

For: Cotton State and County Offices

New Debt Collection Improvement Act of 1996 (DCIA) Exemption

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

DCIA provided that a person owing a delinquent nontax debt to the Federal Government was ineligible for Federal financial assistance, including direct loans (other than disaster loans), loan insurance, or guarantees.

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001, amended DCIA to exclude marketing assistance loans or LDP's from the restrictions on barring delinquent Federal debtors from obtaining Federal loans or loan guarantees.

Notice LP-1767 provides information about beneficial interest provisions for all 2000 crop loans and LDP's.

B

Purpose

This notice informs State and County Offices:

- that producers with any delinquent Federal nontax debt are eligible for marketing assistance loans and LDP's
- to offset **only** outstanding FSA debts with marketing assistance loans and LDP proceeds.

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<p>Disposal Date</p> <p>May 1, 2001</p>	<p>Distribution</p> <p>Cotton State Offices; State Offices relay to County Offices</p>
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Notice CN-919

1 Overview (Continued)

C

Policy Change

Payments are now authorized for marketing assistance loans and LDP's requested by producers who are delinquent on a Federal nontax debt.

All proceeds will be offset against any delinquent debt owed by the producer to FSA.

2 Action

A

General

CCC shall make marketing assistance loans and LDP's available to producers who have delinquent Federal nontax debt. Producers who have already marketed the commodity may be eligible for LDP, based on the date beneficial interest was lost.

All other eligibility requirements remain in effect.

B

County Office Action

County Offices shall:

- notify all producers immediately of the contents of this notice
 - advise producers that proceeds received from marketing assistance loans and LDP's will be offset against any delinquent debt owed by the producer to FSA
 - ensure that producers met all other eligibility requirements
 - ensure that all delinquent borrowers are flagged in the name and address file.
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