

For: FSA Offices

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

Approved by: Deputy Administrator, Management



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. 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 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.).

B

Purpose

This notice:

- provides direction and clarification for crediting Marketing Assistance Loans and LDP payments to delinquent FSA debts
- obsoletes Notice FLP-195.

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<p>Disposal Date</p> <p>July 1, 2002</p>	<p>Distribution</p> <p>All FSA Offices; State Offices relay to County Offices</p>
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1 Overview (Continued)

B

Purpose (Continued)

These payments are to be first applied to FSA delinquent debts, oldest delinquent debt first, which is determined by the date of delinquency. Any remaining funds can then be offset for any CCC delinquent debts, then to any other delinquent Federal debts or claims. FSA debts are those that arose out of participation in FSA programs, **not** CCC programs. FSA debt may result from:

- Farm Loan Programs
 - Agricultural Conservation Programs
 - Emergency Conservation Programs
 - Administrative Claims or Debts due FSA.
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C

Contact

If there are questions about this notice:

- County Offices shall contact the State Office
 - State Offices shall contact the Domestic Debt Claims and Financial Management Staff at 703-305-1212.
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2 Action

A

When to Take Payments

The participants must be delinquent according to FSA's definition of a delinquent debtor. Delinquent means either of the following depending on the program:

- any debt owed to FSA that is due for 30 or more calendar days after the due date

Note: See FmHA Instruction 1951.906(i).

- any debt that has not been paid by the date of an initial notification of indebtedness mailed or hand delivered.

When a participant is delinquent, apply the funds from LDP and/or Marketing Assistance Loans to reduce the outstanding FSA delinquent debts as described in subparagraph 1 B. If any funds remain, they will be available for offset against any CCC delinquent debt first, then, any other delinquent Federal debts or claims.

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2 Action (Continued)

B

County Office County Offices shall take the following action.

Action

Step	Action
1	Farm Loan Managers (FLM's) shall notify the local CED's of: <ul style="list-style-type: none">• all participants that are delinquent and the amount of the delinquency• the date of delinquency.
2	CED's shall: <ul style="list-style-type: none">• send Marketing Assistance Loans and LDP's that are due FLM because participants are on the past due list• send the check to FLM as other payee according to 1-FI• apply Marketing Assistance loan and LDP payments to delinquent farm program participant's debts.
3	FLM's shall: <ul style="list-style-type: none">• notify the delinquent participants according to subparagraph C• apply those payments to the delinquent participant's loans until such time as they become current or are paid in full.
4	CED's shall: <ul style="list-style-type: none">• notify farm program debtors• apply Marketing Assistance loan and LDP payments to the delinquent participant's debt until such time as the debt is paid in full.

Notes: Payments are to be applied to the oldest delinquent FSA debt first, based on the date of delinquency. County Offices shall use collection code "58", "Payments on Loans from FSA Administrative Offset - LDP and Marketing Assistance Loans" to record FLP collection.

See 3-FI, Part 5 for complete instructions on entering data for FLP and nonautomated FSA program collections.

See 67-FI for instructions for recording collections through the common receivable system and 64-FI for recording collection through the automated claim system.

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2 Action (Continued)

C

Notification to Participants

Use the following insert in the letter when notifying delinquent debtors that the requirement to credit LDP payments or Marketing Assistance Loans to a participant's delinquent debt is a statutory requirement and therefore not appealable. The appealability determination is reviewable by NAD. However, the existence and amount of the debt is an appealable issue.

Section 845(b) of the 2001 Appropriations Act, Public Law 106-387, October 28, 2000, requires the Farm Service Agency (FSA) to receive delinquent debtors' Marketing Assistance Loans or Loan Deficiency Payments and apply them to delinquent FSA debts. Since this action is a statutory requirement, FSA's action is not appealable to the National Appeal Division (NAD). However, you may ask the NAD Director to review FSA's appealability determination. To request NAD review, you must file a written request not later than 30 calendar days after the date you receive this notice in accordance with NAD review and appeal procedures found at 7 CFR Part 11.

We have been notified that your FSA debt is delinquent in the amount of \$ **(insert amount)**. Your **(insert type of payment)** payments were taken because of your delinquent FSA debt. If you believe that your FSA debt is not delinquent or that this notice states the incorrect delinquent amount, you may appeal these factual issues to NAD. **Insert Mandatory Language for Adverse Decision Letters from Notice APP-29, paragraph 3.**

D

Effective Date

The effective date of the law was October 28, 2000.
