

**DATE:** November 9, 2005

**SUBJECT:** Guidance on the examination treatment of assets related to the Tobacco Transition Payment Program. (SR 05-21)

**HIGHLIGHTS:** This letter sets forth guidance to examiners with regard to the proper treatment of assignments of tobacco transition payments and successor-in-interest contract payments under the U.S. Department of Agriculture's (USDA) Tobacco Transition Payment Program (TTPP or Tobacco Buyout Program) in the assessment of risk management, as well as for the purposes of regulatory reporting and capital. The Tobacco Reform Act established the TTPP. The legislation permanently ended the federal tobacco marketing quota and price support loan programs. To facilitate the transition of tobacco farmers from subsidized farming to an open market, the USDA will oversee the disbursement, through the Commodity Credit Corporation (CCC), of approximately \$9.6 billion in Tobacco Buyout Program payments to eligible beneficiaries. The Tobacco Buyout Program will provide for payments, expected to be financed by assessments on manufacturers and importers of tobacco products, to eligible beneficiaries for a ten-year period commencing in 2005.

**DOCUMENT  
LOCATION:**

<http://www.federalreserve.gov/boarddocs/srletters/2005/sr0521.htm>

**FURTHER  
INFORMATION:**

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