

May 2019



Farm Service Agency **Electronic News Service**

# NEWSLETTER

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## Illinois FSA Newsletter

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### Illinois Farm Service Agency

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**State Executive Director:**  
William J. Graff

**State Committee:**  
James Reed - Chairperson  
Melanie DeSutter-Member  
Kirk Liefer-Member

### Message from the SED

Dear Illinois Farmers,

It looks as though 2019 crop planting is going down as a year to be remembered, or one we will definitely want to forget!

I would like to ask that you please check with your local FSA office before you start any kind of prevented planting options, before you destroy a growing crop, or other management decisions that may affect your program payments.

One quick phone call to FSA could prevent many possible problems that may arise in the long run. I wish we had better news to share with you at this time, but as you all fight the weather to get a crop planted, please don't forget to keep your local FSA office in the loop.

George Obernagel-Member  
Troy Uphoff-Member

In most situations FSA staff can give an ok over the phone, or we can tell you that FSA does not need to be involved in your prevented planting decisions, however, in order to be safe and not sorry, please make that phone call first.

**Administrative Officer:**  
Dan Puccetti

Thanks,  
William Graff

**Division Chiefs:**  
John Gehrke  
Randy Tillman

To find contact information for  
your local office go to  
[www.fsa.usda.gov/il](http://www.fsa.usda.gov/il)

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## Producers are Encouraged to Report Prevented Planting and Failed Acres

**Producers are encouraged to report prevented planting and failed acres.**

USDA Farm Service Agency (FSA) reminds producers to report prevented planting and failed acres in order to establish or retain FSA program eligibility for some programs.

Producers should report crop acreage they intended to plant, but due to natural disaster, were prevented from planting. Prevented planting acreage must be reported on form *CCC-576, Notice of Loss*, no later than 15 calendar days after the final planting date as established by FSA and Risk Management Agency (RMA).

Contact your local FSA office for a list of final planting dates by crop.

If a producer is unable to report the prevented planting acreage within the 15 calendar days following the final planting date, a late-filed report can be submitted. Late-filed reports will only be accepted if FSA conducts a farm visit to assess the eligible disaster condition that prevented the crop from being planted. A measurement service fee will be charged.

Additionally, producers with failed acres should also use form *CCC-576, Notice of Loss*, to report failed acres.

Producers of hand-harvested crops must notify FSA of damage or loss through the administrative County Office within 72 hours of the date of damage or loss first becomes apparent. This notification can be provided by filing a *CCC-576*, email, fax or phone. Producers who notify the County Office by any method other than by filing the *CCC-576* are still required to file a *CCC-576, Notice of Loss*, within the required 15 calendar days.

For losses on crops covered by the Non-Insured Crop Disaster Assistance Program (NAP), producers must file a *Notice of Loss* within 15 days of the occurrence of the disaster or when losses become apparent. Producers must timely file a *Notice of Loss* for failed acres on all crops including grasses.

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## Preauthorized Debit Available for Farm Loan Borrowers

USDA Farm Service Agency (FSA) has implemented pre-authorized debit (PAD) for Farm Loan Program (FLP) borrowers. PAD is a voluntary and alternative method for making weekly, bi-weekly, monthly, quarterly, semi-annual or annual payments on loans.

PAD payments are pre-authorized transactions that allow the National Financial and Accounting Operations Center (NFAOC) to electronically collect loan payments from a customer's account at a financial institution.

PAD may be useful for borrowers who use nonfarm income from regular wages or salary to make payments on loans or adjustment offers or for payments from seasonal produce stands. PAD can only be established for future payments.

To request PAD, customers, along with their financial institution, must fill out form RD 3550-28. This form has no expiration date, but a separate form RD 3550-28 must be completed for each loan to which payments are to be applied. A fillable form can be accessed on the USDA Rural Development (RD) website at <http://www.rd.usda.gov/publications/regulations-guidelines>. Click forms and search for "Form 3550-28."

If you have a "filter" on the account at your financial institution, you will need to provide the financial institution with the following information: Origination ID: 1220040804, Agency Name: USDA RD DCFO.

PAD is offered by FSA at no cost. Check with your financial institution to discuss any potential cost. Preauthorized debit has no expiration date, but you can cancel at any time by submitting a written request to your local FSA office. If a preauthorized debit agreement receives three payment rejections within a three month period, the preauthorized debt agreement will be cancelled by FSA. The payment amount and due date of your loan is not affected by a cancellation of preauthorized debit. You are responsible to ensure your full payment is made by the due date.

For more information about PAD, contact your local FSA office. To find a local FSA office, visit <http://offices.usda.gov>

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## USDA Announces Buy-Up Coverage Availability and New Service Fees for Noninsured Crop Coverage Policies

### **USDA Announces Buy-Up Coverage Availability and New Service Fees for Noninsured Crop Coverage Policies**

USDA's Farm Service Agency (FSA) announced that higher levels of coverage will be offered through the Noninsured Crop Disaster Assistance Program (NAP), a popular safety net program, beginning April 8, 2019. The 2018 Farm Bill also increased service fees and made other changes to the program, including service fee waivers for qualified military veterans interested in obtaining NAP coverage.

NAP provides financial assistance to producers of commercial crops for which insurance coverage is not available in order to protect against natural disasters that result in lower yields or crop losses or prevent crop planting.

#### **NAP Buy-Up Coverage Option**

The 2018 Farm Bill reinstates higher levels of coverage, from 50 to 65 percent of expected production in 5 percent increments, at 100 percent of the average market price. Producers of organics and crops marketed directly to consumers also may exercise the "buy-up" option to obtain NAP coverage of 100 percent of the average market price at the coverage levels of between 50 and 65 percent of expected production. NAP basic coverage is available at 55 percent of the average market price for crop losses that exceed 50 percent of expected production.

**Producers have a one-time opportunity until May 24, 2019, to obtain buy-up coverage for 2019 or 2020 eligible crops for which the NAP application closing date has passed.**

Buy-up coverage is not available for crops intended for grazing.

## NAP Service Fees

For all coverage levels, the new NAP service fee is the lesser of **\$325** per crop or **\$825** per producer per county, not to exceed a total of **\$1,950** for a producer with farming interests in multiple counties. These amounts reflect a **\$75** service fee increase for crop, county or multi-county coverage. The fee increases apply to obtaining NAP coverage on crops on or after April 8, 2019.

## NAP Enhancements for Qualified Military Veterans

The 2018 Farm Bill NAP amendments specify that qualified veteran farmers or ranchers are now eligible for a service fee waiver and premium reduction, if the NAP applicant meets certain eligibility criteria.

Beginning, limited resource and targeted underserved farmers or ranchers remain eligible for a waiver of NAP service fees and premium reduction when they file form CCC-860, "*Socially Disadvantaged, Limited Resource and Beginning Farmer or Rancher Certification*."

For NAP application, eligibility and related program information, visit [www.fsa.usda.gov/nap](http://www.fsa.usda.gov/nap) or contact your local USDA Service Center. To locate your local FSA office, visit [www.farmers.gov](http://www.farmers.gov).

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## Marketing Assistance Available for 2018 Crops

The 2014 Farm Bill authorized 2014-2018 crop year Marketing Assistance Loans (MAL's).

### May 31, 2019 - Final date to request 2018 MAL's

MAL's provide financing and marketing assistance for 2018 crop feed grains, soybeans and other oilseeds, and pulse crops. MAL's 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.

To be eligible for an MAL, producers must have a beneficial interest in the commodity, in addition to other requirements. A producer retains beneficial interest when control of and title of the commodity is maintained.

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## Sign In Sign Up!

Farmers, ranchers and agricultural producers have new online options to access U.S. Department of Agriculture (USDA) programs. Through USDA's new streamlined process, producers doing business as an individual can now register, track and manage their applications for the Market Facilitation Program (MFP) on the secure and convenient [www.farmers.gov](http://www.farmers.gov). Producers doing business as an individual first need to sign up for the Level 2 eAuthentication access. Currently USDA eAuthentication does not have the mechanism to issue accounts to businesses, corporations, other entities or for anyone acting on behalf of another individual or entity.

- Step 1: Create an online account at [www.eauth.usda.gov](http://www.eauth.usda.gov)
- Step 2: Complete identity verification by either using the online self-service identity verification method or by completing the identity verification in-person at your USDA Service Center.
- Step 3: You're enrolled
- Step 4: Contact your local USDA Service Center to have your new Level 2 account linked with your USDA customer record
- Step 5: You're ready to Log in

Or go to your local USDA Service Center and our support staff will help you sign up for Level 2 Access right in the office!

They will get you online so you can create an online account at <https://farmers.gov/sign-in>. You'll complete identity verification right on the spot. You're enrolled! Users with a secure Level 2 eAuthentication ID linked to their USDA customer record can apply for select USDA programs, view and print farm maps and farm records data. Enrolling is easy! Visit [farmers.gov/sign-in](https://farmers.gov/sign-in) to learn more.

To locate a service center near you or use online services not requiring eAuthentication access, visit [www.farmers.gov](http://www.farmers.gov). For technical assistance, call the eAuthentication help desk at 1-800-457-3642.

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## AskFSA

Are you looking for answers to your FSA questions? Then ASK FSA at [askfsa.custhelp.com](http://askfsa.custhelp.com).

AskFSA is an online resource that helps you easily find information and answers to your FSA questions no matter where you are or what device you use. It is for ALL customers, including underserved farmers and ranchers who wish to be enrolled in FSA loans, farm, and conservation programs.

### Through AskFSA you can:

- Access our knowledge base 24/7
- Receive answers to your questions faster
- Submit a question and receive a timely response from an FSA expert
- Get notifications when answers important to you and your farming operation are updated

Customize your account settings and view responses at any time.

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## 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.

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## 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.

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## Farm Storage Facility Loans

FSA's Farm Storage Facility Loan (FSFL) program provides low-interest financing to producers to build or upgrade storage facilities and to purchase portable (new or used) structures, equipment and storage and handling trucks.

The low-interest funds can be used to build or upgrade permanent facilities to store commodities. Eligible commodities include corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley, minor oilseeds harvested as whole grain, pulse crops (lentils, chickpeas and dry peas), hay, honey, renewable biomass, fruits, nuts and vegetables for cold storage facilities, floriculture, hops, maple sap, rye, milk, cheese, butter, yogurt, meat and poultry (unprocessed), eggs, and aquaculture (excluding systems that maintain live animals through uptake and discharge of water). Qualified facilities include grain bins, hay barns and cold storage facilities for eligible commodities.

Loans up to \$100,000 can be secured by a promissory note/security agreement. Loans exceeding \$100,000 require additional security.

Producers do not need to demonstrate the lack of commercial credit availability to apply. The loans are designed to assist a diverse range of farming operations, including small and mid-sized businesses, new farmers, operations supplying local food and farmers markets, non-traditional farm products, and underserved producers.

To learn more about the FSA Farm Storage Facility Loan, visit [www.fsa.usda.gov/pricesupport](http://www.fsa.usda.gov/pricesupport) or contact your local FSA county office. To find your local FSA county office, visit <http://offices.usda.gov>.

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## Wetland Mitigation Banks

Producers participating in programs administered by the USDA are required to abide by certain conditions on any land owned or farmed that is considered a wetland. To maintain compliance with wetland conservation provisions, producers must agree, by certifying on form AD-1026, they will not plant an agricultural commodity on a converted wetland or convert a wetland to produce an agricultural commodity.

USDA conservation compliance requires any farmer who converts a wetland for commodity production to offset that loss through mitigation to maintain eligibility for USDA benefits.

Wetland mitigation banks allow farmers to remove or alter wetlands in their fields in exchange for purchasing credits in a mitigation bank. The credits correspond to an area of the mitigation bank that at least equals the size of the altered field wetlands. The price of the credits is negotiated between the buyer and seller.

There are 10 wetland mitigation banks in the nation, including one in Illinois. To learn more about purchasing credits in a mitigation bank, contact your local USDA service center or [www.mitigation.org](http://www.mitigation.org).

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## Using FSA Direct Farm Ownership Loans for Construction

The USDA Farm Service Agency's (FSA) [Direct Farm Ownership loans](#) are a resource to help farmers and ranchers become owner-operators of family farms, improve and expand current operations, increase agricultural productivity, and assist with land tenure to save farmland for future generations.

Depending on the applicant's needs, there are three types of Direct Farm Ownership Loans: regular, down payment and joint financing. FSA also offers a [Direct Farm Ownership Microloan](#) option for smaller financial needs up to \$50,000.

Amongst other purposes, Direct Farm Ownership Loans can be used to construct, purchase or improve farm dwellings, service buildings or other facilities and improvements essential to an operation.

To do this, applicants must provide FSA with an estimate of the total cost of all planned development that completely describe the work, prior to loan approval and must show proof of sufficient funds to pay for the total cost of all planned development at or before loan closing. In some instances, applicants may be asked to provide certified plans, specifications or contract documents. The applicant cannot incur any debts for materials or labor or make any expenditures for development purposes prior to loan closing with the expectation of being reimbursed from FSA funds.

Construction and development work may be performed either by the contract method or the borrower method. Under the contract method, construction and development contractors perform work according to a written contract with the applicant or borrower. An applicant for a direct loan to finance a construction project must obtain a surety bond that guarantees both payment and performance in the amount of the construction contract from a construction contractor.

A surety bond is required when a contract exceeds \$100,000, an authorized agency official determines that a surety bond appears advisable to protect the borrower against default of the contractor or a contract provides for partial payments in excess of the amount of 60 percent of the value of the work in place.

Under the borrower method, the applicant or borrower will perform the construction and development work. The borrower method may only be used when the authorized agency official determines, based on information from the applicant, that the applicant possesses or arranges to obtain the necessary skill and managerial ability to complete the work satisfactorily and that such work will not interfere with the applicant's farming operation or work schedule.

Potential applicants should visit with FSA early in the initial project planning process to ensure environmental compliance.

For more eligibility requirements and information about FSA Loan programs, contact your local FSA office or visit [www.fsa.usda.gov](http://www.fsa.usda.gov). To find your local FSA office, visit <http://offices.usda.gov>.

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## Filing CCC-941 Adjusted Gross Income (AGI) Certifications

Many producers have experienced delays in receiving Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) payments, Loan Deficiency Payments (LDPs), Market Gains on Marketing Assistance Loans (MALs), and 2018 Market Facilitation Program (MFP) payments because they have not filed form CCC-941, *Adjusted Gross Income Certification*. No program payment can be issued to an eligible producer, including landowners who share in the crop, without a valid CCC-941 on file in the county office.

Producers without a valid CCC-941 on file for the applicable crop year will not receive payments.

All farm operator/tenants/owners who have not filed a CCC-941 and have pending payments should IMMEDIATELY file the form with their recording county FSA office. Farm operators and tenants are encouraged to ensure that their landowners have filed the form.

FSA can accept the CCC-941 for 2015, 2016, 2017, 2018, and 2019. Unlike the past, producers must have the CCC-941 certifying their AGI compliance before any payments can be issued.

More information on Adjusted Gross Income, including AGI certification forms, can be found at:

<https://www.fsa.usda.gov/programs-and-services/payment-eligibility/adjusted-gross-income/index>

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## **2015, 2016, 2017, 2018 and 2019 Average Adjusted Gross Income Compliance Reviews**

The AGI verification and compliance reviews for 2015, 2016, 2017, 2018 and 2019 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 has begun notifying producers selected for review. If you have any questions about the review process or determinations, please contact the Illinois 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 on Adjusted Gross Income, including AGI certification forms, can be found at:

<https://www.fsa.usda.gov/programs-and-services/payment-eligibility/adjusted-gross-income/index>

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## May Interest Rates and Important Dates to Remember



Selected Interest Rates for May 2019		Dates to Remember	
Farm Operating Loans — Direct	3.500%	May 24	Last day to purchase one-time opportunity coverage for NAP Buy-Up coverage for 2019 or 2020 eligible crops for which the NAP application closing date has passed
Farm Ownership Loans — Direct	4.000%		
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.500%		
Emergency Loans	3.750%	May 27	Memorial Day Holiday FSA Offices Closed
Farm Storage Facility Loans (3 years)	2.250%	May 31	Final date to request 2018 crop corn, soybean and grain sorghum MAL's
Farm Storage Facility Loans (5 years)	2.250%		
Farm Storage Facility Loans (7 years)	2.375%		
Farm Storage Facility Loans (10 years)	2.500%	May 31	Last day to report harvested production for MFP
Farm Storage Facility Loans (12 years)	2.500%	June 3	Continuous CRP Signup Begins for Limited Practices
Commodity Loans	3.375%	June 5	Final Planting Day for Corn
		June 15	Nomination Period for County Committee Election Begins
		June 15	Final Planting Date for Soybeans
		continuous	2018 ARC/PLC Farm Program enrollment
		continuous	Sign-up for FSA text messages from your local county office
		continuous	Update Your Farm Records
		Ongoing	Farm Storage Facility Loans 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).