

For: State and County Offices

Assessing Liquidated Damages

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

County Offices shall use this notice for assessing liquidated damages for 2004 and subsequent year GRP contracts.

B Purpose

This notice provides instructions for County Offices to use when producers terminate an approved GRP contract.

2 County Office Action

A Determining Liquidated Damages Amount

To determine the dollar amount when assessing liquidated damages, multiply the number of acres being terminated times 50 percent of the annual rental rate.

Example: A 50 acre GRP contract has an annual rental rate of \$8/acre. Ten acres are in violation and will be terminated. Liquidated damages would be \$40 using the following calculation: 10 acres x \$4/acre ($\$8/\text{acre} \times .5$) = \$40.

B When to Assess Liquidated Damages

COC shall assess liquidated damages if an original or revised CCC-920 is terminated by the participant, or terminated by USDA due to contract violations and/or schemes or devices by the participant.

Disposal Date	Distribution
October 1, 2005	State Offices; State Offices relay to County Offices

Notice GRP-10

2 County Office Action (Continued)

C When Not to Assess Liquidated Damages

Do not assess liquidated damages if GRP land is:

- acquired under eminent domain or acquired by an entity with the right of eminent domain
- under an existing lease for earth, oil, gas, or other mineral exploration before submission of GRP and lessor exercises rights under the lease.

Note: If all signatures are not obtained after application is determined acceptable, the application is determined ineligible and CCC-920 shall not be approved.

Examples: GRP land was originally determined eligible and then found to be ineligible before CCC-920 is approved because the land is under a restrictive cropping easement. CCC-920 is terminated because land was determined ineligible because land is under a restrictive cropping easement.