

December 2018



Farm Service Agency **Electronic News Service**

NEWSLETTER

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Illinois FSA Newsletter

Illinois Farm Service Agency

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William J. Graff

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James Reed-Chairperson
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Happy Holidays, Merry Christmas and a very prosperous New Year

Illinois FSA and the State Executive Director wishes you all a very prosperous New Year. 2018 will go down as a challenging year for many farmers in Illinois. Agriculture continues to struggle with high costs and prices that just do not want to go up to cover the higher costs of farming. We do care and in lots of instances we can help. If you think you are going to need a guaranteed or direct loan, please come in and start that process with FSA now. Do not wait until April if you think your finances need assistance now, sooner would be better.

As for farm programs Illinois FSA continues to work on the Market Facilitation Program (MFP). Once again, Illinois FSA has effectively delivered a program, issued payments to our producers and provided essential resources to the Agricultural Community.

George Obernagel III-Member
Troy Uphoff-Member

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Doug Bailey
John Gehrke
Randy Tillman

To find contact information for
your local office go to
www.fsa.usda.gov/il

In regards to a new Farm Bill; once the Farm Bill is passed, and the new rules are implemented, the Illinois FSA State Office will be trained by the National FSA Office, and in turn they will train the County Office personnel. The FSA County Offices will then have meetings for producers to be "trained". Please attend these meetings.

My best advice, do not wait until a program deadline to go into an FSA office to sign up. Early is almost always better.

Enjoy the Holidays and we will see you again in 2019.

William Graff
State Executive Director

USDA Market Facilitation Program

Producers are urged to visit your local county FSA office and sign CCC-910 to participate in MFP by close of business (COB), Tuesday, January 15, 2019. If you have not yet completed harvest, the CCC-910 MFP application is required to be on file by COB January 15, 2019. There is no MFP application late filing period. All producers have until May 1, 2019 to report 2018 harvested production.

USDA launched the trade mitigation package aimed at assisting farmers suffering from damage due to unjustified trade retaliation by foreign nations. Producers of certain commodities can now sign up for the Market Facilitation Program (MFP).

USDA's Farm Service Agency (FSA) is currently administering MFP providing payments to corn, cotton, dairy, hog, sorghum, soybean, wheat, shelled almond, and fresh sweet cherry producers. An announcement about further payments will be made in the coming months, if warranted.

The sign-up period for MFP runs through Jan. 15, 2019, with information and instructions provided at www.farmers.gov/mfp. Producers must apply for MFP, signing and submitting CCC-910 by COB, Jan. 15, 2019. Eligible producers should apply after harvest is complete, as MFP payments will only be issued once production is reported and production must be reported by May 01, 2019.

A payment will be issued on 50 percent of the producer's total production, multiplied by the MFP rate for a specific commodity. A second payment period, if warranted, will be determined by the USDA.

FSA is currently approving and issuing MFP payments, in most cases within a few days of a producer submitting production evidence. Producers should submit their production in the year they desire to receive the MFP payments, but by May 1, 2019.

MFP is designed to be a simple program – ONE application containing ALL the 2018 production from ALL farms, ALL counties and ALL states. Be sure to report all eligible bushels on one application.

For a list of initial MFP payments rates, view the [MFP Fact Sheet](#).

MFP payments are capped per person or legal entity as follows:

- A combined \$125,000 for eligible crop commodities
- A combined \$125,000 for dairy production and hogs
- A combined \$125,000 for fresh sweet cherries and almonds

Applicants must also have an average adjusted gross income for tax years 2014, 2015, and 2016 of less than \$900,000. Applicants must also comply with the provisions of the Highly Erodible Land and Wetland Conservation regulations.

Expanded Hog Timeline

USDA has expanded the timeline for producers with whom the Aug. 1, 2018, date does not accurately represent the number of head of live hogs they own. Producers may now choose any date between July 15 to Aug. 15, 2018 that correctly reflects their actual operation.

MFP applications are available online at www.farmers.gov/mfp. Applications can be completed at a local FSA office or submitted electronically either by scanning, emailing, or faxing. To locate or contact your local FSA office, visit www.farmers.gov.

Loans for Targeted Underserved Producers

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, FSA has provided priority funding for members of targeted underserved applicants.

A targeted underserved 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, targeted underserved groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans and Pacific Islanders.

FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

Farm Loan Graduation Reminder

FSA Direct Loans are considered a temporary source of credit that is available to producers who do not meet normal underwriting criteria for commercial banks.

FSA periodically conducts Direct Loan graduation reviews to determine a borrower's ability to graduate to commercial credit. If the borrower's financial condition has improved to a point where they can refinance their debt with commercial credit, they will be asked to obtain other financing and partially or fully pay off their FSA debt.

By the end of a producer's operating cycle, the Agency will send a letter requesting a current balance sheet, actual financial performance and a projected farm budget. The borrower has 30 days to return the required financial documents. This information will be used to evaluate the borrower's potential for refinancing to commercial credit.

If a borrower meets local underwriting criteria, FSA will send the borrower's name, loan type, balance sheet and projected cash flow to commercial lenders. The borrower will be notified when loan information is sent to local lenders.

If any lenders are interested in refinancing the borrower's loan, FSA will send the borrower a letter with a list of lenders that are interested in refinancing the loan. The borrower must contact the lenders and complete an application for commercial credit within 30 calendar days.

If a commercial lender rejects the borrower, the borrower must obtain written evidence that specifies the reasons for rejection and submit to their local FSA farm loan office.

If a borrower fails to provide the requested financial information or to graduate, FSA will notify the borrower of noncompliance, FSA's intent to accelerate the loan, and appeal rights.

2016, 2017 and 2018 Average Adjusted Gross Income (AGI) Compliance Reviews

The AGI verification and compliance reviews for 2016, 2017 and 2018 are conducted on producers who the IRS indicated may have exceeded the adjusted gross income limitations described in [7 CFR 1400.500]. Based on this review, producers will receive determinations of eligibility or ineligibility.

If the producer is determined to have exceeded the average AGI limitation of \$900,000, receivables will be established for payments earned directly or indirectly by the producer subject to the \$900,000 limitation. The State FSA Office continues to notify producers selected for review. If you have any questions about the review process or determinations, please contact the Illinois State FSA Office at 217-241-6600. Producers who receive initial debt notification letters may only appeal the amount of the debt to their local FSA office. Payment eligibility adverse determinations become administratively final 30 days from the date of the payment eligibility adverse determination letter and can only be reopened if exceptional circumstances exist that prevented the producer from timely filing the appeal.

More information AGI can be found online at <https://www.fsa.usda.gov/programs-and-services/payment-eligibility/adjusted-gross-income/index>

Marketing Assistance Available for 2018 Crops

The 2014 Farm Bill authorized 2014-2018 crop year Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs).

MALs provide financing and marketing assistance for 2018 wheat, as well as other commodities such as feed grains, soybeans and other oilseeds, pulse crops, rice, wool and honey. MALs provide producers interim financing after harvest to help them meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows.

A producer who is eligible to obtain an MAL, but agrees to forgo the loan, may obtain an LDP if such a payment is available.

To be eligible for an MAL or an LDP, producers must have a beneficial interest in the commodity, in addition to other requirements. A producer retains beneficial interest when control of and title to the commodity is maintained. For an LDP, the producer must retain beneficial interest in the commodity from the time of planting through the date the producer filed [Form CCC-633EZ \(page 1\)](#) in the FSA County Office. For more information, producers should contact their local FSA county office or view the [LDP Fact Sheet](#).

USDA Acreage Reporting Deadline for Perennial Forage Changes to July 15

USDA Farm Service Agency (FSA) has established a new acreage reporting deadline for perennial forage for 2019 and subsequent years. Previously set in the fall, the new deadline is July 15 for Illinois.

Timely and accurate acreage reports for all crops and land uses, including prevented planting or failed acreage, are the foundation for many FSA program benefits, including disaster programs for livestock owners. Producers must report their acreage to maintain program eligibility.

Producers who have coverage for perennial forage under the Noninsured Crop Disaster Assistance Program (NAP) must report their crop acreage by the earlier of any of the following:

- the established acreage reporting date (July 15)
- 15 calendar days before the onset of harvest or grazing of the specific crop acreage being reported
- the established normal harvest date for the end of the coverage period.

Permitted Revision of Intended use After Acreage Reporting Date:

New operators or owners who pick up a farm after the acreage reporting deadline has passed and the crop has already been reported on the farm, have 30 days to change the intended use. Producer share interest changes alone will not allow for revisions to intended use after the acreage reporting date. The revision must be performed by either the acreage reporting date or within 30 calendar days from the date when the new operator or owner acquired the lease on land, control of the land or ownership and new producer crop share interest in the previously reported crop acreage.

Under this policy, appropriate documentation must be provided to the County Committee's satisfaction to determine that a legitimate operator or ownership and producer crop share interest change occurred to permit the revision.

Definitions of Terms

FSA defines "idle" as cropland or a balance of cropland within a Common Land Unit (CLU) (field/subfield) which is not planted or considered not planted and does not meet the definition of fallow or skip row. For example, the balance of a field that could not be planted due to moisture or a turn area that is not planted would be reported as idle.

Fallow is considered unplanted cropland acres which are part of a crop/fallow rotation where cultivated land that is normally planted is purposely kept out of production during a regular growing season. Resting the ground in this manner allows it to recover its fertility and conserve moisture for crop production in the next growing season.

Tree Assistance Program (TAP) Sign-up

Orchardists and nursery tree growers who experience losses from natural disasters during calendar year 2018 must submit a TAP application either 90 calendar days after the disaster event or the date when the loss is apparent. TAP was authorized by the Agricultural Act of 2014 as a permanent disaster program. TAP provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes and vines damaged by natural disasters.

Eligible tree types include trees, bushes or vines that produce an annual crop for commercial purposes. Nursery trees include ornamental, fruit, nut and Christmas trees that are produced for commercial sale. Trees used for pulp or timber are ineligible.

To qualify for TAP, orchardists must suffer a qualifying tree, bush or vine loss in excess of 15 percent mortality from an eligible natural disaster, plus an adjustment for normal mortality. The eligible trees, bushes or vines must have been owned when the natural disaster occurred; however, eligible growers are not required to own the land on which the eligible trees, bushes and vines were planted.

If the TAP application is approved, the eligible trees, bushes and vines must be replaced within 12 months from the date the application is approved. The cumulative total quantity of acres planted to trees, bushes or vines, for which a producer can receive TAP payments, cannot exceed 500 acres annually.

Reporting Organic Crops

Producers who want to use the Noninsured Crop Disaster Assistance Program (NAP) organic price and selected the "organic" option on their NAP application must report their crops as organic.

When certifying organic acres, the buffer zone acreage must be included in the organic acreage.

Producers must also provide a current organic plan, organic certificate or documentation from a certifying agent indicating an organic plan is in effect.

Documentation must include:

- name of certified individuals
- address
- telephone number
- effective date of certification
- certificate number
- list of commodities certified
- name and address of certifying agent
- a map showing the specific location of each field of certified organic, including the buffer zone acreage

Certification exemptions are available for producers whose annual gross agricultural income from organic sales totals \$5,000 or less. Although exempt growers are not required to provide a written certificate, they are still required to provide a map showing the specific location of each field of certified organic, transitional and buffer zone acreage.

For questions about reporting organic crops, contact your local FSA office. To find your local office, visit <http://offices.usda.gov>.

Maintaining the Quality of Farm-Stored Loan 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.

December Interest Rates and Important Dates to Remember

Selected Interest Rates for December 2018		Dates to Remember	
Farm Operating Loans — Direct	4.000%	December 17	Final date to file an acreage report for fall seeded crops (Wheat)
Farm Ownership Loans — Direct	4.250%	December 25	Christmas Day - Holiday – FSA Offices Closed
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.500%	January 1	New Year's Day – Holiday – FSA Offices Closed
Emergency Loans	3.750%		
Farm Storage Facility Loans (3 years)	2.875%	January 15	Final date to complete CCC-910 Intention to participate in Market Facilitation Program (MFP)
Farm Storage Facility Loans (5 years)	3.000%		
Farm Storage Facility Loans (7 years)	3.125%	May 1, 2019	Last day to report harvested production for MFP
Farm Storage Facility Loans (10 years)	3.125%		
Farm Storage Facility Loans (12 years)	3.125%	continuous	2018 ARC/PLC Farm Program enrollment
Commodity Loans	3.750%	continuous	Sign-up for FSA text messages from your local county office
		continuous	Update Your Farm Records
		Ongoing	Farm Storage Facility Sign Up
		Ongoing	Marketing Assistance Loans Sign Up

USDA is an equal opportunity provider, employer and lender. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., SW, Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).