



## **2011 GENERAL LOAN/LDP PROVISIONS**

Marketing assistance loans and loan deficiency payments (LDP) are authorized for the 2011 crop year. The 2011 crop commodities eligible for loan and LDP regardless of whether produced on a participating or nonparticipating farm are:

|               |            |                 |                |
|---------------|------------|-----------------|----------------|
| Wheat         | Rice       | Soybeans        | Other Oilseeds |
| Upland Cotton | ELS Cotton | Oats            | Corn           |
| Grain Sorghum | Wool       | Honey           | Dry peas       |
| Lentils       | Peanuts    | Small Chickpeas | Barley         |

Hay, silage, and unshorn pelts derived from the above commodities are eligible for LDP, but not for marketing assistance loan.

In addition, producers who graze eligible wheat, oats, barley, and triticale are eligible for LDP-like GRAZE-OUT payments, if the crop is grazed out by livestock and not mechanically harvested. GRAZE-OUT payments only apply at times when an LDP is available on the particular commodity (depending on the posted county price).

### **Beneficial Interest Requirements**

For a commodity to be eligible for a loan or LDP the producer must have beneficial interest in the commodity. Beneficial interest means the producer has complete control of the commodity, and title to the commodity. Once beneficial interest is lost, the commodity is ineligible for loan and LDP, even if beneficial interest is regained. For LDP's producers must maintain beneficial interest from harvest through the date the LDP is requested. For loans producers must maintain beneficial interest from harvest through the date the commodity is redeemed from loan, or the Commodity Credit Corporation (CCC) takes title to the commodity.

All producers and landowners who share in the proceeds of the loans or LDP's are encouraged to sign Form CCC-633 EZ, Page 1 prior to harvest. Signing this form prior to loss of beneficial interest protects the producer or landowner if loan or LDP benefits are not requested prior to loss of beneficial interest. Signing the form does not take away any option to request a commodity loan or an LDP.

### **General Provisions**

To be eligible for loans and LDP's producers must certify and comply with the following:

1. Highly Erodible Land Conservation/Wetland Conservation Provisions (HELC/WC)
2. Planted acreage reports must be filed for all crops and must account for all cropland
3. Must not violate controlled substance provisions
4. Must comply with Adjusted Gross Income provisions (AGI)

### **Loans**

All commodities pledged for CCC loan must be free and clear of all liens, judgments, and other encumbrances. If not, lien waivers must be provided. Commodities pledged for CCC loan must be stored in approved on-farm storage or in approved State or Federally licensed warehouses. Producers are responsible for maintaining the storability and quality of commodities mortgaged to CCC and stored on the farm. Also, producers *MUST* obtain

permission from FSA *BEFORE* moving, delivering to buyers, selling, or feeding commodities mortgaged to CCC. Severe penalties apply for non-compliance with this regulation.

Loan rates are available upon request at any County FSA Office or on the internet at <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=lor>.

#### Loan Deficiency Payments (LDP's)

LDP's are payments made to producers who, although eligible to obtain a CCC loan, agree to forgo the loan in return for a payment on the eligible quantity. LDP's are available when the CCC determined value (loan repayment rate) falls below the loan rate for the commodity.

#### Debt Collection Improvement Act (DCIA) Requirements

As required by the DCIA, producers that owe a delinquent nontax debt to the Federal Government are ineligible to receive a commodity loan and/or LDP. Producers may resolve the Federal debt and become eligible to receive a commodity loan and/or LDP.

#### Payment Limitations

There is no payment limitation for 2011 crop year marketing loan gains or LDP's.

#### Locking-In Repayment Rates

Producers with outstanding CCC loans may "lock-in" the repayment rate by completing form CCC-697. *The locking-in of the repayment rate is allowed for all commodities except cotton.*

The CCC-697 (lock-in) expires the earlier of 60 days after it is executed, or 14 days before the loan matures. Specific quantities of a commodity can be "locked-in" only once. For specific quantities locked-in and not repaid during the lock-in period, the repayment rate for that specific quantity cannot be locked-in again. Also, for warehouse stored loans, the request to lock-in the repayment rate must cover entire warehouse receipt quantities.

#### Final Loan/LDP Availability Date

The final date to request a loan or LDP for the 2011 crop commodities commonly produced in Mississippi is as follows:

|   |                  |
|---|------------------|
| - cotton, rice, soybeans, corn, grain sorghum | May 31, 2012     |
| - wheat, oats, honey                          | March 31, 2012   |
| - wool, peanuts, unshorn pelts,               | January 31, 2012 |

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