

October 2020



Farm Service Agency **Electronic News Service**

# NEWSLETTER

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Having trouble viewing this email? [View it as a Web page.](#)

- [Message from the State Executive Director](#)
- [Coronavirus Food Assistance Program 2](#)
- [FSA Encourages Farmers and Ranchers to Vote in County Committee Elections](#)
- [Supervised Credit from FSA](#)
- [Obtaining Payments on Behalf of Deceased Producers](#)
- [Using FSA Direct Farm Ownership Loans for Construction](#)
- [2017, 2018 and 2019 Average Adjusted Gross Income Compliance Reviews](#)
- [Farm Storage Facility Loans](#)
- [Maintaining the Quality of Farm-Stored Loan Grain](#)
- [USDA Awards Nearly \\$500K to Support Wetland Mitigation Banking in Illinois](#)
- [Unauthorized Disposition of Grain](#)
- [October Interest Rates and Important Dates](#)

## Illinois FSA Newsletter

### Illinois Farm Service Agency

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[www.fsa.usda.gov/il](http://www.fsa.usda.gov/il)

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

**State Committee:**  
James Reed-Chairperson  
Melanie DeSutter-Member  
Kirk Liefer-Member  
George Obernagel III-Member  
Troy Uphoff-Member

### Message from the State Executive Director

As we are approaching the full swing of the 2020 fall harvest season, I would like to remind producers in Illinois, that signup for the Coronavirus Food Assistance Program 2 (CFAP 2) began on September 21, 2020, and will continue through December 11, 2020. CFAP 2 provides eligible producers with direct financial assistance due to market disruptions and associated costs because of the COVID-19 pandemic. Check out our [brief](#) video about the program.

Most importantly this fall please be mindful that FSA wants all producers to have a successful, productive, crop year and that begins with putting safety first.

Flowing grain in a storage bin or gravity-flow wagon is like quicksand — it can kill quickly. It takes less than five seconds for a person caught in flowing grain to be trapped.

**Administrative Officer:**

Dan Puccetti

The mechanical operation of grain handling equipment also presents a real danger. Augers, power take offs, and other moving parts can grab people or clothing.

**Division Chiefs:**

Vicki Donaldson

John Gehrke

Wendy Mueller

Randy Tillman

These hazards, along with pinch points and missing shields, are dangerous enough for adults; not to mention children. It is always advisable to keep children at a safe distance from operating farm equipment. Always use extra caution when backing or maneuvering farm machinery. Ensure everyone is visibly clear and accounted for before machinery is engaged.

To find contact information for your local office go to

[www.fsa.usda.gov/il](http://www.fsa.usda.gov/il)

Have a great 2020 harvest season and stay safe!

**Check out**

<https://www.farmers.gov/> for information about ALL the programs available through your local USDA Service Center FSA and NRCS offices, including county office locations, agriculture statistics, loan interest rates and much more!

William J. Graff  
State Executive Director

Learn about Risk Management Agency's crop insurance programs at <https://cropinsurance101.org/>

## Coronavirus Food Assistance Program 2

CFAP 2 is a separate program from the first round of the Coronavirus Food Assistance Program, now referred to as CFAP 1. Farmers and ranchers who participated in CFAP 1 will not be automatically enrolled and must complete a new application for CFAP 2. Details on how to apply can be found on [farmers.gov/cfap/apply](https://farmers.gov/cfap/apply).

**CFAP 2 Eligible Commodities Finder**

Many more commodities are eligible for CFAP 2 than CFAP 1. Interested in finding the Coronavirus Food Assistance Program 2 payment rates for the eligible commodities you grow or raise? Our new, easy-to-use [CFAP 2 Eligible Commodities Finder](#) makes finding payment rates specific to your operation simple. From yam to alpaca farmers – and everyone in between – the payment rate information you need is just a few clicks away. Try it today on your desktop, tablet, or mobile device.

**Call Center**

A call center is available for producers who would like additional one-on-one support with the CFAP 2 application process. Please call 877-508-8364 to speak directly with a USDA employee ready to offer assistance. The call center can provide service to non-English speaking customers. Customers will select 1 for English and 2 to speak with a Spanish speaking employee. For other languages, customers select 1 and indicate their language to the call center staff.

## FSA Encourages Farmers and Ranchers to Vote in County Committee Elections

The 2020 Farm Service Agency County Committee Elections will begin on November 2, 2020, when ballots are mailed to eligible voters. The deadline to return ballots to local FSA offices, or to be postmarked, is December 7, 2020.

County committee members are an important component of the operations of FSA and provide a link between the agricultural community and USDA. Farmers and ranchers elected to county committees help deliver FSA programs at the local level, applying their knowledge and judgment to make decisions on commodity price support programs, conservation programs, incentive indemnity and disaster programs for some commodities, emergency programs and eligibility. FSA committees operate within official regulations designed to carry out federal laws.

To be an eligible voter, farmers and ranchers must participate or cooperate in an FSA program. A person who is not of legal voting age but supervises and conducts the farming operations of an entire farm, may also be eligible to vote.

Eligible voters in the local administrative area(s) conducting an election this year who do not receive a ballot can obtain one from their local USDA Service Center.

Newly elected committee members will take office January 1, 2021.

For more information regarding FSA County Committee Elections, please contact your local FSA county office.

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## Supervised Credit from FSA

Farm Service Agency (FSA) farm loans are considered supervised credit. Unlike loans from a commercial lender, FSA loans are intended to be temporary in nature. Our goal is to help you graduate to commercial credit, and our farm loan staff is available to help borrowers through training and credit counseling.

The FSA team will help borrowers identify their goals to ensure financial success. FSA staff will advise borrowers on developing strategies and a plan to meet your goals and graduate to commercial credit. FSA borrowers are responsible for the success of their farming operation, but FSA staff will help in an advisory role, providing the tools necessary to help you achieve your operational goals and manage your finances.

For more information on FSA farm loan programs, contact your local County USDA Service Center or visit [fsa.usda.gov](https://fsa.usda.gov).

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## Obtaining Payments on Behalf of Deceased Producers

In order to claim a Farm Service Agency (FSA) payment on behalf of a deceased producer, all program conditions for the payment must have been met before the applicable producer's date of death.

If a producer earned a FSA payment prior to his or her death, the following is the order of precedence for the representatives of the producer:

- administrator or executor of the estate
- the surviving spouse
- surviving sons and daughters, including adopted children
- surviving father and mother
- surviving brothers and sisters
- heirs of the deceased person who would be entitled to payment according to the State law

For FSA to release the payment, the legal representative of the deceased producer must file a form FSA-325 to claim the payment for themselves or an estate. The county office will verify that the application, contract, loan agreement, or other similar form requesting payment issuance, was signed by the applicable deadline by the deceased or a person legally authorized to act on their behalf at that time of application.

If the application, contract or loan agreement form was signed by someone other than the deceased participant, FSA will determine whether the person submitting the form has the legal authority to submit the form.

Payments will be issued to the respective representative's name using the deceased program participant's tax identification number. Payments made to representatives are subject to offset regulations for debts owed by the deceased.

FSA is not responsible for advising persons in obtaining legal advice on how to obtain program benefits that may be due to a participant who has died, disappeared or who has been declared incompetent.

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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.

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.

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

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. If applying for a direct loan to finance a construction project, the applicant 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 County USDA Service Center or visit [fsa.usda.gov](https://fsa.usda.gov).

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

The AGI verification and compliance reviews for 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. The State FSA Office has begun notifying producers selected for review.

If it is determined that you have exceeded the average AGI limitation of \$900,000, receivables will be established for payments earned directly or indirectly by you subject to the \$900,000 limitation.

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.

If you receive an initial debt notification letter, you may appeal the amount of the debt to your local FSA office. If you have any questions about the review process or determinations, please contact the FSA Illinois Office at 217-241-6600, extension 2.

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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 \$50,000 can be secured by a promissory note/security agreement and loans between \$50,000 and \$100,000 may require additional security. 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](https://www.fsa.usda.gov/pricesupport) or contact your local FSA county office. To find your local FSA county office, visit [http://offices.usda.gov](https://offices.usda.gov).

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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.

## USDA Awards Nearly \$500K to Support Wetland Mitigation Banking in Illinois

The U.S. Department of Agriculture's (USDA) Natural Resources Conservation Service (NRCS) will award \$498,010 for a new wetland mitigation banking project in Illinois through the Wetland Mitigation Banking Program. This program helps conservation partners develop and/or establish mitigation banks to help agricultural producers maintain eligibility for USDA programs. These banks will provide agriculture producers a streamlined mitigation option to remain compliant for USDA Farm Bill programs while maintaining wetlands to support functions and environmental values. Healthy wetlands help filter our water, sequester carbon, curb soil loss, and provide habitat for wildlife.-

The key partner in this Illinois effort is **Magnolia Land Partners, LLC**. They will establish two agricultural mitigation bank sites totaling 60 acres. Illinois NRCS will provide \$498,010 in funding and Magnolia Partners will contribute \$252,000. These sites will be added under Magnolia's NRCS approved statewide agricultural mitigation banking instrument. Magnolia will coordinate the location of the sites with farm groups.

While 60 acres doesn't sound like a lot, the environmental benefits and water quality improvements can go a long way, given the relatively small size of wetlands typically converted for farmland. All partners involved—as well as new partners to come—see these projects as the start of many new mitigation bank sites that can start impacting Illinois land, water, and soil for years to come.

Mitigation banks create credits through restoration, creation, or enhancement of wetlands to compensate for impacts on ecosystems in developing communities. Establishing these banks serves Ag producers in more affordable ways. Having Magnolia facilitate and manage all the details for landowners is helpful in what can be a complex legal process. NRCS will keep everyone posted on the sites and track progress and long-term benefits for the projects.

Producers seeking benefits through USDA programs must comply with wetland provisions by avoiding impact on wetlands. In situations where avoidance or on-site mitigation is challenging, the Farm Bill offers participants options to mitigate activities off-site through the purchase of mitigation banking credits.

This competitive grant program helps states, local governments, and other qualified partners develop wetland mitigation banks to assist agricultural producers with meeting wetland conservation compliance requirements to remain eligible for USDA programs. Nationally, USDA will award \$5 million for eight wetland mitigation banking projects nationwide. Projects include:

CORBLU Ecology Group, LLC in Georgia  
Resources

Minnesota Board of Water and Soil

EnviroScience in Ohio  
Arkansas

Milton Environmental Consultants in

Iowa Agricultural Mitigation, Inc.

Michigan Department of Natural Resources

**Magnolia and Partners, LLC in Illinois**

South Dakota Farm Bureau



For project descriptions and more information, visit the [Wetland Mitigation Banking Program webpage](#).

## 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.

## October Interest Rates and Important Dates

Selected Interest Rates for October 2020	
Farm Operating Loans — Direct	1.250%
Farm Ownership-Direct	2.250%
Farm Ownership Loans — Direct, Joint Financing	2.500%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.500%
Emergency Loans	2.250%
Farm Storage Facility Loans (3 years)	0.125%
Farm Storage Facility Loans (5 years)	0.250%
Farm Storage Facility Loans (7 years)	0.500%
Farm Storage Facility Loans (10 years)	0.625%
Farm Storage Facility Loans (12 years)	0.750%
Commodity Loans	1.125%

Dates to Remember	
August 1	End of Primary Nesting Season (CRP Maintenance & Management) may resume
Sept. 21	Signup began for CFAP2 Program
October 1	ARC/PLC Signup Began
November 20	NAP Closing date for Tree/Fruit Crops
December 11	Last date to signup for CFAP2 Program
Continuous	Sign-up for FSA text messages from your local county office
Continuous	Update Your Farm Records
Continuous	WHIP + Signup
Ongoing	Farm Storage Facility Loans sign-up
Ongoing	Marketing Assistance Loans Sign Up
Ongoing	Sign-up for Continuous CRP

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