



Marketing Assistance Loans (MAL)  
Loan Deficiency Payments (LDP)  
Farm Storage Facility Loans (FSFL)

**Farm  
Service  
Agency**

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# MAL LDP and FSFL Presenter

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# Market Assistance Loans (MAL) and Loan Deficiency Payments (LDP)

## Overview

- Marketing assistance loans (MALs) and loan deficiency payments (LDPs) are marketing tools available during harvest or shearing.
- Marketing assistance loans provide interim financing at harvest time to help agricultural producers meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. This enables producers to delay selling the commodity until more favorable market conditions emerge. Storing production at harvest (or at shearing for wool and mohair) allows more orderly commodity marketing throughout the year.

# Market Assistance Loans (MAL) and Loan Deficiency Payments (LDP)

## How it Works

- A nonrecourse marketing assistance loan can be redeemed by repayment, or by delivering the agricultural commodity that was pledged as collateral to the Commodity Credit Corporation (CCC) as full payment for the loan upon maturity.
- Recourse marketing assistance loans are also available for commodities that may be of lower quality due to an element such as high moisture, commodities harvested as other than grain, or for contaminated commodities that are still within merchantable levels of tolerance. Recourse MAL's can only be repaid at principal plus accrued interest.

# Market Assistance Loans (MAL) and Loan Deficiency Payments (LDP)

## How it Works (cont.)

- Alternatively, LDP provisions specify that in lieu of securing a MAL, producers may elect to receive an LDP. An LDP is the difference the producer would have received if a loan was repaid at the lower market price, a direct benefit that does not need to be repaid.
- MAL repayment and LDP provisions are intended to minimize potential delivery, storage, and related costs of agricultural commodities to CCC. The provisions also are designed to avoid discrepancies in marketing loan benefits across states and counties and to allow U.S. produced commodities to be marketed freely and competitively.



# Market Assistance Loans (MAL) and Loan Deficiency Payments (LDP)

## Who is Eligible

- To be eligible for a MAL or LDP, a producer must:
- Comply with conservation and wetland protection requirements;
- Submit an acreage report for all cropland on all farms as applicable;
- Have and retain beneficial interest in the commodity until the MAL is repaid or CCC takes title to the commodity; and
- Meet adjusted gross income limitations

# Market Assistance Loans (MAL) and Loan Deficiency Payments (LDP)

## Eligible Commodities

- Eligible commodities include wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple cotton (eligible for MAL only), long grain rice, medium grain rice, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, graded and nongraded wool, mohair, unshorn pelts (eligible for LDP only), honey and peanuts.

## The commodity must:

- Have been produced, mechanically harvested or shorn from live animals by an eligible producer and be in storable condition;
- Be merchantable for food, feed or other uses, as determined by CCC; and
- Meet specific CCC minimum grade and quality standards for MALs.

# Market Assistance Loans (MAL) and Loan Deficiency Payments (LDP)

**Table 1. Final Loan/LDP Availability Dates by Commodity**

Final Loan/LDP Availability Date	Commodity
Jan 31	Peanuts, Wool, Mohair and LDP only for Unshorn Pelts
March 31	Barley, Canola, Crambe, Flaxseed, Honey, Oats, Rapeseed, Seed Cotton, Sesame seed and Wheat
May 31	Corn, Cotton (bales), Dry peas, Grain sorghum, Lentils, Mustard seed, Long grain rice, Medium grain rice, Safflower, Small chickpeas, Large chickpeas, Cotton, Soybeans and Sunflower seed



**Table 2. National Loan Rates, 2019-2023 Crops (per production unit)**

Commodity	Production Unit	2019 -2023
Wheat	bushel	\$3.38
Corn	bushel	\$2.20
Grain Sorghum	bushel	\$2.20
Barley	bushel	\$2.50
ELS Cotton	pound	\$0.9500
Upland Cotton	pound	*
Oats	bushel	\$2.00
Long Grain Rice	cwt	\$7.00
Medium Grain Rice	cwt	\$7.00
Soybeans	bushel	\$6.20
Other Oilseeds	cwt	\$10.09
Dry Peas	cwt	\$6.15
Lentils	cwt	\$13.00
Small Chickpeas	cwt	\$10.00
Large Chickpeas	cwt	\$14.00
Wool, graded	pound	\$1.15
Wool, nongraded	pound	\$0.40
Honey	pound	\$0.69
Peanuts	ton	\$355.00
Mohair	pound	\$4.20

# Farm Storage Facility Loan (FSFL)

## Overview

- Farm Storage Facility Loans (FSFLs) provide low-interest financing for
  - producers to store, handle and/or transport eligible commodities they
  - produce. This includes the following:
    - Acquire, construct or upgrade new or used, portable or permanently affixed, on-farm storage and handling facilities;
    - Acquire new or used storage and handling trucks; and
    - Acquire portable or permanently affixed storage and handling equipment.

# Farm Storage Facility Loan (FSFL)

## Overview

- A producer may borrow up to \$500,000 per loan, with a minimum down payment of 15 percent. Loan terms are up to 12 years, depending on the amount of the loan. Producers must demonstrate storage needs based on three years of production history. FSA also provides a microloan option that, while available to all eligible farmers and ranchers, also should be of particular interest to new or small producers where there is a need for financing options for loans up to \$50,000 at a lower down payment with reduced documentation.

# Farm Storage Facility Loan (FSFL)

The following types of new/used facilities and upgrades are eligible and must have a useful life for at least the term of the loan:

- Conventional cribs or bins;
- Oxygen-limiting structures and remanufactured oxygen-limiting structures;
- Flat-type storage structures;
- Electrical equipment and handling equipment, excluding the installation of electrical service to the electrical meter;
- Safety equipment, such as interior and exterior ladders and lighting;
- Equipment to improve, maintain or monitor the quality of stored grain;
- Concrete foundations, aprons, pits and pads, including site preparation, off-farm labor and material, essential to the proper operation of the grain storage and handling equipment;
- Renovation of existing farm storage facilities, under certain circumstances, if the renovation is for maintaining or replacing items;
- Concrete foundations, aprons, pits and pads, including site preparation, off-farm labor and material, essential to the proper operation of the grain storage and handling equipment;
- Renovation of existing farm storage facilities, under certain circumstances, if the renovation is for maintaining or replacing items;
- Grain handling and grain drying equipment determined by the Commodity Credit Corporation to be needed and essential to the proper operation of a grain storage system (with or without a loan for the storage facility);
- Structures that are bunker-type, horizontal or open silo structures, with at least two concrete walls and a concrete floor;
- Structures suitable for storing hay built according to acceptable design guidelines;
- Structures suitable for storing renewable biomass;
- Bulk tanks for storing milk or maple sap;
- Cold storage buildings, including prefabricated buildings that are suitable for eligible commodities. Also may include cooling, circulating and monitoring equipment and electrical equipment, including labor and materials for installation of lights, motors and wiring integral to the proper operation of a cold storage facility; and
- Storage and handling trucks, including refrigerated trucks.

# MAL/LDP/FSFL

QUESTION

