

LDP and Loan Price Supports

- LDP and loan set a price floor.
 - Each county has its own loan level.
 - Each county has its own posted county price.
 - Posted County Price (PCP) for this area is determined by taking the higher of the Gulf or Kansas City basis levels and then subtracting a differential.
 - $LDP = \text{county loan rate} - \text{posted county price}$
 - PCP is calculated and updated daily.
 - A new PCP is effective each morning at 7:00 AM and is a result of the prior day's price activity.
- Two ways to use the price support program
 - Loan Deficiency Payment
 - Loan Program

Contact your local FSA Office before
making any decisions.

Common Ways Beneficial Interest is Lost

- Grain is sold
- Grain is applied to priced contract
- Grain is applied to a delayed pricing contract.
- Grain is harvested for silage & delivered to a feedlot.
 - BI is lost as it crosses the scale.
- Grain that is harvested for own use.
 - BI is lost as it is fed.

Contact your local FSA Office before
making any decisions.

LDP CCC-633 EZ

General Information

- Allows producer to indicate intentions for LDP benefits for that crop year with CCC.
- Incorporates all types of LDP requests into a 3 page application form.
- Effective for 2005 and subsequent crop years.

Contact your local FSA Office before
making any decisions.

LDP CCC-633 EZ

General Information cont.

- Ensures LDP eligibility for producers on all commodities when page 1 is filed before loss of *Beneficial Interest (BI)* and before final loan availability date.
- Only needs to be filed in 1 County office for all Counties for all commodities produced.
- Does not negate producer's ability to obtain a *Marketing Assistance Loan (MAL)*.

Contact your local FSA Office before
making any decisions.

LDP CCC-633 EZ

Page 1

- Allows producers to indicate their intention to receive LDP benefits.
- Completed one time per crop year for all commodities.
- Serves as the producer's intention to request and receive LDP benefits, producer still maintains ability to pledge the eligible commodity for *MAL*.

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making any decisions.

LDP CCC-633 EZ

Page 2

- To receive benefits from LDP page 2 must be submitted to the County office prior to final loan availability date – Feed grains May 31, small grains Mar 31.
 - Once submitted the specified quantity becomes ineligible for *MAL*
- See the table below for the way Page 2 is used.

IF CCC-633 EZ, Page 2 is submitted and...	THEN the LDP benefit is based on the...
the producer retains BI in the requested quantity & is received by the fsa by 6:00 a.m. the following day	requested quantity times the LDP rate in effect for the county where the commodity is stored on the date of the request.
BI has been lost in the requested quantity	requested quantity times the LDP rate in effect in the administrative county for the eligible commodity on the date BI was lost.

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LDP CCC-633 EZ

Extra Information

- For commodities harvested as other than grain, fed, used for seed, or slaughtered, CCC-633 EW might be required to be completed before LDP can be issued.
- Complete information and forms are available from the following Web sites:
 - PSD Web site at <http://www.fsa.usda.gov/dafp/psd>
 - eForms Web site at <http://forms.sc.egov.usda.gov/eforms/mainservlet>
- Can be submitted in person, by mail, fax or eForm. *Before submitting, the appropriate paperwork must be filled out at the FSA office.

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making any decisions.

LDP CCC-633 EZ

Transition

- For 2005 633 EZ, 633 LDP, 709 requests will all be honored. See the previous page with PSD Web site for more information on transition details.
- Beginning with the 2006 crop year, CCC-709 and CCC-633 LDP will be obsolete.

Contact your local FSA Office before
making any decisions.

Loan Program

- 9 month loan
- Grain must be put under loan by May 31st for feed grains and March 31st for small grains.
- Ways loan can be repaid
 - Forfeit grain to government
 - Pay back loan at the lesser of loan + interest or the PCP
 - The loan repayment price can be locked in for 60 days and then allowed to expire. This feature can only be used once.
- You have to go to FSA office to set up loan. The loan process can take 1 to 3 days depending work load at FSA office.
- You can fax in the form to lock the buy back for 60 days.

Contact your local FSA Office before
making any decisions.

Loan Example

- October 15 – Put Corn under Loan
- October 20 – PCP is 1.70 and Loan Rate is 1.94
 - You lock in the PCP @ 1.70 for 60 days.
 - Farmer would receive $1.94 - 1.70 = .24$ cents per bu.
- 60 days later the PCP is 1.50
 - You let the buyback expire and the corn goes back under loan.
 - You now could go to the FSA office and pay off the loan for 1.50
 - You receive 1.94 (loan rate) – 1.50 (PCP) = $.44$
- Partial loan buy backs are permitted.

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making any decisions.

Loan Example

cont.

- A loan can have multiple 60 day buy backs but have to be paid back before unlocked bushels of the loan can be bought back.
- The 60 day buy back can only be used once on any one bushel of the loan.
- The 60 day buy back can be implemented less than 60 days from loan maturity, but expires 14 calendar days before loan maturity.
- 60 day buy backs are not permitted within 14 calendar days of loan maturity.

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making any decisions.

What Do We Need to Do

- Complete 633 EZ Page 1 at crop certification time
- Know the harvest policy of the elevators where your will be delivering grain.
 - How do they handle grain that is forward contracted. Some will allow it to go to open storage for a while.
- Grain delivered to town @ harvest
 - Submit page 2 after delivery
- Grain stored on the farm
 - Decide whether you are going to use LDP or the loan program.
- Make sure you are able to fax or e-form LDP requests.

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making any decisions.