

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

**Notice LP-2186**

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

**Clarification on MAL, LDP, and Commodity Loan Sequestration Policy**

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



**1 Overview**

**A Background**

The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, provided legislation to apply automatic spending reductions or sequestration to all Federal Agencies.

Notice LP-2184 addressed the sequestration of MAL's, LDP's, and commodity loans.

Because of the lapse in Federal Government funding that brought about the closure of County Offices from Tuesday, October 1, 2013, through Wednesday, October 16, 2013, questions have been asked about the following:

- release date of the revised software
- servicing of outstanding MAL's during this time.

**Note:** This notice:

- addresses all commodities and there will **not** be separate CMA, CN, or SU notices issued
- applies to all County Offices, CMA's, DMA's, LSA's, and cotton clerks.

Disposal Date	Distribution
April 1, 2014	State Offices; State Offices relay to County Offices, CMA's, DMA's, LSA's and Cotton Clerks

## Notice LP-2186

### 1 Overview (Continued)

#### B Purpose

This notice provides information to State and County Offices, CMA's, DMA's, LSA's, and cotton clerks about the following:

- further clarification of Notice LP-2184
- amended release date for the revised commodity loan making software
- policy decisions that impact producers with outstanding commodity loans because of County Office closures from Tuesday, October 1 through Wednesday, October 16, 2013, including the following:
  - repayment date flexibility on outstanding commodity loans during the Government shutdown
  - clarification on the release or movement of loan collateral during the Government shutdown
- clarification that the loan principal on loans that have been sequestered is the **reduced** loan amount
- sequestration percentage for 2014 crop year loans
- overpayments made by CMA's, DMA's, LSA's, and cotton clerks
- new contact person for peanut policy.

### 2 County Office Actions

#### A Actions Beginning October 17, 2013

Beginning **October 17, 2013**, and until notified, County Offices shall:

- be shutout of 2013 loan making in APSS to allow time to put into place processes to implement the required sequestration
- accept commodity loan applications from producers for harvested commodities on the applicable application form

2 County Office Actions (Continued)

A Actions Beginning October 17, 2013 (Continued)

- **not** enter any 2013 crop year loan applications into APSS loan making until notified that the software revisions necessary for the sequestration are available

**Notes:** FSA is anticipating this date will be in early November 2013, but an announcement will be made when County Offices can resume entering new 2013 loan applications in the loan making software and disbursing loans.

CMA's, DMA's, LSA's, and cotton clerks **cannot** resume making new 2013 crop year loans until APSS software has been modified and is available in County Offices.

- continue accepting and processing repayments and servicing requests for all disbursed commodity loans in the normal manner
- notify producers of the contents of this notice
- note that replighted 2012 crop sugar loans are **not** subject to sequestration and can continue to be processed and disbursed.

**Important:** All actions listed in this subparagraph are also applicable to CMA's, DMA's, LSA's, and cotton clerks. These actions will be clarified for these non-Government entities through the normal process. There will **not** be separate notices issued.

**Note:** 2013 crop year loan rates are **not** affected. Loan rates are statutory and **cannot** be reduced. After the loan principal is determined based on the statutory loan rate and the loan quantity, the sequestration percentage is applied to determine the reduced loan amount.

B Repayments on Disbursed Commodity Loans During Government Shutdown

For repayments on already disbursed commodity loans during the Government shutdown (October 1, 2013, through October 16, 2013), County Offices shall:

- for mailed repayments, use the postmark to determine the repayment date
- for in-person repayments and requests for a repayment amount by phone, ask the borrower or buyer the date they tried to make the repayment

**Note:** Depending on when the payment would have normally been received, that will be the payment received date.

- determine repayment dates for jointly issued checks from a grain elevator or other buyer from the date on the check

2 County Office Actions (Continued)

**B Repayments on Disbursed Commodity Loans During Government Shutdown (Continued)**

- use the date a payment would have normally be received for e-mailed requests
- be flexible and consistent, ensuring that the shutdown does **not** negatively impact FSA's customers.

**Note:** Policy in 8-LP, subparagraph 700 D has **not** changed. The change in this subparagraph is **only** for attempted repayments during the Government shutdown of October 1 through 16, 2013.

**C Release or Movement of Loan Collateral During Government Shutdown**

8-LP, subparagraph 743 E allows producers to move loan collateral on a nonworkday as long as they request CCC-681-1 on the next workday. October 1 through 16, 2013, are considered nonworkdays because FSA County Offices were closed.

Producers who moved their loan collateral to a buyer during the Government shutdown and requested CCC-681-1 on the first workday after the shutdown, October 17, County Offices shall, according to 8-LP, subparagraph 743 E:

- document on CCC-681-1 in the section following Part D, that "Movement of loan collateral began on nonworkday but producer requested approval on next workday according to 8-LP, subparagraph 743 E"
- enter the approval date and determine the delivery period.

**Note:** STC may determine that producers in their State be allowed an additional day or through Friday, October 18, 2013, to request CCC-681-1 because of the length of the October 2013 Government shutdown.

**D Repayment of Loans That Were Sequestered**

On crop year 2013 loans disbursed after September 30, 2013, the repayment amount due for repayments at principal and interest, will be based on the **reduced loan amount**.

**Example:** 10,000 bu. x \$1 (loan rate) = \$10,000 total loan amount.

\$10,000 total loan amount x 5.1 percent (sequestration reduction) = \$510

\$10,000 - \$510 = \$9,490 **reduced loan amount**.

\$9,490 - \$45 (service fee) - (assessments) = \$9,445 total disbursement amount.

Principal and interest repayment is computed on the reduced loan amount of \$9,490.

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### 2 County Office Actions (Continued)

#### E Repayment of Loans Disbursed Using Advanced Funds by CMA's, DMA's, LSA's, or Cotton Clerks

Crop year 2013 loans disbursed after September 30, 2013, using loan advance funds and repaid at principal plus interest, the repayment amount will be based on the **reduced loan amount**. CMA's, DMA's, LSA's, or cotton clerks **must** collect any overpayments from loans disbursed after September 30, 2013, that were **not** reduced for sequestration directly from the producer.

#### F Sequestration Percentage for 2014 Crop Year Loans

It has been determined that a sequestration reduction of 7.2 percent will apply to all CCC 2014 crop year commodity loans.

### 3 State Office Action

#### A State Office Action

State Offices shall ensure that all County Offices in their State are notified of and comply with the actions paragraph 2.

For policy questions, State Offices shall direct all questions as follows.

IF question is policy related and about...	THEN contact...
wool and mohair MAL's/LDP's	Danielle Cooke by either of the following: <ul style="list-style-type: none"><li>• e-mail at <b>danielle.cooke@wdc.usda.gov</b></li><li>• telephone at 202-720-1919.</li></ul>
cotton MAL's/LDP's	Kelly Hereth by either of the following: <ul style="list-style-type: none"><li>• e-mail at <b>kelly.hereth@wdc.usda.gov</b></li><li>• telephone at 202-720-0448.</li></ul>
peanut MAL's/LDP's	Kathy Sayers by either of the following: <ul style="list-style-type: none"><li>• e-mail at <b>kathy.sayers@wdc.usda.gov</b></li><li>• telephone at 979-680-5155.</li></ul>
all other MAL/LDP commodities except sugar	DeAnn Allen by either of the following: <ul style="list-style-type: none"><li>• e-mail at <b>deann.allen@wdc.usda.gov</b></li><li>• telephone at 202-720-9889.</li></ul>
sugar commodity loans	Toni Williams by either of the following: <ul style="list-style-type: none"><li>• e-mail at <b>toni.williams@wdc.usda.gov</b></li><li>• telephone at 202-720-2270.</li></ul>
CMA's, DMA's, and LSA's	Frankie Coln at either of the following: <ul style="list-style-type: none"><li>• e-mail at <b>frankie.coln@wdc.usda.gov</b></li><li>• telephone at 202-720-9011.</li></ul>

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### 3 State Office Action (Continued)

#### A State Office Action (Continued)

For automation questions, State Offices shall direct all questions as follows.

<b>IF question is automation related and about...</b>	<b>THEN contact...</b>
<ul style="list-style-type: none"><li>• peanut MAL's/LDP's and DMA's</li><li>• rice MAL's/LDP's</li></ul>	Cecile Wynne by either of the following: <ul style="list-style-type: none"><li>• e-mail at <b>cecile.wynne@wdc.usda.gov</b></li><li>• telephone at 202-720-8413.</li></ul>
sugar commodity loans	Stacy Carroll by either of the following: <ul style="list-style-type: none"><li>• e-mail at <b>stacy.carroll@wdc.usda.gov</b></li><li>• telephone at 202-690-8037.</li></ul>
<ul style="list-style-type: none"><li>• MAL's/LDP's for all other commodities</li><li>• cotton CMA's and LSA's</li></ul>	Shayla Watson by either of the following: <ul style="list-style-type: none"><li>• e-mail at <b>shayla.watson@wdc.usda.gov</b></li><li>• telephone at 202-690-0013.</li></ul>