

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice LP-2198

For: FSA Offices

Eligibility Requirements for MAL's and LDP's

Approved by: Deputy Administrator, Farm Programs



1 Eligibility Requirements

A Background

The Agricultural Act of 2014 (2014 Farm Bill) authorized 2014 through 2018 crop year MAL's and LDP's.

Persons or legal entities requesting MAL's and LDP's must meet and comply with annual program eligibility requirements.

Some of the required eligibility documents would normally be completed or updated during the annual farm program signup each crop year. The signup for the new Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs is scheduled to begin later this year when the regulations are finalized, which may be after MAL and/or LDP is requested.

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 **except** peanuts. Peanuts have a separate \$125,000 payment limitation for LDP's, market loan gains, and ARC and PLC payments.

B Purpose

This notice reminds State and County Offices about the following:

- specific eligibility requirements for MAL's and LDP's that are needed **before**:
 - MAL disbursements
 - MAL repayments using CCC-determined value
 - LDP approvals and disbursements

Disposal Date	Distribution
March 1, 2015	All FSA Offices; State Offices relay to County Offices

1 Eligibility Requirements (Continued)

B Purpose (Continued)

- requirement to control payment limitation.

Notes: Separate CMA and CN notices will be issued.

This notice does **not** apply to sugar commodity loans.

2 Action

A State Office Action

State Offices shall ensure that County Offices are aware of the contents of this notice.

B County Office Action

County Offices shall:

- comply with the instructions provided in this notice
- ensure that producers have met the required eligibility requirements for MAL's and LDP's before approval, disbursement, repayment, and settlement/forfeiture, if applicable.

3 MAL Eligibility Requirements

A MAL Disbursement

The following annual program requirements must be completed **before** MAL disbursement:

- acreage report 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.

B MAL Repayment

Producers may repay MAL at the lesser of either of the following:

- loan principal plus interest
- CCC-determined value under the market loan provisions.

3 MAL Eligibility Requirements (Continued)

B MAL Repayment (Continued)

If repaying MAL using the CCC-determined value, producers **must**:

- have filed CCC-941 for the 2014 crop year
- be in compliance with AGI requirements according to 5-PL and 8-LP, subparagraph 34 B
- **not** have exceeded the applicable \$125,000 payment limitation, directly or indirectly, in LDP's, market loan gains, and ARC and PLC payments according to 5-PL and 8-LP, subparagraph 34 A.

Notes: An individual or entity not in compliance with AGI is still eligible for MAL, but the loan must be repaid at principal plus interest.

Payment limitations do **not** apply to MAL disbursements. If payment limitation is reached, the individual or entity may still receive MAL, but MAL must be repaid at principal plus interest, applicable to the shares of the individual or entity that exceeded payment limitation.

2-PL and 3-PL (Rev. 1) must be followed for recording entity and joint member information.

4 LDP Requirements

A LDP Eligibility

The following annual program requirements must be completed **before** LDP approval:

- acreage report for the producer showing a share in the crop on which LDP is requested
- payment limitation available according to 5-PL and 8-LP, subparagraph 34 A
- compliance with AGI requirements, according to 5-PL and 8-LP, subparagraph 34 B, and CCC-941 has been filed for the 2014 crop year
- AD-1026 completed and in compliance according to 6-CP
- DCIA compliance from producer certification
- compliance with controlled substance provisions
- compliance with fraud provisions

4 LDP Requirements (Continued)

A LDP Eligibility (Continued)

- compliance with foreign person rules according to 5-PL.

Note: CCC-633EZ, page 1 must have been signed and received in the applicable County Office before loss of beneficial interest in the commodity.

B LDP Applications

LDP requests are complete when a County Office receives a completed and signed CCC-633 EZ, page 1 and page 2, 3, or 4, as applicable.

County Offices shall encourage producers to submit CCC-633 EZ, page 1 for the 2014 crop year whether or not the producer plans to subsequently request a loan or LDP.

CCC-633 EZ, page 1 serves as the producer's intention to request and receive LDP benefits, although the producer still maintains the ability to pledge the eligible commodity for MAL. The eligible commodity becomes ineligible for MAL, when CCC-633 EZ, page 2, 3, or 4 has been submitted for payment of LDP benefits.

CCC-633 EZ:

- incorporates all types of LDP requests into a single 2-part application consisting of:
 - page 1 (LDP agreement)
 - pages 2, 3, and 4 (LDP benefit requests)
- ensures LDP benefits for eligible producers on all eligible commodities when page 1 is filed **before** loss of beneficial interest, and pages 2, 3, and/or 4 are received **before** the final loan/LDP availability date
- covers production sold before page 2, 3, or 4 is submitted as long as the producer has filed page 1 before loss of beneficial interest.

Note: The correct version of CCC-633 EZ to use is dated "03-28-14".

C LDP Payments

All LDP payments are processed through the eLDP web-based system.

Note: See 8-LP, Part 10 for additional information on LDP's.

5 Payment Limitation Requirement

A Payment Limitation

The 2014 Farm Bill enacted a combined payment limitation of \$125,000 beginning with the 2014 crop year for payments received, directly or indirectly, by a person or legal entity (except joint ventures or general partnerships), for all commodities other than peanuts, for a combination of the following programs:

- LDP's
- market loan gains
- ARC
- PLC.

A person or legal entity that receives these payments for peanuts, directly or indirectly, has a separate \$125,000 payment limitation annually for the same programs.

B Controlling Payment Limitation for 2014 Crop

The National Office is reviewing options for controlling payment limitation for the 2014 crop year.

Instructions will be released to Field Offices through notices in the very near future.

C Denied LDP and Market Loan Gain

If a producer benefited from a LDP and/or market loan gain and it is later determined that their payment limitation eligibility had been exceeded, they will owe CCC the denied LDP and/or market loan gain.

Any amount owed CCC may be offset from any CCC or FSA payments due the producer.

6 Contact Information

A MAL and LDP Policy Contacts

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

IF the policy question is about...	THEN contact...
all MAL and LDP commodities except cotton and peanuts	DeAnn Allen by either of the following: <ul style="list-style-type: none"> e-mail to deann.allen@wdc.usda.gov telephone at 202-720-9889.
peanut MAL's and LDP's	Kathy Sayers by either of the following: <ul style="list-style-type: none"> e-mail to kathy.sayers@wdc.usda.gov telephone at 979-680-5155.
grain CMA's and DMA's	Frankie Coln by either of the following: <ul style="list-style-type: none"> e-mail to frankie.coln@wdc.usda.gov telephone at 202 720-9011.

Notes: See separate CN notice for contact information for cotton.

See 10-SU for eligibility requirements for sugar commodity loans. LDP's and market loan gains are not applicable to sugar commodity loans.

B MAL and LDP Automation Contacts

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

IF the automation question is about...	THEN contact...
MAL and LDP applications	Cecile Wynne by either of the following: <ul style="list-style-type: none"> e-mail to cecile.wynne@wdc.usda.gov telephone at 202-720-8413.
MAL and LDP payments	Shayla Watson by either of the following: <ul style="list-style-type: none"> e-mail to shayla.watson@wdc.usda.gov telephone at 202-690-0013.