



NEWSLETTER



Illinois State FSA Office

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

FEBRUARY 2013

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

WELCOME TO THE ILLINOIS FSA STATE NEWSLETTER (10th 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>



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.

DCP/ACRE 2013 SIGN-UP

The Direct and Counter-Cyclical Program (DCP) and the Average Crop Revenue Election (ACRE) Program are being offered for the 2013 program year under the 2008 Farm Bill Extension.

DCP and ACRE sign-up for 2013 will begin on February 19, 2013. The ACRE election and enrollment sign-up period will end on June 3, 2013 and the DCP enrollment sign-up period will end on August 2, 2013.

The only program change from 2012 to 2013 is that all eligible participants in 2013 may choose to enroll in either DCP or ACRE for the 2013 crop year. This means that eligible producers who were enrolled in ACRE in 2012 may elect to enroll in DCP in 2013 or may re-enroll in ACRE in 2013 (and vice versa).

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.

MILC PROGRAM EXTENDED

As a result of the 2008 Farm Bill Extension, all Milk Income Loss Contracts are automatically extended to September 30, 2013. Eligible producers do not have to re-enroll in MILC.

MILC payments are triggered when the Boston Class I milk price falls below \$16.94 per hundredweight, after adjustment for the cost of dairy feed rations. MILC payments are calculated each month using the latest milk price and feed cost.

The payment rate for September 2012 is approximately \$0.59 per hundredweight. The payment rate for October 2012 marketing's is approximately \$0.02 per hundredweight. The payment rate for November 2012 marketing's is zero.

Before the October MILC payment can be issued, dairy farmers must complete a new Average Adjusted Gross Income (AGI) form for 2013. The new form, CCC-933 Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information, must be completed by producers before they can receive payments for a variety of programs administered by FSA and USDA's Natural Resources Conservation Service. Producers may obtain CCC-933 at their local USDA Service Center or online at www.fsa.usda.gov/cc933.

Dairy operations may select a production start month other than October 2012. Producers who want to select a production start month other than October 2012 must visit their local FSA office between Feb. 1 and Feb. 28, 2013, also known as a relief period.

FSA will provide producers with information on program requirements, updates and signups as the information becomes available. For more information on MILC, contact a local FSA county office or visit the FSA website at www.fsa.usda.gov.

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.

NEW MICROLOAN PROGRAM

The Farm Service Agency (FSA) developed the Microloan (ML) program to better serve the unique financial operating needs of beginning, niche and the smallest of family farm operations.

The program will operate similar to the Operating Loan program but will include reduced requirements for managerial experience and loan security, as well as reduced paperwork.

The Microloan program can be used for such expenses as annual crop inputs, marketing and distribution expenses, purchase of livestock and equipment, and minor farm improvements such as wells and coolers.

Eligible applicants may obtain a Microloan for up to \$35,000. The repayment term may vary and will not exceed seven years. Annual operating loans are normally repaid within 12 months or when the agricultural commodities produced are sold. Interest rates will be the same as the regular Direct Operating Loan rates.

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 FSFLs 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 FSFLs, please visit your FSA county office or www.fsa.usda.gov

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. There are no late-file provisions for NAP applications for payment.

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.

For the 2013 crop year, spring and summer planted NAP crops have an application closing date of March 15, 2013.

For the 2014 crop year, the application closing date for ornamental nursery crops is May 1, 2013.

2011 SUPPLEMENTAL REVENUE ASSISTANCE PROGRAM APPLICATIONS

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, 91 counties in Illinois 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>.

FSA GOVDELIVERY

The USDA Farm Service Agency Offices have moved to a paperless news distribution system.

Producers are asked to enroll in the new GovDelivery system, which provides notices, newsletters and electronic reminders instead of a hard copy through the mail.

FSA, like many other organizations, is trying to work smarter and be more efficient. Moving to electronic notifications via email helps conserve resources and save taxpayer dollars.

Producers can now subscribe to receive free email updates by going to www.fsa.usda.gov/subscribe.

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.

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

- March 31-Honey, Oats, Wheat
- May 31-Corn, Cotton, Grain Sorghum, Rice, Soybeans

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.

NEW AGI FORM FOR 2013

Under the 2008 Farm Bill extension, all payment eligibility and payment limitation provisions were extended, including AGI limitations for the 2013 crop year, program year and fiscal year.

All rules and requirements effective for 2012 program payments and benefits are applicable to eligible recipients of 2013 program payments and benefits, including the requirements of actively engaged in farming, cash-rent tenant, substantive change, minor child, and spousal provisions. Payments will continue to be limited by direct attribution to person and legal entity. All average AGI limitations for commodity, price support, disaster assistance, and conservation programs are also continued for 2013 including the \$1 million average AGI limitation for 2013 direct payments.

The average AGI for 2013 payment eligibility purposes will be based on the average AGI amounts for the 3-year period of 2009, 2010, and 2011. Producers will be required to complete a new AGI compliance certification and written consent for disclosure for 2013 using form CCC-933, which is a new form for 2013. The CCC-933 must be completed by the person or legal entity earning 2013 program payments or benefits either directly or indirectly.

Producers may obtain CCC-933 at their local USDA Service Center or online at www.fsa.usda.gov/cc933.

GUARANTEED LOAN PROGRAM

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

STEP1. 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.

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.

LAND CONTRACT(LC) GUARANTEES

The Land Contract (LC) Guarantee Program is a valuable tool to transfer farm real estate to the next generation of farmers and ranchers. Guarantees will be offered to the owner of a farm who wishes to sell real estate through a land contract to a beginning or socially disadvantaged farmer or rancher. The guarantee reduces the financial risk to the seller.

FSA offers two types of guarantees:

- Prompt Payment Guarantee - A guarantee up to the amount of three amortized annual installments plus the cost of any related real estate taxes and insurance.
- Standard Guarantee - A guarantee of 90 percent of the outstanding principal balance under the land contract.

The guarantee period is 10 years and the contract payments must be amortized for a minimum of 20 years. The purchase price of the farm cannot exceed the lesser of \$500,000 or the market value of the property. For additional information, go to: http://www.fsa.usda.gov/Internet/FSA_File/lc_guarantee_program.pdf

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.

February 2013	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	1.125%
Farm Ownership Loans — Direct	3.125%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	2.125%
Farm Storage Facility (7 year)	1.125%
Farm Storage Facility (10 year)	1.875%
Farm Storage Facility (12 year)	2.125%
Commodity Loans	1.125%

Dates to Remember	
February 18, 2013	Washington's Birthday-Federal Holiday – Office Closed
February 19, 2013	DCP/ACRE Sign-Up Begins
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