UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice CMA-94

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

Processing Charges Due From Cooperative Marketing Association (CMA) or Designated Marketing Association (DMA) Peanut Loan Forfeitures

Approved by: Deputy Administrator, Farm Programs

1 Overview

A Background

Notice LP-1998 provided policy for calculations by County Offices and DMA's when peanuts are forfeited to determine whether storage costs incurred by producers from the storage start date to the day before the "date documents received" date have been satisfied with the storing warehouse. Further guidance is necessary for peanut CMA's, peanut DMA's, CMA service County Offices and DMA service County Offices.

B Purpose

This notice provides peanut:

- CMA's with clarification of marketing pool policy
- DMA's with producer notification and collection policy
- DMA service County Offices with notification and collection policy
- administrative County Offices with collection policy.

C Contact

Peanut CMA's, DMA's, and State Offices shall direct questions about this notice to Chris Kyer by:

- telephone at 202-720-7935
- e-mail to **chris.kyer@wdc.usda.gov**.

Disposal Date	Distribution
October 1, 2006	State and County Offices; State Offices relay to Peanut CMA's and DMA's

2 Clarification of CMA Policy

A CMA's Are Treated Like Producers

Loans are disbursed directly by CCC to approved CMA's. Therefore, designated FSA County Offices service loans to CMA's in the same manner that they would service loans for any other producer. CMA's shall:

- repay any amounts owed as a result of loan forfeitures including charges arising from storage payments and as demanded by FSA service County Offices
- adjust final marketing distributions to members participating in marketing pools according to generally accepted accounting principles
- not carry forward losses from one pool to a subsequent pool without CCC's authorization.

  Note: CCC may grant authorization when it is determined that carrying forward a loss complies with CCC's loan and LDP program intent.

3 DMA Collection of Charges Due on Forfeited Loans

A Determining Charges Due

When loans are forfeited and after warehouse charges are paid by KCCO, DMA's shall:

- determine if a DMA producer shall be billed for storage from the date the peanuts were put into storage to the day before the "date documents received" date
- calculate amounts due by producers according to Notice LP-1998.

  Note: DMA's may also use receivable data created by DMA service County Offices to arrive at amounts owed by DMA producers.

B Collecting Charges Due From Producer

After computing charges due to be paid by DMA producers, DMA's shall:

- send applicable producers a notification letter for charges due according to subparagraph D and file a copy in the producers' loan folder

3 DMA Collection of Charges Due on Forfeited Loans (Continued)

B Collecting Charges Due From Producer (Continued)

- if the amount due remains unpaid 30 calendar days after the date of the notification letter:
  - contact the producer's **administrative** County Office to request that a receivable be established providing a case file that contains copies of:
    - calculation of amounts due
    - DMA notification letter
    - documentation of any collection activity
  - forward any funds collected by DMA to the applicable administrative County Office **after** the debt has been referred.

C DMA Service County Office Action

DMA service County Offices shall:

- assist DMA's with calculations of amounts owed by individual DMA producers due to forfeited loans by providing a copy of APSS Screen PFA12000 showing the amount of storage due on each warehouse receipt when processing a peanut loan forfeiture
- accept DMA payments as a result of DMA collections towards receivables created according to Notice LP-1998 until DMA producer debts are transferred to administrative County Offices
- cease applying DMA collections to receivables created according to Notice LP-1998 when notified by DMA that DMA is transferring DMA producer debts to administrative County Offices
- after all DMA collections have taken place, allow the automatic creation of a claim for unpaid amounts
- immediately withdraw claims against DMA's.

  Note: Document that the reason for withdrawal is DMA referral of unpaid amounts to administrative County Offices according to this notice.

D DMA Producer Administrative County Office Action

For debts transferred from DMA's according to this notice, administrative County Offices shall:

- begin collection actions according to 67-FI and 58-FI
- send another notification letter even though DMA has already sent one to the producer.

3 DMA Collection of Charges Due on Forfeited Loans (Continued)

E Notification Letter for Debt Collection

Following is an example of the initial notification letter for charges due.

Dear Producer:

It has been determined that you owe CCC $_____. The amount due is a result of the forfeiture of your peanut loan number _____.

You were notified of this loan's maturity date and of the options available to you. By having decided to forfeit the loan collateral in satisfaction of the loan, you agreed to pay to CCC at rates that are specified in the storage agreement between the warehouse and CCC, all warehouse storage charges that accrued **before** the date all documents required from you for the loan were provided to the DMA

- unpaid warehouse receiving charges.

You may contact this office to review records related to the determination of this debt or to receive an explanation of the debt. You may obtain a copy of the records subject to copying charges.

You have 30 calendar days from the date of this letter to seek an informal review and request reconsideration of the determination of the debt. In requesting the reconsideration, provide a written explanation of the basis of your disagreement with the determination and provide documentation to support your position.

You may pay your debt by check payable to (**insert DMA name**) and mail the check to this office at the above address. Please contact this office at _____ if you have any questions. We will work with you to resolve this matter.

If this debt is not resolved, CCC reserves the right to use all additional actions available to recover the debt. The debt may be collected by internal administrative offset from any CCC or FSA payment that may be due to you. Additional actions that may be taken to recover the debt include the assessment of late payment interest, administrative costs, and penalties; administrative wage garnishment; reporting the debt to credit bureaus; referring the debt to private collection agencies and debt collection centers; collecting the debt by offset of qualified disbursements and refunds, including federal tax refunds; referring the debt to litigation (if collection administratively is unsuccessful); and reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged. Once your debt is more than 180 days delinquent, we are required to refer the debt to the Department of Treasury for collection.

Our records do not reflect that you have filed for bankruptcy protection under Title II of the United States Code. If you have filed bankruptcy, please notify us so that we may update our records and proceed to resolve this debt in accordance with bankruptcy procedures.

Sincerely,

DMA Official
_____ DMA Office