

**For:** FSA Offices, CMA's, DMA's, and LSA's

**Reminders and Clarification of Certain Program Provisions Common to  
CMA's, DMA's, LSA's, and County Offices**

**Approved by:** Acting Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

During a heavy marketing assistance loan (MAL) and loan deficiency payment (LDP) crop year like 2004, it is important for CMA's, DMA's, and LSA's to communicate with County Offices to:

- avoid ineligible, duplicate, and excess benefits
- obtain sufficient "PA/PS" payment limitation amount (PLM) for allocating market gains and LDP's within an eligible producer's PLM
- resolve producer eligibility problems.

Administrative reviews of CMA's and LSA's conducted by PSD during FY 2004 resulted in some common findings that need to be brought to the attention of all CMA's, DMA's, and LSA's.

**B Purpose**

This notice provides CMA's, DMA's, LSA's, and County Offices with:

- reminders and clarification of how certain program provisions apply to CMA, DMA, and LSA operations
- certain common findings from CMA and LSA reviews.

<b>Disposal Date</b>	<b>Distribution</b>
August 1, 2005	FSA State Offices; State Offices relay to County Offices, CMA's, DMA's, and LSA's

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### 1 Overview (Continued)

#### C Contact

Persons with questions about this notice may contact Chris Kyer, PSD, by:

- e-mail at [chris.kyer@wdc.usda.gov](mailto:chris.kyer@wdc.usda.gov)
- telephone at 202-720-7935.

**Note:** FSA County Offices shall route questions through FSA State Offices.

### 2 CCC-709's

#### A Background

Producers may have filed CCC-709 for "ALL" production at the County Office but also filed a subsequent MAL or LDP request through CMA, DMA, or LSA on part or all of their production. This creates the potential for duplicate benefits.

**Note:** A CCC-709 correctly filed at the County Office before the producer requests a benefit from CMA, DMA, or LSA is considered to be the correct benefit.

#### B County Office Action

County Offices shall:

- allow producers to revise or terminate CCC-709's before harvest according to 8-LP, subparagraphs 305 I and J, and similar policy in 7-CN
- for CCC-709's that cannot be terminated which cover production for a benefit requested from a CMA, DMA, or LSA, notify the:
  - applicable CMA, DMA, or LSA
  - producer of the obligation to honor the already filed CCC-709.

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### 2 CCC-709's (Continued)

#### C CMA, DMA, or LSA Action

Upon notification or learning of duplicate benefits created by an earlier filed CCC-709 at the County Office, CMA's, DMA's, or LSA's shall:

- deny benefits to the applicable producer for production covered by CCC-709 filed at the County Office
- provide production evidence to the County Office to resolve duplicate benefits if all of the following conditions are met:
  - CMA, DMA, or LSA has already issued a benefit
  - production on which the CMA, DMA, or LSA issued benefits matches the production covered by the County Office CCC-709
  - benefit rate matches the rate the producer would have obtained from the County Office CCC-709
- for duplicate benefits that cannot be resolved according this subparagraph, second bullet, DMA or LSA producers or CMA's must refund applicable benefits.

### 3 Seed Cotton Recourse Loans

#### A Background

It is possible that CMA cotton cooperative members will place cotton in a module or other approved storage under seed cotton recourse loan with their County Office according to 7-CN, Part 4. The members may subsequently deliver the cotton ginned from the module to CMA and CMA will place the bales under Form G MAL. This creates the potential for a security interest conflict or late repayment of the recourse loan.

**Note:** The exception in 7-CN, subparagraph 225 A, that allows a cooperative to obtain a seed cotton loan from the County Office is no longer applicable and will be removed.

#### B County Office Action

For producers who obtain seed cotton recourse loans, County Offices shall:

- determine if the producer is a cotton CMA member by viewing the multi-producer file
- notify the applicable CMA in writing of the applicable producer names and FSN's.

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### 3 Seed Cotton Recourse Loans (Continued)

#### C CMA Action

Cotton CMA's shall:

- monitor reports of seed cotton recourse loans made to CMA members
- when CMA members with seed cotton recourse loans deliver cotton to the CMA, contact the applicable County Office to determine if the recourse loan has been paid
- for recourse loans that have not been repaid, and CCC's security interest on UCC-1 has not been released, issue a check jointly payable to the producer and CCC for the Form G benefits.

### 4 Cotton Module AWP Lock-in

#### A Reminders

With the size of the 2004 cotton crop, module lock-in activity has been heavy at cotton CMA's, LSA's, and County Offices. This creates the potential for excess benefits. CMA's and LSA's are reminded that according to 7-CN and 22-CN:

- lock-in requests of AWP, by sending the lock-in trailer record to ACRS, are considered to be irrevocable
- no more than 20 bales per locked-in module can receive LDP.

**Note:** ACRS will perform a year end edit to identify cases where the limit is exceeded.

#### B Spot Checks

LSA's are reminded to conduct spot checks of locked-in modules according to 22-CN, subparagraph 78 G.

### 5 DCIA Compliance

#### A Background

The DCIA of 1996 mandates that a person owing a delinquent Federal nontax debt to the Federal Government is ineligible for Federal financial assistance, including direct loans (other than disaster loans) or loan insurance or guarantees. Therefore, CMA's, DMA's, and LSA's must conduct screening of producers by obtaining the DCIA certification according to 1-CMA, subparagraph 106 F. Because there is no DCIA flag available to supplement producer certifications, further County Office action is necessary to help CMA's, DMA's, and LSA's identify DCIA delinquent debtors.

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### 5 DCIA Compliance (Continued)

#### B County Office Action

Until a DCIA flag is available that can be read by CMA's, DMA's, and LSA's, County Offices shall:

- identify producers who are:
  - associated with CMA's, DMA's, and LSA's
  - DCIA delinquent
  - ineligible for MAL's and LDP's
- send a list or letter to the applicable CMA, DMA, or LSA containing:
  - County Office name and address
  - FSA contact person, telephone number, and e-mail address
  - delinquent producer's name, tax ID number, and address as shown on the diagnostic report (MABDIG) that shows the producer's association with CMA, DMA, or LSA.

#### C CMA, DMA, or LSA Action

CMA's, DMA's, and LSA's shall:

- continue to obtain the DCIA certification from producers according to 1-CMA, subparagraph 106 F

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**5 DCIA Compliance (Continued)**

**C CMA, DMA, or LSA Action (Continued)**

- act upon lists or letters received from County FSA Offices that indicate members are ineligible for MAL's or LDP's according to the following table.

<b>IF the producer...</b>	<b>and...</b>	<b>THEN notify the producer that...</b>
certifies that they are DCIA delinquent	MAL or LDP has not been disbursed	they are ineligible unless they take action to resolve the debt by the end of the loan availability period.
is DCIA delinquent according to County Office	MAL or LDP has not been requested for the member	they are ineligible unless they take action to resolve the debt by the end of the loan availability period.
	MAL or LDP has been disbursed to producer	the debt must be resolved before the final loan availability date and if not resolved: <ul style="list-style-type: none"> <li>• MAL's must be repaid at principal plus interest</li> <li>• LDP's must be repaid with interest.</li> </ul>
is the subject of, or has been discharged in a bankruptcy proceeding	MAL or LDP is requested	they are considered eligible to receive MAL or LDP if the unresolved delinquent Federal nontax debt is the subject of a bankruptcy proceeding.

**6 Cropland Comparison Indicator**

**A Acreage Reporting Requirement**

The 2002 Farm Bill requires that to receive MAL's and LDP's a producer must file a report of acreage of all cropland on the farm for which a loan or LDP is requested.

For producers not meeting the acreage reporting requirements, the CMA process will return a "Y" in field [65] and an "I" in field [1] when the cropland reported for a farm does not equal the cropland amount. CMA's, DMA's, and LSA's must work to resolve the ineligible flags by contacting producers or County FSA Offices.

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### 6 Cropland Comparison Indicator (Continued)

#### B County Office Action

When contacted by a CMA, DMA, or LSA representative for assistance with cropland comparison flags, County Offices shall:

- verify if all producers on a farm have reported acres or land uses equal to the total cropland acreage for the farm
- view the “cropland comparison flag” by viewing the Cropland Comparison Override Screen according to 2-CP, subparagraph 140 D

**Note:** If the flag is set to “N”, it is because of either of the following conditions:

- acres reported are not equal to the farm’s cropland acreage so further acreage reporting is necessary
- acreage report is not “certified” so the report must be certified according to 2-CP, paragraph 141.

**Note:** Certifying the report will trigger a “Y” flag if all cropland has been accounted for.

- if the flag in the County Office is set to “Y” and CMA continues to report “Y” (negative flag) in the CMA process, certify the acreage report again to trigger a transmission
- if the CMA continues to report “Y” but the County Office flag is “Y”, provide a screen print of the cropland comparison override flag to CMA, DMA, or LSA.

### 7 Commodity Volume Report Reminders

#### A Report Policy

Grain, rice, and oilseed CMA’s and DMA’s are reminded that policy for creation and submission of volume reports is in 1-CMA, paragraph 551.

#### B Report Due Dates

Grain, rice, and oilseed CMA’s and DMA’s are reminded that volume reports for:

- grain, rice, and oilseeds are due by December 31 and June 30 of the crop year
- peanuts are due by October 31 and the following February 28 of the crop year.

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### 8 Rules for Submission of ID Numbers to the CMA Process

#### A Background

A common finding from CMA reviews is that some CMA's:

- are only obtaining eligibility determinations for 1 producer on a farm when there may be other producers, including landlords, sharing MAL and LDP proceeds
- have marketing agreements with producers under entities that differ from the entity they use to conduct FSA business.

#### B CMA, DMA, or LSA Actions

According to 1-CMA, paragraph 225, CMA's, DMA's, and LSA's shall:

- submit ID numbers to the CMA process and obtain eligibility determinations for:
  - **all** producers on a farm expected to earn benefits including landlords that share in the benefit and are a party to a marketing agreement
  - joint operations, not member ID numbers
  - entities
- identify the same entity and ID number that a producer uses to conduct business with FSA.