

For: State and County Offices, CMA's, DMA's, and LSA's

Additional Requirements for Crop Year 2014 LDP's and Market Loan Gains

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

LDP's are payments issued to producers with harvested commodities in lieu of a MAL when the CCC-determined value is below the applicable loan rate. The LDP amount is the difference between the county loan rate and the CCC-determined value for the applicable commodity or class of commodity times the eligible quantity.

Market loan gains are realized when a MAL is repaid at less than the loan principal. The market loan gain equals the amount by which the applicable loan rate exceeds the MAL repayment rate or CCC-determined value.

Beginning with the 2014 crop year, the total amount of payments received, directly or indirectly by a person or legal entity for LDP's, market loan gains, and ARC and PLC payments, is limited to \$125,000 annually for all commodities, excluding peanuts. Peanuts have a separate \$125,000 payment limitation for LDP's, market loan gains, and ARC and PLC payments.

Also, the requirements of actively engaged in farming, cash rent tenant, and member contribution must be met before a producer is eligible for LDP's and/or market loan gains.

B Purpose

This notice informs State and County Offices of the:

- actively engaged in farming, cash rent tenant, and member contribution eligibility requirement for market loan gains and/or LDP's
- procedure for determining actively engaged in farming, cash rent tenant, and member contribution eligibility.

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

Notice LP-2200

2 Producer Eligibility Requirements

A Requirements Before MAL Repayments at CCC-Determined Value and LDP Disbursements

Producers must meet the following requirements **before** MAL repayments at CCC-determined value and/or LDP disbursements:

- eligible under actively engaged in farming, cash rent tenant and member contribution provisions according to 5-PL

Notes: CCC-902 and CCC-901, if applicable, must be submitted for the 2014 crop year with a COC determination made and the subsidiary files updated according to 3-PL and 5-PL for all producers and entity members for the following:

- actively engaged in farming
- member contribution
- cash rent tenant

If these determinations have not been made and the subsidiary files updated, a market loan gain repayment and/or a LDP will be denied or reduced for the producer or payment entity.

- acreage report showing a share in the crop on which LDP or market loan gain is requested
- AD-1026 completed and in compliance according to 6-CP
- DCIA compliance from producer certification
- compliance with AGI requirements, according to 5-PL and 8-LP with CCC-941 filed and verified by IRS for the 2014 crop year
- payment limitation available according to 5-PL and 8-LP, subparagraph 34 A
- compliance with controlled substance provisions
- compliance with fraud provisions
- compliance with foreign person rules according to 5-PL.

Note: For LDP's, producer must also have the following:

- CCC-633 EZ, page 1 signed and approved in the County Office before beneficial interest is lost
- CCC-633 EZ, pages 2, 3 or 4, submitted when LDP is requested with payment determined either by the day beneficial interest was lost or date request approved.

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2 Producer Eligibility Requirements (Continued)

B Requirements Before MAL Disbursement

The following annual program requirements must be completed before MAL disbursements:

- acreage report is filed showing a share in the crop on which MAL is requested
- AD-1026 completed and in compliance according to 6-CP
- DCIA compliance from producer certification
- compliance with controlled substance provisions
- compliance with fraud provisions
- compliance with foreign person rules according to 5-PL.

Notes: While CCC-902 and CCC-941 are not required for MAL disbursements, both CCC-902 and CCC-941 are required before the following:

- repayments with market loan gain
- LDP's.

County Offices shall encourage producers to complete CCC-902 and CCC-941 when requesting MAL's.

3 Action

A State Office Action

State Offices shall ensure that County Offices are aware of and following the additional LDP and market loan gain requirements in this notice.

B County Office Action

County Offices shall:

- comply with the additional eligibility requirements in this notice

Note: The table in Exhibit 1 provides a 1-Page summary of the eligibility requirements and forms required for MAL disbursements, market loan gain repayments, and LDP's.

- ensure that producers have completed CCC-901, CCC-902, and CCC-941, if applicable, before:
 - approving LDP applications
 - accepting MAL repayments with market loan gain.

Eligibility Requirements

The following table lists the specific eligibility requirements required for MAL disbursements, market loan gain repayments and LDPs, and the forms required.

Eligibility Requirement	Form required before:		
	MAL Disbursement & Principal/Interest Repayment	MAL Market Loan Gain Repayment	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 an entity	CCC-902 & CCC-901, if an entity
Adjusted Gross Income (AGI) Determination	N/A	CCC-941	CCC-941
<u>1</u> 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 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 & 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 & records updated in the 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

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

Notes: Eligibility flags for the entity and **all** entity members must be updated in the subsidiary file, according to 3-PL and 5-PL. If the required determinations are not made and the subsidiary files updated, a market gain repayment and/or an LDP will be denied or reduced to the producer or payment entity. Entity members are required to complete CCC-941 and AD-1026, according to 5-PL and 6-CP.