop Disaster Program (CDP) continues.

On December 26, 2007 the President signed into law legislation that amended the CDP to remove the restriction that 2007 crops had to be planted by February 28, 2007. As a result, any crop planted for harvest in 2007 is now eligible for the CDP.



Eligible farmers can sign up for the CDP program if they have one or more insured crops that suffered quantity losses of 35% or greater to their insured crops in the years of 2005, 2006 or 2007.

The sign-up for Quality Losses will be announced at a later date.

The CDP program provides benefits to farmers who suffered quantity and quality losses to 2005, 2006, or 2007 crops from natural disasters.

Contact your local FSA Office with any questions and to schedule a time to apply for CDP.

Signup Continues for Livestock Disaster Programs

Signup for the Livestock Compensation Program (LCP) and Livestock Indemnity Program is continuing for livestock producers that suffered feed losses or livestock deaths as a result of natural disasters in 2005, 2006, or 2007.

Beehives on CRP

National policy has recently changed concerning the placement of beehives on CRP. The new policy requires the CRP participant to obtain authorization from the local FSA County Committee prior to placing the hives on CRP acreage.

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. The interest rate is based on the CCC rate in effect during the month the loan application is approved. New loan amounts, plus the aggregate balance of all outstanding FSFL loans cannot exceed \$100,000.

Producers intending to use the FSFL program for construction in 2008 should contact their local county FSA office staff as soon as possible to review loan eligibility and application requirements.

Beneficial Interest

Producers must have beneficial interest in a commodity in order to be eligible for a loan or LDP on the commodity. To maintain beneficial interest a producer must retain control of the commodity and title to the commodity. For loan deficiency payments, beneficial interest must be retained by a producer from the time of planting of the commodity through the date that the loan deficiency payment application is requested. Honey producers must maintain beneficial interest in the honey from the time of extraction through the date the LDP is requested. Wool producers must maintain beneficial interest from the time of shearing through the date the LDP is requested. For loans, beneficial interest must be maintained from the time of planting, honey extraction, or shearing, through the date the loan is repaid.

Beneficial interest will be considered lost upon delivery to any location off the farm that does not have a CCC storage agreement or a State or Federal warehouse license. That means that producers will be considered to have lost beneficial interest on the date of delivery to feed lots, seed plants, ethanol plants, wool pool or agent, and any other location without a CCC storage agreement, or that does not have a State or Federal warehouse license. Contracts for sale with the storing warehouse may contain restrictions that also cause beneficial interest to be lost at a time specified in the contract. Additional information concerning beneficial interest requirements is available at local county FSA offices.

Wool/Mohair Deadline

The deadline for 2007 wool and mohair loan applications, and wool, mohair and unshorn pelt LDP applications, is January 31, 2008. Eligible wool or mohair must have been shorn in calendar year 2007. Eligible unshorn lambs must have been sold for slaughter in calendar year 2007. Applications must be received in the county FSA office on or before the January 31 deadline.

Dairy Disaster Program

Eligible dairy producers can now sign up for the Dairy Disaster Assistance Payment (DDAP-III) Program. DDAP-III is intended to help recover production losses resulting from qualifying natural disasters. In North Dakota, the qualifying disaster period is January 2, 2005 through December 31, 2006.

Applications may be filed in the county FSA office where the dairy operation is physically located or in the administrative county office where the dairy operations' records are maintained. When filing an application, dairy producers must provide the following: the number of dairy cows in the herd on the first of each month in the base period of January through December for 2005 and/or 2006; the majority breed of the dairy herd; verifiable production records to substantiate the marketed production, dumped production if any, and cow purchases during the base period. State NASS dairy production data for each year will be used to compare to the dairy operation actual production for the same period to determine the loss. Adjustments will be made for purchased animals; losses unrelated to the natural disaster declaration; and production for specific breeds of dairy animals. Total assistance cannot exceed 95 percent of what the value of the dairy operation's production would have been in the absence of a loss.

All producers sharing in the risk of the dairy operation must sign the application. Compliance with HELC/WC provisions for the year of loss is required. A sign up deadline has not yet been announced, but interested dairy producers are encouraged to contact their local county FSA office as soon as possible. A fact sheet is available at: <http://disaster.fsa.usda.gov>

Eligible Commodities and Loan/LDP Final Availability Dates for the 2007 Crop:

Commodity	Final Availability Date
Wool, Mohair; Unshorn Pelt LDP	January 31, 2008
Barley, Canola, Crambe, Flaxseed, Honey, Oats, Rapeseed, Wheat, Sesame Seed	March 31, 2008
Corn, Dry Peas, Grain Sorghum, Lentils, Mustard, Safflower, Small Chickpeas, Soybeans, Sunflowers	May 31, 2008

IRS Reporting

CCC reports to IRS certain commodity loan transactions that occurred in the 2007 calendar year. These include delivery or forfeiture of loan collateral to CCC in satisfaction of the loan, market rate loan repayments, LDP payments, and commodity certificate loan repayments. CCC will send producers a CCC-1099-A or CCC-1099-G, as applicable, identifying the payments that were reported to IRS. Producers should contact their tax preparer for information concerning the tax consequences of these loan and LDP transactions.

Assignment of Payment

Producers are authorized to submit a CCC-36, Assignment of payment for programs that have been announced or signed into law. Assignment of payment for programs pending action by Congress, or not yet signed into law, can not be accepted by FSA.

NAP Coverage

The Non-Insured Crop Disaster Assistance Program (NAP) was designed to reduce financial losses that occur when natural disasters cause a catastrophic loss of production or prevented planting of an eligible crop by providing coverage equivalent to catastrophic (CAT) insurance. Statute limits NAP to each commercial crop or agricultural commodity, except livestock, for which CAT is not available.

The application deadline date for the 2008 NAP is March 15. Producers who already have coverage on prior year NAP crops may choose to continue coverage on the same crop or crops for 2008, if the applicable service fee is submitted by the application closing date. A new CCC-471, application for coverage is not required to be signed when applying for continuous coverage of the same crop or crops.

Producers who choose to add a new crop(s) or delete a crop(s) from previous year's coverage or changing crop shares must file a new CCC-471 with signatures and pay the applicable service fee.

Producers with NAP coverage must complete the following to qualify:

- Timely file acreage reports and keep track of harvested production using acceptable methods. For example, bale weights or other means of determining quantities of hay are required.
- File a "Notice of Loss" within 15 days of when a loss is apparent.

Farm Changes

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



YOUR VOICE

The 2007 Census of Agriculture is your chance to share your voice. Your response provides vital information that impacts decisions about community development, funding availability, farm policy and other key issues. By actively participating in the Census, you join with other voices to make positive changes.

Look for the Census in your mailbox in early January 2008. Complete and return it by February 4, 2008.

Remember, when you lend your voice, you help ensure a better future for your operation, your family and your community.



www.agcensus.usda.gov

United States Department of Agriculture
National Agricultural Statistics Service

Farm Service Agency Loan Programs

Farm Service Agency (FSA) makes direct and guaranteed farm ownership (FO) and operating loans (OL) to family-size farmers and ranchers who cannot obtain commercial credit. FSA also makes loans to individual rural youth to establish and operate income producing projects of modest size in connection with 4-H clubs, FFA, and similar organizations. FSA also provides emergency loans to help producers recover from production and physical losses due to drought, flooding, and other natural disasters.

FSA farm loan program assistance is available to eligible applicants who:

- Are unable to obtain conventional credit,
- Will be the owner or renter of a not larger than a family sized farm.
- Have sufficient training and/or experience in managing and operating a farm,
- Are citizens or lawfully admitted aliens,
- Show repayment ability for the requested loan,
- Show sufficient security for the requested loan.
- Other eligibility requirements apply to certain loan types. Contact your local FSA office for a full discussion of your circumstances to determine if you may be eligible.

“Direct” Farm Loans are made by FSA with Government funds. The local county office makes and services these loans and provides direct loan customers with supervision and credit counseling so they have a better chance of success. Farm Ownership, Operating, Emergency and Youth loans are the main types of loans available under the Direct Loan program.

FSA “Guaranteed” Farm loans provide lenders (e.g. banks, credit unions, Farm Credit institutions) with a guarantee of up to 95% of the loss of principal and interest on a loan. Farmers and ranchers apply to an agricultural lender, which then arranges for the guarantee. FSA can guarantee Operating Loans or Farm Ownership up to \$949,000.

Direct Farm Ownership Loans: With a Direct Farm Ownership Loan (FO), you can purchase farmland, construct or repair buildings and other fixtures, and promote soil and water conservation. The maximum amount for Direct Farm Ownership Loans is \$200,000. Repayment terms and interest rates vary according to the type of loan made, the collateral securing the loans, and the applicant(s) ability to repay. Farm Ownership Loan terms cannot exceed 40 years.

Direct Operating Loans: Direct Operating Loans (OL) may be used to purchase items such as livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance, and other operating expenses. Operating Loans can also be used to pay for minor improvements to buildings, costs associated with land and water development, family subsistence, and/or refinance debts under certain circumstances. The maximum amount of Direct Operating loans is \$200,000. Repayment terms and interest rates vary according to the type of loan made, the collateral securing the loans, and the applicant(s) ability to repay. Annual Operating Loans are normally repaid within 1 year. Other Operating Loans are normally repaid within 7 years.

Youth Loans: Available for individual rural youth (city or town under 50,000 population) ages 10 through 20 to establish and operate agriculture income producing projects. Applicants must be participating in a 4-H, FFA or similar type of organization and be recommended by an advisor and by parent (s). Maximum loan is \$5,000. Payment schedule will vary depending on the project.

Emergency Loans: FSA provides Emergency Loans (EM) to help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine.

Emergency loan funds may be used to restore or replace essential property, pay all or part of production costs associated with the disaster year, pay essential family living expenses, reorganize the farming operation, and refinance certain debts.

Emergency Loans may be made to farmers or ranchers who:

- Own or operate land located in a county declared by the president as a disaster area or designated by the Secretary as a disaster or quarantine area
- Are established family farmer operators and have sufficient farming or ranching experience.
- Are citizens or permanent residents of the United States
- Have suffered at least a 30-percent loss in crop production or physical loss to livestock, livestock products, real estate, or chattel property.
- Have an acceptable credit history.
- Are unable to receive credit from commercial sources.
- Can provide collateral to secure the loan.
- Have repayment ability.

Producers can borrow up to 100% of actual production or physical losses, to a maximum amount of \$500,000. Repayment terms and interest rates vary according to the type of loan made, the collateral securing the loans, and the applicant(s) ability to repay.

Guaranteed Farm Ownership Loans: Guaranteed Farm Ownership Loans may be made to purchase farmland, construct or repair buildings and other fixtures, develop farmland to promote soil and water conservation, pay closing costs, or refinance debt. Repayment terms vary according to the type of loan made, the collateral securing the loan, and the producer ability to repay. The Farm Ownership loan cannot exceed 40 years. The interest rate is negotiated between the lender and the borrower. Interest rates on these loans may not exceed the rate charged for the lender’s average farm customer.

Guaranteed Operating Loans: Guaranteed Operating Loans (OL) may be used to purchase livestock, farm equipment, feed, seed, fuel and farm chemicals. Operating Loans can also be used to pay for minor improvements to buildings, costs associated with land and water development, family living expenses, and to refinance debts under certain conditions. Repayment terms vary according to the type of loan made, the collateral securing the loan, and the producer(s) ability to repay. The interest rate and payment terms are negotiated between the lender and the borrower. Interest rates on these loans may not exceed the rate charged the lender’s average farm customer. In addition, under the Interest Assistance Program, FSA will subsidize 4 percent of the interest rate on loans to qualifying borrowers.

FSA can guarantee Operating Loans and Farm Ownership loans up to \$949,000 (amount adjusted annually based on inflation).

Guaranteed Loans are the property and responsibility of the lender. The lender makes the loan and services it to conclusion. For most loans, the guarantee to the lender is 90%. The guarantee percentage will be determined by FSA based on the risk involved in the loan. The lender may receive a 95% guarantee when the purpose of the loan is to refinance a direct FSA Direct Loan Debt, or the loan is made to a Beginning Farmer to participate in the beginning farmer down payment loan program.

Guaranteed Fee: For most loans, FSA charges a guarantee fee of 1% of the guaranteed portion of the loan. This fee may be passed to the borrower. This guaranteed fee is waived for loans with interest assistance, loans where more than 50% of the loan funds are used to pay off FSA Direct Loan Debt, and Down payment Farm Ownership Loans for Beginning Farmers.

Bank Account Changes

All FSA payments may be electronically transferred into your bank account. In order to make timely payments, you need to notify the office if you close your account or if another financial institution purchases your bank. Payments can be delayed if we are not aware of changes to your account and routing numbers. It is important that any changes in producer's account such as type account, bank mergers, routing number or account numbers, be provided to the county office promptly to avoid possible payment delay.

Foreign Buyers 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% 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.

Faxed Signatures Accepted

As of November 23, 2005, producers are allowed to fax signed documents to FSA for participation in various programs.

Selected Interest Rates for January 2008	
90-Day Treasury Bill	3.625%
Farm Operating - Direct	4.375%
Farm Ownership - Direct	5.125%
Limited Resource	5.000%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	4.000%
Emergency	3.750%
Farm Storage Facility	3.625%
Sugar Storage Facility	4.500%
Commodity Loans	4.250%

Spouse Signatures

Husbands and wives may sign documents on behalf of each other for FSA and CCC programs in which either has an interest. This option is automatically available unless a written request for exclusion is made to the county office staff by either spouse.

There are exceptions to the rule. Spouses may not sign FSA-211s on behalf of each other or sign on behalf of the other as an authorized signatory for partnerships, joint ventures, corporations or other similar entities. Spouses must have a power of attorney on file or sign personally for claim settlements, such as promissory notes, and on security documents for price support loans.

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

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, 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.