

For: State and County Offices

**Determining Year 2000 Upland Cotton and Rice Planning Prices**

Approved by: Deputy Administrator, Farm Loan Programs



**1 Overview**

**A**

**Background**

Notice FLP-80 issued September 24, 1999, provides guidance and the methodology for formulating and issuing prices used to develop farm business plans as required in FmHA Instruction 1924-B. The notice requires that States use the higher of the national commodity loan rate or the December 2000 Chicago Board of Trade or other commodity exchange prices, plus or minus the local basis. This methodology takes into consideration the LDP rate on most commodities. However, this method is not adequate for addressing LDP's for upland cotton and rice because a comparison of the commodity loan rates exchange prices for cotton and rice do not include the potential LDP rates in the same manner as for other commodities.

**B**

**Purpose**

This notice provides additional guidance for developing farm business plans and factoring in LDP rates for upland cotton and rice.

<p><b>Disposal Date</b></p> <p>October 1, 2000</p>	<p><b>Distribution</b></p> <p>State Offices; State Offices relay to County Offices</p>
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## Notice FLP-96

### 2 Projecting LDP for Cotton and Rice

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#### A

##### Method

Loan approval officials will:

- determine the applicant's projected yield for upland cotton and/or rice according to FmHA Instruction 1924-B, section 1924.56 (b)
  - use the State-established price for upland cotton and/or rice when projecting crop income for the year 2000 (Table D of the Farm and Home Plan)
  - determine the applicant's LDP by multiplying the projected yield by:
    - \$0.02/lb. for rice
    - \$0.10/lb. for upland cotton
  - extra long staple (ELS) cotton is **not** eligible for LDP's, and, therefore, this notice does **not** apply to ELS cotton
  - include the projected LDP as other farm income in the farm business plan (Table J of the Farm and Home Plan).
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#### B

##### National Office Contact

Direct questions about this notice through the State Office to Mike Hinton, Chief, Direct Loans/Funds Management Branch, at 202-720-1472.

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