

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

**Denied Market Loan Gain (MLG) and Loan Deficiency Overpayment Policy and Procedures**

**Approved by:** Acting Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

The 2014 Farm Bill enacted a combined payment limitation beginning with the 2014 crop year which includes LDP's and MLG's. The total amount of payments received, directly or indirectly, by a person or legal entity for LDP's, MLG's, PLC, and ARC is limited to \$125,000 annually for all commodities except peanuts. Peanuts have a separate \$125,000 payment limit.

Denied MLG (D-MLG) and LDP overpayments occur when MAL repayment and/or LDP transactions for a producer result in exceeding the applicable payment limitation, or other eligibility requirements have not been met.

If a member benefits from an LDP and/or MLG and their payment limitation eligibility has been exceeded, then CMA, DMA, or LSA is required to request a refund from that member on behalf of CCC for the D-MLG and/or LDP overpayment. For DMA and LSA producers, the County Office is responsible for requesting a refund to CCC.

Any amount owed CCC may be offset from any CCC or FSA payments the producer may be entitled to receive.

**B Purpose**

This notice informs CMA's, DMA's, and LSA's about the policy and procedure for refunding D-MLG and LDP overpayments for the 2014 crop year for their members.

<b>Disposal Date</b>  May 1, 2016	<b>Distribution</b>  State Offices; State Offices relay to County Offices, CMA's, DMA's, and LSA's
---	--

## Notice CMA-139

### 2 Action

#### A CMA, DMA, LSA Action

Due process must be provided to any producer who must refund D-MLG to CCC. CMA's are considered the producer in relation to administering MAL's and LDP's on behalf of CCC. The CMA is responsible for refunding any overpayment of D-MLG or LDP overpayments.

CMA's, DMA's, and LSA's:

- who have member and/or producers with known D-MLG or LDP overpayment as of the date of this notice, may collect the amount due from the producer according to their own established procedures
- shall continue to follow instructions provided in Notice CMA-138 to report and monitor payment limitation for their members.

#### B PSD Action

PSD will begin the final reconciliation collection process, on behalf of CCC, for D-MLG according to Exhibit 1, after the final loan maturity date, May 2016.

Notification letters will be issued to applicable producers to inform them of D-MLG amounts due to CCC, with instructions for refunding the determined amount to CCC.

**Final Reconciliation Collection Process**

The following table outlines the process for collecting D-MLG’s after the final reconciliation period.

IF D-MLG or LDP overpayment is applicable to...	THEN...
CMA	<p>the PSD Program Manager shall contact the applicable County Office and request that:</p> <ul style="list-style-type: none"> <li>• a notification letter be issued to CMA according to 8-LP, Exhibit 11, using letter example F</li> <li>• on the date of the notification letter, a receivable be manually established for the CMA in the National Receivable and Receipts System (NRRS) for the D-MLG or LDP overpayment amount owed by CMA, according to instructions in 64-FI. Interest will not be applied if the refund is made according to the terms of the notification letter.</li> </ul> <p>If the receivable is <b>not</b> repaid by CMA according to the notification letter, interest will then be applied to the amount due CCC based on the date the receivable was created, and NRRS shall automatically:</p> <ul style="list-style-type: none"> <li>• generate a 1<sup>st</sup> demand letter to CMA on the 31<sup>st</sup> day after the date of the notification letter</li> <li>• generate a 2<sup>nd</sup> demand letter to CMA on the 31<sup>st</sup> day after the 1<sup>st</sup> demand letter</li> <li>• notify TOP on the 120<sup>th</sup> day after the date of the notification letter.</li> </ul> <p><b>Note:</b> County Offices shall deposit the collection according to 64-FI.</p>
LSA and/or DMA producer	<p>LSA or DMA shall contact the applicable County Office and request that:</p> <ul style="list-style-type: none"> <li>• a notification letter be issued to the producer according to 8-LP, Exhibit 11, using letter example F</li> <li>• on the date of the notification letter, a receivable be manually established for the producer in NRRS for the D-MLG or LDP overpayment amount owed by the producer according to instructions in 64-FI. Interest will not be applied if the refund is made according to the terms of the notification letter.</li> </ul> <p>If the receivable is not repaid by the producer according to the notification letter, interest will then be applied to the amount due CCC based on the date the receivable was created and NRRS shall automatically:</p> <ul style="list-style-type: none"> <li>• generate a 1<sup>st</sup> demand letter to the producer on the 31<sup>st</sup> day after the date of the notification letter</li> <li>• generate a 2<sup>nd</sup> demand letter to the producer on the 31<sup>st</sup> day after the 1<sup>st</sup> demand letter</li> <li>• notify TOP on the 120<sup>th</sup> day after the date of the notification letter.</li> </ul> <p><b>Note:</b> County Offices shall deposit the collection according to 64-FI.</p>