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FSA News
North Dakota Farm Service Agency www.fsa.usda.gov

June 2008

State Executive Director Farm Bill Comments

The Farm Bill is being finalized and should be law by the time you receive this newsletter. As the regulations are published and policy is put in place, we will communicate to all operators and owners the provisions of the new law.

We ask for your patience in working with our County Office employees as we implement this important piece of legislation.

Gary J. Nelson, FSA State Executive Director

Livestock Disaster Programs

The Livestock Indemnity Program (LIP) and the Livestock Compensation Program (LCP) are available to assist livestock producers that suffered losses in 2005, 2006 or 2007. Applications are being accepted at the FSA county offices through July 18, 2008.

LIP provides monetary assistance to livestock owners for deaths that occurred between January 1, 2005 and December 31, 2007. The deaths must have occurred as a result of a disaster event identified on a disaster declaration for one of the years 2005, 2006 or 2007. The applicant must provide proof of death that identifies the number and kind of livestock.

LCP provides monetary assistance to livestock producers that experienced feed losses or increased feed costs in one of the years 2005, 2006 or 2007. The applicant must certify the number and type of livestock that would have used the feed. The applicant must also certify the grazing losses on pastures that were grazed by the claimed livestock. Additional documentation must be provided if increased feed costs are being claimed.

Crop Disaster/Quality Loss Program

The sign-up date for the 2005/2006/2007 Crop Disaster Program (CDP) began on October 15, 2007. To date over $177 million has been issued to North Dakota producers due to yield losses for the years 2005-2007. For those producers who have not yet completed their low yield loss application, they may still sign-up providing 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.

In the next few weeks, the sign-up for the Quality loss portion of the program will be announced.

Payments under the crop disaster program will be calculated using two formulas, one for determining if the crop qualifies for the low yield payment and the second to determine the quality loss payment. A low yield payment is made on the unit when production for the unit falls below 65 percent of expected production. The quality loss payment is made on the unit when quality losses are in excess of 25 percent. However, a low yield and quality payment can not be made on the same loss. The CDP payment may be reduced if the total income from disaster, crop insurance indemnity and crop value exceed 95 percent of the expected value for the crop.

Under the quality loss program, producers are eligible for payment when the quality loss exceeds 25 percent. Eligible producers need to provide county committees with written documentation substantiating the quality of production and the price received for that production. Producers will need to sort the affected production to each applicable insurable or basic unit. Affected production will be calculated using the smallest measurable unit such as a truckload, grain elevator scale ticket or measured grain in storage. Examples of acceptable documentation to support the quality loss include: grading receipts from a warehouse or licensed grader, sales receipts providing the grade of the crop, university or commercial lab test results acceptable to the county committee, and sales receipts showing disposition to a secondary market because of poor quality.

Quality affected production that is farm stored or will be fed must be made a matter of record. The quality loss criteria can be met if the commodity has been measured and production and quality were determined by an MPCI company. The criteria can also be met by paying FSA to measure, sample and determine the quality and applicable grading factors tested before disposition. The producer is responsible to pay for the service. The grade and quality factors can be made by grain labs or licensed warehouses.

Production that does not have quality determined and documented, such as grading and value determining factors and price, will not be eligible for compensation. For example, if production evidence contains only price information and has no grade or value determining factors or vice versa, the production will not be eligible for compensation.

Some examples of quality, grade and value determining factors that will be required for calculating crop disaster payments for various crops include: test weight, total damaged kernels, hard and vitreous kernels (HVAC), falling numbers, thin kernels, plump, vomitoxin, aflatoxin, oil content, sclerotinia, feed value or total digestive nutrients (TDN).

FSA county office personnel will provide additional information during the signup process.

NAP Notice of Loss Required

Producers with NAP should file a notice of loss if they believe their crops have suffered a yield loss. In addition, if a producer is going to abandon a crop with NAP coverage, the crop must be appraised prior to destruction of the acreage to ensure coverage. This includes policies for forage for hay where the crop is intended for hay but will be grazed. Producers with NAP coverage on grazing land should also file a notice of loss if they have suffered a loss in grazing capacity on pastures.

A NAP payment will be made if a unit suffers a loss of production in excess of 50 percent. The payment rate for NAP is 55 percent of the established market price for the crop.

Reporting Crop Acreage

The annual, timely, and accurate reporting of acres for all crops and land uses, including failed and prevented planting acreage, can prevent loss of benefits for a variety of Farm Service Agency programs. All cropland on the farm must be reported, whether idle or planted. Conservation Reserve Program acreage must be reported to receive annual rental payments and crop acreage for Non-insured Crop Disaster Assistance Program (NAP) must also be reported to establish eligibility for program benefits.

The deadline for reporting crop acreage in North Dakota for the 2008 program year is July 15, 2008. Acreage reports filed after that date will be assessed a late-filed fee. In addition, the following are specific timeframes for reporting prevented planting and failed acreage:

Prevented Planting:

Prevented planting needs to be reported no later than 15 calendar days after the final planting date for the specific crop.

Failed Acreage:

Reports of failed acreage must be filed before disposition of the crop, and producers must be able to establish to the satisfaction of the county committee that the crop failed and was prevented from being replanted through the normal planting period because of natural disaster conditions.

Measurement Service

Measurement service is a request for any farm visit or acreage determination, including visits to determine exact areas designated for specific cropland or land use. Farmers who would like a guarantee on their crop plantings and land use acreages can make it official by using the FSA measurement service. Producers must file a request with the county office staff and pay the cost of a field visit to have staking and referencing done on the farm.

Measurement service can also be requested to determine quantity of farm-stored commodities, or to re-determine measurements of farm-stored production.

The mandatory rate for conducting measurement service in North Dakota is a $30 basic farm fee plus $16 for the first hour and $8 for every 30 minutes after the first hour. Measurement service fees are collected from the producer making the request before the service is performed based on an estimate of the time it will take to complete the service.

Early Land Preparation

CRP participants may destroy CRP cover before the contract expiration date in order to prepare for future crop production.

To prepare for a spring-seeded crop, the CRP cover may be chemically destroyed after August 1. Tillage of the CRP acreage must not occur until October 1 when preparing for a spring-seeded crop.

Cover may be destroyed by tillage and/or chemically to prepare for a fall-seeded crop beginning July 1 without a payment reduction. If using this provision, the failure to plant the fall-seeded crop will be considered a CRP contract violation.

Before using either of these provisions, the participant must obtain written approval from FSA. A conservation plan must be followed if the land is highly erodible or the method of destruction could cause adverse environmental effects.

Some land is ineligible for either of these provisions. Ineligible land includes Wetland Restoration Practice (CP23), acreage considered a wetland and acreage required as a buffer for wetlands, streams and permanent bodies.

Continuous CRP Enrollment Opportunities

Landowners may enroll land into CRP at anytime under the continuous signup provisions. The cropland must meet cropland eligibility requirements. The land must be suitable for the conservation practice.

Continuous CRP conservation practices include field windbreaks, shelterbelts, living snow fences, filter strips, riparian buffers, wetland restorations, wetland buffers, salt tolerant vegetative cover and cover to reduce salinity.

The duck nesting habitat practice is still available in areas that have been designated by the Fish and Wildlife Service as having dense populations of duck pairs.

Managed Haying and Grazing of CRP

Managed haying and grazing of CRP cover is allowed on certain CRP contracts after August 1. Obtain written approval from FSA before haying or grazing any CRP acreage.

Management of CRP Cover

CRP participants are required to complete a management activity on most CRP contracts. The purpose of the management activity is to ensure plant diversity for the benefit of wildlife.

CRP with grass and legume cover must be disturbed during the contract period by disking, harrowing, clip and removal, burning or aerating. Cover may also be disturbed under the provisions of the managed haying or grazing.

Previously, management activities were required twice during the term of a 15-year CRP contract. The policy has been changed to only require the management activity once during the 15-year contract period.

CRP SAFE Enrollment

Landowners and operators have an opportunity to enroll land into CRP under the State Acres for Wildlife Enhancement Initiative (SAFE). There are three project areas in North Dakota.

New cropland acreage enrolled in CRP under SAFE will be eligible for a signup incentive payment of $100 per acre. FSA will reimburse the participants for up to 90 percent of the cost to establish the vegetative cover. Other incentives are available through North Dakota Game and Fish Department, Ducks Unlimited and Natural Resources Trust.

Contact the local FSA office to determine if cropland is eligible and within a project area. At least 50 percent of the offered area must be in one of the project areas.

North Dakota Game and Fish Department also has on-line GIS software to determine if land is in a SAFE area. Access the software at http://web.apps.state.nd.us/hubexplorer/gamefishinfo/viewer.html

Click on the GIS layer "Wildlife" on the right-hand side of the screen. Check the CRP SAFE box. This will put the SAFE boundaries on the North Dakota map. Add legal descriptions by clicking on "Basedata", then "Geopolitical", then "PLSS Sections". To add aerial imagery, click on Imagery/Raster, then Aerial Image NAIP 2005.

CRP for Critical Feed Use

Due to high feed prices and tight supplies, Agricultural Secretary Ed Schafer announced that certain CRP acreage is available for haying and grazing. Forage must not be cut or grazed until August 2 under this provision. No payment reduction will be assessed for the acreage hayed or grazed. However, a $75 administrative fee will be charged for each contract. A request must be filed at the County FSA Office and written authorization received before the haying or grazing begins. No more than 50 percent of a field may be hayed. Certain practices including wetland restoration practices and acreage within 120 feet of a stream or water body are ineligible.

Emergency Loan Program

Overview
USDA's Farm Service Agency (FSA) provides emergency loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine.

Loan Uses
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.

Eligibility
Emergency loans may be made to farmers and ranchers who:

- Own or operate land located in a county declared by the President as a disaster area or designated by the Secretary of Agriculture as a disaster area or quarantine area (for physical losses only, the FSA Administrator may authorize emergency loan assistance);
- Are established family farm 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 a 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; and
- Have repayment ability.

Loan Requirements
FSA loan requirements are different from those of other lenders. Some of the more significant differences are the following:

- Borrowers must keep acceptable farm records;
- Borrowers must operate in accordance with a farm plan they develop and agree to with local FSA staff; and
- Borrowers may be required to participate in a financial management-training program and obtain crop insurance.

Collateral is Required
All emergency loans must be fully collateralized. The specific type of collateral may vary depending on the loan purpose, repayment ability and the individual circumstances of the applicant. If applicants cannot provide adequate collateral, their repayment ability may be considered as collateral to secure the loan. A first lien is required on property or products acquired, produced, or refinanced with loan funds.

Loan Limit
Producers can borrow up to 100 percent of actual production or physical losses, to a maximum amount of $500,000.

Loan Terms
Loans for crop, livestock, and non-real estate losses are normally repaid within 1 to 7 years; depending on the loan purpose, repayment ability, and collateral available as loan security. In special circumstances, terms of up to 20 years may be authorized. Loans for physical losses to real estate are normally repaid within 30 years. In certain circumstances, repayment may be made over a maximum of 40 years.

Interest Rate
The current annual interest rate for emergency loans is 3.75 percent.

Application Deadline
Applications for emergency loans must be received within 8 months of the county's disaster or quarantine designation date.

For More Information
Further information on the emergency loan program is available from local USDA Service Centers or on the FSA website at: www.fsa.usda.gov.

Selected Interest Rates for June 2008	
90-Day Treasury Bill	1.250%
Farm Operating - Direct	3.125%
Farm Ownership - Direct	4.875%
Limited Resource	5.000%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	4.000%
Emergency	3.750%
Farm Storage Facility	3.375%
Sugar Storage Facility	4.500%
Commodity Loans	3.000%

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FSA Farm Loans

FSA's loan programs are designed to help family farmers who are temporarily unable to obtain private, commercial credit. In many cases, these are beginning farmers who have insufficient net worth to qualify for commercial credit. In other cases, they are farmers who have suffered financial setbacks from natural disasters, or who have limited resources with which to establish and maintain profitable farming operations.

Some farmers obtain their credit needs through the use of loan guarantees. Under a guaranteed loan, a local agricultural lender makes and services the loan, and FSA guarantees it against loss up to a maximum of 90 percent in most cases. In certain limited circumstances, a 95-percent guarantee is available. FSA has the responsibility of approving all loan guarantees and providing oversight of lenders' activities.

For those unable to qualify for a loan guarantee from a commercial lender, FSA also makes direct loans, which are serviced by an FSA official. FSA has the responsibility of providing credit counseling and supervision to its direct borrowers by making a thorough assessment of the farming operation. The Agency evaluates the adequacy of the real estate and facilities, machinery and equipment, financial and production management, and the farmer's goals. The weaknesses in all phases of the operation are identified and prioritized. An FSA official then works one-on-one with the farmer to develop a plan of supervision that will help overcome those weaknesses and ultimately result in the farmer's graduation to commercial credit.

Unlike FSA's commodity loans, most farm loans must be fully secured and can only be approved for those who have repayment ability.

USDA NASS Survey

The National Agricultural Statistics Service will be completing a national survey of producers in North Dakota in June. Survey information is confidential. For more information about the survey, producers may contact the NASS ND Field Office at 1-800-626-3134.

Change in Farming Operation

If you have bought or sold land, or if you have picked up or dropped rented land from your operation, make sure you report the changes to the office as soon as possible. A copy of the deed or recorded land contract for purchased property should be provided to the COC. Failure to maintain accurate records with FSA on all land you have an interest in can lead to possible program ineligibility and penalties. Making the record changes now will save you time in the spring.