



NEWSLETTER



Illinois State FSA Office

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Hours
Monday - Friday
8:00 a.m. - 4:30 p.m.

JANUARY 2013

Scherrie V. Giamanco
State Executive Director

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Visit our Website at:
www.fsa.usda.gov/il

WELCOME TO THE ILLINOIS FSA STATE NEWSLETTER (9th Edition)

As USDA Farm Service Agency is moving to a paperless, electronic version of County Newsletters, the State Office has developed a State Wide Newsletter that will be posted to this site every month. This is a uniform Newsletter available to all producers in the state. If you would like to have a hard copy of this newsletter for your use, please stop by your local county office to obtain one. If you wish to receive electronic county office news, and have not signed up to do so yet, please contact your local county office and provide them with your email address. We appreciate your patience while we transition into a new, more efficient, cost saving way of providing you with the most up to date information possible.

Sincerely,

Scherrie V. Giamanco – State Executive Director

HISPANIC AND WOMEN FARMER AND RANCHER CLAIMS PERIOD NOW OPEN

Agriculture Secretary Tom Vilsack announced that Hispanic and women farmers and ranchers who allege discrimination by the USDA in past decades can file claims between September 24, 2012 and March 25, 2013.

The process offers a voluntary alternative to litigation for each Hispanic or female farmer and rancher who can prove that USDA denied their applications for loan or loan servicing assistance for discriminatory reasons for certain time periods between 1981 and 2000.

As announced in February 2011, the voluntary claims process will make available at least \$1.33 billion for cash awards and tax relief payments, plus up to \$160 million in farm debt relief, to eligible Hispanic and women farmers and ranchers. There are no filing fees to participate in the program.

The Department will continue reaching out to potential Hispanic and female claimants, around the country to get the word out to individuals who may be eligible for this program so they have the opportunity to participate.

Call center representatives can be reached at 1-888-508-4429. Claimants must register for a claims package (by calling the number or visiting the website) and the claims package will be mailed to claimants. All those interested in learning more or receiving information about the claims process and claims packages are encouraged to attend meetings in your communities about the claims process and contact the website or claims telephone number.

Website: www.farmerclaims.gov

Phone: 1-888-508-4429

Claims Period: September 24, 2012 – March 25, 2013.

Independent legal services companies will administer the claims process and adjudicate the claims. Although there are no filing fees to participate and a lawyer is not required to participate in the claims process, persons seeking legal advice may contact a lawyer or other legal services provider.

To read Secretary Tom Vilsack’s entire news release issued (9/24/12) click on the following link:

<http://www.usda.gov/wps/portal/usda/usdahome?contentid=2012/09/0309.xml&contentidonly=true>

NOTIFICATION OF THE AVAILABILITY OF THE DISASTER SET-ASIDE PROGRAM

The Disaster Set-Aside (DSA) program could be available to FSA direct farm loan customers whose operation has suffered losses as a result of a natural disaster and who cannot pay all of their expenses, debts to other creditors, and FSA farm loan payments. Under the DSA program, direct loan customers may be eligible to delay any or all of their FSA farm loan payments due this year or next (but not both). This payment will be moved to the end of the loan to be paid on or before the final due date. Loans with less than 2 years remaining are not eligible. DSA will only be approved if all farm loan payments will be up-to-date after the payments are set aside.

Applications can be made for DSA anytime your county has an active disaster designation. To apply for DSA, you must provide the local office with a letter, signed by all parties liable for the debt, requesting DSA and your actual production, income and expense records for the last three years. FSA might request additional information later if it is needed to make an eligibility decision. Complete applications must be submitted to FSA before the account becomes 90 days past due and prior to the end of the disaster designation.

Note: FSA will take a lien on all your assets (with few exceptions) if your account has become past due at the time DSA is closed.

Illinois Counties Eligible for FSA Emergency Loans

Due the historic drought conditions experienced by all Illinois County's many producers are eligible to apply for low-interest emergency (EM) loans under the designated disaster of drought and excessive heat. Emergency loans help assist producers recover from production and physical losses due to drought, flooding and other natural disasters or quarantine. The current emergency loan interest rate is 2.250 percent.

Producers have eight months from the date of the disaster declaration to apply for the emergency loan assistance. If you feel you may qualify for an

emergency loan due to the drought and/or excessive heat, please contact your local County FSA Office.

MARKETING ASSISTANCE LOANS

Marketing Assistance Loans, also referred to as Commodity Loans, are available to producers who share in the risk of producing the crop. To be eligible, you must maintain beneficial interest in the crop through the time of application. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan — even if you regain beneficial interest.

Violating provisions of a marketing assistance loan may trigger administrative actions, such as assessing liquidated damages, calling the loan and denial of future farm-stored loans. The most common violations are removing or disposing of a commodity being used as loan collateral without prior authorization and providing an incorrect quantity certification.

LOANS FOR SOCIALLY DISADVANTAGED

FSA has a number of loan programs available to assist applicants to begin or continue in agriculture production. Loans are available for operating type loans and/or to purchase or improve farms or ranches. While all qualified producers are eligible to apply for these loan programs, the FSA has provided priority funding for members of socially disadvantaged groups.

A socially disadvantaged applicant is one of a group whose members have been subjected to racial, ethnic or gender prejudice because of his or her identity as members of the group without regard to his or her individual qualities.

For purposes of this program, socially disadvantaged groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans, and Pacific Islanders.

If producers or their spouses believe they would qualify as socially disadvantaged, they should contact their local FSA office for details. FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.



FARM STORAGE FACILITY LOAN PROGRAM

The Farm Storage Facility Loan Program (FSFLP) allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities.

The maximum principal amount for each loan through FSFL is \$500,000.00. Participants are required to provide a down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. Additional security is required for poured-cement open-bunker silos, renewable biomass facilities, cold storage facilities, hay barns and for all loans exceeding \$50,000.00. Loan terms of 7, 10 or 12 years are available depending on the amount of the loan. Interest rates for each term rate may be different and are based on the rate which CCC borrows from the Treasury Department.

Producers may choose to apply for FSFL requesting their loan proceeds be disbursed as a partial disbursement and the remaining final disbursement. The partial disbursement will be available after a portion of the construction has been completed. The final fund disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount.

Applications for FSFL must be submitted to the FSA county office that maintains the farm's records. An FSFL must be approved before any site preparation or construction can begin.

The following commodities are eligible for farm storage facility loans:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley or minor oilseeds harvested as whole grain
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain
- Pulse crops - lentils, small chickpeas and dry peas
- Hay
- Renewable biomass
- Fruits (including nuts) and vegetables - cold storage facilities

For more information about FSFL please visit your FSA county office or www.fsa.usda.gov

2011 SUPPLEMENTAL REVENUE ASSISTANCE PROGRAM APPLICATIONS (SURE)

The Farm Service Agency (FSA) will continue to accept SURE applications for 2011 crop losses through June 7, 2013. Under the 2008 Farm Bill, SURE authorizes assistance to farmers and ranchers who suffered crop losses caused by natural disasters occurring through Sept. 30, 2011.

During 2011, 93 Illinois counties received a Secretarial Disaster Designation, whether primary or contiguous, and producers are eligible to apply for SURE benefits if they experienced at least a 10 percent production loss that affects one crop of economic significance.

To meet program eligibility requirements, producers must have obtained a policy or plan of insurance through the Federal Crop Insurance Corporation or obtained Noninsured Crop Disaster Assistance Program (NAP) coverage for all economically significant crops. Eligible farmers and ranchers who meet the definition of a socially disadvantaged, limited resource or beginning farmer or rancher do not have to meet this requirement. Forage crops intended for grazing are not eligible for SURE benefits.

For more information on SURE program eligibility requirements contact your local FSA office or visit the website at <http://www.fsa.usda.gov/sure>.

NONINSURED CROP DISASTER ASSISTANCE PROGRAM (NAP)

The Noninsured Crop Disaster Assistance Program (NAP) is a federally funded program that helps producers reduce their risk when growing food and fiber crops, specialty crops and crops for livestock feed. These benefits are only available for crops for which the catastrophic level of crop insurance is not available. Application for coverage must be filed by the applicable crop's application closing date.

Production records for all crops must be reported to FSA no later than the acreage reporting date for the crop for the following year. FSA requires that any production reported in a loss year be verifiable according to Agency specifications. *NAP Losses must be reported within 15 days of the date the loss became apparent.*

The NAP application closing date for most spring and summer planted crops is March 15, 2013. Producers should contact their local USDA/FSA office for specific application closing dates.

HIGHLY ERODIBLE LAND CONSERVATION (HELC)/WETLAND CONSERVATION(WC)COMPLIANCE – ALSO KNOWN AS ‘SODBUSTER/SWAMPBUSTER’ COMPLIANCE

Compliance with HELC and WC provisions is required to be eligible for most FSA and Natural Resources Conservation Service (NRCS) program benefits. For participants with HEL fields, they must be in compliance with tillage, crop residue, and rotation requirements as specified in the conservation plan. This is nothing new and has been part of overall program policy since 1985. Contact your local FSA office prior to any land clearing or drainage projects to complete Form AD-1026, HELC and WC Certification.

This includes clearing trees or brush, bringing any acreage into agricultural production (even if it was in production at some point in the past, taken out of production for some reason, and now the desire is to bring it back into production). It is important to note that **wetland compliance violations** can occur in several situations including 1) draining, dredging, filling, leveling, etc. an area determined to be a wetland to the point where producing an agricultural commodity is possible (it is not the act of planting a crop but simply the action of doing the draining, clearing, etc.), 2) improving drainage on land that may be currently in production but is determined to be a farmed wetland (i.e. the acreage was being farmed before 1985 but meets certain criteria and is considered a ‘farmed wetland’- these areas may be farmed and maintained in the same manner as long as they are not abandoned but drainage/tiling actions cannot be done that would improve or enhance the system), 3) other actions that result in wetlands being converted. These above examples are different from acreage that is determined ‘prior converted’ that was cropped before 12/23/85, does not meet farmed wetland criteria, and, therefore, are generally not subject to WC provisions.

On any acreage already identified as being highly erodible land, contact NRCS before doing any tillage (or grazing livestock) if it is not currently written into the conservation plan. These actions could reduce the amount of required residue needed to stay in compliance. In addition, a **sodbusting compliance violation** could occur if you convert native vegetation, pastureland, or any other area for which an HEL determination has not been made by NRCS.

Also, NRCS is required to conduct status reviews on a percentage of farms every year to see if conservation plans are being followed on HEL tracts. If there is not enough crop residue because of tillage operations or livestock grazing, those tracts will likely be found out of compliance. This could result in losing all program payments on all farms in all counties for the affected participants.

Please follow the approved conservation plans and get written permission on anything that will result in a loss of adequate residue or result in sodbusting or swampbusting. Review conservation plans every year and know the rules. Areas you may think should be easily eligible to be cleared because they are flat and not subject to HELC provisions could be determined to be a wetland and any conversion would then make everyone associated with the area ineligible for benefits. It is your responsibility to notify FSA and NRCS of intentions to clear ground, improve drainage systems on what may be considered farmed wetlands, deviate from an approved conservation plan on HEL land, etc. BEFORE you do these actions so reviews can be conducted to ensure your eligibility is maintained. Contact your local FSA or NRCS office for more details.

CONTROLLED SUBSTANCE

Any person convicted under federal or state law of a controlled substance violation could be ineligible for USDA payments or benefits. Violations include planting, harvesting or growing a prohibited plant. Prohibited plants include marijuana, opium, poppies and other drug producing plants.

MAINTAINING THE QUALITY OF LOANED GRAIN

Bins are ideally designed to hold a level volume of grain. When bins are overfilled and grain is heaped up, airflow is hindered and the chance of spoilage increases.

Producers who take out marketing assistance loans and use the farm-stored grain as collateral should remember that they are responsible for maintaining the quality of the grain through the term of the loan.

UNAUTHORIZED DISPOSITION OF GRAIN

If loan grain has been disposed of through feeding, selling or any other form of disposal without prior written authorization from the County Office staff, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe and a producer's name will be placed on a loan violation list for a two-year period. Always call before you haul any grain under loan.

LDPS FOR UNSHORN LAMB PELTS

Eligible producers have until Jan. 31, 2013, to apply for Loan Deficiency Payments (LDP) for unshorn pelts produced during the 2012 crop year.

Eligible producers must have beneficial interest in the pelts, owned the lamb for at least 30 calendar days before the date of slaughter and sell the unshorn lamb for immediate slaughter. Producers must also comply with wetland conservation and highly erodible land conservation provisions on all lands they operate or have interest in.

To qualify for payment, pelts must have been produced by an eligible producer from live unshorn lambs of domestic origin in the United States.

FINAL AVAILABILITY DATES FOR 2012 CROP MARKETING ASSISTANCE LOANS & LOAN DEFICIENCY PAYMENTS

- January 31-Mohair, Peanuts, Unshorn Pelts, Wool
- March 31-Honey, Oats, Wheat
- May 31-Corn, Cotton, Grain Sorghum, Rice, Soybeans

*Unshorn pelts are not eligible for MALs

APPEAL PROCESS

After an FSA official makes a decision on a request for USDA services or application, the producer will be sent a letter informing him/her of the decision and options that can be pursued.

Generally, program participants have three choices — an informal review with the original agency decision-maker, an opportunity for mediation and finally an appeal to the next level of authority within the agency.

IRS 1099 CHANGES

In past years, IRS Form 1099-G was issued to show all program payments received from the Farm Service Agency, regardless of the amount. For calendar year 2012, the 1099-G reporting will change.

IRS Form 1099-G (Report of Payments to Producers) will only be issued to producers whose reportable payments total \$600 or more for the calendar year. Additionally, if the producer has at least \$600 in reportable payments received from multiple FSA offices, only one Form 1099-G will be issued. Producers subject to voluntary withholding or backup (involuntary) withholding will receive the appropriate IRS form, even if combined payments are less than \$600.

The same changes will apply to producers and vendors who normally receive IRS Form 1099-MISC from FSA.

Any producer who receives less than \$600 in combined payments should consult a tax advisor to determine if these payments must be reported on their tax return.

For more information regarding IRS reporting changes, please contact your local County FSA office.

INCREASED GUARANTEED LOAN LIMIT

The Farm Service Agency has announced that the loan limit for the Guaranteed Loan Program increased to \$1,302,000 on October 1, 2012. The limit is adjusted annually based on data compiled by the National Agricultural Statistics Service.

The lending limit increases every year according to an inflation index. The maximum combined guaranteed and direct farm loan indebtedness was increased to \$1,602,000.

As a reminder, the one-time loan origination fee charged on FSA guaranteed Farm Ownership and Operating loans is 1.5 percent of the guaranteed portion of the loan.

Producers should contact their local FSA County Offices with questions about farm loans.

BEGINNING FARMER LOANS

FSA has a program to assist beginning farmers and/or members of socially disadvantaged groups to finance agricultural enterprises. Under these designated farm loan programs, FSA can provide financing to eligible applicants through either direct or guaranteed loans. FSA defines a beginning farmer as a person who:

- Has operated a farm for not more than 10 years
- Will materially and substantially participate in the operation of the farm
- Agrees to participate in a loan assessment, borrower training and financial management program sponsored by FSA
- Except for operating loan assistance, does not own farm acreage in excess of 30 percent of the county's median size

Each member of an entity must meet the eligibility requirements. Loan approval is also dependent on acceptable feasibility and security determinations.

Additional program information, loan applications, and other materials are available at the local USDA Service Center or visit www.fsa.usda.gov.

FSA CONSERVATION LOANS AVAILABLE

FSA Guaranteed Conservation Loan funds are now available. Conservation loans allow farmers and ranchers to implement conservation practices on their land that will help protect natural resources.

Guaranteed Conservation Loans are a useful alternative to help operators implement any Natural Resources Conservation Service (NRCS) approved conservation practice including, but not limited to, waste management systems, conservation structures or water conservation measures.

Unlike other FSA guaranteed loan programs, Conservation Loans are not limited to family size farms.

The Guaranteed Conservation Loan limit is \$1,302,000 and interest rates and terms will vary. The maximum guarantee FSA can issue is 75 percent.

A streamlined application process is available for applicants with a strong financial position.

Interested applicants who do not already have a conservation plan approved by NRCS should work with their local NRCS staff to develop a conservation plan. As with other guarantees, lenders can reduce risk, increase liquidity and offer lower rates by selling the guaranteed portion in the secondary market.

For questions regarding Guaranteed Conservation Loans, please contact your lender or your local FSA Office.

FSA SIGNATURE POLICY

Using the correct signature when doing business with FSA can save time and prevent a delay in program benefits. The following are FSA signature guidelines:

- Spouses may sign documents on behalf of each other for FSA and CCC programs in which either has an interest, unless written notification denying a spouse this authority has been provided to the county office
- Spouses shall not sign on behalf of each other as an authorized signatory for partnerships, joint ventures, corporations, or other similar entities.

For additional clarification on proper signatures contact your local FSA office.

CONDUCT USDA BUSINESS ONLINE BY CREATING AN eAUTHENTICATION ACCOUNT

The Internet allows you, the customer, access to USDA information 24 hours a day, seven days a week. You can fill out and submit electronic forms (eForms) any time of the day or night from anywhere you have Internet access. This new service delivery option allows you to complete and file your own forms or applications online, because your signature is already electronically "on file."

Information submitted to the Federal Government remains safe and secure because every customer has a unique User ID and password; only authorized USDA employees can access your information. It's safe, saves paper, saves a visit to your local USDA Service Center and provides electronic tracking of all your USDA transactions.

How to Sign Up for eAuth

Begin the process by reviewing the information at the USDA Website <https://www.eauth.usda.gov>. This website describes the services available for Level 1 and Level 2 Accounts. Level 1 and Level 2 Accounts require that you have an email address so you can register, create a customer profile, and be able to respond to a confirmation email. Level 1 Accounts do not require you to provide proof of your identity at a local USDA Service Center. Level 1 Accounts provide limited access to certain USDA Web site portals that require no authentication or authorization. A Level 2 Account does require a visit to a USDA Service Center with proof of your identity. That is because a Level 2 Account allows you access to complete and submit documents and forms electronically.

LEVEL 1 ACCOUNT

STEP 1. To obtain a Level 1 Account, you may self register online at www.eauth.egov.usda.gov. Scroll down and click on the button that says "Sign Up for a Level 1 Account." Complete the brief customer profile.

STEP 2. You will receive a confirmation email, and you must respond to it within 7 days to activate your account.

LEVEL 2 ACCOUNT

STEP 1. To obtain a Level 2 Account, you must complete an 18 question customer profile and prove your identity by presenting state or federal photo ID at a local USDA Service Center. Go to www.eauth.egov.usda.gov, scroll down and click on "Sign Up for a Level 2 Account." Complete your customer profile, which includes designating your user ID and password created by you, contact information and email information. The data you enter in your customer profile must match the data on the document you use as identification at your local USDA Service Center. Example: Your first and last names and address must match the government-issued photo ID you plan to use to prove your identity. Identify proof can only be verified by one of the following documents: Current State Driver's License, State Photo ID, US Military ID, or United States Passport.

STEP 2. After completing your customer profile and submitting it online, you will receive a confirmation email, and you must respond to it within 7 days to activate your account.

STEP 3. Then you must complete the “Identify Proofing” process by visiting a local USDA Service Center. You will be required to present the eligible photo ID to an USDA employee who will verify your identity and enter the expiration date of the ID document used.

STEP 4. The USDA employee then will update your customer profile to a Level 2 Account. You will have access to USDA online applications and forms within one hour of your account being updated.

You now have access to complete and submit documents and forms electronically. USDA continues to update and make more forms and programs available electronically.

January 2013	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	1.250%
Farm Ownership Loans — Direct	3.125%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	2.25%
Farm Storage Facility (7 year)	1.125%
Farm Storage Facility (10 year)	1.625%
Farm Storage Facility (12 year)	1.875%
Commodity Loans	1.125%

Dates to Remember	
January 21, 2013	Martin Luther King Jr. Birthday-Federal Holiday – Office Closed
January 31, 2013	Last day to apply for LDP for unshorn lamb pelts
March 12, 2013	Last day to file Emergency Loan applications for production and physical losses
March 25, 2013	Hispanic/Women/Farmer/Rancher claimant period ends
June 7, 2013	SURE sign up ends
Continuous sign up	Farm Storage Facility Loans