2014 Commodity Loan/LDP Provisions:

Louisiana Fact Sheet as of September 1, 2014

Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs) are authorized for the 2014 crop year. Commodities eligible for loan or LDP, whether or not they are produced on a participating or nonparticipating farm are:

Wheat	Oats	Peanuts	Small Chickpeas
Rice	Corn	Honey	Barley
Soybeans	Grain Sorghum	Dry Peas	Sunflowers and Other Oilseeds
Cotton	Wool	Lentils	

Hay and silage derived from the above commodities and unshorn pelts are eligible for LDP, but not for MAL. Sugar is eligible for a regular loan, but is not eligible for market gain or LDP. In addition, producers who graze wheat, oats, barley, and triticale are eligible for an LDP-like Graze-Out payment, if the crop is grazed out by livestock and not mechanically harvested. Graze-Out payments only apply at times when an LDP is available on the applicable commodity.

To be eligible for loans and LDPs, producers must:

1. Certify planted acreage for <u>all crops</u> and account for <u>all cropland</u>
2. Have beneficial interest in the commodity
3. Comply with Highly Erodible Land Conservation/Wetland Conservation Provisions (HELC/WC)
4. Comply with Adjusted Gross Income Provisions
5. Not owe a delinquent nontax federal debt – Once the debt is resolved, the producer is eligible to participate.
6. Not violate controlled substance provisions

States, local government, political subdivisions, and agencies thereof, are not eligible to receive loans or LDPs. (For example, school boards, levee boards, universities and prisons are not eligible.)

<u>Beneficial Interest Requirement</u>

For a commodity to be eligible for a loan or LDP, the producer must have beneficial interest in the commodity. Beneficial interest means the producer has complete control and title to the commodity. Once beneficial interest is lost, the commodity is ineligible for loan and LDP, even if beneficial interest is regained. For loans, producers must maintain beneficial interest from harvest through either the date the commodity is redeemed from loan or Commodity Credit Corporation (CCC) takes title to the commodity. For LDPs, beneficial interest must be maintained from harvest through the date the CCC-633 EZ, Page 1 is signed or the date LDP is requested.

All producers and landowners who share in the proceeds of the crop are encouraged to sign Form CCC-633 EZ, Page 1 prior to harvest. Signing of this form prior to harvest protects a producer or landowner if loan deficiency payment (LDP) benefits are not requested prior to loss of beneficial interest. Signing of the form does not take away any option that is available to request a commodity loan or an LDP.

<u>Loans</u>

All commodities pledged for CCC loan must be free and clear of all liens, judgments, and other encumbrances. If not, lien waivers must be provided. Commodities pledged for CCC loan must be stored in approved on-farm storage or in State or Federally approved warehouses willing to store the commodity for the loan period and issue a warehouse receipt.

Producers are responsible for maintaining the storability and quality of commodities stored on the farm. Additionally, producers MUST request an authorization from FSA *before moving*, delivering to buyers, selling, or feeding commodities mortgaged to CCC. Severe penalties apply for non-compliance with this requirement.

Loan rates and interest rates are available upon request at any Parish FSA Office or on the FSA website at http://www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=lor.

Loan Deficiency Payments (LDPs)

LDPs are payments made to producers who, although eligible to obtain a CCC loan, agree to forgo the loan in return for a payment on the eligible quantity. They are only available when the CCC-determined value (loan repayment rate) falls below the loan rate for the commodity.

Payment Limitation

The total amount of payments received directly or indirectly, by a person or legal entity (except a joint venture or general partnership) for the crop year for Price Loss Coverage (PLC), Agriculture Risk Coverage (ARC), marketing loan gains or LDP payments for all loan commodities, other than peanuts, may not exceed $125,000. A person or legal entity that receives payments for peanuts has a separate $125,000 payment limitation for PLC, ARC, marketing loan gains and LDPs.

(**NOTE:** PLC and ARC are new programs which are available with the new 2014 Farm Bill)

Locking In Repayment Rates

Producers with outstanding Commodity Credit Corporation (CCC) loans, whether farm-stored or warehouse-stored, may "lock-in" the repayment rate by completing Form CCC-697. The locking-in of the repayment rate is allowed for all commodities except cotton. Also, for warehouse stored loans, the request to lock-in the repayment rate must cover entire warehouse receipt quantities.

The CCC-697 (lock-in) expires the earlier of 60 days after it is executed, or 14 days before the loan matures. Specific quantities of a commodity can be "locked-in" only once. For specific quantities locked-in and not repaid during the lock-in period, the repayment rate for that specific quantity cannot be locked-in again. The repayment rate will be based on the date funds are received to repay the loan.

Final Availability Dates

The final date to request a commodity loan or LDP for 2014 crop commodities commonly produced in Louisiana is as follows:

- Cotton, Rice, Soybeans, Corn, Grain Sorghum, Sunflowers — May 31, 2015
- Sugar (loan only) — September 30, 2015
- Wheat, Oats, Honey — March 31, 2015
- Peanuts, Wool, Unshorn Pelts (LDP only) — January 31, 2015