



**Farm Service Agency**

U.S. DEPARTMENT OF AGRICULTURE

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Kentucky FSA Newsletter - August 13, 2024

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## Message from Kentucky FSA State Executive Director Dean Schamore



It's been busy in our county offices with acreage reporting. Thanks to all our farmers who made it a priority to timely certify your crops and to review and update any farm operating paperwork for program eligibility.

Now, as you tend to your crops, you know all too well that natural disasters can be a common, and likely a costly, variable to your operation. FSA has emergency assistance programs to provide assistance when disasters strike, and for some of those programs, a disaster designation may be the eligibility trigger. When natural disaster occurs, there is a process for requesting a USDA Secretarial disaster designation for a county. You can play a vital role in this process.

If you have experienced a production loss as a result of a natural disaster, you may submit a request to your local FSA county office for your county to be evaluated for a Secretarial disaster designation. Once a request is received, the county office will collect disaster data and create a Loss Assessment Report. The County Emergency Board will review the Loss Assessment Report and determine if a recommendation is sent forward to the U.S. Secretary of Agriculture for the designation.

The Emergency loan program is triggered when a natural disaster is designated by the Secretary of Agriculture or a natural disaster or emergency is declared by the President under the Stafford Act. These loans help producers who suffer qualifying farm related losses directly caused by the disaster in a county declared or designated as a primary disaster or quarantine area. Also, farmers located in counties that are contiguous to the declared, designated, or quarantined area may qualify for Emergency loans.

For production losses, a 30% reduction in a primary crop in a designated or contiguous county is required. Losses to quality, such as receiving a 30% reduced price for flood damaged crops, may be eligible for assistance, too. In the event that congress authorizes an ad-hoc disaster program, having proper documentation of your damage is helpful.

Kentucky has several counties right now approved for physical loss loans that can help producers repair or replace damaged or destroyed physical property essential to the success of the agricultural operation, including livestock losses. Ask your local County USDA Service Center for more information on FSA disaster programs and disaster designations to help you recover from production and physical losses.

Keep in mind, if you have Non-Insured Crop Disasters Assistance Program (NAP) coverage, file a Notice of Loss (also called Form CCC-576) within 15 days of the loss becoming apparent, except for hand-harvested crops, which should be reported within 72 hours.

Dean Schamore  
State Executive Director for FSA  
Kentucky State Office

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# USDA Updates Farm Loan Programs to Increase Financial Freedom, Resilience and Profitability for Agricultural Producers

The U.S. Department of Agriculture (USDA) announced changes to the Farm Service Agency's (FSA) Farm Loan Programs, **effective Sept. 25, 2024** — changes that are intended to increase opportunities for farmers and ranchers to be financially viable. These improvements, part of the [Enhancing Program Access and Delivery for Farm Loans rule](#), demonstrate USDA's commitment to improving farm profitability through farm loans designed to provide important financing options used by producers to cover operating expenses and purchase land and equipment.



Farm loan policy changes outlined in the *Enhancing Program Access and Delivery for Farm Loans* rule, are designed to better assist borrowers to make strategic investments in the enhancement or expansion of their agricultural operations.

The three most notable policy changes include:

- Establishing a new low-interest installment set-aside program for financially distressed borrowers. Eligible financially distressed borrowers can defer up to one annual loan installment per qualified loan at a reduced interest rate, providing a simpler and expedited option to resolve financial distress in addition to FSA's existing loan servicing programs.
- Providing all eligible loan applicants access to flexible repayment terms that can increase profitability and help build working capital reserves and savings. By creating upfront positive cash flow, borrowers can find opportunities in their farm operating plan budgets to include a reasonable margin for increased working capital reserves and savings, including for retirement and education.
- Reducing additional loan security requirements to enable borrowers to leverage equity. This reduces the amount of additional security required for direct farm loans, including reducing the frequency borrowers must use their personal residence as additional collateral for a farm loan.

## Additional Farm Loan Program Improvements

Under the Biden-Harris Administration, USDA's FSA has embarked on a comprehensive and systemic effort to ensure equitable delivery of Farm Loan Programs and improve access to credit for small and mid-size family farms. FSA has also included additional data in its [annual report to Congress](#) to provide information that Congress, stakeholders, and the general public need to hold USDA

accountable on the progress that has been made in improving services to underserved producers. This year's report shows FSA direct and guaranteed loans were made to a greater percentage of young and beginning farmers and ranchers, as well as improvements in the participation rates of minority borrowers. The report also highlights FSA's microloan program's new focus on urban agriculture operations and niche market lending, as well as increased support for producers seeking direct loans for farm ownership in the face of increasing land values across the country.

FSA has a significant initiative underway to streamline and automate the Farm Loan Program customer-facing business process. For the over 26,000 producers who submit a direct loan application annually, FSA has made several impactful improvements including:

- The Loan Assistance Tool that provides customers with an interactive online, step-by-step guide to identifying the direct loan products that may be a fit for their business needs and to understanding the application process.
- The Online Loan Application, an interactive, guided application that is paperless and provides helpful features including an electronic signature option, the ability to attach supporting documents such as tax returns, complete a balance sheet, and build a farm operating plan.
- An online direct loan repayment feature that relieves borrowers from the necessity of calling, mailing, or visiting a local USDA Service Center to pay a loan installment.
- A simplified direct loan paper application, reduced from 29 pages to 13 pages.

USDA encourages producers to reach out to their local FSA farm loan staff to ensure they fully understand the wide range of loan and servicing options available to assist with starting, expanding, or maintaining their agricultural operation. To conduct business with FSA, please contact your local USDA Service Center

FSA helps America's farmers, ranchers and forest landowners invest in, improve, protect and expand their agricultural operations through the delivery of agricultural programs for all Americans. FSA implements agricultural policy, administers credit and loan programs, and manages conservation, commodity, disaster recovery and marketing programs through a national network of state and county offices and locally elected county committees. For more information, visit, [www.fsa.usda.gov](http://www.fsa.usda.gov)

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# Overview of Emergency Disaster Declarations and Designations

*FSA administers four types of disaster designations.*



## **USDA Secretarial Disaster Designation**

- The designation process can be initiated by individual farmers, local government officials, State governors, State agriculture commissions, tribal councils or the FSA State Executive Director
- This designation is triggered by a 30-percent or greater production loss to at least one crop because of a natural disaster, or at least one producer who sustained individual losses because of a natural disaster and is unable to obtain commercial financing to cover those losses
- In 2012, USDA developed a fast-track process for disaster declarations for severe drought. This provides for a nearly automatic designation when, during the growing season, any portion of a county meets the D2 (Severe Drought) drought intensity value for eight consecutive weeks or a higher drought intensity value for any length of time as reported by the U.S. Drought Monitor (<http://droughtmonitor.unl.edu>)

## **Administrator's Physical Loss Notification**

- This designation is initiated by the FSA State Executive Director.
- The designation is triggered by physical damage and losses because of a natural disaster, including but not limited to dead livestock, collapsed buildings, and destroyed farm structures.

## **Presidential Designation**

- A Presidential major disaster designation and emergency declaration is initiated by the Governor of the impacted state through the Federal Emergency Management Agency (FEMA).
- This designation is triggered by damage and losses caused by a disaster of such severity and magnitude that effective response is beyond the capability of the State and local governments.

## **Quarantine Designation**

- This designation is requested of the Secretary of Agriculture by the FSA State Executive Director.
- A quarantine designation is triggered by damage and losses caused by the effects of a plant or animal quarantine approved by the Secretary under the Plant Protection Act or animal quarantine laws.

All four types of designations immediately trigger the availability of low-interest Emergency loans to eligible producers in all primary and contiguous counties. FSA borrowers in these counties who are unable to make their scheduled payments on any debt may be authorized to have certain set asides. Additional disaster assistance requiring a designation may also be provided by new programs in the future.

For more information on FSA disaster programs and disaster designations, contact your [local USDA Service Center](#) or visit [fsa.usda.gov/disaster](https://fsa.usda.gov/disaster).

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## Conduct Business Online Through the Farmers.gov Portal

Looking for ways to do business with USDA that saves you time? Look no further than [farmers.gov](https://farmers.gov).

When you create an [account](#) for the farmers.gov authenticated customer portal, you have access to self-service features through a secure login. Managing your business with [USDA's Farm Service Agency \(FSA\)](#) and is faster than ever. From e-signing documents, viewing, printing, and exporting maps and receiving notifications of payment disbursements, a farmers.gov authenticated account makes doing business with USDA easy and secure.

### **What can you do with your farmers.gov account?**

- View FSA Farm Loan information including interest payments, loan advances, payment history and paid-in-full/restructured loans.
- Make USDA direct farm loan payments using [the Pay My Loan feature](#).
- Access the [Online Loan Application portal](#).
- View, print and export detailed FSA farm records and farm/tract maps.
- Import precision agriculture planting boundaries, create labels containing crop information, and print both on farm tract maps.
- View and print your FSA-156EZ with farm details
- View and print your Producer Farm Data Report
- View NRCS Disbursements and Farm Loans financial activity from the past 180 days.
- View your land, access NRCS data on your conservation plans, contracts, and planning land units through the Conservation Land Area page.
- View, upload, download and e-sign NRCS documents.
- Request NRCS conservation and financial assistance, including submitting a program application.
- View detailed information on all previous and ongoing NRCS contracts, including the amount of cost-share assistance received and anticipated; and even request contract modifications, report practice completion and request practice certification.

- “Switch Profiles” to act on behalf of your entity or another individual when you have active representative authority on file

If you'd like to see the features in action and learn more about how to use them, check out the 3-5 minute [farmers.gov account video tutorials](#).

### How do you create a farmers.gov account?

Visit [farmers.gov/account](#) to access information about farmers.gov accounts and sign in to the site's authenticated portal. You will need a Login.gov account linked to your USDA customer record to access your farmers.gov authenticated site. Customers who are new to USDA should visit [Get Started at Your USDA Service Center](#), then go to [farmers.gov/account](#) to create a farmers.gov account.

To create a farmers.gov account you will need:

- A USDA individual customer record — A customer record contains information you have given to USDA to do business with them, like your name, address, phone number, and any legal representative authority relationships. Contact your local USDA Service Center to make sure you have an individual USDA customer record on file and your information is up to date.
- A Login.gov account — Login.gov is a sign-in service that gives people secure online access to participating government programs. You can create a Login.gov account linked to your customer record by following the directions on [gov/account](#).
- Identity Verification — You can choose to verify your identity with Login.gov or in-person at a USDA Service Center.

In addition to the self-service features, [farmers.gov](#) also has information on USDA programs, farm loans, disaster assistance, conservation programs and crop insurance.

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## August 14 Application Deadline for Emergency Relief Program Assistance for Commodity and Specialty Crop Producers Impacted by 2022 Natural Disasters

The deadline for commodity and specialty crop producers to apply for the Emergency Relief Program (ERP) for 2022 natural disaster losses is **Aug. 14, 2024**.

USDA's Farm Service Agency (FSA) began accepting ERP 2022 applications in October 2023.

## **Background**

Through the Disaster Relief Supplemental Appropriations Act, 2023 (P.L. 117-328) Congress allocated \$3.2 billion in funding to cover an estimated \$10 billion in uncovered crop losses.

ERP 2022 covers losses to crops, trees, bushes and vines due to qualifying calendar year 2022 natural disaster events including wildfires, hurricanes, floods, derechos, excessive heat, tornadoes, winter storms, freeze (including a polar vortex), smoke exposure, excessive moisture, qualifying drought and related conditions.

## **ERP 2022 Application Process – Track 1**

ERP 2022 Track 1 leverages existing federal crop insurance or Noninsured Crop Disaster Assistance Program (NAP) data as the basis for calculating payments for eligible crop producers who received indemnities through these risk management programs.

In fall 2023, FSA began issuing pre-filled ERP 2022 Track 1 application forms to producers who had crop insurance and NAP data already on file with USDA. Receipt of a pre-filled application is not confirmation that a producer is eligible to receive an ERP 2022 Track 1 payment.

## **ERP 2022 Application Process – Track 2**

Track 2 is a revenue-based certification program designed to assist producers who suffered an eligible decrease in revenue resulting from 2022 calendar year disaster events when compared with revenue in a benchmark year using revenue information that is readily available from most tax records.

In cases where revenue does not reasonably reflect a normal year's revenue, Track 2 provides an alternative method for establishing revenue. Likewise, Track 2 affords producers of crops that are used within an operation and do not generate revenue from the sale of the crop a method for establishing revenue for the purpose of applying for ERP 2022 benefits. Producers are not required to submit tax records to FSA unless requested by the County Committee if required for an FSA compliance spot check.

Although not required when applying for ERP 2022 Track 2, applicants might find the following documents useful to the process:

- Schedule F (Form 1040)
- Profit or Loss from Farming or similar tax documents for tax years 2018, 2019, 2022 and 2023.



Track 2 targets gaps in emergency relief assistance for eligible producers whose eligible losses were not covered by crop insurance or NAP, including revenue losses too small (shallow loss) to be covered by crop insurance.

It's important to note that disaster-impacted producers may be eligible for ERP 2022 assistance under one or both tracks (ERP 2022 Track 1 and Track 2). To avoid duplicative benefits, if a producer applies for both tracks, the Track 2 payment calculation will take into account any payments received through Track 1.

### **Additional Required Forms**

For both ERP 2022 tracks, all producers must have certain required forms on file with FSA within 60 days of the Aug. 14 application deadline. If not already on file, producers can update, complete and submit required forms to FSA by Tuesday, Oct. 15, 2024.

Required forms:

- Form AD-2047, Customer Data Worksheet.
- Form CCC-902, Farm Operating Plan for an individual or legal entity.
- Form CCC-901, Member Information for Legal Entities (if applicable).
- Form FSA-510, Request for an Exception to the \$125,000 Payment Limitation for Certain Programs (if applicable).
- Form CCC-860, Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification, if applicable, for the 2022 program year.
- Note: Currently, there is a Federal court injunction that prohibits USDA from “making or increasing payments, or providing any additional relief, based on its ‘socially disadvantaged farmer or rancher’ designation” under ERP 2022. This may impact certain payments.
- A highly erodible land conservation (sometimes referred to as HELC) and wetland conservation certification (Form AD-1026 Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification) for the ERP producer and applicable affiliates.

Most producers, especially those who have previously participated in FSA programs, will likely have these required forms on file. However, those who are uncertain or want to confirm the status of their forms can contact their local FSA county office.

### **Future Insurance Coverage Requirements**

All producers who receive ERP 2022 payments must purchase crop insurance, or NAP coverage where crop insurance is not available, in the next two available crop years as determined by the Secretary. Purchased coverage must be at the 60/100

coverage level or higher for insured crops or at the catastrophic coverage level or higher for NAP crops.

### **More Information**

ERP 2022 eligibility details and payment calculation factor tables are available on FSA's [Emergency Relief webpage](#), in the [ERP Track 1](#) and [ERP Track 2](#) fact sheets and through the FSA at your local [USDA Service Center](#).

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## Maintaining Good Credit History



Farm Service Agency (FSA) loans require applicants to have a satisfactory credit history. A credit report is requested for all FSA direct farm loan applicants. These reports are reviewed to verify outstanding debts, see if bills are paid timely and to determine the impact on cash flow.

Information on your credit report is strictly confidential and is used only as an aid in conducting FSA business.

Our farm loan staff will discuss options with you if you have an unfavorable credit report and will provide a copy of your report. If you dispute the accuracy of the information on the credit report, it is up to you to contact the issuing credit report company to resolve any errors or inaccuracies.

There are multiple ways to remedy an unfavorable credit score:

- Make sure to pay bills on time
  - Setting up automatic payments or automated reminders can be an effective way to remember payment due dates.
- Pay down existing debt
- Keep your credit card balances low
- Avoid suddenly opening or closing existing credit accounts

FSA's farm loan staff will guide you through the process, which may require you to reapply for a loan after improving or correcting your credit report.

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

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# Current Farm Loans and Farm Programs Interest Rates

## Selected Interest Rates for August 2024



### Farm Loan Programs

90-Day Treasury Bill	5.500%
Farm Operating Loans - Direct	5.375%
Farm Ownership Loans - Direct	5.625%
Limited Resource Loans	5.000%
Farm Ownership Loans - Direct FO Down Payment	1.625%
Emergency Loans	3.750%



### Farm Programs

Farm Storage Facility Loans	3 Year	4.375%
	5 Year	4.250%
	7 Year	4.250%
	10 Year	4.250%
	12 Year	4.375%
Commodity Loans		6.000%
CCC Borrowing Rate		5.000%

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- See our [2024 Kentucky Guaranteed Lender Newsletter](#)
- See our [2024 USDA Farm Service Agency Annual Program and Policy Reminders](#).

## Kentucky FSA State Office

771 Corporate Dr., Ste 205  
Lexington, KY 40503  
Phone: 859-224-7601  
[State Webpage](#)

Contact your [local USDA Service Center](#) for assistance with FSA loans or programs

**State Executive Director**  
Dean Schamore

859-224-7601

[dean.schamore@usda.gov](mailto:dean.schamore@usda.gov)

**Administrative Officer**

Clark Sturgeon

859-224-7622

[clark.sturgeon@usda.gov](mailto:clark.sturgeon@usda.gov)

**Farm Programs Chief**

Jennifer Farmer

859-224-7614

[jennifer.farmer@usda.gov](mailto:jennifer.farmer@usda.gov)

**Farm Loans Chief**

Warren Whitaker

859-224-7443

[warren.whitaker@usda.gov](mailto:warren.whitaker@usda.gov)

***Kentucky FSA State Committee***

- *John McCauley (Committee Chair) - Lexington*
- *Carrie Divine - Morganfield*
- *Pat Henderson - Irvington*
- *James Kay, Sr. - Versailles*
- *Roger Thomas - Smiths Grove*

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