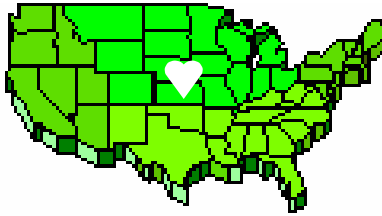




FARM SERVICE FOCUS

FARM SERVICE AGENCY



Smith County FSA Office
319 School Avenue
Smith Center, KS 66967

COUNTY COMMITTEE:

Robert Koops CHAIRPERSON
Mary Arment, VICE-CHAIRPERSON
Darin Hawkins, MEMBER

Cary J. Tucker
County Executive Director

REGULAR MEETING DATE SECOND
THURSDAY OF EACH MONTH, 8:00 A.M.

FROM THE HEART OF THE USA

OFFICE HOURS 8 a.m. - 4:30 p.m.
TELE: 785-282-3832 FAX 785-282-6830

March 2007

PAYMENT ELIGIBILITY AND PAYMENT LIMITATION REQUIREMENTS

Producers should be aware of payment limitation and payment eligibility requirements to be eligible for most USDA benefits. No program benefits can be afforded any producer until form CCC-502, Farm Operating Plan for Payment Eligibility Review, and supporting documentation have been provided and County Committee determinations made. Producers are required to notify the County Office of any changes in the farming operation which would affect a "person," actively engaged in farming, cash-rent tenant, or foreign person determination. Changes that may affect a determination include, but are not limited to the following:

- Contract shares that may reflect a change of land lease from cash rent to share rent or a change from share rent to cash rent, modification of a variable/fixed bushel rent arrangement.
- The size of a producer's farming operation by the addition or deletion of a farm that may affect the application of a cropland factor.
- The structure of a farming operation, including any change in the member's share.
- Contributions of farm inputs of capital, equipment, active personal labor, or active personal management.
- The acquisition of farming interests not previously disclosed on CCC-502 or update, including the farming interests of a spouse or minor child.
- An increase in income that may affect the 3-year average for the determination of average adjusted gross income or other change that affects eligibility under the average adjusted income limitation.

By statute, entities earning program benefits subject to a payment limitation must provide to the county committee the names, addresses, and ID numbers of the entities' members. The entity is also required to inform its members of the requirements to designate "permitted entities." Signature authority is required for all entities.

Form AD-1026, Highly Erodible Land Conservation (HELIC) and Wetland Certification (WC), must also be

on file and a County Committee determination made prior to receiving benefits for most programs.

A "person" or entity can earn \$40,000 per year in Direct payments, \$65,000 in Counter Cyclical payments, \$50,000 under the Conservation Reserve Program, \$450,000 under the Environmental Quality Incentive Program, and \$100,000 under the Noninsured Crop Disaster Assistance Program. Other programs also have payment limits, such as Loan Deficiency payments and Marketing Loan gains of up to \$75,000, a separate marketing loan gain or LDP limitation of \$75,000 exists for honey, peanuts, mohair, and wool. Spouses, if certain conditions are met, may be considered a separate person for payment limitation purposes if they request to be.

An individual or entity cannot be eligible to receive certain payments and benefits if the average adjusted gross income (AGI) exceeds \$2.5 million unless at least 75 percent of the average AGI was derived from farming, ranching, or forestry operations.

Payment limitation and payment eligibility determinations may be initiated by the County Committee or requested by the producer. All payment limitations and eligibility determinations, as well as AGI certifications, are subject to spot check. A "not actively engaged in farming" determination may result in the loss or denial of all program benefits and request for repayment of USDA payments or loans.

Noncompliance with the adjusted gross income 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 the adjusted gross income provisions. 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 adjusted gross income limitation.

FARM STORED FACILITY LOANS AVAILABLE

Farm Stored Facility Loans (FSFL's) are loans to build new grain storage structures, make certain safety improvements to existing bins and in limited cases add capacity to existing bins. The interest rate for Farm Stored Facility Loans (FSFL) approved in the month of February is 4.625 percent. The interest rate in effect on the month the FSFL is approved will remain in effect for the 7 years of the repayment period. Call or visit the office for loan requirements.

FOREIGN INVESTORS 90-DAY RULE

Foreign owners of U.S. agricultural land are required by law to report their land holdings, acquisitions, leases of 10 years or more, and land use changes within 90 days to the local FSA office. Failure to report these changes can result in a civil penalty of up to 25 percent of the fair market value of their interest in the agricultural land.



SIGNATURE AUTHORITY FOR SPOUSES

Spouses can sign FSA program documents on behalf of each other for most FSA farm programs in which either has an interest, without signing any special forms. This signature authority for spouses to sign for each other will be in effect unless notification denying either spouse this authority has been provided to FSA. For crop loans, an FSA-211 must be on file for spouses to sign for each other.

SALE OF GROUND-RECONSTITUTIONS

Producers are reminded of the importance of reporting to their local Farm Service Agency (FSA) Office any change to their farming operation that would affect the status of that farm so the change can be effective for the current fiscal year. A farm, as defined by FSA, is generally made up of tracts that have the same owner and the same operator. A sale of land in the farm or a tract of land within the farm would be an instance that requires notifying the local FSA office so a farm reconstitution can be initiated using the FSA-155, *Request for Farm Reconstitution*. These requests must be made by June 1 to be effective for the current program year. Further, if the farm is participating in the DCP Farm Program, all payments made to the previous owners/operators must be refunded before a reconstitution can be completed.

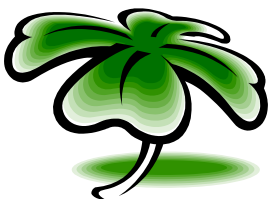
A special provision exists that would allow contract acres to be divided in a manner agreed to by all sellers and buyers. The method of division, known as the "Designation by Landowner" provision, must be requested and requires all sellers and buyers agree to the method by signing the FSA-155, or providing a memorandum of understanding that includes signatures of all sellers and buyers. There are limitations when this method of division can be used.

POWER OF ATTORNEY

If you wish to retain an agent to act on your behalf for the programs and transactions authorized under the 2002 Farm Bill, a new FSA-211, Power of Attorney form must be filed with FSA. A properly executed form requires that at least 1 FSA employee witnesses your signature or a valid Notary notarizes the form.

SPECIAL ACCOMODATIONS

Special accommodations will be made, upon request, for individuals with disabilities, vision impairment, or hearing impairment. If special accommodations are required, please call the FSA office and we will be happy to make any arrangements that are needed.



*May you live to be a
hundred years with one
extra year to repent.*

RECORD CHANGES

If you have bought, sold, or are renting different land, make sure you report the changes to the FSA office as soon as possible after they occur. For farm ownership changes you will need to provide a recorded deed or recorded land contract. Failure to maintain accurate records with FSA on all land you have an interest in can lead to possible program ineligibility and fines if you are participating.

Tree Shear Demonstration

In collaboration with the Solomon Valley RC&D Area, Inc. the North Central Prairie Weed Management Area (NCPWMA) is hosting a Tree Shear Demonstration just southeast of Cedar, Kansas at the home of Gary Kirchoff. The event will begin at 10 a.m. on March 28th and a FREE lunch will be provided. Tree shear, tree saw and various other apparatus from South Central Bobcat of Hastings, Nebraska; Dougherty Forestry Manufacturing of Hinton, Oklahoma; Marshall Tree Saw of Broken Arrow, Oklahoma; and Landmark Implement Tree Chopper of Smith Center will be on site to provide a demonstration (AND THE MEAL). An RSVP to 785-425-6647 for meal planning purposes is appreciated.

NON-INSURED ASSISTANCE PROGRAM (NAP) INFORMATION

Following are the final dates to purchase NAP:
September 1: *Seeded small grains for pasture,*
December 1: *Alfalfa, grass for hay and/or grazing,*
oats for forage;
March 15: *Sorghum cane for forage and all other*
spring planted forage crops.

Keep your production diary for three years and the current year for spot check purposes. You must provide bale weights for each type of hay every year. Make plans now to weigh a representative number of 2007 bales for each hay type. Losses must be reported within 15 days of the occurrence. Feed crops intended for harvest as silage must be insured through your Federal Crop Insurance agent.

Non-Discrimination Statement

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 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, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.