

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

**Notice LP-2190**

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

**2014 Crop Year MAL, LDP, and Sugar Commodity Loan Availability and General Policies**

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



**1 Overview**

**A Background**

The Agricultural Act of 2014 (2014 Farm Bill), Pub. L. 113-79, was enacted into law February 7, 2014. The 2014 Farm Bill authorizes 2014 through 2018 crop MAL's and LDP's on barley, canola, corn, cotton, crambe, dry peas, flaxseed, grain sorghum, honey, large chickpeas, lentils, mohair, mustard seed, oats, peanuts, rapeseed, rice, safflower, sesame seed, small chickpeas, soybeans, sunflower seed, wheat, and graded and non-graded wool. Crop year 2014 through 2018 sugar commodity loans are also authorized. A FR notice was published on March 28, 2014, and State and County Offices are authorized to accept MAL and LDP requests for eligible 2014 harvested or shorn commodities **immediately**.

Policies and procedures included in this notice:

- are effective **immediately** for the 2014 crop year
- will be:
  - clarified for cotton in 7-CN
  - clarified for sugar in 10-SU, **before** the loan availability date of October 1, 2014, for 2014 crop year sugar loans
  - included in 8-LP, 2-LP Rice, 2-LP Honey, 1-CMA, and peanut directives.

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

## Notice LP-2190

### 1 Overview (Continued)

#### A Background (Continued)

**Notes:** Policy in this notice:

- authorizes 2014 MAL's and LDP's for all loan eligible commodities
- authorizes 2014 sugar loans
- applies only to the 2014 crop
- applies to all County Offices, CMA's, DMA's, LSA's, and Cotton Clerks.

Separate CMA, CN or SU **notices** authorizing 2014 crop MAL's, LDP's or commodity loans for CMA, DMA, LSA, cotton, or sugar will **not** be issued.

#### B Purpose

This notice provides general policies and procedures for administrating 2014 crop MAL and LDP requests for all eligible commodities and sugar commodity loans.

**Notes:** Previous policies for these programs are still in affect and unchanged unless provided in this notice or amendments to 8-LP, 2-LP Rice, 2-LP-Honey, 7-CN, 10-SU, and 1-CMA.

References to 8-LP may also apply to all applicable commodity handbooks.

### 2 General MAL and LDP Policies

#### A Authorization to Administer 2014 MAL and LDP Programs

This notice provides State and County Offices, CMA's, DMA's, LSA's and Cotton Clerks, authorization to begin accepting 2014 crop:

- wool MAL and LDP, if applicable, requests immediately
- MAL and LDP, if applicable, requests on honey produced and extracted beginning April 1, 2014
- MAL and LDP, if applicable, requests for all other eligible commodities after harvest
- sugar commodity loan requests beginning October 1, 2014.

**Note:** Software modifications to change the sequestration of 2014 crop year MAL disbursements, as provided in subparagraph 2 G, are currently not available. County Offices will be notified in a future PS notice when the software is available, but shall accept MAL applications.

## 2 General MAL and LDP Policies (Continued)

### A Authorization to Administer 2014 MAL and LDP Programs (Continued)

County Offices shall continue accepting **2013** crop:

- wheat, barley, canola, crambe, flaxseed, honey, oats, rapeseed, and sesame seed MAL and LDP requests, if applicable, through COB March 31, 2014
- corn, cotton soybeans, rice, grain sorghum, dry peas, lentils, mustard seed, safflower seed, large chickpeas, small chickpeas, and sunflower seed MAL and LDP requests, if applicable, through COB June 2, 2014

**Note:** The final availability date is May 31, 2014. When the final availability date falls on a nonworkday, the final date shall be extended to the next workday, which is June 2, 2014.

- sugar loan requests through September 30, 2014.

### B Producer Eligibility

For the 2014 crop year, MAL's and LDP's are available to eligible producers according to 8-LP, paragraph 200 and applicable 7-CN, 1-CMA, and 10-SU guidance.

**Notes:** All cropland, on the farm for which the commodity pledged as collateral for MAL or LDP was produced, must be reported. Failure to report all cropland on a farm shall be considered noncompliance with program requirements and a violation according to 2-CP.

States, local Government, political subdivisions, and agencies thereof, including public schools, are **not** eligible to receive any MAL benefit or LDP payment.

### C Commodity Eligibility

Eligible loan commodities must have been produced by an eligible producer on a farm according to 8-LP, paragraph 225.

The following commodities are eligible for 2014 crop year MAL's and LDP's, if applicable.

Commodities Eligible for 2014 Crop Year MAL's and LDP's		
Barley	honey	rice
Canola	large chickpeas	safflower seed
Cotton	lentils	sesame seed
Corn	mohair	small chickpeas
crambe	mustard seed	soybeans
dry peas	non-graded wool	sunflower seed
flaxseed	oats	wheat
graded wool	peanuts	
grain sorghum	rapeseed	

## 2 General MAL and LDP Policies (Continued)

### C Commodity Eligibility (Continued)

Sugar is an eligible loan commodity but is not considered a MAL.

Hay silage and unshorn pelts derived from an eligible loan commodity are eligible for LDP, but **not** for MAL's.

### D Beneficial Interest Requirement

Beneficial interest policy for the 2014 crop year is unchanged from the 2013 crop year. See 8-LP, paragraph 227 for more detailed information.

A producer is considered to have beneficial interest in a commodity if both of the following remain with the producer:

- title to the commodity
- control of the commodity.

As a reminder, beneficial interest must be retained by the producer from harvest, continuously for:

- loans - producers **must** retain interest in the commodity until the loan is repaid
- LDP - producers **must** have beneficial interest at the time of the LDP agreement request on CCC-633EZ, page 1.

### E AGI Requirements

AGI provisions have been modified by the 2014 Farm Bill. Producers whose average AGI exceeds \$900,000 are not eligible to receive a marketing loan gain or LDP.

**Example:** The 3-year average AGI for crop year 2014 will be 2010, 2011, and 2012.

**Note:** Producers will still be allowed to receive MAL's but the MAL **must** be repaid at principal plus interest.

## 2 General MAL and LDP Policies (Continued)

### F 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 any crop year for Price Loss Coverage (new program replacing DCP), Agriculture Risk Coverage, marketing loan gains or LDP payments for all loan commodities (except sugar) in subparagraph 2 C, **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 Price Loss Coverage, Agricultural Risk Coverage, marketing loan gains, and LDPs.

**Notes:** Sugar is a commodity loan and not MAL, and therefore is ineligible for LDP. Payment limitations do not apply to sugar.

Since the 2008 crop year, there has not been a payment limitation for marketing loan gains and LDP's.

### G Sequestration of MAL's and LDP's

Sequestration applies to MAL's, LDP's, and sugar loans. CCC funds will be used to apply the sequestration reductions to the loan disbursement and LDP. Also, there will be no reduction for sequestration when issuing peanut handling and storage payments.

**Note:** Section 1614(d) of the Agricultural Act of 2014 provides that the Secretary shall use such sums, as are necessary of CCC funds, to restore support, loans, and assistance.

2013 crop sugar loans will no longer have reductions for sequestration at loan disbursement. Notice SU-93 provides additional information.

### H 2014 Loan Rates

The 2014 crop loan rates will be posted to the Internet, Intranet, and PSD web site when announced.

State and County Offices may print loan rates applicable to their State and counties using the web site at **<http://fsa.usda.gov/fsa/webapp?area=home&subject-prsu&topic=lor>**.

The ACRE program is not applicable in crop year 2014 and subsequent crop years. The 30 percent loan rate reduction for ACRE is no longer applicable.

## 2 General MAL and LDP Policies (Continued)

### I 2014 Premiums and Discounts

The premiums and discounts applicable to 2014 crop year commodities will be:

- announced and broadcast when available
- posted on PSD's web site at  
<http://fsa.usda.gov/fsa/webapp?area=home&subject-prsu&topic=lor>.

### J Revised Forms

Most MAL and LDP forms are being revised to include references governing MAL's and LDP's and the authority for requesting information according to the Privacy Act Statement.

County Offices shall immediately:

- accept MAL and LDP agreements and requests only on the most current forms
- destroy any blank hardcopies of MAL and LDP forms that have been replaced by a new version.

**Notes:** Because of the number of MAL and/or LDP forms that need to be revised, priorities will be established. County Offices shall use the most current form on the FFAS Employee Forms/Publications Online Website at  
<http://intranet.fsa.usda.gov/dam/ffasforms/currentforms.asp>.

A revised CCC-633 EZ is available on the forms web site.

### K Graze-Out Payments

Graze-Out payments instead of LDP's for the 2014 crop year are available to eligible producers who:

- elect to use acreage planted to barley, oats, triticale or wheat, for grazing by livestock
- agree to forgo any other harvesting of the commodity on this acreage during the crop year.

See 8-LP, Part 11 for additional information on the Graze-Out program.

### 3 Action

#### A State Office Action

State Offices shall:

- publicize the contents of this notice immediately to the maximum extent possible
- ensure that County Offices are aware of and follow the contents of this notice.

#### B County Office Action

County Offices shall:

- immediately administer 2014 crop year MAL's and LDP's, if applicable
- continue to use 8-LP, 2-LP Rice, 2-LP Honey, 7-CN, 1-CMA, and 10-SU for additional guidance except as provided in this notice
- publicize and notify producers of the contents of this notice.

#### C Contacts

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

IF the question is about...	THEN contact...
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>
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>
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>
all other MAL/LDP commodities listed in subparagraph 1 A	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>
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>