

For: State and County Offices, All CMA's, DMA's, and LSA's

Publication of Final Rule Amending 7 CFR Part 1421 Regulations

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

7 CFR Part 1421 was amended and published as a final rule on June 6, 2006. Several MAL and LDP policies and procedures will be amended to reflect the regulations provided in the final rule. 7 CFR Part 1421 was amended to:

- clarify general eligibility policies
- incorporate new LDP policies associated with CCC-633 EZ
- change the rice AWP announcement date and time.

These amendments support the overall intent of MAL and LDP programs as provided in the 2002 Farm Security and Rural Investment Act of 2002.

8-LP will be revised to incorporate policies and procedures according to the amended regulations to be effective for the 2006 crop year.

B Purpose

This notice informs State and County Offices of the publication of 7 CFR Part 1421.

C Contact

If there are questions about this notice, State Offices shall contact Kimberly Graham by either of the following:

- telephone at 202-720-9154
- e-mail to **Kimberly.Graham@wdc.usda.gov**.

<p>Disposal Date</p> <p>March 1, 2007</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices, Fax to CMA's, DMA's, and LSA's</p>
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Notice LP-2029

2 7 CFR Part 1421 Regulations Final Rule

A Amended Policies and Procedures

The final rule amends regulations governing:

- beneficial interest provisions with respect to eligible loan commodities delivered to unapproved or facilities other than licensed warehouses such as:
 - feedlots
 - ethanol plants
 - wool pools
- announcement time and day of the adjusted world price (AWP) for rice
- lien searches and financing statements (UCC-1)
- applicability of liquidated damages when it is determined that a producer has violated the terms and conditions of MAL and LDP programs
- the LDP program and use of the new CCC-633 EZ.

7 CFR Part 1427 was also amended to incorporate general eligibility requirements for cotton pledged as collateral for MAL's.

Note: The amended policies and procedures will be effective beginning with crop year 2006.

B Handbook Amendments

8-LP and 7-CN will be amended to incorporate the policies and procedures that were amended as applicable to the final rule. CCC-601 will be revised to incorporate necessary changes, such as changes associated with liquidated damages, when a violation has been determined.

C Web Site Access

State and County Offices may view or print the final rule on or after June 6, 2006, from the following web site: www.fsa.usda.gov/dafp/psd/default.htm.