

## Pulse Crops 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 payment (LDPs) for the 2008 through 2012 pulse crops of dry peas, lentils, small chickpeas, and for the first time MALs and LDPs for large chickpeas for the 2009 through 2012 crops.

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.

### Pulse Crops Nonrecourse MALs and LDPs

Pulse crop MALs provide eligible producers interim financing on their production. Instead of selling the crop immediately at harvest, producers may pledge their production as loan collateral, receiving loan proceeds equal to the loan rate times the quantity placed under loan. MALs mature at the end of the ninth month following the month in which the loan is approved.

A producer who is eligible to obtain a MAL, but who agrees to forgo the MAL, may obtain an LDP. The LDP rate equals the amount by which the applicable loan rate where the commodity is stored exceeds the effective MAL repayment rate for the respective commodity. The LDP amount equals the LDP rate times the quantity of the commodity for which the LDP is requested.

To be eligible for a MAL and LDP, the pulse crop must:

- Have been produced, mechanically harvested by an eligible producer and be in storable condition,
- Be merchantable for food, feed, or other uses as determined by CCC and,
- Meet specific CCC minimum grade and quality standards for non recourse MALs.

### Loan Rates

The 2008 Act sets national loan rates at the levels shown in Table 1 (shown on page 2). Regional loan rates are established for dry peas, lentils, large chickpeas, but not for small chickpeas. Unless officially announced otherwise, the national loan rate for large chickpeas is used because of limited market price information to establish a regional loan rate for large chickpeas. The national loan rate of \$7.43 of per cwt is always applicable to small chickpeas.

Two dry peas and lentils regional markets were identified for all the crop years covered in the 2008 Act. The West region includes all counties in the Palouse (Idaho, Oregon and Washington) and other states west of the Rocky Mountains (Arizona, California, Nevada, New Mexico and Utah). East region includes all counties in Montana and North Dakota, plus all counties in all other states not in the West Region. See Table 2, for the 2010 and 2011 crop year regional loan rates for dry peas and lentils.

### Premiums and Discounts

Premiums and discounts are determined according to the grade and quality of a specific quantity of a commodity that a producer pledges as loan collateral. Premium and discount schedules vary considerably by commodity and are applied

to the loan rate in the county where the commodity is stored. On a per-unit basis, premiums are added to and discounts are subtracted from the loan rate when the MAL is not repaid and forfeited to CCC.

### Beneficial Interest

Producers must have beneficial interest in the pulse crop at the time of the request to obtain a MAL or LDP. Beneficial interest occurs when the producer maintains control of and title to the pulse crop.

For further information, see the FSA fact sheet on “Beneficial Interest Requirements For MALs and LDPs.”

### Loan Repayment Rates

A producer may repay a MAL any time during the loan period at the lesser of the:

- Loan rate plus accrued interest and other charges or;
- Alternative loan repayment rates as determined by CCC.

CCC determines and announces regional posted prices for dry peas and lentils, and national posted prices for large and small chickpeas. Pulse crop loan repayment rates are established on a weekly basis and announced each Friday at 7 a.m. Eastern time and are available at each FSA county office. The loan repayment rates are established by CCC based on previous 30-day and five-day market prices for each pulse crop.

# FACT SHEET

## Pulse Crops MALs and LDPs

March 2011

Table 1 Pulse Crop National Loan Rates per Hundredweight (cwt): 2008-2012

Pulse Crop	2008	2009-2012
Dry Peas	\$6.22	\$5.40
Lentils	\$11.72	\$11.28
Small Chickpeas	\$7.43	\$7.43
Large Chickpeas	NA	\$11.28

Table 2 Dry Peas and Lentils 2010 and 2011 Crop Year Regional Loan Rates per Hundredweight (cwt)

Region	States	Loan Rates			
		2010 Dry Peas	2011 Dry Peas	2010 Lentils	2011 Lentils
West, which includes the Palouse	Alaska, Arizona, California, Hawaii, Idaho, Nevada, New Mexico, Oregon, Utah and Washington.	\$6.33 per cwt.	\$6.57 per cwt.	\$13.17 per cwt.	\$11.85 per cwt.
East	Montana and North Dakota, plus all other States not in the West region.	\$5.20 per cwt.	\$5.13 per cwt.	\$10.41 per cwt.	\$11.06 per cwt.

### Marketing Loan Gains

A producer realizes a marketing loan gain if the loan is repaid at less than the loan principal. The marketing loan gain rate equals the amount by which the applicable loan rate exceeds the loan repayment rates.

### Final Loan/LDP Availability Dates

The final pulse crop loan/LDP availability date is May 31 of the calendar year after the calendar year the pulse crop is harvested.

### Adjusted Gross Income

Producers or legal entities whose average adjusted gross nonfarm income exceeds \$500,000 are not eligible for marketing loan gains (MLGs) and LDP payments; however, the person or entity is eligible for a MAL, but the MAL must be repaid at principal plus interest.

### Average Crop Revenue Election (ACRE)

MAL rates will be reduced by 30 percent if production comes from a farm participating in the ACRE program. Alternative loan repayment rates will not be adjusted

by 30 percent. The LDP rate for commodities produced on farms enrolled in ACRE must include the 30 percent reduction from the MAL rate before determining the LDP rate. See fact sheet entitled ACRE Program, or contact a local USDA Service Center, or visit the FSA website at [www.fsa.usda.gov](http://www.fsa.usda.gov).

### Final Loan/LDP Availability Dates for Pulse Crops

The final pulse crop loan/LDP availability date is May 31 of the calendar year after the calendar year the pulse crop is harvested. Payment Eligibility and Limitations

### For More Information

Additional information on MALs and LDPs for pulse crop producers is available from local USDA Service Centers and on the FSA website at <http://www.fsa.usda.gov>.

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