



August 2006

State Executive Director Comments



Drought conditions and other perils are once again causing

significant crop losses in the State. As a result, USDA has taken the following actions to implement various disaster provisions available to producers:

- Assessing crop losses in all counties to obtain Secretarial Disaster Designations and implement the Emergency Loan Program
- CRP Emergency Haying and Grazing
- Emergency Conservation Program

In addition, producers who have had crop losses are encouraged to report insured crop losses to their crop insurance agency and NAP crop losses to FSA.

Lastly to those of you who have crops to harvest, I am hopeful you have a safe harvest.

Gary J. Nelson, FSA State Executive Director

LDP Applications

LDP applications can be filed in person, by fax or through the eLDP process. A new CCC-633 EZ LDP (06-07-06) application is available and must be used for the 2006 crop year. The CCC-633 LDP and the CCC-709 forms are obsolete and will not be accepted for 2006 LDP requests.

Producers must file the CCC-633 EZ page 1 prior to loss of beneficial interest in order to maintain eligibility for LDP's. The page 1 must be filed before the page 2, request for payment is filed.

Completion of the CCC-633 EZ page 1 does not cause a producer to lose loan eligibility. However, when the CCC-633 EZ page 2 payment



request is filed, the requested quantity on the page 2 is no longer eligible for loan. A loan and LDP cannot be obtained on the same quantity.

LDP application requirements were described in the June newsletter. Additional information may be obtained at the local county FSA office.

LDP Options

Producer may request LDP's for commodities when the market repayment rate is less than the commodity loan rate. If beneficial interest is maintained on the date of request, the rate is the rate in effect on the date a properly completed application is received in the county FSA Office. If beneficial interest was lost prior to the date the CCC-633 EZ page 2 is filed, and a CCC-633 EZ page 1 was already filed, the rate is the rate in effect on the date that beneficial interest was lost.

Producers who deliver to a warehouse for storage (beneficial interest is maintained) and want to receive the rate in effect on the date of delivery can file a CCC-633 EZ page 2 prior to the date of delivery. The request can be made

for a specific quantity, or all of the commodity identified on the application. Producers interested in this option should contact their local county FSA office prior to harvest for additional information.

Beneficial Interest

The beneficial interest provisions have been modified for the 2006 and 2007 crop. The changes affect the date that beneficial interest is considered lost. When a commodity is delivered off the farm to a location that does not have a CCC storage agreement, or a Federal or State license to warehouse commodities, beneficial interest is considered lost on the date of delivery. Sales or purchase agreements, delayed price and future delivery contracts can also impact the date beneficial interest is considered lost. Producers who complete the CCC-633 EZ page 1 prior to loss of beneficial interest maintain their LDP eligibility options. Producers planning to use any type of sales or purchase contract should contact their local county FSA office to discuss the potential impact of the contract on beneficial interest.

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. Producers intending to move 2005 loan collateral in preparation for

the 2006 harvest must contact the local county FSA office prior to removing the commodity.

Commingling Commodities

Producers are reminded that 2006 crop should not be commingled with prior year quantities if intending to request a loan or LDP on the 2006 crop. Commingling the crops without first having the prior year quantity measured may result in loss of eligibility for loan or LDP on the 2006 crop. Contact your local county FSA office prior to harvest to request measurement service prior to commingling.

Crop Mixtures

To be eligible for loan or LDP, commodities must meet the U.S. Grain Standards definition for the commodity. There is no loan rate for mixed grain, therefore mixed commodities are not eligible for loan or LDP.

Late Filed Provisions

CCC-509's, for which missing signatures and supporting documentation are obtained after June 1, but by September 29, will be considered late-filed. CCC will assess a late-filed sign-up fee of \$100 per farm for any farm enrolled between June 1 and by September 29, of the fiscal year in which the DCP payments are requested. The late-filed sign-up fee must be collected before an approval can be made. If CCC-509's are not filed by September 29, the producers are ineligible for that fiscal year's DCP payments on that farm.

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.

DCP Contract Succession-in-interest

After the CCC-509 (Direct and Counter-cyclical Program Contract) is approved, changes made to the contract for any of the following are considered successions-in-interest:

- A transfer or change in the interest of a producer on the farm
- Sale of land
- Change of operator or producer
- Foreclosure, bankruptcy, or involuntary loss of the farm
- Change in producer share to reflect changes in shares originally approved on CCC-509.

Each affected producer or owner must inform the County Committee of the changes in interest not later than September 29 of the current fiscal year, if:

- Producers remain the same but shares change
- A new producer is being added to the contract

2005 Final CC Rates

The 2005 Final Counter-Cyclical (CC) payment rates for wheat, barley and oats have been announced as:

Wheat	\$.00
Barley	\$.13
Oats	\$.00

The final CC payment for 2005 barley will be issued to producers with barley bases in the next few weeks. The final 2005 CC payment rates for corn, soybeans and grain sorghum will be determined on October 1, 2006.

North Dakota 2-1-1

With all of the uncertainty in the world today, those involved in agriculture are experiencing high

levels of stress. Help is available to those living in remote areas of North Dakota.

2-1-1 is a Statewide toll-free health and human service information and referral service and crisis intervention line. Callers can access the free, confidential service by simply dialing 2-1-1 anywhere in the State of North Dakota. The service is operated by the Mental Health Association in North Dakota.

2007 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 2007 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.

The deadline to purchase 2007 NAP coverage for fall crops is approaching. Producers must purchase NAP policies for rye by September 30, 2006 and for forage crops, grass seeds, apples, berries and honey by December 1, 2006. The sales closing date for spring seeded crops is March 15, 2007.

NAP Notice of Loss Required

Many North Dakota crops have suffered losses due to extremely dry conditions. 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.

Soldier's and Sailor's Relief Act

Producers who are full time members of the military or have been called to active duty with their Reserve or National Guard units should know about the protections provided by the Soldiers' and Sailors' Civil Relief Act of 1940.

Producers or borrowers should notify the county office if they are full-time members of the armed services or have been called to active duty status whether or not their financial situation has been adversely affected.

Land for Sale

Producers and investors are encouraged to bookmark this Web site <http://www.resales.usda.gov/>. This site provides a national list of all inventory farms that are available for sale by the Farm Service Agency. These properties were acquired by the agency through mortgage defaults and oftentimes represent a good value. They may also represent an opportunity for beginning farmers to obtain a parcel of real estate and are initially targeted to beginning farmers for financing by the FSA.



FSA Assists RMA

FSA county office staff will be assisting Risk Management Agency and insurance providers in monitoring crop conditions throughout the growing season. FSA staff will be making two inspections; one during the growing season and one during the time harvest is normal for the crop.

The staff will be checking to see if reported crops have been planted and cared for in a workmanlike manner. All suspected cases of fraud, waste, and abuse of the Federal Crop Insurance Program will be referred to RMA.

Producers may report suspected cases of fraud, waste, and abuse to the county office staff, RMA office or Office of Inspector General. FSA will also assist RMA with auditing claims.

Late-Filed Acreage Reports

The deadline for timely filing an acreage report in North Dakota is July 15. Acreage reports must be filed for all cropland on the farm before any 2006 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. The late filing fee is \$25 per farm and \$.10 per acre.

Highly Erodible Land and Wetland Conservation Compliance

Landowners and operators are reminded that in order to receive payments, compliance with Highly

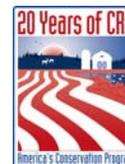
Erodible Land Conservation (HEL) and Wetland Conservation (WC) provisions are required. Farmers with HEL soils need to be aware of tillage, crop residue, and rotation requirements as specified in your conservation plan. Contact NRCS if you have any questions about your conservation plan. Don't wait until 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.

Selected Interest Rates for August 2006	
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	5.125%
Sugar Storage Facility	5.250%
Commodity Loans 1996-Present	6.250%

CRP Released for Emergency Haying and Grazing

Emergency haying has been authorized as a result of drought in several counties. Livestock producers from the designated counties may obtain authorization to hay CRP in any county in the State. Hay baled under this authorization may only be used to feed cattle owned or leased by a livestock producer from an eligible county. Written authorization must be obtained before haying begins.

Only 50 percent of a field or contiguous field may be hayed. CRP



participants must accurately report

acres hayed or grazed before the next annual payment is issued. The annual payment will be reduced by ten percent for each acre hayed or grazed. Bales must be removed from the CRP by October 1, 2006.

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.

Dates to Remember	
August 1	Deadline to submit County Committee nominations
September 4	FSA Offices Closed for Labor Day
September 30	NAP Sales Closing Date for 2007 Rye
September 29	Deadline to Enroll in 2006 DCP
December 1	NAP Sales Closing Date for 2007 Forage, Grass Seeds, Honey, Apples and Berries

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