



July 2008

State Executive Director Comments

Our State and County Office staffs are working diligently to implement the provisions of the new Farm Bill. The legislation established various deadlines for the applicable programs. Please review the information in this Newsletter so that you can complete the required paperwork by the program deadlines.



It is important that farm operators help keep their landowners who share in the crop informed about program changes and requirements. Also, you must inform your county office of any changes in farm operations or ownership so that our FSA records can be kept current.

During this busy season please keep farm safety in mind so everyone can enjoy a safe and productive summer.

Gary J. Nelson, FSA State Executive Director

New Crop Certification Deadline

For 2008, the final crop reporting date is being extended to August 15, 2008. Late fees will not be assessed if acreage reports are filed by August 15 and all other reporting requirements are met.

Filing an accurate and timely report for all crops and land uses, including failed acreage, can prevent loss of benefits for a variety of Farm Service Agency programs. All cropland on the farm must be reported to receive benefits from the Direct and Counter-cyclical Program, Marketing Assistance Loans, and Loan Deficiency Payments. The report of acreage must account for all cropland on a farm, whether idle or planted.

CRP & NAP Certification

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.

Prevented Planting and/or Failed Acreage

For 2008, County Committees may accept requests for prevented planting and/or failed acreage if timely filed by August 15. Farm visits will not be required if claims can be verified and all other requirements are met.

Payment Limitation/Eligibility

USDA payments and benefits are subject to producer 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	\$40,000
Counter-cyclical DCP Payments	\$65,000
Marketing Loan Gains and LDP's for Grains, Oilseeds and Pulses	\$75,000
Honey, Wool, Mohair, Unshorn Pelts	\$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 make a determination that the farming operation is actually being performed as was stated 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.

2008 Commodity Loans and LDP's

Marketing assistance loans and loan deficiency payments are available for the 2008 crops of barley, canola, corn, crambe, dry peas, flax, grain sorghum, honey, lentils, mohair, mustard, oats, rapeseed, safflower, sesame seed, small chickpeas, soybeans, oil and confection sunflowers, wheat and wool. Unshorn pelts are eligible for LDP's only.

The 2008 national loan rates for all eligible commodities remain the same as the 2007 loan rates. The county rates are available at local county FSA offices and the FSA website at: <http://www.fsa.usda.gov/FSA> and clicking on the "Price Support" link.

A \$75,000 payment limitation applies to marketing loan gains and LDP's for the grains, oilseeds and pulse crops. A separate \$75,000 payment limitation applies to honey, wool, mohair and unshorn pelts.

Beneficial interest requirements apply to all 2008 commodities. Title and control of the commodity must be maintained in order to maintain eligibility for marketing assistance loans and LDP's. For 2008 crop warehouse stored loans, producers must provide proof of pre-paid in handling charges before loan disbursement.

Additional loan and LDP program information is available at local county FSA offices.

Selected Interest Rates for July 2008	
90-Day Treasury Bill	1.625%
Farm Operating - Direct	3.625%
Farm Ownership - Direct	5.000%
Limited Resource	5.000%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	1.500%
Emergency	3.750%
Farm Storage Facility	3.625%
Sugar Storage Facility	4.625%
Commodity Loans	3.375%

Farm Loan Program

FSA makes direct and guaranteed farm ownership (FO) and operating loans (OL) to family-size farmers and ranchers who cannot obtain commercial credit from a bank, Farm Credit System institution, or other lender. Further information and applications for FSA loan programs are available at the FSA's local county offices.

The recent changes to the FSA Direct Farm Loan Program from the 2008 Farm Bill:

Implementing the Food, Conservation, and Energy Act of 2008 (2008 Act) Provisions That Affect FSA Loan Making Effective immediately, the following provisions apply in the direct Farm Ownership (FO) and Operating Loan (OL) program.

- **Increased Loan Limit:** The maximum loan amount authorized for direct Farm Ownership Loan assistance is increased from \$200,000 to \$300,000.
- **Increased Loan Limit:** The maximum loan amount authorized for direct Operating Loan assistance is increased from \$200,000 to \$300,000.

Effective immediately, the following provisions apply in the **Direct Farm Loan Down Payment Loan Program:**

- Down Payment Loan Program Applicants - Socially disadvantaged farmers and ranchers are now eligible in addition to qualified beginning farmers and ranchers for exclusive use of this program.
- Interest Rate Change - The interest rate is the direct FO rate less 4 percent, or 1.5 percent, whichever is greater.
- Increased Loan Limit - The maximum loan amount is changed from \$100,000 to an amount **not** to exceed 45 percent of the least of the following:
 - The purchase price of the farm or ranch to be acquired
 - The appraised value of the farm or ranch to be acquired
 - \$500,000.
- **Note:** This will result in a maximum loan of \$225,000 (45 percent of \$500,000). There is no longer a limitation on the purchase price.
- Term of Loan - The maximum loan term is extended from 15 years to 20 years.
- Amount of Down Payment - The required down payment amount is reduced from 10 percent to 5 percent.

Statutory Changes to Guaranteed OL Program The 15 year limit for FSA borrowers to receive guaranteed operating loans is waived through December 31, 2010.

Implementing the Food, Conservation, and Energy Act of 2008 (2008 Act) Loan Servicing Provisions FSA offers inventory property to beginning farmers and now social disadvantaged groups before considering sale of the property to the general public.

Timing of Farm Reconstitutions

To be effective for the current fiscal year farm combinations and farm divisions must be requested by August 1, 2008 for farms subject to DCP.

2008 DCP Program Signup Is Underway

Producers have until September 30, 2008 to sign up for the 2008 Direct and Counter-cyclical Payment Program (DCP). Producers can fill out their 2008 DCP contract at any USDA Farm Service Agency County Office. Sign-up can also be completed online by going to <http://www.fsa.usda.gov/FSA/edcp> and clicking on "Access eDCP Service." You can choose payment options, assign crop shares and sign and submit contracts from any computer with Internet access. You can also view and print submitted contract options.

FSA computes DCP payments using base acres and payment yields established for each farm. Eligible producers receive direct payments at rates established by statute regardless of market prices. For 2008, eligible producers may request to receive an advance payment of 22 percent of the direct payment for each commodity associated with the farm. FSA will issue advance direct payments as soon as practical after enrollment. Final direct payments will be issued after Oct. 1, 2008. Counter-cyclical payments vary depending on market prices, and are issued only when the effective price for a commodity is below its target price (which takes into account the direct payment rate, market price and loan rate).

Farms with base acres of 10.0 acres or less will not receive DCP payments, unless the farm is wholly owned by socially disadvantaged or limited resource farmers or ranchers.

The following direct payment rates apply for each of the eligible commodities in 2008:

Wheat	\$0.52/bushel
Corn	\$0.28/bushel
Grain Sorghum	\$0.35/bushel
Barley	\$0.24/bushel
Soybeans	\$0.44/bushel
Oats	\$0.024/bushel
Other Oilseeds	\$0.0080/lb

For all eligibility requirements or additional information, contact your local FSA office.

2008 Permanent Disaster Program - SURE

Under the 2008 Farm Bill, a new disaster assistance program, the Supplemental Revenue Assistance Payment Program (SURE) was authorized. The SURE program will provide a producer a revenue payment when actual revenue falls below the producer's guaranteed revenue for the crop year. The program guarantee and revenue are based on the sum of all crop acreage in all counties that the producer has an interest in. To be eligible for payment, producers must have all acreage insured under either the RMA or NAP insurance programs and be located in a disaster county or contiguous county. In 2008, for producers who did not insure all acreage under RMA or NAP, a "buy in" opportunity will be authorized. Additional information concerning this program and applicable deadlines is forthcoming.

Quality Loss Crop Disaster Signup

Signup for quality losses under the Crop Disaster Program (CDP) began on June 23, 2008. Producers can apply for crop quality losses at their local Farm Service Agency (FSA) office.

The CDP provides benefits to farmers who suffered losses to their 2005-2007 crops from natural disasters and related conditions. Producers who incurred qualifying quantity or quality losses in 2005, 2006 or 2007 may receive benefits for only one of these years. However, producers may apply for benefits for losses to multiple crops as long as the losses occurred in the same crop year.

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. Producers must have suffered quality losses and a price reduction of at least 25 percent to be eligible for CDP Quality Loss. The payment rate is set at 65 percent of the amount of the affected crop multiplied by 42 percent of the per-unit average market value in the year in which the loss occurred. Producers may receive assistance for both quantity and quality losses. However, the total quantity and quality assistance, together with any crop insurance or NAP payment received for the same crop and the value of the crop production not lost, must not exceed 95 percent of the total value of the crop absent the disaster.

NAP Notice of Loss Required

Producers with a NAP policy 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. 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.

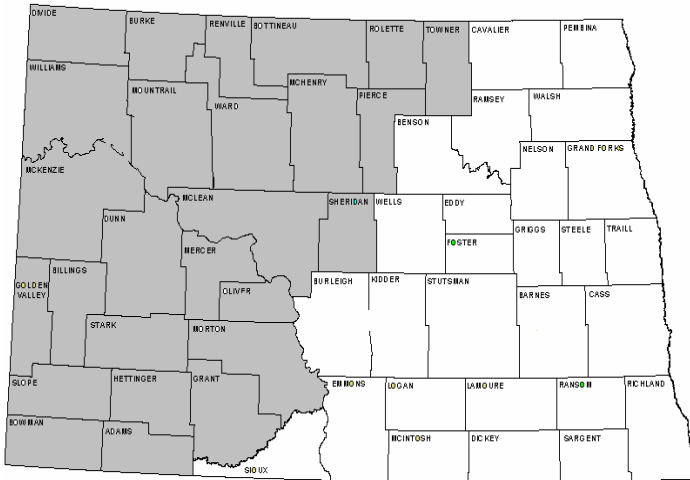
A NAP payment will be made if a unit suffers a loss of production in excess of 50 percent. The payment rate for NAP is 55 percent of the established market price for the crop.

Maintaining DCP Acres

DCP participants are required to protect all base acres from erosion and weeds. Fields designated as "base acres" must have an eligible cover such as crop residue or volunteer grasses. Weeds are not an acceptable cover and must be maintained. Failure to control weeds on base acres may result in a reduction of program benefits if the County Committee determines that a good faith effort to control weeds and/or erosion was not made.

CRP Acreage Released for Emergency Grazing

CRP acreage has been released for emergency grazing because of drought in 26 western and northern counties in North Dakota. The designated counties are shaded on the map below.



This authorization is limited to certain CRP practices. It does not include wetland restoration practices such as CP23.

CRP physically located in these counties may be grazed by livestock producers from these counties. A request must be filed at the FSA office that administers the CRP contract. Written authorization must be received before grazing begins.

A 25 percent payment reduction will be assessed for each acre grazed. An entire field may be grazed at 75 percent of the stocking rate or 75 percent of each field may be grazed at 100 percent of the stocking rate. Grazing may occur from the date authorization is received through September 30.

2008 Important Dates to Remember	
Farm Reconstitution Deadline	August 1
Acreage Reporting Deadline	August 15
Buy-In for SURE Deadline	September 16
2008 DCP Enrollment Deadline	September 30
Emergency CRP Grazing Deadline	September 30

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