



FSA News

North Dakota Farm Service Agency

www.fsa.usda.gov

September 2007

State Executive Director Comments

Greetings,

In this newsletter you will find considerable information regarding the various disaster programs that were authorized by the Agricultural Assistance Act of 2007. The sign-up period for the Livestock Indemnity Program and the Livestock Compensation Program began on September 10, 2007. Signup for the 2005 - 2007 Crop Disaster Program will begin on October 15.



In addition to processing applications for the various disaster programs, service centers will be busy issuing approximately \$176 million in 2007 Final Direct Payments as well as \$108 million in Conservation Reserve Program rental payments in October. I would ask for your patience and understanding when working through the Disaster application process. Rest assured that our local offices will do their best to process and issue payments for the disaster programs. Due to the complexity of the program and other payment priorities, you may not receive the disaster payments until after the first of the year. You should make these considerations in your year end tax planning.

Please contact your local service center with any questions you may have and to initiate the signup process. Many of our offices will employ an appointment system to conduct disaster signup.

Gary J. Nelson, FSA State Executive Director

Crop Disaster Program

The sign-up date for the Crop Disaster Program (CDP) has been announced and is scheduled to start on October 15, 2007. 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 if the crop was planted before Feb. 28, 2007, or, in the case of prevented plantings, for crops that would have been planted before Feb. 28, 2007. In North Dakota, the crops eligible for coverage in 2007 would include alfalfa, grass for hay, and winter wheat. The 2007 spring planted crops would not be eligible crop acreage under the 2007 crop year.

Producers who incurred qualifying losses in 2005, 2006 or 2007 must choose only one year to apply for benefits. 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 quantity losses in excess of 35 percent to be eligible for CDP. Uninsured acreage is not eligible for CDP payments.

To determine an eligible payment under the quantity loss provision, FSA will use loss records from RMA or the NAP application loss record. In most instances, producers should not have to provide production records to FSA. To determine quality loss payments, producers will be required to provide verifiable production records which must clearly indicate the quantity of the crop harvested and the price received for the crop or the price available to the crop had it been sold.

Livestock Indemnity Program

The Livestock Indemnity Program (LIP) provides benefits to livestock producers for livestock deaths caused by natural disasters that occurred between January 1, 2005 and February 28, 2007.

The livestock owner will only be eligible for losses during one of the calendar years 2005, 2006 or 2007.

Eligible livestock include beef cattle, dairy cattle, buffalo, beefalo, equine, poultry, reindeer, sheep, goats, swine or deer. The livestock must have been maintained for commercial use as part of a farming operation on the day they died.

LIP payments are calculated by multiplying the national payment rate times the number of each type of livestock certified as having died because of the natural disaster. The payment rates for beef cattle are \$260.33 for cows, \$132.03 for calves less than 400 pounds and \$173.07 for calves more than 400 pounds.

Applicants must provide supporting documents that show evidence of the loss, current physical location of livestock in inventory, and location of livestock at the time of the death.

Applicants must provide adequate proof that the livestock deaths occurred as a direct result of an eligible disaster event. Documentation may include purchase records, veterinarian records, FEMA records, written contracts, production records, IRS records, property tax records, private insurance documents or other similar documents. In some situations, FSA will accept certifications from a third party who has knowledge of the livestock deaths.

2006 Final CC Rates

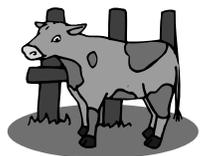
The 2006 Final Counter-Cyclical (CC) payment rates for corn, sorghum and soybeans have been announced as:

Corn	\$.00
Sorghum	\$.00
Soybeans	\$.00

Livestock Compensation Program

The Livestock Compensation Program (LCP) is available to livestock producers who suffered feed losses or incurred additional feed costs as a result of natural disasters in 2005 or 2006.

To be eligible for LCP, producers must have owned or leased eligible livestock on the beginning date of the natural disaster. They must also have suffered an eligible grazing loss or lost other feed as a result of the natural disaster. Eligible livestock include beef cattle, dairy cattle, buffalo, beefalo, equine, poultry, elk, reindeer, sheep, goats, swine or deer.



Applicants will certify the eligible livestock numbers on the beginning date of the natural disaster. FSA will calculate LCP payments by multiplying the national payment rate for each type of livestock by the number of livestock certified by the applicant. The payment rate for adult beef cattle is \$10.66.

Applicants must also certify grazing losses. The certified grazing losses can not exceed the maximum grazing loss established by the FSA County Committee. The loss is based on a grazing value of \$0.3553 per animal unit per day.

The LCP payment is the lesser of the computed amount based on the certified livestock numbers or the value of the feed loss.

Payments for 2006 losses will be reduced for any amount received under the Livestock Assistance Grant Program.

2007 Crop Commodity Loans

Farm stored and warehouse stored commodity loans are available on eligible 2007 crop commodities. Farm-stored loans are available in approved storage structures that provide safe storage for the commodity. Warehouse-stored loans are available at CCC-approved storage warehouses only. Proof of storage paid through the loan maturity date must be provided with the warehouse receipt for the warehouse stored loan. Warehouse-stored loan rates are adjusted for quality based on applicable CCC loan premiums and discounts. Wheat protein premiums are available only for grade #1 warehouse-stored loans and the warehouse receipt must be accompanied with a copy of the approved laboratory protein test document.

Loan service fees are the smaller of \$45 plus \$3 for each additional bin or warehouse receipt over one or one-half of one percent (.005%) of the gross loan amount. The loan interest rate is based on the CCC announced rate for the month in which the loan is disbursed. The rate is based on the CCC borrowing interest rate plus one percent. The interest rate is subject to adjustment on January 1 of the following year if the loan is still outstanding. Loans mature on demand but no later than 9 months after the month in which the loan is disbursed.

Quantities for which an LDP has been requested are not eligible for a commodity loan. Producers interested in obtaining a loan on their 2007 crop should contact their local county FSA office for additional information.

Removing Loan Collateral

Producers with outstanding CCC loans are reminded that written authorization is required from the county FSA office prior to removal of the loan collateral. That includes movement to any location not designated as a storage structure on the note and

security agreement. Loans are subject to spot check. Unauthorized removal or disposition of loan collateral is considered a violation and the producer is subject to monetary and administrative penalties.

Marketing authorizations may be requested by telephone and can be authorized for either 15 or 30 calendar days. If the loan commodity cannot be completely delivered during the authorized period, an extension may be requested. The extension must be requested before the expiration date of the original authorization. Deliveries outside of the authorized delivery period are considered a loan violation and penalties may apply. Producers intending to move or sell 2006 crop or 2007 crop loan collateral must contact the county FSA office that maintains the loan records prior to removing the loan commodity.

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. For loans, beneficial interest must be maintained from the time of planting 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 and any other location without a CCC storage agreement, or that do 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.

Combination Share Leases

For FSA purposes, leases are considered to be combination share lease if the lease provides for both of the following:

- A guaranteed amount such as a fixed dollar amount or quantity and
- A share of the crop or crop proceeds.

If such a lease exists both the owner and operator are required to share in the DCP payments.

Dates to Remember	
Sept. 28	Deadline to late-file a CCC-509, Direct and Counter-cyclical Program Contract.
Sept. 30	Deadline to electronically file a CCC-509, Direct and Counter-cyclical Program Contract, using eFile.
October 15	Crop Disaster Program Sign-up Begins
November 2	Ballots for the County Committee elections will be mailed to eligible voters.
December 1	Deadline to purchase NAP on Fall Crops including forages, grapes and honey.
December 3	The last day to return County Committee election ballots.

Farm Service Agency - Youth Loans

FSA makes loans to individual rural youths to establish and operate income-producing projects of modest size in connection with their participation in 4-H clubs, Future Farmers of America, and similar organizations. Each project must be part of an organized and supervised program of work. The project must be planned and operated with the help of the organization adviser, produce sufficient income to repay the loan, and provide the youth with practical business and educational experience. Each year, many young entrepreneurs take advantage of these loans and gain valuable business experience in the process.

Who may borrow?

To qualify for a loan, an applicant must:

- be a citizen of the United States
- be between 10 and 20 years old;
- live in a town of less than 10,000 people;
- be unable to obtain a loan from other sources;
- conduct a modest income-producing project in a supervised program of work, as outlined above.

Applicants must also be capable of planning, managing, and operating the project under guidance and assistance from a project adviser.

What are some possible projects?

These loans may be used to finance nearly any kind of income-producing project. Some common projects include livestock and crop production, lawn and garden services, repair shops, and roadside stands.

What is the maximum loan amount?

The maximum amount for FSA youth loans is \$5000.

What may loans be used for?

Loan recipients may use the money to buy livestock, equipment, and supplies; buy, rent, or repair needed tools and equipment; and pay operating expenses.

What size project can be financed?

Only projects of modest size can be financed. A modest project is limited in physical size, capital requirements, and overall objectives.

What security is required?

Applicants must sign a promissory note and be responsible for repaying the loan. In some cases, a cosigner may be required. Loan collateral normally consists of crops produced for sale, livestock, equipment, and other items purchased with loan funds.

What are the repayment terms?

The repayment schedule will be worked out with FSA. Payments will be tailored to the type of project for which the loan was made. For example, if the loan is to raise livestock or crops, it would normally be paid when the produce/livestock is sold.

Contact Information

Contact your local FSA Office to learn more about our FSA Loan programs.

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.

Highly Erodible Land and Wetland Conservation Compliance

Landowners and operators are reminded that in order to receive payments, compliance with Highly Erodible Land Conservation (HELCS) and Wetland Conservation (WC) provisions are required. Farmers with HEL soils need to be aware of tillage, crop residue, and rotation requirements as specified in your conservation plan. Contact NRCS if you have any questions about your conservation plan. Don't wait until after you plowed the ground to find out you are out of compliance. Also, it is very important that you contact our office before modifying (tiling, draining, dredging, filling or leveling) any wetland or drainage ditch. Failure to obtain advance approval for any of these situations can result in a loss of all Federal payments.

Preventing Fraud, Waste, and Abuse

The Farm Service Agency and Risk Management Agency are partners in preventing fraud, waste and abuse in the Federal Crop Insurance Program. FSA has been, and will continue to, assist RMA and insurance providers by monitoring crop conditions throughout the growing season. In addition, FSA will refer all suspected cases of fraud, waste and abuse to RMA.

Producers can report suspected cases to the county office staff, RMA or the Office of the Inspector General.

Fraud Leads to Disqualification

Producers found to have committed crop insurance fraud are ineligible for a number of programs administered by FSA and CCC. Any person found to have committed fraud will receive a notice and will have an opportunity for a hearing on the record. The person may be disqualified from receiving any benefits under a number of programs for a period of up to 5 years. Other sanctions may also apply.

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 an operation
- Changing from an individual to an entity
- Name changes
- Deaths of landowners
- Deaths of members in an operation

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 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.

2008 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 2008 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 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 fall seeded crops by December 1, 2007. Fall seeded crops include: forage, grass seed, apples, berries, grapes and honey.

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. 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.

Morton County and Burleigh County Food and Toy Drive

The Morton and Burleigh County FSA Offices, along with the support of Community Action, are conducting their 2nd annual Food and Toy drive through December 7. Contact Dorreen Anderson at Morton County FSA for more information (701) 667-1335 ext 124.

Late-Filed Acreage Reports

The deadline for timely filing an acreage report in North Dakota for the 2007 program year was July 16. Acreage reports must be filed for all cropland on the farm before any 2007 DCP or CRP payments can be made or before eligibility can be established for marketing assistance loans and LDP's. Additionally, participants of the Conservation Reserve Program (CRP) and the Non-insured Assistance Program (NAP) must report the specific acreage for which benefits are being requested.

A late-filed acreage report may be accepted if the producer pays the late filing fee, physical evidence of the crop exists, and the crop's use can be verified.

Selected Interest Rates for September 2007

90-Day Treasury Bill	4.875%
Farm Operating - Direct	5.500%
Farm Ownership - Direct	5.750%
Limited Resource	5.000%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	4.000%
Emergency	3.750%
Farm Storage Facility	4.625%
Sugar Storage Facility	5.000%
Commodity Loans 1996-Present	5.750%

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