FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

February 2011

Honey Nonrecourse Marketing Assistance Loans and Loan Deficiency Payments

Overview

The Food, Conservation, and Energy Act of 2008 (2008 Act) reauthorizes nonrecourse marketing assistance loans (MALs) and loan deficiency payments (LDPs), for the 2008-2012 crop of honey.

Nonrecourse MALs and LDPs are administered by the Farm Service Agency (FSA), on behalf of the Commodity Credit Corporation (CCC).

See the fact sheet Nonrecourse Marketing Assistance Loans/Loan Deficiency Payments for additional information about MALs and LDPs.

Honey Nonrecourse Marketing Assistance Loan

Honey nonrecourse MALs provide eligible producers with interim financing on their production and facilitate the orderly distribution of loan-eligible honey throughout the year, and allows the producer to delay the sale of their honey until more favorable market conditions emerge. A producer may satisfy the loan obligation by delivering to CCC the quantity of honey pledged as collateral for full payment of the loan at maturity.

Eligibility

To be eligible for a honey nonrecourse MAL or LDP, a producer must have:

- Produced honey in the United States during the calendar year for which the loan is requested and extracted honey on or before Dec. 31, of the applicable crop year;
- Had a continuous beneficial interest in the honey through date of repayment of the loan and;
- Been responsible for the financial risk of keeping the bees and producing the honey.

To be eligible for a MAL or LDP, the honey must:

- Have been produced by an eligible producer;
- Have been produced and extracted in the United States during the applicable calendar year;
- Be of merchantable quality deemed by CCC to be suitable for loan and;
- Be stored in acceptable containers.

Adjusted Gross Income

Producers or legal entities whose average adjusted gross **nonfarm** income exceeds $500,000 are not eligible for marketing loan gains or LDPs, but are eligible for MALs that must be repaid at principal plus interest.

Program Availability

The CCC makes nine-month nonrecourse MALs available to producers on 2008-2012 crop honey.

Final Loan/LDP Availability Date

Eligible producers must submit requests for honey nonrecourse MALs on or before March 31 of of the calendar year following the applicable crop year.

Maturity Date

Loans mature on demand, but no later than the last day of the ninth month after the note and security agreement were approved.

Loan Rate

The 2008 Act sets the national loan rate for honey as follows:

- 60 cents per pound for 2008 and 2009 crop years;
- 69 cents per pound for 2010 through 2012 crop years.

Where to Request Loans

If the honey is stored on the producer's farm, the producer is required to apply at the FSA county office serving the area. If the honey is stored at a location other than the producer's farm, the producer is required to apply at either (1) the county office serving the storage location, or (2) the county office serving the area in which the producer's main business is located.

Other Program Provisions

- A loan service fee is collected at the time of loan disbursement.
- Interest is charged at a rate of 1 percent higher than the CCC borrowing interest rate.
- Honey pledged as collateral for a loan must be from eligible floral sources and must be in containers that meet the type, size, cleanliness, strength, damage and fill requirements defined by regulations published by CCC in the Federal Register.
- Pre-loan inspections are required to ensure that honey inventory exists in approved storage containers and is of approximate certified weight.

Loan Deficiency Payment (LDP) Provisions

Producers who are eligible for a nonrecourse MAL, may choose to receive a LDP in lieu of a MAL. The LDP rate equals the amount by which the loan rate where the commodity is stored exceeds the effective repayment rate for the crop of honey.

For More Information

Further information on this and other FSA programs is available from local USDA Service Centers or on the FSA website at www.fsa.usda.gov.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all of part of an individual's income is derived from any public assistance program. (Not all bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.