

FIRST ON THE FARM

FROM THE EXPERTS AT THE FIRST NATIONAL BANK IN SIOUX FALLS

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BEST WISHES ON YOUR RETIREMENT, JULIE!

In December, Julie Pepper will be retiring after 38 years with FNB. We are so thankful for her years of service to the Bank and our customers, and we wish her all the best in retirement!

COMMITTED TO AG FOR 135 YEARS



BRIAN GILBERT
Ag Banking Manager

When The First National Bank in Sioux Falls began in 1885, pioneering farmers came to this area for a new chance to chase their dreams as the vast South Dakota prairie awaited them. During this time – thanks to the Homestead Act – \$18 could buy 160 acres of land (wouldn't that be nice?). Homesteaders like this were some of our first customers. They bet on themselves, worked hard, and got dirt under their fingers. A specific section of our customers still embody this spirit today: you, our ag customers.

The month of September marked 135 years of business for The First National Bank in Sioux Falls. As we celebrate our anniversary, we are especially thankful for our ag banking roots and how they've

helped guide us in serving our customers through good times and bad. From The Great Depression to the farm crisis of the 1980s, we've been there and stood strong through it all.

The past few years have brought challenging times, especially for farmers: low prices, bad weather, and trade concerns, just to name a few.

Most recently, COVID-19 has challenged the ag industry once again. As meat packing plants closed for days, and in some cases, weeks at a time, some producers were forced to slow production as a bottleneck loomed. Even so, farmers did what was needed to protect our country's food supply.

The pandemic spotlighted that ag and food production are essential. But all of us at FNB have always known that. That's why we've been the trusted financial partner for generations of farmers like Matt Boeve, who has a cattle feedlot, crop farms, and finishes hogs near Hills, MN. "The dynamics of farming have

changed substantially in these past years," says Matt. "The Bank has given us information and opportunities to help our business grow and be financially resourceful. We are thankful to be working side by side with the First National Bank ag team to make beneficial decisions for our farming operation."

Our team is so thankful to be a part of your agribusiness. Your partnership is the reason we can celebrate such an incredible milestone like this, and we wouldn't be here today without you. Our success comes from your success.

As we celebrate our past, we are also excited about our future. We're looking forward to the next 135 years!



INSURING YOUR SUCCESS



**TYLER
URBAN**
Crop Insurance
Specialist

As a kid growing up on a farm, fall was by far my favorite part. Combine rides with my dad, trips to the elevator with grandpa, and rounding up cattle and weaning calves made it tough to ever want to go to school! Now, my favorite part of fall is giving combine rides to people (except for my dad - all farmers can relate!), taking loads of grain to town, and most importantly, being able to see the fruits of my labor for the year. This fall has been a welcome surprise to many after the last few years of battling extremely wet

conditions that made harvest less than enjoyable for many.

Harvest time has also always been a great time to review the year. What chemicals controlled the pesky weeds the greatest, what seed varieties worked the best, etc. Fall is also a great time to think about how crop insurance played a role in your farm in 2020. For some, there were still a few prevent plant claims this spring and for others, with how dry it was in August, there could be some yield and revenue losses. With summer trading down in the low \$3.00s for corn and the mid \$8.00s for soybeans, perhaps the coverage levels that have traditionally been used are no longer offering enough protection. As prices decline, the level of coverage and premium also decline.

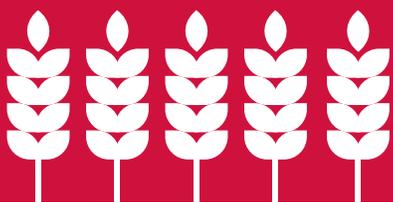
Buying up coverage levels for not much additional cost can sure increase the risk capacity of your farm and help you sleep better at night. Furthermore, there are many other tools in the crop insurance toolbox to help mitigate risk that could be a fit for certain farmers.

Additionally, just ahead of the press time for this newsletter, the Coronavirus Food Assistance Program a.k.a CFAP 2.0 was announced. While the details could fill all four pages of this newsletter, here are some highlights. It looks essentially like corn acres will be paid roughly \$40/acre based on weighted average APH, and soybeans will be around the \$15-\$20/acre mark. The acres being used are the acres reported to FSA on the acreage report, and the bushels

being used are the producer's weighted average APH. Alfalfa growers will receive a flat payment of \$15/acre. Market livestock were also included with a payment of \$55/head for beef cattle, \$23/head for hogs and pigs, and \$27/head for lambs and sheep. This payment would be on the highest number of market livestock on hand from April 16 to August 31.

I wish everyone a safe and bountiful harvest. Be sure to take time to enjoy the work, and as my mom would say, take lots of pictures for future years! If anyone has any questions regarding any insurance or the new CFAP 2.0 program, please give me a call at (605) 940-0896. I would be glad to help!

**FEATURED
SERIES**



Farmers 'N Bankers Program Class Three Session Four "The Importance of Succession Planning"

Wednesday, December 9, 2020 | 12-4:30 p.m.
Hilton Garden Inn South | Sioux Falls, SD

PPP LOAN FORGIVENESS GUIDANCE FOR AG BORROWERS

This information is current as of September 25, 2020. For the latest information, please monitor our website or your email for updates.

In the wake of the COVID-19 pandemic, FNB was proud to lead the way in lending for the Paycheck Protection Program (PPP). We've made more than \$1.5 million in PPP loans to agribusinesses through the program, which allowed for forgiveness of eligible expenses.

After months of waiting for the U.S. Small Business Administration (SBA) to provide guidance on the forgiveness process, we delayed accepting forgiveness applications in anticipation of further legislative changes by Congress. We had hopes that the changes would simplify the forgiveness process for both borrowers and lenders. However, those changes did not materialize timely, and we began accepting forgiveness applications on September 10. If you received a PPP loan through FNB, you should

be receiving occasional email updates from our SBA Hub about the forgiveness process. Because of the different requirements for agribusinesses, we wanted to provide some guidance specific for our ag customers. Please keep in mind that the legislative changes mentioned above are still possible, which could change the applications and the required supporting documentation. At this time, here are some helpful tips to ag borrowers applying for PPP loan forgiveness:

Choosing Your Application

In most cases, ag borrowers can apply for forgiveness using the EZ application. We encourage using the EZ Application, as there is less information required and it should be easier to complete. You can find the eligibility criteria for the EZ Application within the associated Instruction Sheet on our website.

Covered Period

It appears most beneficial for

ag borrowers who applied for a PPP loan using Schedule C or Schedule F to use the 24-week period in order to qualify for full forgiveness by applying at week 12 after the initial loan disbursement date.

If you select an eight-week Covered Period, your loan may not be eligible for full forgiveness based on payroll costs alone. Based on current SBA guidelines, payroll calculations for the 8 and 24-week Covered Periods are as follows:

- Max forgiveness using an 8-week Covered Period: $8/52 \times \$100,000 = \$15,385$
- Max forgiveness using 24-week Covered Period: $2.5/12 \times \$100,000 = \$20,833$

If you choose the 24-week Covered Period, you can apply at any time forgiveness qualification occurs. There is no need to wait until the end of the 24 weeks.

Required Documentation

When you applied for your PPP loan, your supporting documentation should have included a 2019 Schedule C or Schedule F. We encourage all borrowers to attach this documentation as part of the forgiveness application.

If you have employees, you will also need to submit the proper payroll documentation verifying eligible cash and non-cash compensation during the selected Covered Period as part of your forgiveness application. This documentation includes 2020 Quarter 2 and Quarter 3 (when filed) IRS Forms 941 or 943.

You can find all of the applications, instruction sheets, document checklists, and more on our website at www.fnbsf.com/ppp-loan-forgiveness-application/. You can also reach out to your lender or our SBA Hub team at sbahub@fnbsf.com.

Find Loan Forgiveness information and applications at www.fnbsf.com/PPP-loan-forgiveness

GREET ACT WOULD OPEN DOORS FOR SD ETHANOL EXPORTS



The GREET Act, introduced in August by Sen. John Thune and co-sponsored by Sen. Mike Rounds, would require the Environmental Protection Agency to update its greenhouse gas modeling for ethanol and biodiesel. GREET is an acronym for Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation.

South Dakota Corn is a strong supporter of the GREET Act. Executive Director Lisa Richardson stressed that the bill would require the EPA to use sound science, a step that's long overdue. We know that ethanol is a low-carbon fuel that greatly reduces greenhouse gas compared to gasoline.

The USDA found that greenhouse gas emissions from corn-based ethanol are 43 percent lower than emissions from conventional gasoline. However, there is no accurate,

up-to-date model in place that incorporates sound scientific data. The bill would specifically require the EPA to adopt either a model compiled by the Argonne National Lab or USDA methodology.

If this modeling is done, it opens doors for our country's biofuel industry to go into low-carbon markets throughout the world. Backed by science-based benchmarks, we could export more biofuels to countries that implement clean-fuel standards. When scientific standards are

used, the ethanol industry will be able to compete with electric vehicles.

The statistics present a pretty powerful and persuasive case for the environmental benefits of ethanol. Another important factor in our favor is that the Argonne lab continuously updates its information with new scientific data to keep it current. Although the GREET model isn't perfect, it's an enormous step in the right direction.



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