

For: Cotton State and County Offices, Cotton Clerks, Cotton CMA's, and LSA's

Processing Cotton Loan Redemptions and LDP Requests

Approved by: Deputy Administrator, Farm Programs



1 Eligibility Requirements

A Background

The following notices provided policy and procedure about producer payment eligibility, payment limitation (PLM), and average adjusted gross income (AGI).

- Notice PL-260, "Agricultural Act of 2014 (2014 Farm Bill) Payment Eligibility and Payment Limitation Provisions" provided new PLM rules and required forms.
- Notice PL-263, "Web-Based Subsidiary Eligibility System New "Adjusted Gross Income – 2014 Farm Bill" Section" provided guidance on the new average AGI 2014 section.
- Notice CN-1050, "Eligibility for Cotton MAL's and LDP's" provided policy about eligibility for cotton MAL's, market loan gains (MLG's) and LDP's highlighting the new PLM and average AGI provisions.
- Notice LP-2200, "Additional Requirements for Crop Year 2014 LDP's and Market Loan Gains" provided policy and procedure to determine if a producer is "actively engaged in farming".

PLM and average AGI rules will be automated in the near future. APSS, ACRS and Centralized Cotton Redemption (CCR) are available to process cotton loan redemptions. Cotton loan redemptions and LDP's can still be processed in the normal manner and are not restricted by automated PLM, average AGI, or eligibility records for the 2014 crop year.

Note: Eligibility records for the 2013 crop year are unaffected. MLG's are subject to sequestration for 2013 crop year MAL's.

Disposal Date	Distribution
May 1, 2015	Cotton State Offices; State Offices relay to County Offices, Cotton Clerks, Cotton CMA's, and LSA's

Notice CN-1051

1 Eligibility Requirements (Continued)

B Purpose

This notice provides County Offices, Cotton Clerks and CMA's with the following:

- additional information applicable to cotton MAL's and LDP's
- policy about loan repayments with MLG
- guidance for processing LDP requests and disbursements
- guidance for tracking MLG's and LDP's for PLM purposes.

2 Action

A State Office Action

State Offices shall ensure that County Offices and Cotton Clerks are aware of the contents of this notice.

B County Office and Cotton Clerks

County Offices and Cotton Clerks shall:

- follow the contents of this notice
- ensure producers have submitted the required paperwork to determine eligibility requirements for MAL's and LDP's according to Exhibit 1.

Note: All producers, including members of CMA's, must submit required eligibility documents according to Exhibit 1.

3 Processing MAL Redemptions

A Processing Cotton MAL Redemptions

Cotton MAL's can be repaid at the lesser of either of the following:

- loan principal plus interest plus any compression and re-concentration charges that were previously paid by CCC
- AWP.

2014 crop year MAL's repaid at AWP with MLG are subject to PLM and average AGI provisions. An individual or legal entity not in compliance with PLM and/or average AGI is still eligible for MAL, but **cannot** earn MLG when the loan is redeemed.

Notice CN-1051

3 Processing MAL Redemptions (Continued)

A Processing Cotton MAL Redemptions (Continued)

County Offices shall verify that a producer has filed the required documentation for eligibility determinations according to Exhibit 1 before processing a repayment at AWP for a 2014 crop year MAL.

County Offices shall **not** redeem a cotton loan at AWP with MLG if any of the following conditions exist:

- the producer has not submitted all of the applicable eligibility documentation according to Exhibit 1 **on or before** the date of redemption
- the producer is not in compliance with average AGI requirements
- the producer has met or exceeded the maximum PLM (**not** applicable to redemptions with MLG for 2013 crop year MAL's).

Producers not in compliance with PLM and/or average AGI provisions are **not** eligible to earn MLG; however, provided AWP is not less than the established loan rate, it is still possible to process a repayment with forgiveness of some or all of:

- accrued storage charges
- accrued interest.

B Cotton MAL Repayments Applicable to CMA's and LSA's

Loan redemptions by CMA's or LSA's shall be processed as if the member is in compliance with PLM and average AGI provisions.

Reconciliation of MLG's earned and LDP payments will occur at a later date.

Important: If it is determined at a later date that a member of CMA or LSA did not meet PLM and/or average AGI provisions, the member's share of the MLG or LDP earned must be refunded and may incur interest for the amount owed.

Notice CN-1051

4 Processing Upland Cotton LDP Requests

A Processing LDP Requests

LDP requests are complete when a County Office receives a completed and signed CCC-633 EZ, page 1 and page 3. Producers must have the required eligibility documents submitted **on or before** the date CCC-633 EZ, page 3 is approved for payment.

County Offices shall verify a producer has filed the required documentation for eligibility determinations according to Exhibit 1 before processing an LDP request.

County Offices shall **not** process an LDP request if any of the following conditions exist:

- the producer has not submitted all of the applicable eligibility documentation according to Exhibit 1 **on or before** the date of redemption
- the producer is not in compliance with average AGI requirements
- the producer has met or exceeded the maximum PLM.

Cotton denied an LDP because of non-compliance with PLM and/or average AGI provisions is eligible for MAL through the final loan availability date as long as all other eligibility requirements, including beneficial interest are met. Such loans are **not** eligible to be repaid at a rate that would earn MLG and are eligible to be delivered to CCC in satisfaction of the loan obligation.

Notice CN-1051

5 Tracking MLG's and LDP Payments for PLM Purposes

A Tracking MLG's and LDP Payments

County Offices will be required to track MLG's earned and LDP payments disbursed to each producer using the spreadsheet as shown in Exhibit 2. The spreadsheet will be available on the Price Support website at

<http://fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing>.

CMA's and LSA's will be required to monitor benefits earned from a MLG and/or LDP for each member at the parent level using the spreadsheet as shown in Exhibit 2, or they may use their own process provided the minimum data recorded is as follows:

- producer name and tax ID
- loan number or LDP application number
- whether the transaction is a MLG or LDP
- commodity
- date
- time (if possible) the benefit was earned
- amount of the MLG/LDP earned.

Additional information will be provided in a forthcoming notice to reconcile MLG and LDP benefits earned.

B Denied LDP and MLG

If a producer benefited from a MLG or LDP and it is later determined that their available PLM amount had been exceeded or did not meet other eligibility requirements, they will owe CCC the denied MLG and/or LDP in the amount determined to be in excess of the limitation.

If the producer is a CMA, the CMA will be responsible for any amount owed to CCC.

Any amount owed CCC may be offset from any CCC or FSA payments due the producer.

Notice CN-1051

6 Contact Information

A MAL and LDP Policy Contacts

State Offices shall direct **policy** questions to the applicable contact according to this table.

IF the policy question is about...	THEN contact...
cotton MAL/LDP's	Kelly Hereth by either of the following: <ul style="list-style-type: none"> • e-mail at <u>kelly.hereth@wdc.usda.gov</u> • telephone at 202-720-0448.
cotton CMA's and LSA's	Frankie Coln by either of the following: <ul style="list-style-type: none"> • e-mail at <u>frankie.coln@wdc.usda.gov</u> • telephone at 202 720-9011.

B MAL and LDP Automation Contacts

State Offices shall direct **automation** questions to the applicable contact according to this table.

IF the automation question is about...	THEN contact...
<ul style="list-style-type: none"> • MAL disbursements/LDP payments • MAL repayments 	Shayla Watson by either of the following: <ul style="list-style-type: none"> • e-mail at <u>shayla.watson@wdc.usda.gov</u> • telephone at 202-690-0013.
<ul style="list-style-type: none"> • ADPS 	Cecile Wynne by either of the following: <ul style="list-style-type: none"> • e-mail at <u>cecile.wynne@wdc.usda.gov</u> • telephone at 202-720-8413.
<ul style="list-style-type: none"> • ACRS • COPS 	Shannon Fulghem by either of the following: <ul style="list-style-type: none"> • e-mail at <u>shannon.fulghem@kcc.usda.gov</u> • telephone at 816-926-1533.

Eligibility Requirements and Required Forms

This table provides eligibility requirements and forms required for MAL disbursements, MLG’s, and LDP’s.

Eligibility Requirement	Required Forms		
	MAL Disbursement & Principal/Interest Repayment	MAL Repayment with MLG	LDP
Acreage Report on file showing share in requested commodity	FSA-578	FSA-578	FSA-578
Actively Engaged & Cash Rent Tenant Determinations	N/A	CCC-902 & CCC-901 if a legal entity	CCC-902 & CCC-901 if a legal entity
Adjusted Gross Income (AGI) Determination	N/A	CCC-941	CCC-941
Beneficial Interest* in commodity	Producer must retain beneficial interest in commodity from time of planting through date MAL is redeemed or CCC takes title.	Producer must retain beneficial interest in commodity from time of planting through date MAL is redeemed.	Producer must retain beneficial interest in commodity from time of planting through date CCC-633 EZ, Page 1 is filed in the County Office.
Conservation Compliance Determination	AD-1026	AD-1026	AD-1026
Controlled Substance Determination	Program participants convicted under Federal or State law of planting, cultivating, growing, producing, harvesting, or storing a controlled substance are ineligible for MAL’s and LDP’s for current and 4 succeeding crop years.		
Delinquent Debt Determination – Producer Certification	CCC-666	CCC-666	CCC-633 EZ, Page 2, 3, or 4
Foreign Person Determination	CCC-902I – Part B CCC-902E – Part C	CCC-902	CCC-902
Fraud Determination – including FDIC fraud	Determination made and records updated in National Office.		
Loan Deficiency Payment (LDP) Agreement -	N/A	N/A	CCC-633 EZ, Page 1 filed in County Office
Member Contribution	N/A	CCC-902 & CCC-901	CCC-902 & CCC-901
Power of Attorney	FSA-211 CCC-605 or CCC-605P to designate agent authorized to redeem MAL collateral	FSA-211 or CCC-605 or CCC-605P to designate agent authorized to redeem MAL collateral	FSA-211

*Beneficial interest is defined as the producer maintaining control of and title to the commodity.

Note: Eligibility flags for the entity and **all** entity members must be updated in the subsidiary file, according to 3-PL and 5-PL, to show that both the legal entity and individual member are eligible. If the required determinations are not made and the subsidiary files updated, a market gain repayment and/or LDP will be denied or reduced to the producer or payment entity. Legal entity members are required to complete CCC-941 and AD-1026.

MLG and LDP's Spreadsheet Tracker

Access the spreadsheet as described in subparagraph 5 A. The spreadsheet works best when it is saved to a dedicated file. State Office specialists **must** provide County Office users with a naming convention and determine the location to be saved, if files will be saved to the shared drive.

Important: Users shall protect all PII that may be included in the spreadsheet. The spreadsheet **must** be updated for **every** MLG and LDP earned.

Notes: The spreadsheet is pre-set to print on legal size paper in landscape orientation.

CMA's can use this as a suggested format if a spreadsheet has not already been developed.

- **Steps 2 and 7 through 9 are the same for all users.**
- **Steps 10 and 11 will be further defined**

MLG and LDP’s Spreadsheet Tracker (Continued)

Follow this table to complete the spreadsheet available at <http://fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing>.

Step	Action
1	In the “County Office Name & St/CTY Code” field, enter the name of the office completing the spreadsheet and the applicable county code of that office. For CMA’s and LSA’s, enter the name, of the CMA or LSA, as applicable.
2	“Item #” is a line item for reference only.
3	Enter the name of the individual or entity that will be tracked in the “Producer Name” column. For CMA’s, enter the parent member level name.
4	Enter the producer’s tax ID number. In the dropdown, select either: <ul style="list-style-type: none"> • “S” for Social Security number • “E” for employer identification number (EIN). Note: CMA’s can enter the parent member level tax ID.
5	Enter the loan or LDP number, prefixed with the State and county code. Example: Loan number 3 in Burke County, GA would be entered as “L00003” for a loan or “D00003” for a LDP. For CMA/LSA, enter the applicable loan number or LDP number.
6	Select from the drop down menu the applicable “Benefit Type”: <ul style="list-style-type: none"> • market loan gains processed by a County Office, select “MLG by COF” • eLDP processed by a County Office, select “eLDP by COF” • eLDP request by a producer from home through the producer portal, select “eLDP by Producer” • for CMA/LSA, indicate MLG or LDP.
7	Enter the commodity.
8	Enter the transaction date as “MM/DD/YYYY”.
9	If the time the benefit was earned is known, enter the “Transaction Time” including AM or PM.
10	Enter the full MLG amount or LDP payment amount. For CMA/LSA, this is the amount for each parent member level.
11	For loans only , enter the total repayment amount, including principle and interest, if applicable for the transaction. For CMA’s and LSA’s, this is the amount at the parent member level.

MLG and LDP's Spreadsheet Tracker (Continued)

This is a screen shot of an active spreadsheet available at <http://fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing>.

Item #	Producer Name	Producer Tax ID Number & Type	Loan/LDP Number (include ST/CTY)	Benefit Type (Market Gain, LDP, COF, LDP Producer)	Commodity	Transaction Date MM/DD/YYYY	Transaction time	Full Gain or LDP Amount	Total Repayment amount for loan transaction	
Ex.	abcdefghijklmnopqrstuvwkyz123456789012345678901234	1234567890	S	1234567890	MLG By COF	Cotton	9/26/2014	3:00 PM	\$500.00	\$5,000.00
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2										
3										
4										
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MLG and LDP's Spreadsheet Tracker (Continued)

This is an example of the printout view of the spreadsheet.

Market Gain/LDP Record for Interim Process		Completed by:		County Office Name & St/CTY Code					
Item #	Producer Name	Producer Tax ID Number & Type	Loan/LDP Number (include ST/CTY)	Benefit Type (Market Gain, LDP COF, LDP Producer)	Commodity	Transaction Date MM/DD/YYYY	Transaction time	Full Gain or LDP Amount	Total Repayment amount for loan transaction
Ex.	abcdefghijklmnopqrstuvwkyz123456789012345678901234	1234567890 S	1234567890	MLG By COF	Cotton	9/26/2014	3:00 PM	\$500.00	\$5,000.00
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