



NEWSLETTER



Illinois State FSA Office

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

JULY 2012

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 (4th 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



ACREAGE CERTIFICATION

Time is nearing for producers to certify their 2012 acreage. Filing an accurate acreage report for all crops and land uses, including failed acreage and prevented planting acreage can prevent the loss of benefits for a variety of programs. The deadline for filing an acreage report is July 16, 2012.

Acreage reports on crops covered by NAP are due in the county office by the earlier of the acreage reporting date or 15 calendar days before the onset of harvest or grazing of the specific crop acreage being reported.

DIRECT AND GUARANTEED LOANS

The Farm Service Agency is committed to providing family farmers with loans to meet their farm credit needs. If you are having trouble getting the credit you need for your farm, or regularly borrow from FSA, direct and guaranteed loans are currently available.

Ask your lender about an FSA loan guarantee if you've had a setback and your lender is reluctant to extend or renew your loan.

Farm ownership loans or farm operating loans may be obtained as direct loans for a maximum of up to \$300,000. Guaranteed loans have a maximum limit of \$1,214,000. This makes the maximum combination of direct and guaranteed loan indebtedness \$1,514,000.

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.

To find out more about FSA loan programs, contact the county office staff.

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
- Does not own a farm in excess of 30 % of the county's median size

Each member of an entity must meet the eligibility requirements.

Loan approval is not guaranteed.

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



COMPLIANCE

Compliance and spot checks will be utilized during the 2012 crop year. Instead of locally selecting farms, contracts, deficiency loans, etc. for spot check and review, a nationwide selection of producers is used to achieve a statistical sampling of participating producers. Spot check selections are conducted based on a producer's participation in the Conservation Reserve Program, Direct and Counter-cyclical Program, Loan Deficiency Program, etc.

PRODUCERS MUST REPORT FAILED CROPS TO FSA

Producers must report failed crops resulting from a weather-related disaster event before disposition of the crop. For NAP crops, producers must report crop losses within 15 days of the disaster or when the loss first becomes apparent. Prevented planting must be reported no later than 15 days after the final planting date for the applicable crop.

Crop losses are acres that were timely planted with the intent to harvest, but the crop failed because of a natural disaster. It is important that producers file accurate and timely loss reports to prevent the potential loss of FSA program benefits.

Producers who have NAP coverage will be required to report crop losses on an FSA form CCC-576 - "Notice of Loss"

COUNTY COMMITTEE NOMINATIONS

County committees (COC) play a crucial role in helping county office staff implement the Farm Bill. Due to the important services that COC members provide, producers are encouraged to participate in the FSA county committee election process by nominating an eligible candidate by the Aug. 1, 2012, deadline.

To become a nominee, eligible individuals must sign form FSA-669A.

The form and other valuable information about FSA

county committee elections are available online at: <http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/FSA669-A.PDF>

FSA county committee members make decisions on disaster and conservation programs, emergency programs, commodity price support loan programs and other important agricultural issues. Members serve three-year terms.

Nationwide, there are more than 7,800 farmers and ranchers serving on FSA county committees. Committees consist of three to five members who are elected by eligible local producers.

POLLINATOR HABITATS ACCEPTED AS CONTINUOUS CRP PRACTICE

Pollinator habitats will now be accepted as a Continuous Sign-up Conservation Reserve Program (CCRP) practice. Pollinator habitats are areas of permanent vegetation located in an agricultural landscape: field edges, field middles, odd corners, or any agricultural location that is suitable for establishing pollinator habitat.

Participants of newly enrolled pollinator habitats, under continuous sign up authority, wetland restoration and wetland restoration (non-floodplain) and habitat buffers for upland bird practices are eligible to receive a \$150 CRP Sign-up Incentive Payment (SIP) per acre. The SIP is a one-time payment issued to CRP participants after the contract is approved.

The SIP for all other continuous sign-up practices authorized to receive a SIP remains unchanged at \$100 per acre. Continuous CRP sign-up allows participants to submit offers for selected CCRP practices to enroll in CRP at anytime instead of waiting for a General CRP sign-up period.

SODBUSTER REGULATIONS

The term "sodbusting" means converting land from native vegetation, such as rangeland or woodland, to crop production after December 23, 1985. Sodbuster violations are unauthorized tillage practices on highly erodible lands.

Farmers and ranchers should be aware that if they use highly erodible land for crop production without proper conservation measures, they risk losing eligibility to participate in Farm Service Agency programs. Before producers clear, plow or otherwise prepare areas not presently under crop production for planting, they are required to file an AD-1026, indicating the area to be brought into production.

If Natural Resources Conservation Service indicates on a CPA-026 that the area will be highly erodible land, the producer will be required to develop and implement a conservation plan on the affected acreage, before bringing land into production.

FARM RECONSTITUTIONS

When changes in farm ownership or operation take place, a farm *reconstitution* is necessary. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

The following are the different methods used when doing a farm recon. Remember, to be effective for the current year, recons must be requested by Aug. 1 for farms enrolled in the Direct and Counter-Cyclical Program.

- **Estate Method** — the division of bases for a parent farm among heirs in settling an estate;
- **Designation of Landowner Method** — the division of bases in the manner agreed to by the farm owner and purchaser or transferee. This method may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. In order to use this method the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must file a signed Memorandum of Understanding

- with the county office before the farm is reconstituted or any subsequent transfer of ownership;
- **DCP Cropland Method** — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract;
- **Default Method** — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.
- RURAL YOUTH LOANS
- The Farm Service Agency makes loans to rural youth to establish and operate income-producing projects in connection with 4-H clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization's advisor, produce sufficient income to repay the loan and provide the youth with practical business and educational experience. The maximum loan amount is \$5,000.

YOUTH LOAN ELIGIBILITY REQUIREMENTS

- Be a citizen of the United States (which includes Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands) or legal resident alien;
- Be 10 years to 20 years of age;
- Comply with FSA's general eligibility requirements;
- Reside in a rural area, city or town with the population of 50,000 or fewer 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;
- Demonstrate capability of planning, managing and operating the project under guidance and assistance from a project advisor. The project supervisor must recommend the project and the loan, along with providing adequate supervision.

DISASTER ASSISTANCE

The Farm Service Agency would like to remind crop and livestock producers that have recently experienced severe damage from flooding, wildfires and tornadoes that FSA programs are available to assist with recovery.

We encourage all who have suffered a disaster due to the recent severe weather conditions to read the fact sheets and visit their local FSA county office so they get a quick start in the recovery process.

Fact sheets for all of these programs can be found at www.fsa.usda.gov; click on Newsroom, then Fact Sheets.

SUCCESSOR-IN-INTEREST

Many FSA programs will allow payments to be made to heirs or successors when a program participant passes away. Additionally, contracts in programs such as CRP must be revised to reflect the successor(s) to a deceased participant's interest.

In the event of an FSA program participant's death, it is important that FSA be notified. Entities and joint operations that participate in FSA programs also need to notify FSA if a shareholder or member passes away. FSA benefits are reported to IRS and maintaining current, accurate records about participants is vital to ensuring that those payments are reported correctly.

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. The Farm Service Agency administers this program for USDA.

All individuals who are not U.S. citizens, and have purchased or sold agricultural land in the county are required to report the transaction to FSA with 90 days of the closing. Failure to submit the AFIDA form (FSA-153) could result in civil penalties of up to 25 percent 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.

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.

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. 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. New 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 FSFL 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.

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

FSA MOVES TO ELECTRONIC CHECK PROCESSING

FSA is moving towards an electronic method for processing check payments from customers. All paper checks submitted for payment, either in person or through the mail, will be converted into an Electronic Funds Transfer (EFT) using Over the Counter Channel (OTCnet), a web-based application.

The electronic transfer of funds could occur within 24 hours. FSA will hold the paper check for up to 14 calendar days to ensure that the transaction was successfully processed and then the check will be shredded. The producer will not receive the paper check back from FSA.

During 2012, OTCnet will be implemented in a select number of counties throughout the state, but all counties will be transitioned into OTCnet by the end of 2013.

The new electronic check processing system will benefit the Agency and producers. The new system will reduce the possibility of losing or misplacing checks, speed up the check clearing process and reduce the potential for human error

FARM SAFETY

Summer is an exciting and hectic time on (insert County name) farms. (Insert county name) FSA employees care about our customers, and want to remind them to practice farm safety.

Remember to walk around machinery and check shields and guards; make sure the PTO's master shield is in place; make sure Slow Moving Vehicle signs are on machinery.

If you are taking medicine, take it at the appropriate time and eat on schedule.

If you are working in grain bins know that flowing grain can kill, and it can kill quickly. It takes less than five seconds for a person caught in flowing grain to be trapped. Try not to work alone in bins or confined spaces, and if that's not possible let someone know where you are by checking in regularly by cell phone.

CROP INSURANCE REMINDERS FOR DROUGHT CONDITIONS

Brian D. Frieden, Director of USDA's Risk Management Agency's Springfield Regional Office, offers reminders for producers who may have a loss on an insured crop.

If you have a potential crop loss, notify your crop insurance agent immediately. You are responsible for notifying your agent within 72 hours of discovering crop damage; continuing to care for the crop as you normally would and getting permission from the insurance company before destroying any of the crop.

Your crop insurance company can explain your options.

Dates to Remember	
July 16	Deadline to provide 2010 ACRE production on FSA-658
July 16	Deadline to report spring planted crop acreage
Continues	Farm Storage Facility Loans
Continues	Continuous Conservation Reserve program

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.

MILC PROGRAM

FSA's Milk Income Loss Contract Program (MILC) compensates dairy producers when domestic milk prices fall below a specified level. MILC payments are made when the Boston Class I milk price falls below \$16.94 per hundredweight (cwt) as adjusted by the dairy feed ration adjustment. The monthly Boston price is posted online at:

http://www.fmmone.com/Northeast_Order_Prices/NE_Prices_main_new.htm.

Eligible producers should submit current milk production evidence for MILC payment. Eligibility for 2012 must be completed before payments can be disbursed. Please contact the office to check the status of your eligibility. New dairy producers are encouraged to apply for the program any time before Sept. 30, 2012.

Selected Interest Rates for July 2012	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	1.25%
Farm Ownership Loans — Direct	3.375%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	3.75%
Farm Storage Facility Loans (7 years)	1.125%
Farm Storage Facility Loans (10 years)	1.625%
Farm Storage Facility Loans (12 years)	1.875%
Commodity Loans 1996-Present	1.250%