

For: Cotton State and County Offices

Clarification of Instructions for Processing Cotton eLDP's With Denied Market Gain

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

Notice PS-544 provided State and County Offices with information about enhancements to the eLDP application that allow an eLDP application for all commodities **other than cotton** to be processed for a joint operation when:

- a member has reached maximum payment limitation
- other members of the joint operation have available payment limitation allocations.

B Purpose

This notice provides clarification to State and County Offices for processing cotton eLDP's with denied market gain.

C Contact

State Offices shall direct questions about this notice to Julie Floriani by either of the following:

- telephone at 202-720-8374
- e-mail to julie.floriani@wdc.usda.gov.

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2 eLDP's With Denied Market Gain

A General Information

Producers can be denied LDP payments because of:

- insufficient payment limitation
- permitted entity (PE) or percent of cropland factor (PCF) less than 100 percent.

According to 7-CN, subparagraph 44 C, when payment limitation is reached, County Offices must notify cotton producers that LDP's can no longer be made.

According to 7-CN, subparagraph 261 A, cotton that is denied LDP because of payment limitation is eligible for loan through the final loan availability date as long as all other eligibility requirements, including beneficial interest, are met.

B Processing eLDP's With Denied Market Gain

When a cotton eLDP is calculated with a denied market gain, the eLDP system will:

- display on the eLDP Application Summary Screen:
 - “Denied Market Gain” in red
 - producer or component member who is denied market gain because of insufficient payment limitation

Note: Producers or component members who are denied market gain because of a reduced PE/PCF will **not** be displayed.

- **not** issue **any** payment on the application if 1 or more producers are denied LDP amounts because of **insufficient payment limitation**
- issue all payments on the application if 1 or more producers are denied LDP amounts because of **PE or PCF less than 100 percent**.

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3 Issuing Cotton eLDP's With Denied Market Gain

A Denied Market Gain Because of Insufficient Payment Limitation

If a denied market gain is the result of **insufficient payment limitation**, then County Offices shall process the LDP application according to the following table.

IF denied market gain is because of...	AND...	THEN...
insufficient payment limitation	no additional payment limit is available	<ul style="list-style-type: none"> • end eLDP processing by CLICKING “Cancel” • notify applicable producers that application results in a denied LDP amount and all/part of cotton is eligible for loan if all eligibility requirements are met • require producers to physically divide bales if: <ul style="list-style-type: none"> • eLDP application is for multiple producers and 1 or more producers do not exceed payment limitation • only part of the cotton is eligible for loan <p>Note: CCC must be current holder of EWR's. If CCC is not current holder, then release EWR's with a release code “1”. This will release bales back to previous holder for correction.</p> <ul style="list-style-type: none"> • if bales are physically divided, then: <ul style="list-style-type: none"> • split pre-processed bale data files according to 7-CN, paragraph 351 • download and process bales for loan according to 7-CN, Part 8, Section 3 • re-enter eLDP application in eLDP system for producer(s) who have sufficient payment limitation • process loan in APSS for producer(s) who are eligible for loan because of insufficient payment limitation.

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3 Issuing Cotton eLDP's With Denied Market Gain (Continued)

A Denied Market Gain Because of Insufficient Payment Limitation (Continued)

IF denied market gain is because of ...	AND...	THEN...
insufficient payment limitation	additional payment limitation is available from another county for multi-county producer	<ul style="list-style-type: none"> • end eLDP processing by CLICKING “Cancel” • request additional allocation • when reallocation is received, revise payment limitation in the customer profile • re-enter eLDP application.
	additional payment limitation is available by reallocating payment limitation between AS/400 and customer profile	<ul style="list-style-type: none"> • reallocate payment limitation in the customer profile • re-enter eLDP application.

B Denied Market Gain Because of Reduced PE or PCF

If a denied market gain is the result of **reduced PE or PCF**, then County Offices shall process the LDP application according to the following table.

IF denied market gain is because of...	AND...	THEN...
reduced PE or PCF	PE/PCF is correct	continue processing application as eLDP. The eLDP payment will be reduced by the applicable amount.
	PE/PCF is not correct	<ul style="list-style-type: none"> • end eLDP processing by CLICKING “Cancel” • correct PE and/or PCF • re-enter eLDP application in the eLDP system.