

For: State and County Offices

2002 and Subsequent Crop Year Marketing Assistance Loan and LDP Provisions

Approved by: Acting Deputy Administrator, Farm Programs

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1 Overview

A

Background

The Farm Security and Rural Investment Act of 2002 (the Act) authorizes marketing assistance loans and LDP's for crop years 2002 through 2007.

Some of these provisions were effective upon enactment of the Act, which was signed May 13, 2002. The current marketing assistance loan and LDP program policies and procedures must be amended to reflect these provisions.

Policies and procedures included in this notice:

- are effective immediately for 2002 and subsequent 2007 crop years
- will be included in 8-LP
- will be published in the Federal Register.

B

Purpose

This notice informs State and County Offices of:

- producer and commodity eligibility for 2002 through 2007 crop year marketing assistance loans and LDP program
- specific marketing assistance loan and LDP policy changes for crop years 2002 through 2007.

Disposal Date June 1, 2003	Distribution State Offices, State Office relay to County Offices
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Notice LP-1853

2 General 2002 Marketing Assistance Loan and LDP Policies

A

General Policy Overview

General marketing assistance loan and LDP policies not specifically mentioned in this notice remain in effect, according to provisions in 8-LP. 8-LP will continue to include basic program provisions for administering the marketing assistance loan and LDP program.

8-LP will be revised to include policies and procedures applicable to first time eligible loan commodities and grazing payments made instead of LDP's. The policies and procedures specific to first time eligible loan commodities will not be included in 8-LP until the regulations are published in the Federal Register.

The first time loan marketing assistance loan and LDP commodities include the following:

- honey
 - dry peas
 - lentils
 - small chickpeas
 - wool
 - mohair.
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B

Effective Date

The changes in this notice are effective for all 2002 through 2007 crops eligible for marketing assistance loans.

C

Farm Eligibility

Section 1201 (b) of the Act provides that the Secretary shall make marketing assistance loans and LDP's available to producers for all farms producing an eligible loan commodity regardless of whether the farm has or does not have base acreage.

Therefore, eligible farms do not have to be covered by a production flexibility contract or have a contract to receive direct and counter-cyclical payments to be eligible for marketing assistance loan and LDP benefits. Producers are required to submit annual acreage reports for all cropland on the farm according to 2-CP.

Continued on the next page

2 General 2002 Marketing Assistance Loan and LDP Policies (Continued)

**D
Beneficial
Interest**

For:

- crop years 2002 through 2007, producers must have beneficial interest in the commodity
- loans, producers must retain beneficial interest in the commodity until the loan is repaid
- LDP's, producers must have beneficial interest at the time of the LDP request.

The Act provides a waiver of beneficial interest for first time loan commodities and peanuts under Sections 1205(f)(1) and 1307(e)(4)(A). Beneficial interest policies about first time loan commodities and peanuts will be included in a future notice after the regulations are published.

3 Producer and Commodity Eligibility

**A
Producer
Eligibility**

For crop years 2002 through 2007, marketing assistance loans and LDP's are available to eligible producers according to 8-LP paragraph 100.

Beginning with crop year 2003, Section 1604 of the Act states that if the average adjusted gross income of an individual or entity exceeds \$2.5 million, the individual or entity is not eligible for marketing assistance loans and LDP's, unless not less than 75 percent of the adjusted gross income is derived from farming, ranching, or forestry operations. Because this provision is not effective until crop year 2003, policies and procedures will be provided in a future handbook amendment.

Continued on the next page

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3 Producer and Commodity Eligibility (Continued)

B

Commodity Eligibility

The following commodities are eligible for loan:

- wheat
- corn
- grain sorghum
- barley
- oats
- peanuts
- upland cotton
- extra long staple cotton
- rice
- soybeans
- other oilseeds
- wool
- mohair
- honey
- dry peas
- lentils
- small chickpeas.

Notice LP-1845, subparagraph 2 C included the 2002 crop year national loan rates per pound for eligible 2002 crop year oilseeds. Oilseeds eligible for marketing assistance loans in crop year 2002 are the following:

- oil-type sunflower
- other-type sunflower
- flaxseed
- canola
- rapeseed
- safflower seed
- mustard seed.

Hay, silage, and unshorn pelts derived from the eligible loan commodities are eligible for LDP, but **not** for marketing assistance loans.

For wheat harvested as other than grain, the producer must indicate the applicable class of wheat to determine the applicable LDP rate.

Eligible loan commodities must have been produced by an eligible producer on a farm according to subparagraph 2 A and 8-LP, paragraph 132.

C

Excess Moisture Commodities

Eligible loan commodities that exceed the applicable standard moisture levels according to 2-LP Grains and Oilseeds, but are at or below the STC acceptable levels are eligible for marketing assistance loans and LDP's.

The loan quantities **must** be adjusted to the maximum eligible level according to 2-LP Grains and Oilseeds, for the applicable commodity to determine the eligible quantity for loan.

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4 Specific Marketing Assistance Loan Policies

A

Commodities Stored in Unlicensed Facilities

Producers who would be eligible to obtain a marketing assistance loan, but for the fact the loan commodity is stored in a facility that is unlicensed by the State or is not an approved warehouse as determined by CCC, are eligible to receive a marketing assistance loan if the producer agrees to immediately redeem the loan with a commodity certificate.

Note: Loan commodities stored in facilities that have a storage agreement with CCC but are not considered approved Uniform Grain and Rice Storage Agreement Warehouses, do not have to be redeemed immediately with a commodity certificate.

Producers who request a marketing assistance loan and the commodity is stored in an unlicensed facility or a warehouse not approved by CCC, must at the time the loan is requested:

- complete and sign CCC-694-2

Note: The County Offices must determine the exchange value using CCC-694-1 (Reverse) and attach a copy to the producer's loan request.

- provide acceptable production evidence.

County Offices shall:

- not conduct a lien search
 - process the loan and the repayment in the automated price support system (APSS) on the same day
 - process these loans as farm-stored in APSS.
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Ineligible Loan Commodities

Crambe and sesame seed are **ineligible** for 2002 crop year loans.

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5 2002 Crop Year Specific LDP Policies

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Hay and Silage LDP's

Hay and silage derived from an eligible loan commodity is eligible for LDP.

Eligible hay and silage requested for LDP must be mechanically harvested. Grazing is not considered harvested and is not eligible for LDP. Producers who grazed eligible wheat, barley, oats, and triticale may be eligible for a grazing payment and request payment on CCC-633 GRAZING.

B

LDP Forms

CCC-633 LDP and CCC-709 will be revised to remove questions about farm enrollment in AMTA.

Until these forms are revised, State and County Offices shall instruct producers not to answer:

- CCC-633 LDP, question 17, which reads, "For contract commodities, was the production covered by this request produced on a farm or farms enrolled in AMTA?"
- CCC-709, question 8, which reads, "Will the production covered by this request be produced on a farm or farms enrolled in AMTA for contract commodities?"

State and County Offices will be notified when the revised forms become available.

C

Beneficial Interest Requirement

Producers must have beneficial interest at the time LDP is requested. If a producer will lose beneficial interest immediately at harvest, then the producer must submit CCC-709 according to 8-LP, paragraph 305.
