

For: State and County Offices

Crop Disaster Program (CDP) Linkage Noncompliance Report

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

5-DAP, paragraph 15, and Notice DAP-191 provide the linkage requirements for 2001 and 2002 CDP participants. Producers who elected not to purchase crop insurance or NAP coverage on a crop in 2001 or 2002 for which disaster benefits were received were required to purchase crop insurance or NAP coverage on that crop for the 2003 and 2004 crop years, with exceptions.

The linkage requirement applies to the producer's interest in the crop, specifically receiving benefits, in the county where the crop was physically planted or prevented from being planted.

The software to print the CDP Linkage Noncompliance Report is included in County Release No. 545. The CDP Linkage Noncompliance Report will automatically generate a list of producers for whom:

- RMA has no record of either a 2003 or 2004 crop insurance policy being purchased on the crop receiving a disaster benefit
- NAP has no record of either a 2003 or 2004 NAP coverage being purchased on the crop receiving a disaster benefit.

B Purpose

This notice provides instructions for using the CDP Linkage Noncompliance Report as a basis for compliance determinations for 2001 and 2002 CDP participants.

| Disposal Date | Distribution |
|------------------|--|
| December 1, 2004 | State Offices; State Offices relay to County Offices |

2 County Office Action

A Reviewing Report for Potential Violations

County Offices shall review the list of producers on the CDP Linkage Noncompliance Report and annotate those producers that appear on the report, but may be in compliance with the linkage requirements because any of the following apply.

- At the time the producer applied for CDP, the crop insurance sales closing date for 2003 or 2004 had passed for the specific crop. Refer to subparagraph B for additional information.
- The producer is eligible to obtain buy up crop insurance or NAP coverage for the 2005 and 2006 crop years. Refer to subparagraph B for additional information.
- The producer did not plant the listed insurable or noninsurable crop during either the 2003 or 2004 crop year. Refer to subparagraph C for additional information.
- Producer has already refunded the full amount of the 2001 or 2002 CDP payment to the County Office according to 5-DAP, paragraph 15.
- Producer is no longer farming.
- Producer is no longer farming as the entity listed on the report.

B Crop Insurance Sales Closing Date or Application Deadline for NAP Passed

5-DAP, subparagraph 15 C provides an exception to the linkage rule if the sales closing date for crop insurance or the application deadline for NAP had expired for the 2003 or 2004 crop year at the time the CDP application was completed. The applicant is required to meet the linkage requirement by purchasing crop insurance or NAP coverage for the next 2 available crop years for the crop(s) receiving benefits. The applicant's CDP application date shall be used to determine the years of coverage needed to meet the linkage requirement.

Exception: Notice DAP-191 provides an exception that, if the sales closing date for 2004 crop insurance or NAP coverage occurred after March 1, 2004, the producer must obtain the required coverage for either of the following:

- 2003 and 2004 crop years
- 2004 and 2005 crop years.

If the sales closing date for 2004 crop insurance or NAP coverage occurred on or before March 1, 2004, producers must meet the linkage requirement by purchasing required crop insurance or required NAP coverage for 1 of the following:

- 2003 and 2004 crop years
- 2004 and 2005 crop years
- 2005 and 2006 crop years.

2 County Office Action (Continued)

B Crop Insurance Sales Closing Date or Application Deadline for NAP Passed (Continued)

Note: This report only lists producers who did not purchase crop insurance or NAP coverage in 2003 and 2004. The report listing producers who did not purchase crop insurance or NAP coverage in 2005 will be provided after the deadlines to purchase 2005 crop insurance and NAP coverage has passed.

C Producer Did Not Plant the Crop

The linkage requirement does not apply if a producer did not plant the crop for which disaster benefits were received. This exception only applies to the year in which the crop was not planted.

Examples: The producer received 2001 CDP benefits on corn. The producer did not plant corn in 2003 but did plant corn in 2004. The linkage requirement is that the producer purchase 2004 crop insurance only.

The producer received 2002 CDP benefits on blueberries. The producer planted blueberries in 2003 but did not plant blueberries in 2004. The linkage requirement is that the producer purchase 2003 NAP coverage only.

The linkage certification provided in Exhibit 1 shall be completed if the producer did not plant the crop for which disaster benefits were received.

Note: If FSA-578's are on file that certify all cropland on the farm and/or unit, a linkage certification is not required.

D Mailing Notification Letters to the Producers on the Report

Using the CDP Linkage Noncompliance Report as a basis, mail each applicable producer a notification letter informing them of their linkage requirements and the lack of a record indicating insurance or NAP coverage was purchased for the 2003 and 2004 crop years. Use the suggested format in Exhibit 1.

The notification letter shall be mailed by October 1, 2004.

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2 County Office Action (Continued)

E County Office Action After Producer Notification Letter Is Mailed

County Offices shall use the following table to determine appropriate action after the notification letter has been mailed according to subparagraph D.

| IF the producer... | THEN the County Office shall... |
|---|---|
| contacts the County Office within 30 calendar days of the date of the notification letter and provides proof of any of the exceptions listed in subparagraph A | manually annotate this on the report. No further action is necessary. |
| contacts the County Office within 30 calendar days of the date of the notification letter and refunds the CDP payment | <ul style="list-style-type: none"> • follow steps 1-4 in subparagraph F to establish the receivable • apply the collection to the established receivable. |
| contacts the County Office within 30 calendar days of the date of the notification letter and notifies the County Office that the linkage requirement was not met | follow subparagraph F to establish the receivable and notify the producer of the debt. |
| does not contact the County Office within 30 calendar days of the date of the notification letter | |

F Establishing Receivables

If a CDP participant does not fulfill the linkage requirement, County Offices shall do the following.

| Step | Action |
|------|--|
| 1 | Enter a disapproval date on the original automated CDP application according to 5-DAP, paragraph 436. The disapproval date shall be the day the County Office becomes aware of the violation. |
| 2 | Run the overpayment process according to 5-DAP, subparagraph 306 A. |
| 3 | Transfer the linkage violation overpayments to CRS according to 5-DAP, subparagraph 307 B. |
| 4 | <p>On Screen MHADOF01:</p> <ul style="list-style-type: none"> • change the debt basis code for each linkage violation overpayment from 10-429 to 10-421 • enter the date of the original CDP disbursement as the interest start date • enter the applicable interest rate according to 50-FI. <p>Note: See 5-DAP, subparagraph 309 B for additional information.</p> |
| 5 | Initiate the debt collection process by mailing the initial notification letter to the producer according to 67-FI. |

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3 Printing the CDP Linkage Noncompliance Report

A Initial Download of the CDP Linkage Noncompliance Report

The software to print the CDP Linkage Noncompliance Report will be included in County Release No. 545.

Note: Sugar beets will not be included on the report until after County Release No. 546 is installed.

The report identifies the producers who received 2001 or 2002 disaster benefits, but there is no record of an insurance policy or NAP coverage being purchased by the producer in 2003 and/or 2004. The report lists the following:

- producer ID number
- producer name
- crop
- payment received
- coverage type by year – coverage type will only be printed for the years that the producer did not meet the linkage requirements.

B Printing the Report

The CDP Linkage Noncompliance Report can be printed from Crop Disaster Program Reports Menu MHADRM. Follow these steps to print the report.

| Step | Menu | Action |
|------|----------|---|
| 1 | FAX250 | ENTER “3” or “4”, “Application Processing”, as applicable, and PRESS “Enter”. |
| 2 | FAX09002 | Enter the appropriate county, if applicable, and PRESS “Enter”. |
| 3 | FAX07001 | ENTER “11”, “PFC/DCP/Compliance”, and PRESS “Enter”. |
| 4 | M00000 | ENTER “1”, “NAP and Disaster”, and PRESS “Enter”. |
| 5 | MH0000 | ENTER “1”, “Crop Disaster Program”, and PRESS “Enter”. |
| 6 | MHA0YR | ENTER “3”, “2001 Application Processing”, or “4”, “2002 Application Processing”, and PRESS “Enter”. |
| 7 | MHAD00 | ENTER “2”, “Reports”, and PRESS “Enter”. |
| 8 | MHADRM | ENTER “9”, “Linkage Noncompliance Report”, and PRESS “Enter”. |
| 9 | MHADPS01 | Enter the printer ID, and PRESS “Enter” to generate the report. |

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3 Printing the CDP Linkage Noncompliance Report (Continued)

C Example of the CDP Linkage Noncompliance Report

The following is an example of the CDP Linkage Noncompliance Report.

| | | |
|--|---|-------------------------------------|
| North Dakota A RANSOM Report ID: MHADRE-R001 | U.S. Department of Agriculture Farm Service Agency CDP Linkage Noncompliance Report | Prepared: 07-27-2004 Page: 1 |
|--|---|-------------------------------------|

This report lists the producers that received 2001 or 2002 CDP payments. These producers were required to purchase crop insurance or NAP coverage in 2003 and 2004, however, RMA has no record of an insurance policy and NAP has no record of coverage being purchased.

| <u>Producer ID</u> | <u>Producer Name</u> | <u>Crop</u> | <u>Payment Received</u> | Coverage Type by Year | | | |
|--------------------|----------------------|--------------------|-------------------------|-----------------------|-------------|-------------|-------------|
| | | | | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| 123456789 S | John Doe | WHEAT – HARD WHITE | 876.00 | NAP | | NAP | |
| 987654321 S | Jim Jones | CORN | 157.00 | | INS | | INS |

Example of Notification Letter

| | |
|---|--------------------------------|
| United States Department of Agriculture | County Office Name and Address |
| | |
| Date: | |
| To: Participants in 2001 or 2002 CDP | |
| Producers who received a 2001 or 2002 CDP payment were required to purchase crop insurance or NAP coverage in 2003 and 2004 on any crop for which benefits were received. | |
| In _____ County, there is no record indicating you purchased the required crop insurance or NAP coverage on the following crops for 2003 and/or 2004. | |
| _____ _____ _____ _____ _____ | |
| Noncompliance with the linkage requirement will require a refund of your 2001 or 2002 disaster payment, plus interest, on the crop(s) for which benefits were received. | |
| You should immediately contact the _____ FSA County Office to resolve any differences. | |
| If you did not grow one or more of the crops listed above during 2003 and/or 2004, you may indicate so by signing the attached certification(s) and returning it to the _____ FSA County Office within 30 calendar days from the date of this letter. | |

Example of Notification Letter (Continued)

2003 Linkage Certification

During the 2003 crop year, in _____ County, I did not plant any of the following crops for which a 2001 or 2002 CDP payment was received.

Print Name of Producer receiving payments under 2001 or
2002 CDP

Signature of Producer
or authorized agent

Date

2004 Linkage Certification

During the 2004 crop year, in _____ County, I did not plant any of the following crops for which a 2001 or 2002 CDP payment was received.

Print Name of Producer receiving payments under 2001 or
2002 CDP

Signature of Producer
or authorized agent

Date