

For: State and County Offices, CMA's and LSA's

LDP's on Contract Commodities From Noncontract Farms

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

Section 206 of the Agricultural Risk Protection Act of 2000, signed June 20, 2000, provided that effective for the 2000 crop year, producers who produced a contract commodity on a farm not covered by PFC will be eligible to obtain LDP on that production.

However, payments under Section 206 could not be made until amended regulations were published in the Federal Register. Regulations in 7 CFR Part 1421 were filed for public inspection at the Office of Federal Register on October 27, 2000.

B

Purpose

This notice provides:

- authorization to CMA's to request LDP's on behalf of members who produced contract commodities on farms with no PFC
- authorization to LSA's to make LDP's for upland cotton produced on farms with no PFC
- notification that future LP and CN notices will provide provisions for a beneficial interest exemption for LDP eligibility when beneficial interest is lost for contract commodities grown on farms with no PFC.

<p>Disposal Date</p> <p>October 1, 2001</p>	<p>Distribution</p> <p>State Office; State Offices relay to County Offices and FAX to CMA's and LSA's</p>
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2 LDP Payments and Requests

A

Issuing LDP's

Payments are now authorized for all LDP's requested for 2000 crop year contract commodities produced on a farm with no PFC. However, all other producer and commodity eligibility requirements must be met.

B

Beneficial Interest Exemption

LSA's and CMA Service County Offices shall:

- take no action on applications for LDP's filed on commodities where beneficial interest has been lost
 - wait for the LP or CN notice providing provisions for a beneficial interest exemption for LDP eligibility when beneficial interest is lost for contract commodities grown on farms with no PFC.
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C

Producers Who Have Filed LDP Requests

For eligible producers who filed an LDP request that is pending payment according to Notice LP-1744 and beneficial interest has **not** been lost, use the LDP rate in effect as of the date of request.

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3 Action

A CMA and LSA Action

CMA's and LSA's shall:

- continue to monitor the CMA eligibility process output file to ensure producers meet all other eligibility requirements including:
 - field 47 and 60 for HEL and WC compliance on AD-1026
 - fields 49 and 55 for acreage reporting on FSA-578
- for cotton LDP requests where the beneficial interest exception is applicable, set the AWP rate in ACRS by backdating field 31 to the applicable date.

CMA's shall include LDP quantities according to this notice in eligible loan pools, as applicable.

B CMA Service Office Action

CMA Service Offices shall:

- for grain and rice requests where the beneficial interest exemption is applicable, set the LDP rate according to the future LP notice
 - consider beneficial interest to have been lost when CMA sold the commodity
 - wait for APSS software that modifies the option for this type of LDP.
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