

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

**Crediting Marketing Assistance Loan Gains and
Loan Deficiency Payments (LDP's) to Delinquent FSA Debts**

Approved by: Acting Deputy Administrator, Farm Programs

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1 Overview

A

Background

The 2001 Appropriations Act, October 28, 2000, Pub. L. 106-387, section 845(b) requires FSA to receive a delinquent debtor's marketing assistance loans and or LDP's and credit them to delinquent FSA debts. This policy was recently reissued in Notice FI-2499. Notice FI-2499 addressed benefits obtained by producers through County Offices but not Cooperative Marketing Associations (CMA's) or Loan Servicing Agents (LSA's).

B

Purpose

This notice informs:

- CMA's and LSA's of policy in Notice FI-2499
- CMA's and LSA's of actions to take to credit marketing assistance loans and LDP's to delinquent FSA debts
- County Offices of actions needed to notify CMA's and LSA's that producers are delinquent to FSA.

Disposal Date	Distribution
September 1, 2002	State Offices; State Offices relay to County Offices and FAX to CMA's and LSA's

Notice CMA-66

2 Pub. L. 106-387, Section 845(b)

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Applicability

Pub. L. 106-387, section 845(b) states:

“Any payment made by the Commodity Credit Corporation to a producer as a result of the amendment made by section (a) shall be credited toward any delinquent debt owed by the producer to the Farm Service Agency.”

The payments referred to in section (a) are marketing assistance loans and LDP's made under subtitle C of the Agricultural Market Transition Act (7 U.S.C. 7231 et seq.).

Producers not only obtain marketing assistance loans and LDP's from County Offices but also:

- for cotton, from approved CMA's and LSA's
 - for grains and rice, from approved CMA's.
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CMA Eligibility Process

CMA's and LSA's obtain producer eligibility data, payment limitation, and processing flags, such as offset flags, from an automated download process using subsidiary file data generated by County Offices.

Notice CMA-66

3 Action

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County Office

All County Offices shall:

- when notified by Farm Loan Managers (FLM's) of borrowers who are delinquent, set the other agency claim flag in the applicable producer's name and address record to "Y"
- take offset collection actions according to:
 - 1-CMA, paragraph 54
 - Notice FI-2499.

Note: A properly set other agency claim flag is the only means by which a CMA or LSA will be notified if a producer is delinquent to FSA. Because of the multi-county nature of CMA's and LSA's, administrative County Offices must set the flag for delinquent producers even if there is no CMA or LSA activity in the county.

B

CMA's and LSA's

CMA's and LSA's shall:

- monitor field 67 in the eligibility download file
- process offsets according to 1-CMA, paragraph 53.

Note: CMA's and LSA's not complying with this policy, may be suspended from obtaining further marketing assistance loans and LDP's.
