FSA
HANDBOOK

CCC Cotton Authorized Loan Servicing Agent Program

To access the transmittal page click on the short reference.

For Authorized Loan Servicing Agents

SHORT REFERENCE

22-CN
(Revision 2)

UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

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UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

CCC Cotton Authorized Loan Servicing Agent Program 22-CN (Revision 2)	Amendment 8

Approved by: Deputy Administrator, Farm Programs

Amendment Transmittal

A Obsoleting FSA-237

As authorized by OGC, with the effective date of this amendment, FSA-237 is **no longer** required for LSA's to accept FAXed signatures. FAXed signatures shall be accepted for all applicable program forms or other documents approved for FAXed signatures if all other signature requirements are met without regard to FSA-237.

Important: FSA-237 is obsolete and all stock shall be destroyed.

B Reasons for Amendment

Subparagraph 18 B, paragraph 21, subparagraphs 25 A and B, subparagraph 36 A, subparagraph 73 A, and subparagraph 74 B have been amended to remove references to FSA-237.

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Part 1 General Information and Administrative Provisions

1 Purpose and Authorities

A Handbook Purpose

This handbook provides instructions to LSA's for administering the:

- Cotton Loan Program, which includes upland and ELS cotton
- Cotton LDP Program
- recourse Seed Cotton Loan Program.

B Authority and Responsibility

PSD has the authority and responsibility for the programs prescribed in this handbook.

C Sources of Authority

Following are the sources of authority for the Cotton Loan, Cotton LDP, and the recourse Seed Cotton Loan Programs:

- the Agricultural Act of 1949, as amended

*** * ***

- the Commodity Credit Corporation Charter Act, as amended
- 7 CFR Part 1427
- *****--Farm Security and Rural Investment Act of 2002.--*****

D Related Handbooks

FSA handbooks, which LSA's should have, related to the cotton loan and LDP program include the following:

- 1-CM for common provisions relating to signature requirements, power of attorney, and assignments
- 2-CM for common farm and program provisions
- 1-CMA for producer eligibility and PLM instructions
- 7-CN for basic cotton loan and LDP program requirements
- 21-CN for ACRS requirements and PLM repayment procedures
- 20-FI for cotton loan CCB procedures and requirements
- 50-FI for CCC interest rates.

2 CCC and FSA Responsibilities

A Executive Vice President, CCC Responsibilities

Executive Vice President, CCC or designee shall:

- determine policy and program provisions
- make determinations on program questions
- revise or rescind incorrect determinations made by designees.

B DAFP Responsibilities

DAFP shall provide the program's general direction and supervision.

C PSD Responsibilities

PSD shall:

- administer the program
- administer requirements in this handbook
- receive and approve or disapprove LSA applications
- perform administrative reviews of program participants.

D FMD Responsibilities

FMD shall:

- hold security that LSA's provide to CCC according to paragraph 11
- provide CCC's program interest rate to LSA's
- administer and oversee CCB operations
- approve CCB's and designate which Federal Reserve Bank CCB shall use.

3 CCB and LSA Responsibilities

A CCB's Responsibilities

CCB's shall:

- examine and authenticate LSA documents
- verify that cash transfers agree with related documents
- process requests for fund transfers to or from CCC.

*** * ***

3 CCB and LSA Responsibilities (Continued)

B LSA's Responsibilities

After other program requirements are met, LSA's shall:

- prepare and execute cotton loan and LDP documents, and perform the following related acts:

  - loan disbursement
  - loan repayment, either with cash or commodity certificates
  - LDP
  - reconcentration, when directed by KCCO
  - loan forfeiture

- ensure that cotton to be pledged to CCC as security for a loan is:

  - *--eligible for loan benefits according to 7-CN--*
  - free and clear of all liens according to 7-CN * * *

- ensure that cotton for which LDP is requested is eligible for LDP benefits according to 7-CN

- disburse loans and LDP's

- instruct producer or producer's agent who is the current holder, to notify any EWR provider to amend EWR to show:

  - CCC as holder on EWR's used to pledge cotton as collateral for loan
  - cotton used to obtain LDP's reflect this action

- provide CCC-719 and supporting documents to CCB according to 21-CN

- collect loan proceeds related to loans originating with LSA

- transfer funds to and from CCC through CCB

- collect loan data for reporting to CCC

- report activity to CCC according to 21-CN.

4-9 (Reserved)

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Part 2 LSA Program

10 Overview

A Purpose

This part provides parameters of CCC's LSA cotton loan and LDP program.

B Definition of Program Services

Program services are those services LSA's are authorized to provide for CCC to producers under CCC-912 with CCC.

11 Program Provisions

A Authorization

CCC may authorize an entity to act as its agent to make and service upland cotton loans, LDP's, and ELS cotton loans.

B Term of Approval

LSA's approval to provide services continues until approval is suspended by CCC or terminated by either LSA or CCC.

C Inspections

LSA's books, documents, papers, and records for services shall be available to CCC for inspection and examination for 6 business years after a loan is liquidated (repaid or collateral forfeited) or LDP is processed.

11 Program Provisions (Continued)

D Bale Limit on Activities

CCC's authorization limits the number of bales that may be processed for loan and LDP by LSA. CCC requires LSA's to have $10 of security for each bale of cotton. Initially, the bale limit is established by dividing LSA's net worth by $10.

Formula: Net worth equals current assets minus current liabilities.

If LSA's net worth does not provide enough security for the number of bales it intends to process, CCC requires additional security in 1 or a combination of the following forms:

- a certified or cashier's check payable to CCC
- an irrevocable commercial letter of credit approved by CCC
- ***--**a performance bond conditioned on LSA fully discharging all of its obligations under**--***
  CCC-912
- other forms of security as CCC deems appropriate.

  Example: A parent company guarantee.

Notes: Additional security shall be submitted to the Director, PSD.

FMD will hold the additional security.

11 Program Provisions (Continued)

E LSA Liability to CCC

LSA's are liable to CCC for any monetary losses incurred by CCC as a result of LSA's failure to discharge all of its obligations under CCC-912 with CCC.

Payment of these losses shall be made to CCC from the financial security provided by LSA, and directly by LSA if the amount of the loss exceeds the amount of financial security.

F Approved Service Fees

LSA's may charge producers a fee for services they provide on the original loan advance or LDP. Fees charged:

- for loans, shall not exceed the lesser of the following:
  - $7.50 per loan plus $0.90 per bale
  - 0.5 of 1 percent (0.005) times the gross loan amount
- for LDP's, shall not exceed the following amounts.

No. of Bales	Fee Amounts
1	$0.25
2 through 6	$0.25 plus $0.15 for each bale over 1
7 or more	$1 plus $0.10 for each bale over 6

Fees charged shall be deducted from the loan or LDP amount received by LSA from CCC before distribution to the producer.

Note: Fees shall **not** be collected directly from producers.

11 Program Provisions (Continued)

G Data Confidentiality

The following table describes the confidentiality of data submitted by LSA's to CCC and USDA.

IF the data submitted by LSA's is about...	THEN it...
trade secrets	shall be held confidential.
financial operations or conditions	
commercial operations or conditions	
information necessary to conduct the loan and LDP program	may be released to the public.
information required by law	

H CCC's Program Address

Requests for information about LSA's shall be addressed to:

Director, PSD
FSA, USDA
STOP 0512
Room 4095
1400 Independence Avenue, SW
Washington, DC 20250-0512.

12 Initial Application

A Introduction

This paragraph describes how entities apply to CCC for initial approval to serve as LSA.

B Application Documents

An LSA application includes the following documents:

- 2 signed CCC-912's (see Exhibit 4)

- an audited financial statement less than 1 year old on the date submitted, including accompanying notes, schedules, or exhibits, certified by a certified public accountant as fairly representing the entity's financial condition

  Note: Other forms of additional security as described in subparagraph 11 D may be submitted with or instead of audited financial statements.

- a list of employees involved in CCC program activities, including current directors, officers, and primary owners

  Definition: Primary owners are those entities owning more than 10 percent of LSA.

- a copy of any applicable incorporating or partnership documents

- a contact person's:

  - name
  - address
  - telephone number
  - FAX number
  - e-mail address

- ***--**LSA software provider's:

  - name
  - address
  - telephone number
  - FAX number
  - e-mail address--*****

- any additional information requested by PSD.

Note: **After submission**, promptly notify the Director, PSD of any changes to the documents.

12 Initial Application (Continued)

C Initial Approval Process

The following table shows how entities become certified by CCC to act as LSA.

Step	Action
1	Potential LSA completes and mails application documents to the Director, PSD.
2	***--**Potential LSA contacts FMD for a package of instructions to designate CCB. Contact Douglas Nguyen by either: • telephone at 703-305-1416 • e-mail at **doug.nguyen@wdc.usda.gov**.
3	Using forms in the package, potential LSA nominates a bank to serve as its**--*** CCB. Nominations are sent to: Controller, CCC FSA, USDA STOP 0581 1400 Independence Avenue, SW Washington, DC 20250-0581.
4	CCC grants entity approval to act as LSA. **Note:** Entity may also be **denied** approval.
5	LSA has its CCB execute a contract with CCC. *** * *** **Note:** Controller may **deny** CCB approval.
6	LSA provides CCB and PSD the following: • a list of all employees authorized to certify CCC-719 and sign other documents for LSA • sample signatures of everyone on the list.

13 Annual Recertifications

A Introduction

This paragraph describes how LSA's annually obtain continued approval to act as LSA.

B Recertification Documents

The following documents shall be included in annual LSA recertifications:

- an audited financial statement less than 1 year old on the date submitted, including accompanying notes, schedules, or exhibits, certified by a certified public accountant as fairly representing the entity's financial condition

  Note: Other forms of additional security as described in subparagraph 11 D may be submitted with or instead of audited financial statements.

- *****--completed CCC-846-1A--*****

- a list of employees involved in CCC program activities, current directors, officers, and primary owners

- copies of all FSA and CCC forms created according to paragraph 17

- LSA software provider's:

  - name
  - address
  - telephone number
  - FAX number
  - e-mail address

- any additional information requested by PSD.

Note: **After submission**, promptly notify the Director, PSD of any changes to the documents.

C Recertification Process

LSA's shall send recertification documents to the Director, PSD no later than 4 months after the end of the LSA's fiscal year.

PSD shall notify LSA of continued approval, suspension, or **termination** of approval to act as LSA.

Note: For suspensions and terminations, PSD shall include an explanation.

13 Annual Recertifications (Continued)

*--D Instructions for Completing CCC-846-1A

Complete CCC-846-1A according to this table.

Item	Instructions
1	Enter date 120 calendar days after LSA's FY end date.
2	Enter date LSA's last FY ended.
3	Submit completed form to this address.
4	Enter the LSA name.
5	Enter the LSA headquarters office city and State.
6	Enter LSA's regular mailing address where program information is mailed.
7	Enter LSA's overnight mailing address where critical information is sent. **Note:** This address cannot be a P.O. Box.
8A	Enter name and title of LSA's or official contact for the LSA program.
8B	Enter the telephone number, including area code, for the contact person identified in item 8A.
8C	Enter LSA's FAX number, including area code, where program material is sent.
8D	Enter the email address for the contact person identified in item 8A.
9A	Enter the name and title of the contact person responsible for the IT functions of LSA.
9B	Enter a phone number where the IT person can be reached after normal business hours.
9C	Enter the FAX number, including area code, for the IT person identified in item 9A.
9D	Enter an e-mail address for the IT person identified in item 9A.
10A	Enter the name of each employee of LSA that is authorized to conduct CCC business.
10B	Enter the official title for each person listed in item 10A.
10C	Enter the signature of each person listed in item 10A. This signature shall be used for verification and identification purposes.

--*

13 Annual Recertifications (Continued)

*--D Instructions for Completing CCC-846-1A (Continued)

Item	Instructions
11A	No entry required. This item identifies the authorized commodities for loans and LDP's.
11B	Enter the crop year beside the applicable commodity listed in column A
11C	No entry required. This item identifies the method of measurement for the commodities identified in column A.
11D	Enter the loan volume for the commodity identified in item A in the units specified in item C.
11E	Enter the LDP volume for the commodity identified in item A in the units specified in item C.
11F	Enter the projected loan volume for the commodities specified in column C for the next crop year.
11G	Enter the projected LDP volume for the commodities specified in column C for the next crop year.
12	Enter totals of column 11D, E, F, and G.
13	Attach the supporting documents listed in this item to CCC-846-1A and enter a check mark to verify that they have been attached and filed with the form.
14	Enter any remarks that are pertinent or supporting to the information entered on this form.
15A	After verifying that data on CCC-846-1A is correct, enter the signature of the authorized company official.
15B	Enter the title of the authorized official identified in item 20A.
15C	Enter the date the authorized official identified in item 20A signed this form.

--*

13 Annual Recertifications (Continued)

*--E Example of Completed CCC-846-1A

Following is an example of a completed CCC-846-1A.

CCC-846-1A
(06-23-05)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

RECERTIFICATION OF STATUS FOR APPROVED LOAN SERVICING AGENTS (LSA's) OR DESIGNATED MARKETING ASSOCIATIONS (DMA's)

NOTE: The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting the following information is Pub. L. 107-171. The information will be used to evaluate if the LSA or DMA is eligible for continued LSA or DMA status. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in disapproval or LSA or DMA status. This information may be provided to other USDA agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to orders of a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided. ***RETURN THIS COMPLETED FORM TO THE DIRECTOR, PRICE SUPPORT DIVISION, USDA, FARM SERVICE AGENCY, 1400 INDEPENDENCE AVENUE, S.W., STOP 0512, WASHINGTON, DC 20250-0512.***

1. Date Due *(MM-DD-YYYY)*	2. For Fiscal Year Ending	3. Return To: Director, Price Support Division USDA, FSA, Stop 0512, Room 4095-S 1400 Independence Avenue, SW Washington, D.C. 20250-0512	
01/30/20XX	08/20/20XX		
4. LSA or DMA Name	**5. LSA or DMA Headquarters City and State**	**6. Regular Mail Address**	**7. Overnight Mail Address *(No P.O. Boxes)***
Acme Cotton and Grain	Plainville, Kansas	P.O. Box 70 Plainville, Kansas 99999	205 N. Evergreen Street Plainville, Kansas 99999
8A. Primary Contact Person and Title	**8C. FAX No. (Include Area Code)**	**9A. IT Contact Person and Title**	**9C. FAX No. (Include area code)**
Lewis Clark, Manager	(316) 927-4532	Thomas Smith	(316) 927-4759
8B. Telephone No. (Include Area Code)	**8D. Contact Person's E-Mail Address**	**9B. IT After Hours Phone Number *(Including Area Code)***	**9D. IT E-Mail address**
(316) 927-5555	LClark@aol.com	(316) 832-1973	TSmith@aol.com

10. Employees authorized to conduct CCC business:

A. NAME	B. TITLE	C. AUTHORIZED SIGNATURE
Lewis Clark	Manager	***/s/ Lewis Clark***
Charles Stevens	Assistant Manager	***/s/ Charles Stevens***
Jack Johnson	Special Assistant	***/s/ Jack Johnson***

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

13 Annual Recertifications (Continued)

*--E Example of Completed CCC-846-1A (Continued)

CCC-846-1A (06-23-05) (Page 2)

11. Authorized Commodity Volume Report:

A. Authorized Commodity	B. Crop Year	C. Unit	D. Loan Volume	E. LDP Volume	F. Projected Loan Volume for Next Crop Year	G. Projected LDP Volume for Next Crop Year
Cotton		Bales				
Peanuts	04	Tons	79,106	0	82,000	0
12. **Totals**			79,106	0	82,000	0

13. Attach the following supporting documents:

- [X] Blank copies of all DMA or LSA computer generated CCC forms.
- [X] Incorporation or partnership documents if there have been changes from the previous FY.
- [X] Audited financial statement (including the accountant report of audit or review).
- [X] If applicable, completed marketing assistance loan or LDP documents resulting from DMA or LSA software testing.
- [X] Proposed financial security.

14. Remarks:

15. Information submitted is correct and complete to the best of my knowledge.

A. SIGNATURE: *(This application must be signed by an authorized company official)*	B. TITLE	C. DATE *(MM-DD-YYYY)*
/s/	Manager	01/20/20XX

PENALTY STATEMENT

Section 15(a) of the Commodity Credit Corporation (CCC) Chapter Act of 15 USC 714 (m)(a)) provides a fine of not more than $10,000 or not more than five years imprisonment, or both, for making any statement knowing it to be false for the purpose of influencing the action of CCC or of obtaining money under any act applicable to CCC. The making of such false statements may subject entity to civil liability, including liability under 31 USC 231.

14 Suspensions and Terminations

A Suspension Grounds

CCC may suspend LSA whenever it determines that LSA has **not**:

- operated according to representations made
- followed program procedures as instructed
- corrected deficiencies annotated
- operated according to applicable Federal regulations.

B Termination Grounds

CCC may terminate LSA whenever it determines that:

- LSA failed to correct deficiencies within a specified time period annotated in a letter suspending LSA's approval

- LSA's continued approval represents an unacceptable financial risk to CCC

- LSA's level of services provided to producers is unacceptable.

Note: LSA's may voluntarily withdraw from participation at any time.

C Suspension Procedures

The Executive Vice President, CCC shall notify LSA of reasons for suspension and corrective actions required within a specified time period for renewed approval. A suspension may be lifted if actions cited in the Executive Vice President's notification are corrected to CCC's satisfaction within the time period specified. LSA's not taking action to correct the deficiencies specified in the suspension letter within the specified time period shall be terminated from any further program activities. See subparagraph E.

14 Suspensions and Terminations (Continued)

D Activities During Suspension

A suspended LSA shall:

- continue to provide services for loans made before suspension, such as repayments, reconcentrations, and forfeitures
- **not** process any additional loan or LDP disbursements.

E Termination Procedure

The Executive Vice President, CCC may terminate LSA's approval to provide loan services by giving LSA written notice.

Note: CCC, in its notification, will issue instructions for transferring program records from the terminated LSA.

F Withdrawal Procedure

LSA's may withdraw from CCC's loan and LDP program by sending written notification to the Executive Vice President, CCC, **only** when **all** of the loans it processed are closed.

15 LSA Loan and LDP Process

A Providing Program Services

This table describes the process that occurs as LSA's provide program services.

Step	Description

1	Producers:
	
	• request a loan or LDP
	• provide beneficial interest information according to paragraph 28
	• may file FSA-211
	• deliver to LSA one of the following:
	
	  • individual card warehouse receipts
	
	  • EWR:
	
	  • numbers
	  • provider's name
	
	  • gin tag lists and class data to LSA.

2	LSA's follow procedures in paragraph 28 to determine whether the producer is eligible, based on beneficial interest, for loan or LDP. If beneficial interest is: • held by the producer at time of the loan or LDP, the process continues • lost by the producer before the loan or LDP, the process **stops**.
3	LSA's verify eligibility according to 1-CMA. If: • eligible, the process continues • ineligible, LSA returns the documents submitted by the producer in step 1 and stops the loan or LDP process.

15 LSA Loan and LDP Process (Continued)

A Providing Program Services (Continued)

Step	Description	
4	**IF...**	**THEN LSA's...**
	a loan advance	• complete lien search according to paragraph 23 • instruct producer to notify EWR provider to amend EWR to show *--LSA as holder for ACRS purposes only.--* • complete CCC-Cotton A, CCC-Cotton A-1, and other loan advance forms • give CCC-601 (Exhibit 5) to each producer.

	LDP	• complete either of the following:
		  • CCC-Cotton AA and CCC-Cotton AA-1
		  • CCC-709, if applicable
		• instruct producer to notify EWR provider to amend EWR to show cotton was used to obtain LDP.

5	Producer or power of attorney entity signs loan or LDP documents.	
6	LSA's submit any individual card warehouse receipts, EWR numbers, and EWR provider's name, CCC-719, and other documents, as required, to CCB, and receive loan or LDP disbursement funds.	
7	LSA's issue loan or LDP funds to producer within 3 calendar days.	
8	LSA's send the producer a notice before loan maturity according to paragraph 53.	
9	LSA's process loan repayments, forfeitures, or reconcentrations as authorized by the producer or designated agent on CCC-605.	
10	LSA's maintain loan or LDP documents according to this handbook.	

*--15.5 AWP and CCA Announcement Times

A Announcement Time

[7 CFR 1427.25] AWP and CCA shall normally be announced by the National Office at 5 p.m. e.t. each Thursday. They become effective for calculations as specified subparagraph B.

If Thursday or Friday, or any number of subsequent days, is a nonworkday in Washington, DC, AWP and CCA shall be announced the next workday at 8 a.m. e.t.

B Effective Time Period

[7 CFR 1427.25] The effective time period for each weekly AWP and CCA, calculated using the regulatory formula at **7 CFR 1427.25**, is unchanged by any announcement delays that may occur. Announced AWP's and CCA's do not remain effective past their normal expiration time if the subsequent AWP cannot be announced for any reason.

The effective time period of announced AWP's and CCA's is 12:01 a.m. e.t. Friday (a minute past midnight of the Thursday when normally announced) through midnight of the following Thursday whether the prices are announced:

- at the usual time of Thursday, 5 p.m. e.t.
- on a Friday at 8 a.m. e.t. because the immediately preceding Thursday was not a Federal workday in Washington, DC
- on any subsequent day following a Friday. In this case, the delayed-announced AWP and CCA shall be retroactively applicable to what would have been their effective time period had they been announced at the usual Thursday time.**--***

*--15.5 AWP and CCA Announcement Times (Continued)

C Accepting Transaction Requests When AWP Not Announced

Effective October 31, 2002, for transactions of all crop years, the "dead hour", the time during which applications for loan repayments and LDP's were not accepted, was terminated.

Requests for loan repayments and LDP's may be accepted at all hours subject to the effective AWP and CCA. If there is an extended period during which the current AWP, CCA, and LDP rate are not announced for any reason, requests for loan repayments and LDP's shall be accepted at the County Office. Such applications shall be subject to AWP and CCA subsequently announced as effective for the date the application was received.

In the event that a repayment request is made during an extended period when AWP is not announced, the loan repayment may be accepted according to 7-CN, subparagraph 202 A as an estimated repayment, and bales released, based upon the higher of either of the following:

- the amount provided for the repayments
- the last announced repayment rate.

LSA shall obtain from the entity repaying the loan a signed and dated agreement to the following statement:

> "I understand that the loan repayment amount for the cotton loan collateral requested at _____ LSA Office is subject to recalculation upon announcement of the prevailing loan repayment rate for the cotton. I agree to pay CCC any balance due based on this recalculation."

D Loan Repayments Received by Mail, Courier, or Wire Transfer

If a loan repayment is received by mail, courier, or wire transfer of funds, use AWP and CCA in effect on the date the repayment is received in LSA.--*

*--15.5 AWP and CCA Announcement Times (Continued)

E Gin Direct LDP's

The payment rate applicable to LDP's requested under gin-direct provisions is the rate effective under subparagraph B.

Every announced AWP and LDP rate is effective for a 7 day period commencing at 12:01 a.m. e.t. each Friday.

F Accessing AWP and CCA

The cotton AWP, LDP rate, and CCA are available on the FSA intranet site at **http://www.fsa.usda.gov/dafp/psd/**

Click on the "COTNXXXX.TXT" to select rates for the preferred date, where "XXXX" is the 4-digit entry representing month and date.**--***

16 Prohibited LSA Activities

A Prohibited Activities

LSA's shall **not**:

•***--**take title to producer's cotton**--***

- pool producers' cotton for any purpose

- allow owners, employees, and their families to market producers' cotton

  Note: LSA's may provide marketing services if requested by the producer.

- because of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status, deny any producer from participating in a loan or LDP for which they would otherwise be eligible to obtain benefits earned by participating in a loan or LDP program

- refuse services to producers because LSA was not granted a power of attorney on FSA-211 for executing loan documents to obtain loans, repaying the loans for the producer, obtaining LDP's, or marketing the producer's cotton

- adopt any scheme or device to circumvent the purpose of the cotton loan and LDP program regulations, the regulation governing LSA's, or its agreement with CCC

- make loans or LDP's to producers involved in a bankruptcy proceeding

  Note: Advise that the producer may apply for loans or LDP's through the producer's local County Office.

- make loans or LDP's on ineligible cotton.

B Determining Eligibility Status

Follow procedures in 1-CMA to determine producer eligibility status.

Upon discovery that the cotton is or was ineligible, LSA's shall, following instructions in 1-CMA:

- call any outstanding loan immediately
- for loans repaid that involved benefits, notify producer of amount owed CCC
- for LDP's, notify producer of amount owed CCC.

--

17 Forms Information

A Policy

LSA's, as authorized agents of CCC, shall use either current CCC forms or forms approved by CCC to document program services.

B Form Options

LSA's may use either of the following:

- computer-generated forms as described in this paragraph
- forms obtained from CCC.

C Obtaining CCC Forms

CCC forms may be obtained by accessing the website located at **www.sc.egov.usda.gov**.

D Form References in This Handbook

Throughout this handbook, references are made to forms by FSA and CCC form numbers. Many of these forms, as described in this paragraph, may be computer generated.

17 Forms Information (Continued)

E Requests to Computer Generate Forms

CCC may grant LSA's permission to computer generate certain FSA and CCC forms. LSA's shall request approval to use computer-generated forms by sending computer-generated copies of the proposed forms to the Director, PSD.

Note: Do **not** use the computer-generated form until written approval has been received from the Director, PSD.

F Computer-Generated Forms

LSA's may request approval to computer generate the following forms:

- CCC-Cotton A
- CCC-Cotton A Continuation
- CCC-Cotton A-1
- CCC-Cotton AA
- CCC-Cotton AA-1
- FSA-211
- ***--**CCC Cotton A-5.**--***

G Required Computer- Generated Form Revisions

Each time an FSA or CCC form is revised, existing approved computer-generated LSA forms derived from it shall be resubmitted for approval. LSA shall:

- revise the applicable computer-generated form
- submit the revised form to the Director, PSD for approval.

18 Filing and Distribution Instructions

A LSA Files Retention

LSA's shall indefinitely retain copies or originals of documents prepared or processed by LSA.

B Documents Maintained

LSA's shall maintain files of the following documents, according to subparagraph A:

- CCC-10
- CCC-Cotton A and the applicable CCC-Cotton A Continuation
- CCC-Cotton A-1
- CCC-Cotton A-5
- CCC-601
- Repayment Listing
- Notice to Producer Before Loan Maturity
- Forfeiture Listing
- FSA-211

*** * ***

- CCC-679
- CCC-605, CCC-605-1, and CCC-605-2
- CCC-Cotton AA
- CCC-Cotton AA-1
- CCC-709
- CCC-719 and CCC-719P
- beneficial interest documents
- correspondence about any of the documents in this subparagraph
- correspondence with any EWR provider.

Notes: According to subparagraph 24 D, if CCC-605, CCC-605-1, or CCC-605-2 is for a partial redemption, make and file a copy of the applicable CCC-605, CCC-605-1, or CCC-605-2 and return original to redeemer.

An electronic record of CCC-719 is acceptable.

Beneficial interest documents include options to purchase and sales contracts.

18 Filing and Distribution Instructions (Continued)

C Securing Files

LSA's shall maintain the following documents in a locked, fireproof file:

- CCC-Cotton A and the applicable CCC-Cotton A Continuation
- FSA-211
- CCC-679
- CCC-605, CCC-605-1, and CCC-605-2
- CCC-Cotton AA
- CCC-Cotton AA-1
- CCC-709.

Note: If CCC-605, CCC-605-1, or CCC-605-2 is about a partial redemption, file a copy.

D Distributing Forms and Documents

LSA's shall distribute to the applicable producer completed, executed copies of:

- CCC-Cotton A and the applicable CCC-Cotton A Continuation
- CCC-Cotton A-1
- CCC-Cotton A-5
- CCC-601
- Notice to Producer Before Loan Maturity
- FSA-211
- CCC-679
- CCC-Cotton AA
- CCC-Cotton AA-1
- CCC-709.

19 Cotton Board Activities

A Introduction

This paragraph outlines activities that LSA's perform for the Cotton Board.

B R&P Fees

LSA's shall:

- calculate research and promotion (R&P) fees for:
  - loan advances according to paragraph 40
  - LDP's according to paragraph 79
- collect and pay R&P fees for upland cotton to the Cotton Board
- issue checks to the applicable taxing authority by the tenth of the month following the assessment.

Note: LSA's are responsible for overcollections and undercollections.

C Providing Cotton Board Producers' Names and Addresses

LSA's shall provide the Cotton Board a list of the names and addresses of all producers who obtained loans and LDP's through them when requested by the Cotton Board. Mail the lists to the Cotton Board at the following address:

Cotton Board
P.O. Box 2121
Memphis, TN 38101-2121.

Note: Lists shall be in the format requested by the Cotton Board.

20 Using FSA-211, Power of Attorney

A Policy

See 1-CM for general policies about FSA-211's and FSA-211-1's. Producers may delegate a power of attorney to another person or to LSA on FSA-211. A Notary Public seal on FSA-211 is not required when FSA-211 is signed by an individual in the presence of an FSA or LSA employee. Persons who have been granted a power of attorney by a producer shall deliver FSA-211 to LSA. LSA shall call the County Office identified in the revocation sentence on FSA-211 to verify that FSA-211 has not been revoked before processing any applicable loan advance or LDP.

FSA-211 used to delegate LSA with a producer's power of attorney shall include an attachment with the following statement.
***--**

The grantor hereby acknowledges that the LSA is an agent of the Commodity Credit Corporation for the purpose of performing certain services requisite to the making and servicing of Commodity Credit Corporation cotton loans and LDP's to eligible producers of eligible cotton and agrees to permit the LSA to act as agent for both the grantor and the Commodity Credit Corporation. The LSA shall disclose to the grantor all facts which the LSA knows or should know would reasonably affect the judgment of the grantor in permitting the LSA to act as agent for both the grantor and the Commodity Credit Corporation."

Notes: For this handbook, FSA-211 shall refer to both FSA-211 and FSA-211-1.

"Power of attorney" forms other than FSA-211 will **not** be accepted.

All members of partnerships and joint ventures must sign FSA-211 unless an individual is authorized to act for the partnership or joint venture. See 1-CM, paragraphs 709 and 710.**--***

B FSA-211 Used With CCC-605

Producers may designate an agent on FSA-211 to act on their behalf to execute CCC-605's if FSA-211 **specifically** grants the authority to execute CCC-605's. Producers must be fully aware that designating an agent to execute CCC-605's grants that agent the authority to further delegate authority to another agent.

An agent designated on FSA-211 cannot execute a new FSA-211 to further delegate authority to another agent.

20 Using FSA-211, Power of Attorney (Continued)

C LSA Power of Attorney Restrictions

If the producer has delegated LSA a power of attorney, LSA shall **not**:

- make any purchase for LSA's own account of cotton redeemed from loan
- sell any cotton to any person who is employed or has the right to control or direct LSA's sale of redeemed cotton or equities.

D FSA-211's Applicable to CCC-605's

LSA's shall accept CCC-605's if FSA-211 specifically grants authority to designate another agent on CCC-605.

20 Using FSA-211, Power of Attorney (Continued)

E Completing FSA-211's Assigned to LSA

Complete FSA-211's to delegate power of attorney to LSA's according to this table.
*--

Item	Instructions
(1) through (4)	Enter LSA's: • name • address • county • State.
(5)	Enter the producer's name.
A	Check the number: • "8" • "11" and ENTER "Cotton".
B	Check the number "6". If FSA-211 will be used to execute CCC-605, check number "7" and ENTER "CCC-605".
6A through C	Individual producers shall: • sign • enter date • SSN.
7A through D	Corporations shall: • sign • enter title • enter date • enter ID number.
8A through C	Witness shall: • sign • date • enter position.
9A through C	Enter notary public's seal, State and county of commission and signature. **Note:** Notarization is required when FSA-211 is not signed by an individual in the presence of an FSA or LSA employee.
10(a) and (b)	Enter place where FSA-211 is signed.
10(c) through (e)	Enter date FSA-211 is executed.

--*

20 Using FSA-211, Power of Attorney (Continued)

E Completing FSA-211's Assigned to LSA (Continued)

The following is an example of FSA-211.

This form is available electronically. Form Approved - OMB No. 0560-0190

FSA-211
(07-25-02)

U. S. DEPARTMENT OF AGRICULTURE
Farm Service Agency - Commodity Credit Corporation - Federal Crop Insurance Corporation

POWER OF ATTORNEY

THE UNDERSIGNED does hereby appoint *(1)* US LSA, of *(2)* 44 Lubbock St. Houston *(3)* Alamo County, State of *(4)* Texas, the attorney-in-fact to act for *(5)* John R. Smith in connection with Farm Service Agency and Commodity Credit Corporation program number(s) checked below. Checking any of the FSA or CCC programs does not have any impact as to the FCIC transactions checked below:

A. FSA and CCC PROGRAMS
(Check applicable program numbers)

- [ ] 1. All current programs.
- [ ] 2. All current and all future programs.
- [ ] 3. Direct and Counter-Cyclical Program except 2002 peanuts covered by Item A4.
- [ ] 4. 2002 Direct and Counter-Cyclical Peanut Program.
- [ ] 5. Peanut Quota Buy-Out Program.
- [ ] 6. Noninsured Crop Disaster Assistance Program.
- [ ] 7. Tobacco programs.
- [X] 8. Marketing Assistance Loans and Loan Deficiency Payments.
- [ ] 9. Conservation programs.
- [ ] 10. Milk Income Loss Contract Program.
- [ ] 11. Other *(Specify)* Cotton

B. Transactions for FSA and CCC Programs
(Check applicable program numbers)

- [ ] 1. All actions.
- [ ] 2. Signing applications, agreements, and contracts.
- [ ] 3. Election of bases and yields except peanut designation covered by Item B4.
- [ ] 4. Designation of peanut historical base and yield to a farm.
- [ ] 5. Making reports.
- [X] 6. Conducting all marketing assistance loan and LDP transactions.
- [X] 7. Other *(Specify)* CCC-605

This form may also be used to grant authority to an attorney-in-fact to act on the grantor's behalf with respect to certain FCIC programs and crops. Checking any of the FCIC transactions does not have any impact as to the FSA or CCC transactions checked above:

C. FCIC CROPS
(Enter "All" or specify each crop and year)

1. _____
2. _____
3. _____
4. _____

D. TRANSACTION NUMBERS USED BY FCIC
(Check applicable numbers)

- [ ] 1. All actions.
- [ ] 2. Making application for insurance.
- [ ] 3. Reporting crop acreage and notice of damage reports.
- [ ] 4. Making claim for indemnity.
- [ ] 5. Making contract changes.
- [ ] 6. Other *(Specify)* _____

This Power of Attorney is valid in all counties in the United States unless otherwise noted. This power of attorney shall remain in full force and effect until *(1)* written notice of its revocation has been duly served upon FSA; *(2)* death of the undersigned grantor; or *(3)* incompetence or incapacitation of the undersigned grantor. The undersigned grantor shall provide separate written notice of revocation to the applicable crop insurance agent. This power of attorney shall not be effective until properly executed and served to a FSA Service Center.

AUTHORIZED SIGNATURES:

6A. Signature*(s)* of Grantor*(s)* *(Individual)*	B. Date *(MM-DD-YYYY)*	C. Social Security Number
/s/ John R. Smith	6-15-2004	111-XX-7111

7A. Signature of Grantor *(Partnership, Corporation, Trust, etc.)*	B. Title	C. Date *(MM-DD-YYYY)*	D. Identification No. of Entity

8A. Witness Signature *(FSA Employee Only)*	B. Date *(MM-DD-YYYY)*	C. Official Position
Ida Empirical	6-15-2004	CED

9. Notary Public *(this form **shall** be acknowledged by a Notary Public unless witnessed by a FSA employee or a corporate seal of grantor is affixed).*

Signature *(a)* _____ State of *(b)* _____ County of *(c)* _____

10. This power of attorney was served to *(a)* Alamo County FSA Office, *(b)* State of Texas and became effective this *(c)* 15th day of *(d)* June, *(e)* 2004.

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is The Food Security and Rural Investment Act of 2002 (Pub. L. 107-171) and 7 CFR Part 718. The information will be used to legally document your opinion to appointing an attorney-in-fact, identify the person and authorities granted to the appointee. Furnishing the requested information is voluntary, however, failure to furnish the requested information will result in the individual or entity not be able to act as your attorney-in-fact. This information may be provided to other agencies, IRS, Department of Justice or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 651, 1001, 15 USC 714m, and 31 USC 3729, may be applicable to the information provided.*

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0190. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

--

20 Using FSA-211, Power of Attorney (Continued)

F Distributing FSA-211

LSA's preparing FSA-211 shall distribute FSA-211 as follows:

- original to principal granting power of attorney
- first copy to LSA.

*** * ***

21 FAXed Signatures

A General Authorization

FAXed signatures from producers shall be accepted for certain forms and other documents, if **all** of the following are met:

*** * ***

- the applicable program form or other document is approved for FAXed signatures

***--Note:** See 1-CM, Exhibit 50 for program forms and documents not approved for--* FAXed signatures.

- all other applicable signature requirements are met.

*** * ***

Important: The authority to accept FAXed signatures does not alter existing authorities for producers to execute transactions, such as power of attorney, fiduciary capacity, or other approved signature authorities.

B Authority to Accept

FAXed signatures are:

- signatures received through a FAX machine
- **not** electronic signatures, such as signatures obtained by e-mail or the Internet.

The authority to accept FAXed signatures applies only to forms used by FSA. The authority is not applicable to forms used by other agencies or departments.

21 FAXed Signatures (Continued)

C Prohibited Uses

*--FAXed signatures are **not** authorized for any program form or document in 1-CM,--* Exhibit 50.

* * *

D Producer Responsibilities

Producers are responsible for the successful transmission and receipt of information provided to the LSA Office through telefacsimile transmission.

USDA is not responsible for any transmission failures or any other problems that prevent the successful or timely receipt of information provided by producers through telefacsimile transmission.

E Determining Date for Program Purposes

The date and time printed by the FAX machine on the applicable program form or document shall be used to determine whether program deadline and filing date requirements are met.

Example: Producer signs and dates CCC-709 on August 14, 2000. LSA's receive FAXed CCC-709 on August 15, 2000. Provided all eligibility requirements have been met, LSA's shall use the LDP rate in effect on the date printed by the FAX machine, August 15, 2000, on CCC-709.

LSA's shall **not** accept or approve any form or document received through telefacsimile machine if the date and time of the FAX cannot be verified.

* * *

22 Heirs of a Deceased Producer

A Succession of Interest

Succession of interest occurs before or after harvest if heirs:

- succeed to the beneficial interest of the deceased producer in both the cotton and the farming unit on which it was produced
- assume the decedent's obligation under a loan if a loan has already been obtained.

B Knowledge of a Deceased Producer

If LSA learns that a producer who has an outstanding loan is deceased, and CCC-686 has not been executed, LSA shall:

- send a certified letter to the fiduciary representative, heirs, or other persons in charge of settling the estate notifying that person:
  - of the existence of the outstanding CCC loan
  - that the loan is covered by a security agreement or secured by pledged warehouse receipts
- attach a copy of the letter to the loan papers on file in the LSA Office
- immediately notify the State Office.

Note: State Offices shall forward notification of deceased producers for which CCC-686 has not been executed to the regional attorney for appropriate action.

22 Heirs of a Deceased Producer (Continued)

C When to Complete CCC-686

Complete CCC-686 if the heirs want to obtain or continue a loan and either of the following applies:

- there will be no administration or probate of the estate
- administration or probate of the estate is closed.

Before a loan is disbursed or continued under loan, CCC-686 must be:

- executed by persons claiming succession to a deceased producer
- approved by COC of Administrative County Office.

D Preparing CCC-686

Prepare an original and 1 copy for each person signing CCC-686 according to the following instructions.

*--

Item	Instructions
1	Enter LSA name and address.
2	Enter LSA code.
3	Enter current loan number, or assign next unused number from loan number register.
4	Enter crop year.
5	ENTER “Cotton”.
6	Enter name of deceased person.
7	Enter date of death.
8	Check if death was before or after harvest.
9 and 10	Enter name and address and relationship of all persons inheriting commodity, whether or not related to the deceased.
11 and 12	Enter names of all persons assuming farming unit whether or not related to the deceased. **Note:** To be eligible for price support, the person’s name must appear in items 9 and 11, and, if applicable, item 13.
13 through 16	Enter name and nature of disability of any heir who is a minor or an incompetent and the name and address and capacity of the representative of this person.
17 A through F	Heirs or representatives of heirs who have inherited the commodity and have assumed the farming unit and who are requesting price support must sign the application and provide DCIA certification.
18	Obtain signature from administrative County Office.

--*

22 Heirs of a Deceased Producer (Continued)

D Preparing CCC-686 (Continued)

The following is an example of CCC-686.

*--

This form is available electronically. Form Approved - OMB No. 0560-0067

CCC-686 (09-13-03) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation

APPLICATION FOR LOAN OR LOAN DEFICIENCY PAYMENT BY HEIRS
(On a commodity produced by a person who has died)

See Page 2 for Privacy Act and Public Burden Statements.

1. NAME AND ADDRESS OF COUNTY FSA OFFICE: US LSA, 44 Lubbock St., Houston, TX 80210
TELEPHONE NO. (Including Area Code): 806-823-1345

2. ST. & CO. CODE: 48-750
3. APPLICATION NO.: 00002
4. CROP YEAR: 2003
5. COMMODITY: Cotton

6. NAME OF DECEASED PERSON: James X. Hoffer
7. DATE OF DEATH (MM-DD-YYYY): 11-15-2003
8. DEATH OCCURRED: BEFORE HARVEST [ ] AFTER HARVEST [X]

9. PERSONS INHERITING COMMODITY (Name and address)	10. RELATIONSHIP TO DECEASED
Samuel P. Hoffer 101 Route 38, Lubbock, TX 80610	Son

11. NAMES OF PERSONS ASSUMING FARMING UNIT (Include heirs in Item 9) (Address if not already listed in Item 9)	12. RELATIONSHIP TO DECEASED OR CAPACITY
Samuel P. Hoffer	Son

If any person shown in Item 9 or 11 above is a minor or incompetent, furnish the following:

13. NAME OF MINOR OR INCOMPETENT	14. NATURE OF DISABILITY (If any)	REPRESENTATIVE OF PERSON SHOWN IN ITEM 13: 15. NAME AND ADDRESS	16. CAPACITY (Guardian, Custodian, Conservator, Liquidator, etc.)

17. CERTIFICATIONS (To be certified to and by each person shown in Items 9 and 11 or his or her representative shown in Item 15 who is requesting a loan or LDP.)

The undersigned hereby certifies that 1/

A. The person shown in item 6 died on the date shown and he or she produced the commodity identified above in the crop year shown.
B. The decedent and the commodity he or she produced were eligible for loan or LDP and that the persons shown in Item 9 have inherited the decedent's interest in the commodity shown above.
C. (1) There has not been nor is it contemplated that there will be administration or probate of the estate or (2) administration or probate of the estate is closed.
D. The persons listed in Items 9, 11, and, if applicable 13, are the only persons who have inherited or otherwise acquired an interest in the commodity and farming unit of the decedent described in this form.
E. Each of such persons requests that (1) a loan be continued or disbursed, or (2) an LDP be made.
F. Are you or any co-applicant delinquent on any federal non tax debt? YES [ ] NO [X] (If "YES", provide details:

SIGNATURE	DATE (MM-DD-YYYY)	SIGNATURE	DATE (MM-DD-YYYY)
/s/ Samuel P. Hoffer	12-15-2003		
SIGNATURE	DATE (MM-DD-YYYY)	SIGNATURE	DATE (MM-DD-YYYY)
SIGNATURE	DATE (MM-DD-YYYY)	SIGNATURE	DATE (MM-DD-YYYY)

18. CERTIFICATION OF COUNTY COMMITTEE

The undersigned certifies that each applicant whose signature appears above has the authority to act in the capacity indicated, that the right of the applicant(s) to file this application was determined in accordance with the regulations of the Department of Agriculture, and that the statements contained herein have been examined and are true and correct to the best of our knowledge and belief.

FOR THE COUNTY COMMITTEE BY /s/ Andy Johnson — DATE (MM-DD-YYYY) 1/5/200X

1/ Section 16 (a) of the Commodity Credit Corporation Charter Act (62 Stat. 1070) provides a fine of not more than $10,000 or not more than five years imprisonment for making any statements knowing it to be false for the purpose of influencing the action of the Corporation, or of obtaining money under any act applicable to the Corporation.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

--*

E Distributing CCC-686

Distribute CCC-686 as follows:

- keep original in the LSA Office
- give each person signing CCC-686 a copy.

22 Heirs of a Deceased Producer (Continued)

D Preparing CCC-686 (Continued)

The following is an example of CCC-686.

*--

This form is available electronically. Form Approved - OMB No. 0560-0067

CCC-686 (06-13-03) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation

APPLICATION FOR LOAN OR LOAN DEFICIENCY PAYMENT BY HEIRS
(On a commodity produced by a person who has died)

See Page 2 for Privacy Act and Public Burden Statements.

1. NAME AND ADDRESS OF COUNTY FSA OFFICE: US LSA, 44 Lubbock St., Houston, TX 80210
TELEPHONE NO. (Including Area Code): 806-823-1345

2. ST. & CO. CODE: 48-750
3. APPLICATION NO.: 00002
4. CROP YEAR: 2003
5. COMMODITY: Cotton

6. NAME OF DECEASED PERSON: James X. Hoffer
7. DATE OF DEATH (MM-DD-YYYY): 11-15-2003
8. DEATH OCCURRED: BEFORE HARVEST [ ] AFTER HARVEST [X]

9. PERSONS INHERITING COMMODITY (Name and address)	10. RELATIONSHIP TO DECEASED
Samuel P. Hoffer 101 Route 38, Lubbock, TX 80610	Son

11. NAMES OF PERSONS ASSUMING FARMING UNIT (Include heirs in Item 9) (Address if not already listed in Item 9)	12. RELATIONSHIP TO DECEASED OR CAPACITY
Samuel P. Hoffer	Son

If any person shown in Item 9 or 11 above is a minor or incompetent, furnish the following:

13. NAME OF MINOR OR INCOMPETENT	14. NATURE OF DISABILITY (If any)	REPRESENTATIVE OF PERSON SHOWN IN ITEM 13: 15. NAME AND ADDRESS	16. CAPACITY (Guardian, Custodian, Conservator, Liquidator, etc.)

17. CERTIFICATIONS (To be certified to and by each person shown in Items 9 and 11 or his or her representative shown in Item 15 who is requesting a loan or LDP.)

The undersigned hereby certifies that I/

A. The person shown in item 6 died on the date shown and he or she produced the commodity identified above in the crop year shown.
B. The decedent and the commodity he or she produced were eligible for loan or LDP and that the persons shown in Item 9 have inherited the decedent's interest in the commodity shown above.
C. (1) There has not been nor is it contemplated that there will be administration or probate of the estate or (2) administration or probate of the estate is closed.
D. The persons listed in Items 9, 11, and, if applicable 13, are the only persons who have inherited or otherwise acquired an interest in the commodity and farming unit of the decedent described in this form.
E. Each of such persons requests that (1) a loan be continued or disbursed, or (2) an LDP be made.
F. Are you or any co-applicant delinquent on any federal non tax debt? YES [ ] NO [X] (If "YES", provide details):

SIGNATURE	DATE (MM-DD-YYYY)	SIGNATURE	DATE (MM-DD-YYYY)
/s/ Samuel P. Hoffer	12-15-2003		
SIGNATURE	DATE (MM-DD-YYYY)	SIGNATURE	DATE (MM-DD-YYYY)
SIGNATURE	DATE (MM-DD-YYYY)	SIGNATURE	DATE (MM-DD-YYYY)

18. CERTIFICATION OF COUNTY COMMITTEE

The undersigned certifies that each applicant whose signature appears above has the authority to act in the capacity indicated, that the right of the applicant(s) to file this application was determined in accordance with the regulations of the Department of Agriculture, and that the statements contained herein have been examined and are true and correct to the best of my knowledge and belief.

FOR THE COUNTY COMMITTEE
BY /s/ Andy Johnson — DATE (MM-DD-YYYY) 1/5/200X

(1) Section 16 (a) of the Commodity Credit Corporation Charter Act (62 Stat. 1070) provides a fine of not more than $10,000 or not more than five years imprisonment for making any statements knowing it to be false for the purpose of influencing the action of the Corporation or of obtaining money under any act applicable to the Corporation.

*--

E Distributing CCC-686

Distribute CCC-686 as follows:

- keep original in the LSA Office
- give each person signing CCC-686 a copy.

23 Liens and Lien Waivers

A Policy

LSA's shall follow lien policies in 7-CN, paragraph 163. Lien waivers shall not be obtained for unrecorded liens, including landlord liens, ginners' possessory liens, and harvesters' liens, unless LSA has received actual notice of the existing lien.

B Procedures to Determine Whether Lien Exists

To determine whether a lien exists, LSA's shall make a lien search on **all** cotton to be ***--**pledged for loan at the appropriate recording official's office according to information provided on CCC-10 prepared according to paragraph 23.1**--***.

C Obtaining CCC-679's

If liens exist, obtain lienholder signatures on CCC-679 to release a particular lien on cotton pledged for loan.

Notes: LSA's shall obtain CCC-679 for each lienholder.

If an offset is applicable, do **not** disburse the loan unless the lienholder agrees to the offset by checking line 1 or 3 on CCC-679.

CCC-679's are required for all loan requests received from FSA Farm Loan Program borrowers.

LSA's shall not obtain lien waivers for liens that are not recorded unless actual notice of the existing lien is provided to LSA by the lienholder in person or in writing.

23 Liens and Lien Waivers (Continued)

D Completing CCC-679 for Producers

County Offices shall complete:

- CCC-679 according to this table
- block (3), if applicable, according to subparagraph E.

Item	Instructions
1	Enter producer's name and address.
2	Enter crop year.
3	ENTER "Cotton".
4	Enter the farm number or numbers, as applicable. If liens are waived on all farms, enter "All".
5	Enter the State and county codes for LSA.
6	If the waiver releases: • **all** of the commodity covered by CCC-679, enter "All" and commodity • just **a quantity** of the commodity being pledged for loan, enter applicable quantity, cotton, and farm number.
7	Enter the State and county where the cotton was produced.
8	***--**Lienholder shall check the applicable box. **Note:** See subparagraph E for additional instructions.
9	Enter estimated net disbursement amount, if applicable.
10	Enter the lienholder's or authorized agent's name and address.
11A and 11B	Lienholder shall sign and date.**--***

23 Liens and Lien Waivers (Continued)

E Completing CCC-679, Block (3)

Complete CCC-679, block (3) according to this table.

IF...	AND...	THEN...
an administrative offset does **not** apply		***--**enter "none" on CCC-679, item 8(3)(a).
an administrative offset does apply		enter the offset amount as of the date CCC-679 is prepared on CCC-679, item 8(3)(a).

	the lienholder is any of the following:
	• United States of America, Acting through USDA or FSA
	• USDA
	• USDA, formerly FmHA
	• FSAFSA, formerly FmHA
		• enter the offset amount as of the date CCC-679 is prepared on CCC-679, item 8(3)(a)
		• calculate the estimated net disbursement amount in item 9 as follows:**--***
		  • multiply applicable county loan rate for the commodity times the quantity for loan
		  • deduct assessments, fees, and administrative offsets, as applicable
		• enter "estimated **net** disbursement amount is $___" **before** CCC-679 is given to an FSA FLP representative.

a statement of charges accompanies the warehouse ***--**receipt according to 7-CN, paragraph 165**--***		do either of the following: • add the total dollar amount of the charges to any other offset amounts • modify the statement to add language that states whose charges are being offset without specifying the type or amount of the charges.

23 Liens and Lien Waivers (Continued)

F Completing CCC-679 * * *

The following is an example of CCC-679.
*--

This form is available electronically.

Form Approved - OMB No. 0560-0087

CCC-679
(06-20-03)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

LIEN WAIVER

1. NAME AND ADDRESS OF PRODUCER (Include Zip Code)	2. CROP YR.	3. COMMODITY	4. FARM NO.	5. ST. & CO. CODE
Ben Jefferson Box 185 Sometown, TX 12345	2004	Cotton	All	48-122
	6. QUANTITY COVERED: All	7. STATE AND COUNTY WHERE PRODUCED: Lubbock Co., TX		

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Federal Agriculture Improvement and Reform Act of 1996 and the Commodity Credit Corporation Charter Act, as amended and regulations at 7 CFR Parts 1421, 1427, and 1435. The information will be used to determine to whom program benefits will be paid. Furnishing the requested information is voluntary; however, failure to furnish the correct and complete information will result in a determination of ineligibility for program benefits. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.*

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0087. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

8. The undersigned is the holder of a lien on the commodity identified above. In order for the producer identified above to pledge such commodity as collateral for a Commodity Credit Corporation ("CCC") loan, with respect to CCC only, the undersigned waives all interest in, and title to, such commodity. The undersigned agrees that the proceeds of the loan shall be disbursed (lienholder must check one of the following):

(1) [X] To the producer.
(2) [ ] Jointly to the producer and the undersigned lienholder.
(3) [ ] Jointly to the producer and the undersigned lienholder, less $ (a) 500.00 administrative offset as of (b) 10-01-03 (DATE) and charges due (c) Baker Gin Co.

9. If administrative offsets are deducted from the loan proceeds enter estimated net disbursement amount: $ _____

10. NAME AND ADDRESS OF LIENHOLDER OR AUTHORIZED AGENT

Key Bank
100 East Main St.
Sometown, TX 12345

11A. SIGNATURE	11B. DATE (MM-DD-YYYY)
/s/ Bill Bank	10-15-03

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

--*

G Distributing CCC-679

LSA's shall distribute CCC-679 as follows:

- file original in a locked, fireproof file
- send 1 copy to the producer.

Note: Lienholder will keep 1 copy.

*--23.5 Completing CCC-10

A Applicability

Producers applying for CCC or FSA loans at LSA's are required to provide specific information on CCC-10. CCC-10:

- serves as CCC's or FSA's notice of intent to perfect its security interest
- identifies the debtor's exact full legal name, and if the debtor is an entity, the type and location of the entity
- identifies the jurisdiction in which CCC will conduct lien searches
- if applicable, authorizes CCC or FSA to file financing statements before executing a security agreement
- is not applicable for loans made to a producer who will immediately exchange the commodity certificate for all loan collateral according to Part 9, Section 8
- is applicable to warehouse loans to identify the jurisdiction in which to conduct lien searches, but for which UCC is not filed.**--***

***--23.5 Completing CCC-10 (Continued)**

B Obtaining Authorization

LSA's shall obtain CCC-10 and signatures as follows:

- if a current CCC-10 is not already filed, obtain a signed CCC-10
- ensure that producers understand that:
- applicable collateral for loans is not described on CCC-10
- CCC-10 remains in effect until the producer notifies CCC or FSA of any changes by filling out a new CCC-10
- for UCC's filed manually that require the debtor's signature, CCC requires CCC-10 to identify the jurisdiction in which to perform lien searches
- for general partnerships and joint ventures, all members must sign CCC-10 unless an individual is authorized to act for the general partnership or joint venture, according to 1-CM
- allow spouses to sign CCC-10 for each other only as allowed according to 1-CM
- gather data and signatures concerning spouses where spousal information is required by State law, according to the regional attorney
- if feasible, obtain a copy of CCC-10 from County Offices in which the producer is active.

C CCC-10 Availability

CCC-10 is available for download by LSA's from FSA at **www.fsa.usda.gov/dafp/psd/ads.htm**.**--***

*--23.5 Completing CCC-10 (Continued)

D Instructions for Preparing CCC-10

LSA's shall prepare CCC-10 according to the following table.

Item	Instructions
Part A	Ensure that the producer understands the statements in this part.
1	Check the box for: • individual, if the producer conducts a farming operation as an individual • organization or entity, if the producer conducts a farming operation as an organization or entity.
2	If the box in item 1 is checked for: • individual, enter the applicable Social Security number or tax identification number • organization or entity, enter the applicable tax identification number.
3	If the box in item 1 is checked for: • individual, enter the first, middle, and last name and, if applicable, a suffix • organization or entity, enter the full legal name of the organization or entity. **Note:** This is the name that will be used on UCC forms.
4	If the box in item 1 is checked for individual, enter the first, middle, and last name and, if applicable, a suffix for a spouse. **Note:** This is the name that will be used on UCC forms for additional debtors.

--*

***--23.5 Completing CCC-10 (Continued)**

D Instructions for Preparing CCC-10 (Continued)

Item	Instructions
5	If the box in item 1 is checked for individual, enter the name of the State and county of the producer's primary residence. Unless otherwise advised by OGC, this is where to file UCC's and to perform lien searches.
6	If the box in item 1 is checked for organization or entity, enter the type of organization or entity. Acceptable types are corporations, general or limited partnerships, limited liability companies, and trusts. An informal joint operation or venture is not a legal entity. Members of an informal joint operation or venture are treated as individuals.
7	If the organization or entity is registered, it must be organized under the law of a single State and must be displayed in a State public record as being organized. If the organization or entity is registered, enter the State in which the organization or entity was created and is registered. Unless otherwise advised by OGC, this is where to file UCC's and to perform lien searches.
8	If the organization or entity is **not** registered, enter the State where the place of business is located or where the organization or entity conducts its affairs. Unless otherwise advised by OGC, this is where to file UCC's and to perform lien searches.
9	Ensure that the producer understands the statement in item 9.

9A-D	If the box in item 1 is checked for:
	
	• individual, the producer enters signature as first, middle, and last name and, if applicable, a suffix
	
	• organization or entity, the producer enters the following:
	
	  • legal name of the organization or entity
	  • the word "by"
	  • producer's signature
	  • producer's title.
	
	  Example: Hobbitt Farms Inc. by John H. Smith, president
	
	Note: For general partnerships and joint ventures, all partners' and spouses' signatures are required. For corporations, limited partnerships, and limited liability corporations, the person authorized to sign for the entity is required to sign. For trusts, the trustee or trustees are required to sign. For estates, the executor is required to sign.

--*

*--23.5 Completing CCC-10 (Continued)

E Example of CCC-10

The following is an example of a completed CCC-10.

This form is available electronically. Form Approved - OMB No. 0560-0215

CCC-10
(07-17-03)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation
Farm Service Agency

REPRESENTATIONS FOR COMMODITY CREDIT CORPORATION OR FARM SERVICE AGENCY LOANS AND AUTHORIZATION TO FILE A FINANCING STATEMENT AND RELATED DOCUMENTS

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a). The authority for requesting the following information is Commodity Credit Corporation Charter Act, 15 U.S.C. (714 et seq.), the Federal Agriculture Improvement and Reform Act of 1996, and Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.). The information will be used to provide loan benefits. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in denial of loan benefits. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 15 U.S.C. 714m, 18 U.S.C. 286, 287, 371, 641, 651, 1001; and 31 U.S.C. 3729, may be applicable to the information provided.*

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0215. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

PART A - INTRODUCTION

The undersigned is an applicant for a loan from the Commodity Credit Corporation (CCC) or the Farm Service Agency (FSA), or is currently indebted to CCC or FSA on account of loans previously made or will encumber, pledge or mortgage property to CCC or FSA to secure payment of a loan made or to be made by CCC or FSA. The undersigned understands that CCC or FSA will take or has taken a security interest in collateral to secure the payment of any loan made or to be made, that CCC or FSA will file or has filed a financing statement or an amended financing statement to perfect its security interest in such collateral, that the information provided in this instrument will affect the contents of the financing statement or any amended financing statement and where it will be filed and that CCC or FSA will rely upon this information provided by the undersigned. For warehouse-stored CCC marketing assistance loans, I understand that a financing statement will not be filed but this form is necessary to establish the jurisdiction in which a lien search will be conducted. Further, the undersigned understands that CCC or FSA will continue to use this information for any future loans to be made to the undersigned until the undersigned notifies CCC or FSA of any changes. The undersigned agrees to immediately notify CCC or FSA of any changes in this information.

PART B - REPRESENTATION OF UNDERSIGNED

1. TYPE OF UNDERSIGNED: [X] INDIVIDUAL [ ] ORGANIZATION OR ENTITY	2. SOCIAL SECURITY NUMBER OR TAX IDENTIFICATION NUMBER 111-XX-79X1
3. UNDERSIGNED'S FULL LEGAL NAME John Rosco Smith, Jr.	4. SPOUSE'S FULL LEGAL NAME Anita LuAnne Baxter Smith
5. STATE AND COUNTY OF PRIMARY RESIDENCE IF UNDERSIGNED IS AN INDIVIDUAL New Jersey, Adams Co.	6. IF UNDERSIGNED IS AN ORGANIZATION OR ENTITY, SPECIFY THE TYPE OF ORGANIZATION OR ENTITY
7. IF UNDERSIGNED'S ORGANIZATION OR ENTITY IS A REGISTERED ORGANIZATION OR ENTITY, SPECIFY THE STATE IN WHICH THE ORGANIZATION OR ENTITY WAS CREATED	
8. IF UNDERSIGNED'S ORGANIZATION IS A NON-REGISTERED ORGANIZATION OR ENTITY, SPECIFY THE STATE WHERE THE PLACE OF BUSINESS IS LOCATED OR WHERE THE ORGANIZATION OR ENTITY CONDUCTS ITS AFFAIRS	

PART C - AUTHORIZATION TO FILE

9. The undersigned authorizes CCC or FSA to file a financing statement under the name of the undersigned for collateral to be described in the financing statement and security agreement at any time following the date that this instrument is signed. By signing below, I give CCC or FSA permission to file a financing statement prior to the execution of the security agreement, as well as to file amendments and continuations of the financing statement thereafter.

I authorize CCC to enter on the financing statement a broader description of the collateral used to secure a CCC marketing assistance loan than the description on the applicable security agreement.

9A. SIGNATURE OF UNDERSIGNED /s/ John Rosco Smith, Jr.	DATE *(MM-DD-YYYY)* 11-21-01
9B. SIGNATURE OF UNDERSIGNED /s/ Anita LuAnne Baxter Smith	DATE *(MM-DD-YYYY)* 11-21-01
9C. SIGNATURE OF UNDERSIGNED	DATE *(MM-DD-YYYY)*
9D. SIGNATURE OF UNDERSIGNED	DATE *(MM-DD-YYYY)*

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

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24 Using CCC-605, Designation of Agent

A Initial and Subsequent Designation of Agent

[7 CFR 1427.5(e)(2)(iii)] [7 CFR 1427.19] Producers may use CCC-605 to designate to an agent the right to redeem all or a portion of the bales pledged as collateral for a specified loan.

Such designation of an agent does not relieve the producer from the terms and conditions of the note and security agreement.

Agents designated by producers may transfer the designation to a subsequent agent by endorsement on CCC-605.

Subsequent agents, designated on CCC-605, may further transfer the designation to other subsequent agents on CCC-605 by endorsement.

B Additional Forms for Agent Designations

If the transfer of designation is for less bales than:

- are associated with the applicable loan, CCC-605-1 or other bale list must be completed according to subparagraph 207 C

- originally designated by the producer, CCC-605-2 and CCC-605-1 shall be completed according to subparagraphs 207 B and 207 C, respectively.

C Preparing and Using CCC-605

LSA's shall make CCC-605's, CCC-605-1's, and CCC-605-2's available to the public. Producers should be advised that a separate CCC-605 is required for each loan.

These forms shall be prepared only by producers and designated agents.

When a valid CCC-605 or CCC-605-2 and supporting CCC-605's, CCC-605-1's, and CCC-605-2's, as applicable, are presented to LSA, the last agent designated may redeem the bales covered by CCC-605 or CCC-605-2.

--

25 Required Signatures and Documents for Agent Designations (Continued)

E Approved Impressed Signatures

State Offices shall notify each LSA of the impressed signatures that have been registered with the State Office and the format in which an impressed signature is to be represented.

Example: Southern Cotton Merchants has registered the following impress with the State Office:

Southern Cotton Merchants

The State Office would notify LSA's that an impress signature for Bill E. Jones is acceptable on CCC-605's or CCC-605-2's if it is in the following format:

"Southern Cotton Merchants
/s/ Bill E. Jones".

--F Presenting Documents at LSA--

[7 CFR 1427.5(e)(2)] The following table shows what must be presented at *** * *** LSA where the loan originated by designated agents based on who is presenting CCC-605 and whether all or a portion of the loan quantity is being redeemed.

Type of Designation	Producer to Agent "A"	Agent "A" to Agent "B"
Situation	Producer has designated Agent "A" to redeem all or a portion of the bales of a specific loan.	Agent "A" has transferred the designation to Agent "B" for all the bales designated by the producer.
CCC-605 or CCC-605-2 Presented	CCC-605: • original signatures of producer • "ALL" is checked (item 8) • No. of bales = 100 (item 9).	CCC-605: • original endorsement by Agent "A" on CCC-605 (Reverse) • "ALL" is checked (item 8) • No. of bales = 100 (item 9).
Document Needed for Redemption	CCC-605	CCC-605

25 Required Signatures and Documents for Agent Designations (Continued)

F Presenting Documents at the County Office (Continued)

Type of Designation	Agent "B" to Agent "C"	Agent "C" to Agent "D"
Situation	Agent "B" has transferred the designation to Agent "C" for a portion of the bales transferred by Agent "A".	Agent "C" has transferred the designation to Agent "D" for a portion of the bales transferred by Agent "B".
CCC-605 or CCC-605-2 Presented	CCC-605-2: • original signatures of Agent "B" as agent • No. of Bales = 25 (item 6).	CCC-605-2: • new CCC-605-2 • original signatures of Agent "C" as agent • No. of Bales = 10 (item 6).
What Is Needed Before LSA Will Allow Redemption or Extension	CCC-605-2 and the following supporting documentation: • list of 25 bale receipt numbers • copy of CCC-605 signed by producer, and endorsed by Agent "A" transferring designation to Agent "B".	CCC-605-2 and the following supporting documentation: • list of 10 bale receipt numbers • copy of CCC-605-2 signed by Agent "B" transferring designation for 25 bales to Agent "C" • copy of the list of 25 bales transferred from Agent "B" to Agent "C" • copy of CCC-605 signed by producer and endorsed by Agent "A" transferring designation to Agent "B".

26 Using CCC-605-2, Designation of Subsequent Agent

A Preparing CCC-605-2's

Agents who want to redeem only a portion of the cotton listed on CCC-605 or CCC-605-2 designating themselves as agent, may prepare a new CCC-605-2, completed according to subparagraph 27 B, which transfers only those bales the agent wants to redeem to themselves.

Note: For this purpose, CCC-605-2, front side, is all that is required. Copies of CCC-605-2 without a reverse side shall be acceptable if the front side is completed properly.

B Supporting Documentation

Agents who prepare a new CCC-605-2 for redeeming cotton under loan must submit to LSA a new CCC-605-2, with the original signature or approved impressed signature, and a copy of the original CCC-605 and supporting CCC-605-2's, as applicable.

C CCC-605-1 Signature

LSA's shall not require CCC-605-1, or other bale list, to be signed when accompanied by CCC-605's that transfer the right to redeem the cotton loan from an agent to themselves.

27 Completing Designation of Agent Forms

A Instructions for CCC-605

CCC-605's must be completed according to this table before being accepted.

***--Note:** CCR policy is not applicable to LSA's

Item	Instructions
Part B	
4A	Enter the crop year of the loan to which the designation of agent applies. A **separate** CCC-605 is required for each individual loan.
4B	Enter the loan number of the loan to which the designation of agent applies. A **separate** CCC-605 is required for each individual loan.
4C	Enter the maturity date of the loan to which the designation of agent applies. A **separate** CCC-605 is required for each individual loan.
5	If the producer is designating the agent for the total loan quantity identified in Item 4, check the "**ALL**" box. If the producer is designating a partial loan quantity, or a partial designated quantity is being designated by the agent or subsequent agent, check the "See attached Form CCC-605-1 or other list" box.
6	Producer reads Part B and enters in Item 6 the name and address of the agent designated by the producer under the terms of Part B **Note:** Holder ID is not applicable.
7	Enter the address and FAX number of the FSA office where the documents for the loans identified in Item 4 are maintained.
Part C	
8A	Enter the name and address including ZIP code of the contact producer. Only the contact producer needs to be listed in cases where several producers have signed the note and security agreement for the loan. However, the other producers must sign and date in Items 9A through 12B. Part C is continued on CCC-605, Page 3, to provide additional signature space.
8B	Enter the telephone number including area code.
8C	Enter the signature of the contact producer.
8D	Enter date contact producer signed CCC-605.
9A-12A	Each individual producer (other than the contact producer) who signed the loan note and security agreement enters their signature and date of signature.
Part D	
12-15	Agents must endorse Items 12 through 15 if they transfer their authority to a subsequent agent.
Part E	
16	A producer's agent enters their signature if such agent is returning CCC-605 to LSA Office to exchange the loan commodity for a commodity certificate at LSA Office. If the agent is using CCR for a certificate exchange, this item may be left blank.
Part F	For LSA use.

--*

27 Completing Designation of Agent Forms (Continued)

A Instructions for CCC-605 (Continued)

The following is an example of CCC-605.

*--

This form is available electronically. *See Page 2 for Privacy Act and Public Burden Statements.*

CCC-605
(06-21-04)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

AUTHORIZATION OF ELECTRONIC AGENT AND DESIGNATION OF AGENT - COTTON

Instructions for completing CCC-605: Producer reads Parts A and B. All Producers who signed the note and security agreement (CCC Cotton A) for the loan(s) identified in Part B, Item 4 must sign Part C to authorize CCC to use the Electronic Agent Designation and authorize and designate an agent. Agents complete Part D to transfer designation to a subsequent agent and Part E to request Commodity Certificate Exchange.

PART A - TERMS OF AUTHORIZATION FOR CCC TO USE ELECTRONIC AGENT DESIGNATION

1. For purposes of this authorization:
   a. The term "Provider" means the individual or entity that maintains electronic warehouse receipts for the collateral applicable to the loan(s) identified in Part A of this authorization in a central filing system. As of July 1, 2004, the CCC-approved Providers were: FAMBRO Electronic Warehouse Receipts, Inc., Intelligent Storage Services, Inc., and Plains Cotton Cooperative Assoc. The list of Providers can change and may have changed by the time this document is executed.
   b. The term "Designated Agent" means the individual or entity identified by the Provider on the electronic warehouse receipt bale data file as being authorized, through a grant by the Producer or by succession to a grant by the Producer, to redeem all or a portion of the cotton pledged as collateral for the loan(s) identified in Part B, Item 4 of this authorization.
2. The undersigned Producer(s) hereby requests and authorizes CCC to accept repayment of all bales of the loan or loans, as identified in Part B, Item 4 of this authorization, from the individual or entity identified as the Designated Agent on the electronic warehouse receipt bale data file maintained by the Provider for such loan collateral. Producer agrees further that the Producer will hold CCC harmless for any errors that may result from reliance on the information supplied in that regard by the Producer through the electronic warehouse receipt or otherwise.
3. The undersigned Producer(s) may request cancellation of this authorization by submitting a signed and dated request of such cancellation that identifies the applicable loan number. Producer agrees that CCC will not permit the loan collateral identified in Part B, Item 4 to be redeemed by the Producer at a County Office until the producer cancels this authorization. Producer acknowledges that cancellation of this electronic authorization and agent designation occurs when the electronic record is affected and not at the time of the producer request, and that cancellation of the electronic authorization does not constitute cancellation of any agency designation provided in Part B.

PART B - DESIGNATION OF AGENT FOR LOAN REDEMPTION

THE UNDERSIGNED PRODUCER(S) ("PRODUCER") hereby authorizes the agent identified in Item 6 or, if applicable, the subsequent agent identified by endorsement on Page 2 of this form or the execution of a Form CCC-605-2, to redeem all or a portion of the cotton pledged as collateral for the loan identified in Item 4 B. The Producer agrees that no other Form CCC-605 has been or will be executed with respect to such cotton. If this form covers all the warehouse receipts pledged as security for the loan as described in Item 4 B, mark "ALL" in Item 5. If this designation of agent is for only some of the warehouse receipts pledged as security for the loan, mark "see attached Form CCC-605-1, or other list" and enter the bale receipt number(s) in numerical order on Form CCC-605-1 or other list properly dated and signed by the producer. Attach CCC-605-1 or other list to this form.

Title to the cotton shall, without a sale thereof, immediately vest in CCC upon maturity of the loan. CCC shall have no obligation to pay for any market value which the cotton may have in excess of the amount of the loan. CCC may sell, transfer and deliver the cotton or documents evidencing title thereto at such time, in such manner, and upon such terms and conditions as CCC may determine, without demand, advertisement, or notice of the time and place of sale. CCC does not guarantee that the cotton subject to this agreement will be permitted to be redeemed at a level lower than the original loan level if the producer has exceeded statutory payment limitation amounts. In addition, CCC does not guarantee that the cotton subject to this agreement will not be redeemed by anyone other than the designated agent or that the warehouse receipts representing the cotton will not be released to anyone other than the designated agent.

4. Loan Number to which authorization for electronic redemption applies to all bales:		5. LOAN QUANTITY APPLICABLE TO THIS AGENT DESIGNATION:
A. CROP YEAR: 2005	B. LOAN NUMBER: 0008	ALL [X] See attached Form CCC-605-1 or other list [ ]
C. MATURITY DATE: 04/20/2005		
6. Agent's Name, Address, and Holder ID Number: Fortune Cotton Inc. 25 South St. Lubbock, TX 12345		7. Address of FSA Office providing loan and FAX Number : Beltway LSA 100 East 66th St. Lubbock, TX 12345

PART C - SIGNATURE OF PRODUCERS WHO SIGNED LOAN NOTE AND SECURITY AGREEMENT (CCC COTTON A) FOR LOAN(S)
(SIGNATURES CONTINUED ON PAGE 3)

8A. Name and Address of Contact Producer *(Include ZIP Code)*	8B Telephone Number *(Include Area Code)*:	
Mary M. Maddox 24 Sparkle Ln. South Lubbock, TX 12345	860-814-0015	
	8C. Signature of Contact Producer */s/ Mary M. Maddox*	8D. Date *(MM-DD-YYYY)* *10/15/2005*

9A. Other Producers Signature	9B. Date *(MM-DD-YYYY)*	10A. Other Producers Signature	10B. Date *(MM-DD-YYYY)*

--*

27 Completing Designation of Agent Forms (Continued)

A Instructions for CCC-605 (Continued)

*--

CCC-605 (Page 2 of 3) (06-21-04)

PART D - ENDORSEMENT

The transfer or endorser must complete the relevant information for each transfer. Failure to complete the information renders this CCC-605 void.

BY ENDORSEMENT:

12. _____ (Name of agent) does hereby transfer the functions specified in Part B: TO _____ (Name of subsequent agent) BY _____ (Signature of agent)	13. _____ (Name of agent) does hereby transfer the functions specified in Part B: TO _____ (Name of subsequent agent) BY _____ (Signature of agent)
14. _____ (Name of agent) does hereby transfer the functions specified in Part B: TO _____ (Name of subsequent agent) BY _____ (Signature of agent)	15. _____ (Name of agent) does hereby transfer the functions specified in Part B: TO _____ (Name of subsequent agent) BY _____ (Signature of agent)

PART E - REQUEST/ACKNOWLEDGEMENT FOR COMMODITY CERTIFICATE EXCHANGE

I acknowledge: (1) receipt of CCC Commodity Credit Certificate which I requested to purchase from CCC; (2) that the certificate will be exchanged with CCC in the manner specified in CCC regulations at 7 CFR Part 1400 in order that I may receive commodities from CCC which had previously been pledged as collateral for a CCC marketing assistance loan; and (3) that for purposes of valuing the commodity acquired under this transaction, such value will be the marketing loan repayment rate applicable under 7 CFR Part 1427 for the commodity as of the day I made payment to CCC for the commodity certificate.

16. SIGNATURE OF PRODUCER'S AGENT	DATE (MM-DD-YYYY)

PART F - FOR COMMODITY CREDIT CORPORATION'S USE ONLY

17A. Holder ID to which loan collateral released	17B. Signature of CCC Representative	17C. Date (MM-DD-YYYY)

NOTE: *The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.*

The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting the following information is the Cotton Loan Program Regulations at 7 CFR Part 1427. This information will be used to determine who may repay cotton loans. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided. ***RETURN THIS COMPLETED FORM TO THE COUNTY OFFICE ADDRESS LISTED IN PART B, ITEM 7.***

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

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27 Completing Designation of Agent Forms (Continued)

A Instructions for CCC-605 (Continued)

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CCC-605 (Page 3 of 3) (06-21-04)

PART C - SIGNATURE OF PRODUCERS WHO SIGNED LOAN NOTE AND SECURITY AGREEMENT (CCC COTTON A) FOR LOAN(S) IDENTIFIED IN PART B *(Continued from Page 1)*

11A. Other Producers Signature	11B. Date *(MM-DD-YYYY)*	12A. Other Producers Signature	12B. Date *(MM-DD-YYYY)*

--*

27 Completing Designation of Agent Forms (Continued)

B Instructions for CCC-605-2

CCC-605-2's, including supporting CCC-605-2's, must be completed according to this table before being accepted.

Item	Instructions
1	Agent's name and address must be entered.
2	Subsequent agent's name and address must be entered.
3	LSA name and address where loan documents are held must be entered.
4	Maturity date for the loan under which the cotton is currently pledged must be entered.
5	Applicable loan number must be entered. **Note:** Separate CCC-605-2's are required for each loan.
6	Enter number of bales listed on attached CCC-605-1 or other acceptable bale list.
7	Crop year of the cotton must be entered.
8	The transferring agent must sign.
9	If the entire loan quantity indicated on the front of CCC-605-2 is being transferred, the transferrer shall: • enter the transferrer's name • enter the transferee's name • endorse by signing. **Note:** If the entire quantity covered by the front of CCC-605 is not being transferred, a new CCC-605-2 must be prepared and completed.

27 Completing Designation of Agent Forms (Continued)

B Instructions for CCC-605-2 (Continued)

The following is an example of CCC-605-2.

REPRODUCE LOCALLY. Include from number and date on all reproductions. Form Approved - OMB No. 0560-0074

CCC-605-2
(09-19-00)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

DESIGNATION OF SUBSEQUENT AGENT - COTTON

NOTE: *The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Agricultural Act of 1949, as amended, the Federal Agriculture Improvement and Reform Act of 1996, the Commodity Credit Corporation Charter Act, as amended, and regulations (7 CFR Part 1427). The information will be used to determine who may repay cotton loans. Furnishing the requested information is voluntary, however, without it assistance cannot be provided. This information may also be provided to other USDA agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to orders of a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.*

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0074. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

INSTRUCTIONS: Items 1-8 must be completed by Agent.

PART A - LOAN AND AGENT DATA.

1. AGENT'S NAME AND ADDRESS	2. SUBSEQUENT AGENT'S NAME AND ADDRESS	3. OFFICE HOLDING WAREHOUSE RECEIPTS
Jack Heber Rt. 1, Box 89 Sometown, SS 23485	Bill Aftermore P.O. Box 44 Sometown, SS 23485	Seedfar LSA P.O. Box 234 Sometown, SS 23485

4. MATURITY DATE	5. LOAN NUMBER	6. NUMBER OF BALES	7. CROP YEAR
7-31-9X	67	5	200X

PART B - DESIGNATION OF SUBSEQUENT AGENT FOR LOAN REDEMPTION.

THE UNDERSIGNED AGENT ("AGENT") hereby authorizes the subsequent agent identified Item 2 as the agent to act on behalf of the Producer or another subsequent agent as evidenced by endorsement on the reverse side of this form or the execution of a subsequent Form CCC-605-2, to redeem the cotton pledged as collateral for the loan identified in Part A which is listed on the attached Form CCC-605-1 or other list properly dated and signed by the Agency. The Agent agrees that no other Form CCC-605-2 has been or will be executed with respect to such cotton. A copy of the CCC-605 and any other CCC-605-2 that provide proof of the Agent's authority to designate a subsequent agent shall be attached.

Title to the cotton shall, without a sale thereof, immediately vest in CCC upon maturity of the loan. CCC shall have no obligation to pay for any market value which the cotton may have in excess of the amount of the loan. CCC may sell, transfer and deliver the cotton or documents evidencing title thereto at such time, in such manner, and upon such terms and conditions as CCC may determine, without demand, advertisement, or notice of the time and place of sale. CCC does not guarantee that the cotton subject to this agreement will be permitted to be redeemed at a level lower than the original loan level if the producer has exceeded statutory payment limitation amounts. In addition, CCC does not guarantee that the cotton subject to this agreement will not be redeemed by anyone other than the designated agent or the warehouse receipts representing the cotton are not released to anyone other than the designated agent.

8. SIGNATURE OF AGENT	DATE
/s/ Jack Heber	*11-17-0X*

9. REMARKS

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

27 Completing Designation of Agent Forms (Continued)

B Instructions for CCC-605-2 (Continued)

CCC-605-2 (REVERSE) (09-19-00)

ENDORSEMENTS

THE TRANSFEROR/ENDORSER MUST COMPLETE THE RELEVANT INFORMATION FOR EACH TRANSFER. FAILURE TO COMPLETE THE INFORMATION RENDERS THIS CCC-605-2 VOID.

Endorsement transfers both functions specified in Part B, and the transferor agent's authority is extinguished.

10. BY ENDORSEMENT:

A. Bill Aftermore
(Name of agent)

does hereby transfer the functions specified in Part B:

TO Mary Tastone
(Name of subsequent agent)

BY */s/ Bill Aftermore*
(Signature of agent)

B. _____
(Name of agent)

does hereby transfer the functions specified in Part B:

TO _____
(Name of subsequent agent)

BY _____
(Signature of agent)

C. _____
(Name of agent)

does hereby transfer the functions specified in Part B:

TO _____
(Name of subsequent agent)

BY _____
(Signature of agent)

D. _____
(Name of agent)

does hereby transfer the functions specified in Part B:

TO _____
(Name of subsequent agent)

BY _____
(Signature of agent)

E. _____
(Name of agent)

does hereby transfer the functions specified in Part B:

TO _____
(Name of subsequent agent)

BY _____
(Signature of agent)

F. _____
(Name of agent)

does hereby transfer the functions specified in Part B:

TO _____
(Name of subsequent agent)

BY _____
(Signature of agent)

27 Completing Designation of Agent Forms (Continued)

C Instructions for CCC-605-1

If the producer or, if applicable, the agent or subsequent agent designates less quantity than the loan quantity or designated quantity, a properly completed CCC-605-1 must be attached to CCC-605 or CCC-605-2 before being accepted.

Note: A list other than CCC-605-1 may be attached if the same information that is on CCC-605-1 is provided and the list is signed and dated by the producer or, if applicable, the agent.

Item	Instructions
1	Name and address of producer or, if applicable, the name and address of transferring agent must be entered.
2	Name and address of agent or, if applicable, the name and address of subsequent agent must be entered.
3	Name of LSA holding warehouse receipts must be entered.
4	Maturity date of applicable loan must be entered.
5	Applicable loan number must be entered.
6	Applicable crop year must be entered.
Warehouse Receipt Number	List of applicable warehouse receipt numbers in numerical order must be entered.
Signature and Date	Producer's signature and date or, if applicable, transferring agent's signature and date must be entered. **Note:** If CCC-605-2 is prepared according to paragraph 206, signature is not required.

27 Completing Designation of Agent Forms (Continued)

C Instructions for CCC-605-1 (Continued)

The following is an example of CCC-605-1.

REPRODUCE LOCALLY. Includes form numbers and date on all reproductions. Form Approved - OMB No. 0560-0074

CCC-605-1
(09-19-00)

U. S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

DESIGNATION OF AGENT - COTTON
(CONTINUATION SHEET TO FORM CCC-605)

NOTE: *The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Agricultural Act of 1949, as amended, the Federal Agriculture Improvement and Reform Act of 1996, the Commodity Credit Corporation Charter Act, as amended, and regulations (7 CFR 1427). The information will be used to determine who may repay cotton loans. Furnishing the requested information is voluntary, however, without it assistance cannot be provided. This information may also be provided to other USDA agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to orders of a court, magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001, 15 USC 714m, and 31 USC 3729, may be applicable to the information provided.*

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0074. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

1. PRODUCER'S NAME AND ADDRESS	2. AGENT'S NAME AND ADDRESS	3. COUNTY OFFICE HOLDING WAREHOUSE RECEIPTS
Jim Howard RT. 1, Box 120 Sometown, SS 23485	Bill Smith P.O. Box 2364 Sometown, SS 22998	Seedfar LSA P.O. Box 234 Sometown, SS 23485
4. MATURITY DATE	**5. LOAN NUMBER**	**6. CROP YEAR**
6-30-0X	67	200X

7. List warehouse receipt numbers in numerical order.

WHSE. RECEIPT NO.	WHSE. RECEIPT NO.	WHSE. RECEIPT NO.	WHSE. RECEIPT NO.
1 915666	21	41	61
2 915667	22	42	62
3 915700	23	43	63
4 915703	24	44	64
5 915706	25	45	65
6 915707	26	46	66
7 915708	27	47	67
8 915709	28	48	68
9 915710	29	49	69
10 915720	30	50	70
11	31	51	71
12	32	52	72
13	33	53	73
14	34	54	74
15	35	55	75
16	36	56	76
17	37	57	77
18	38	58	78
19	39	59	79
20	40	60	80

8. SIGNATURE OF PRODUCER	DATE
/s/ Jim Howard	***9-15-0X***

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

28 Beneficial Interest Requirements

A Background

When requested by LSA, producers are required to provide either of the following, as applicable, before a loan or LDP is approved:

- a copy of all written options to purchase or sales contracts
- certification, according to Exhibit 10, that no written option to purchase or sales contract has been initiated.

  Note: The producer must provide the terms and conditions of verbal options to purchase or sales contracts on the certification according to Exhibit 10.

This paragraph provides LSA's the procedures to follow in determining whether, because of beneficial interest concerns, a producer is eligible for either a loan or LDP.

--Note:** 7-CN, paragraph 102 contains additional beneficial interest information.**--

B Procedures

LSA's shall follow the procedures in this table to determine whether a producer is eligible, based on beneficial interest status, for either a loan or LDP.

Step	Action

1	Only when there is reason to believe the producer may have lost beneficial interest in a commodity, ask the producer for:
	
	• a copy of all written options to purchase or sales contracts
	• certification, according to Exhibit 10:
	
	  • that no written option to purchase or sales contract has been initiated
	  • the terms and conditions of verbal options to purchase or sales contracts.

28 Beneficial Interest Requirements (Continued)

B Procedures (Continued)

Step	Action		
2	**IF producer provides LSA...**	**AND the same contract or sales option has...**	**THEN LSA shall...**
	a written option to purchase or sales contract	not been submitted by any producer before for this crop year or beneficial interest is questioned	• submit copy to County Office where LSA is located • request County Office to determine when beneficial interest passes according to 7-CN, paragraph 103 **Note:** County Offices shall respond to LSA's within 10 workdays unless contract is referred to the State Office. • go to step 3.
		been submitted before for this crop year or beneficial interest is not questioned	go to step 3.
	certification that no written option to purchase or sales contract exists		go to step 5.
3	Using memorandum from County Office and, if necessary, by contacting producer, determine whether beneficial interest has already passed or will pass before loan or LDP can be processed.		
4	**IF beneficial interest has...**	**THEN...**	
	not passed	• attach the memorandum from the County Office to documents referencing when beneficial interest passes • go to step 5.	
	passed or will pass before loan or LDP documents can be processed	• **stop** the process • return documents to producer with attachment informing producer of denial, reason, and that the producer may appeal the denial to the County Office.	
5	Continue the loan or LDP process.		

*--29 Lobbying Disclosure Requirements, Compliance, and Reporting

A Applicability

The disclosure requirement applies to:

- cotton loans with a principal value exceeding $150,000, whether this loan collateral is redeemed with cash or exchanged for a commodity certificate

- LDP applications exceeding $100,000.

B To Comply With Disclosure Requirements

To comply with lobbying disclosure requirements, applicants for and recipients of a loan disbursement exceeding $150,000 or LDP exceeding $100,000 must file, with LSA Office, either of the following forms for **each** loan or payment that exceeds $150,000 or $100,000, respectively:

- CCC-674, if they have **not** or will **not** use monies received to lobby or otherwise influence the actions of a Federal official about a particular loan or payment

- SF-LLL, if they have or will use monies received to lobby or otherwise influence the actions of a Federal official about a particular loan or payment.

C Providing Forms

Each time a loan exceeding $150,000 or LDP exceeding $100,000 is requested, LSA Offices shall give the applicant a copy of either of the following:

- CCC-674
- SF-LLL.

LSA Offices shall inform the applicant that the applicable form must be returned to LSA Office before the loan or payment will be disbursed.

D Disbursing the Loan or Payment

LSA Offices shall not disburse a loan exceeding $150,000 or LDP exceeding $100,000 until the applicant has returned the completed CCC-674 or SF-LLL.**--***

*--29 Lobbying Disclosure Requirements, Compliance, and Reporting (Continued)

E Example of CCC-674

This is an example of CCC-674.

REPRODUCE LOCALLY. Include form number and date on reproductions. Form Approved - OMB No. 0348-0046

CCC-674
(08-01-98)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS

NAME AND ADDRESS OF RECIPIENT

John A. Largefarm
1000 Largefarm Road
Vienna, GA 31092

TRANSACTION DOCUMENT *(Loan No., Contract No.,CCC-6 No(s)., Check No., etc.)*
D0008417
PROGRAM YEAR
2000

To comply with lobbying disclosure requirements (31 U.S.C. 1352), applicants for and recipients of: 1) A Federal loan exceeding $150,000; or 2) A Federal contract, grant, or cooperative agreement payment exceeding $100,000 must file, with the disbursing office:

A. If they have not or will not use monies received for lobbying purposes, CCC-674.
B. If they have or will use monies received for lobbying purposes, SF-LLL.

CERTIFICATION

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

RECIPIENT SIGNATURE DATE

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0348-0046. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

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*--29 Lobbying Disclosure Requirements, Compliance, and Reporting (Continued)

F Example of SF-LLL

This is an example of SF-LLL.

DISCLOSURE OF LOBBYING ACTIVITIES

Approved by OMB 0348-0046

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure.)

1. Type of Federal Action:	2. Status of Federal Action:	3. Report Type:
[D] a. contract b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance	[B] a. bid/offer/application b. initial award c. post-award	[A] a. initial filing b. material change **For Material Change Only:** year _____ quarter _____ date of last report _____

4. Name and Address of Reporting Entity:	5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:
[X] Prime [ ] Subawardee Tier _____, *if known*: J.A. Moneywell 123 Banker Avenue Houston, TX 12345 **Congressional District**, *if known*:	NA **Congressional District**, *if known*:
6. Federal Department/Agency: USDA/FSA	**7. Federal Program Name/Description:** Marketing Assistance Loan CFDA Number, *if applicable*: 10.051
8. Federal Action Number, *if known*:	**9. Award Amount**, *if known*: $ 175,000
10. a. Name and Address of Lobbying Registrant (*if individual, last name, first name, MI*): Able and Unable Attorney at Law 1001 Harmony Street Washington, DC 20018	**b. Individuals Performing Services** (*including address if different from No. 10a*) (*last name, first name, MI*): Unable, Jack May B.
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less that $10,000 and not more than $100,000 for each such failure.	Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____
	Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)

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*--29 Lobbying Disclosure Requirements, Compliance, and Reporting (Continued)

F Example of SF-LLL (Continued)

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.

2. Identify the status of the covered Federal action.

3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.

4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.

5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.

6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.

7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.

8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."

9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.

10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.

    (b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).

11. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 10 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.

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30-35 (Reserved)

Part 3 Preparing and Disbursing Loans

36 Loan Disbursement Overview

A How LSA's Make a Loan Disbursement

LSA's shall follow the procedures in this table to make loan disbursements.

Step	Action	
1	Receive from producers: •*--CCC-10 according to paragraph 23.5 • CCC-674 or SF-LLL according to paragraph 29 • warehouse receipts or EWR numbers and EWR provider's name • classification data • beneficial interest information as provided in paragraph 28 • information required for CCC-Cotton A, CCC-Cotton A-1, and CCC Cotton A-5--* • a power of attorney, if FSA-211 has been completed • lien waivers, if necessary.	
2	Follow procedures in paragraph 28 to determine whether beneficial interest is held by the producer at time of loan.	
	IF...	**THEN...**
	held	continue.
	not held	stop process and return receipts and classification data to producer.
3	Determine eligibility according to 1-CMA.	
	IF...	**THEN...**
	eligible	continue.
	not eligible	stop process and return receipts and classification data to producer.

36 Loan Disbursement Overview (Continued)

A How LSA's Make a Loan Disbursement (Continued)

Step	Action	
4	Conduct lien search.	
	IF liens...	**THEN...**
	exist	obtain CCC-679.
	do not exist	continue.
5	Instruct producer to notify EWR provider to amend EWR to show CCC as holder at LSA.	
6	Calculate loan and complete CCC-Cotton A, CCC-Cotton A-1, and CCC Cotton A-5.	
7	Recheck all loan documents for accuracy.	
8	Obtain signatures on CCC-Cotton A from producer or producer's agent on FSA-211, if applicable, and inform signee that he or she has either of the following options: • sign and submit CCC-Cotton A within 15 calendar days by FAX or return mail *** * *** • cancel the loan. **Note:** If canceled, the producer may reapply.	
	Submit loan transaction to ACRS, according to 21-CN, receive loan funds from CCC, and issue loan disbursement less net R&P fees and service charges to producer within 3 calendar days.	
10	File and deliver executed loan documents as instructed in this handbook.	

37 Before Processing the Loan

A Overview

This paragraph establishes criteria required by LSA's before they process and issue a loan disbursement.

B Producer and Farm Eligibility

Determine eligibility according to 1-CMA.

C Eligible Cotton

Cotton shall be eligible for loan through LSA's when it meets **all** eligibility requirements in 7-CN.

Notes: Cotton may not be repledged as collateral for CCC loan.

7-CN contains information regarding dates loans are available.

LSA's shall call any loan immediately upon discovery that the cotton has become ineligible.

The producer may provide bale detail data by bringing to LSA cotton bale data prepared according to 7-CN.

D Required Documentation

Producers shall provide LSA acceptable:

- warehouse receipts according to 7-CN, or EWR numbers and EWR provider's name
- beneficial interest information as provided in paragraph 28
- classification data according to 7-CN.

37 Before Processing the Loan (Continued)

E Completing CCC Cotton A-5

CCC Cotton A-5 shall be completed to serve as a source document for preparing cotton loans.

Complete CCC Cotton A-5 according to this table. File the original copy in the LSA Office and give a copy to the producer.

Item	Instructions
Part A	
1-7	***--**Enter the information provided by the producer. **Complete all items**.**--***
8	Enter the later of the following dates: • the date of receipt from the producer of any paper documents necessary to complete the loan, such as a lien waiver **Note:** The date by which a lien search is conducted is not applicable to this item. • the date CCC was made holder of EWR's • if applicable, the date paper warehouse receipts were delivered to LSA.
9	***--**Enter the date signed by the producer or POA in Part B.
10	Leave blank or use for file sequence number of the loan.
11-19	Check the appropriate block based on information provided by the producer and County Office records. If necessary, contact the producer for up-to-date data.
20	Enter applicable date.
Part B	LSA representative and producer or POA shall sign and date.**--***
Part C	Enter disbursement data applicable to all setoffs and any payees other than the producer sharing in the loan's proceeds.

37 Before Processing the Loan (Continued)

E Completing CCC Cotton A-5 (Continued)

*--

This form is available electronically.

CCC Cotton A-5 (01-21-05) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation STATEMENT OF ELIGIBILITY AND INFORMATION WORKSHEET	A. COUNTY OFFICE NAME AND ADDRESS Acme LSA 100 Lubbock St. Lubbock, TX 12345	B. CROP YEAR 2005

NOTE: *The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.*

The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting the following information is the Agricultural Act of 1949, as amended, the Federal Agriculture Improvement and Reform Act of 1996, the Commodity Credit Corporation Charter Act, as amended, and regulations (7 CFR Part 7). The information will be used to determine eligibility for cotton loan program benefits. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for cotton loan program benefits. This information may be also provided to other USDA agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001, 1014, 15 USC 714m, and 31 USC 3729, may be applicable to the information provided. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

PART A - ELIGIBILITY AND RELATED INFORMATION

1A. CONTACT PRODUCER'S NAME, ADDRESS AND IDENTIFICATION NUMBER Janus Wise Box 333 Yunna, AZ 11111 XXX-XX-1111	1B. CROP SHARE 100 %	4. FARM NUMBER WHERE COTTON WAS PRODUCED 1111 5. GIN CODE 41560
2A. OTHER PRODUCER'S NAME, ADDRESS AND IDENTIFICATION NUMBER	2B. CROP SHARE %	6. WAREHOUSE CODE OR COTTON LOCATION 3 7. NO. OF WAREHOUSE RECEIPTS OR BALES 12-18-2005
3A. OTHER PRODUCER'S NAME, ADDRESS AND IDENTIFICATION NUMBER None	3B. CROP SHARE %	8. DATE ALL REQUIRED DOCUMENTS RECEIVED *(MM-DD-YYYY)* 12-18-2005 9. DATE OF APPLICATION *(MM-DD-YYYY)* 12-18-2005 10. FILE NAME

ITEM	N/A	YES	NO	ITEM	N/A	YES	NO
11. Did operator separate landlord's bales?	X			16. Can the operator sign as agent for the owner?	X		
12. Are the producer and cotton eligible for the loan?		X		17. Must note be mailed for owner's signature?			X
13. Is the producer on the debt records?			X	18. Will owner come to county office to sign note?			X
14. Is there a lien on the crop?			X	19. Are you or any co-applicant delinquent on any federal non tax debt? (If "YES", provide details in the remarks)			X

15. If answer to Item 14 is "YES", enter Name and Address of Lienholder(s)

20. Date that note will be ready for signature and checks printed *(MM-DD-YYYY)* 12-19-2005

21. Remarks

PART B - CERTIFICATION

I certify, regarding the cotton to be pledged as collateral for this loan, that: (1) I have, and will retain, beneficial interest in it until satisfaction of any loan obligation; (2) I will provide CCC warehouse receipts for it; (3) any option-to-purchase granted by me does not provide that the buyer may direct me to pledge the cotton to CCC as collateral for this loan; and, (4) I agree that if I do not sign the loan note and security agreement within 15 calendar days from the date entered into Item 20 of this application that the application may be voided or the date documents received may be amended.

1. SIGNATURE OF CCC REPRESENTATIVE	DATE (MM-DD-YYYY)	2. SIGNATURE OF CONTACT PRODUCER	DATE (MM-DD-YYYY)
/s/ Fred Acme	*12-19-2005*	*by Fred Acme, President Acme LSA, POA*	*12-19-2005*

PART C - DISBURSEMENT DATA

1. SETOFF(S) (Including debt I.D., if applicable) AND PAYEE(S).	2. DEBT IDENTIFICATION	3. CHECK AMOUNT ($)

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and mantal or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

☐ ORIGINAL ☐ COUNTY OFFICE COPY ☐ AUTHORIZED LSA or LOAN CLERK COPY ☐ PRODUCER'S COPY

--*

38 Using CCC-Cotton A, Cotton Producer's Note and Security Agreement

A Purpose

CCC-Cotton A is the basic document used by CCC to obtain producer information and legal authority to pledge cotton for loan.

B Policy

All bales pledged on CCC-Cotton A shall be:

- stored in the same warehouse
- ginned at the same gin.

C Completing CCC-Cotton A

Complete LSA computer-generated CCC-Cotton A according to this table.

Item	Instructions
(1)	ENTER "X" if more space is needed: • to enter producer information according to item (9) • for producer signatures according to item (12).
(2)	Enter name and address of producer applying for loan benefits.
(3)	Enter warehouse code. **Note:** All bales pledged for 1 loan must have the same warehouse code.
(4)	Enter State and county codes and farm number where produced.
(5 a)	Enter the loan number assigned by LSA.
(5 b)	Enter the applicable crop year.
(5 c)	Enter the commodity code as follows: • "UP" for upland cotton • "ELS" for ELS cotton.
(5 d)	Enter the gin code number for upland cotton loans. Leave blank for ELS. **Note:** All cotton pledged for 1 loan must be ginned at the same gin.
(5 e)	***--**Leave blank.**--***

38 Using CCC-Cotton A, Cotton Producer's Note and Security Agreement (Continued)

C Completing CCC-Cotton A (Continued)

Item	Instructions
(5 f)	Enter the number of bales, which is the same as the number of warehouse receipts.
(5 g)	Enter the loan quantity, which is the total net pounds from the warehouse receipts.
(6 a)	Enter the gross loan amount according to paragraph 40. **Computation:** This the cumulative total of all bales' loan rates, adjusted for premiums and discounts, times the net weight.
(6 b)	Enter the gross loan amount used to figure research and promotion fees on upland cotton loans. Leave blank for ELS. **Note:** If charges for providing new bale ties is applicable, see 7-CN, paragraph 174.
(7 a) and (8 a)	Enter the gross loan amount.
(7 b), (7 c), and (8 b)	Leave blank.
(8 c)	Enter the LSA service fee according to paragraph 40.
(8 d)	Enter R&P fee according to paragraph 40. Leave blank for ELS.
(9)	Enter name of each person or firm to receive any of the loans proceeds, including those listed on CCC Cotton A-5. **Note:** When additional space is needed to list payees, ENTER "X" in the continuation code block (Item 1) and prepare CCC-Cotton A Continuation.
(10)	Enter producer ID.
(11)	Enter producer's share of loan.
(12)	***--**Obtain applicant's DCIA certification.**--***
(13)	Each producer who pledged production for the loan or persons authorized to sign for producers shall sign. **Important:** Give each producer, or authorized agent, a copy of CCC-601 (Exhibit 5) and instruct them to read both CCC-601 and CCC-Cotton A before signing. **Note:** Obtain spouse's signature if required by State law.
(14)	Enter date each producer or authorized agent signed in item (12).
(15)	Enter signature of authorized LSA official and date of signature. **Note:** This date must be the same as or before the disbursement date.
(16)	Enter LSA's name, address, and phone number.

38 Using CCC-Cotton A, Cotton Producer's Note and Security Agreement (Continued)

C Completing CCC-Cotton A (Continued)

The following is an example of CCC-Cotton A.

*--

READ THE ENTIRE INSTRUMENT BEFORE SIGNING (See CCC-601 for Privacy Act Statement) Form Approved - OMB No. 0560-0074

CCC-COTTON A (06-26-03)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

Form CCC-Cotton A Continuation is incorporated into this Form CCC-Cotton A when this box is marked: [ ] (1)

COTTON PRODUCER'S NOTE AND SECURITY AGREEMENT

Name & Mailing Address of Contact Producer (2)
James Wise
Box 333
Yuma, AZ

Warehouse Code (3)
232487

St. & Co. Codes & Farm No. Where Produced (4)
04-013-1111

Loan No.: 03010 (5a)
Crop Year: 2003 (5b)
Commodity: UP (5c)
Gin Code: 41360 (5d)
Prep Code: 20 (5e)
No. Bales: 3 (5f)
Loan Quantity: 1383.00 (5g)

Gross Loan Amount: 648.63 (6a)
Gross Loan Amt. for R&P: 648.63 (7a)
Storage Deduction: (7b)
Rec. Charge Reduction: (7c)

Loan Amount: 648.63 (8a)
Clerk Fee: (8b)
Service Fee: 3.24 (8c)
Research and Promotion: 6.24 (8d)
TOTAL DISBURSEMENT:

PRODUCER (A)	ID NUMBER (B)	PRODUCER SHARE (C)
James Wise (9)	XXX-XX-1111 (10)	1.0000 (11)

The terms and conditions of the Note and Security Agreement are set forth in this Form CCC-Cotton A ("Note") and Form CCC-601 "Commodity Credit Corporation Note and Security Agreement Terms and Conditions," and any appendix thereto. By signing this form CCC-Cotton A, each producer agrees to all terms and conditions specified in these forms and acknowledges receipt of Form CCC-601 and any appendix thereto. By signing this form, the producer agrees that: (1) the interest rate applicable to the loan will be determined in accordance with 7 CFR Part 1405 and will be the rate of interest charged by the U.S. Treasury, plus 1 percent, for funds borrowed by CCC on the date the loan proceeds are disbursed to each producer; and (2) the maturity date of the loan will be the last day of the 9th calendar month following the month in which such loan proceeds are disbursed CCC may at any time accelerate the maturity date of this loan upon demand of payment. The loan disbursement date, actual interest rate and maturity date for the loan may be obtained at the County FSA Office listed below.

The producer hereby sells, assigns, and mortgages, to CCC as collateral for the payment of this Note plus charges and interest, all of the commodity described in this Note and attached Form CCC-Cotton A-1, Schedule of Pledged Cotton, and Form CCC-Cotton A Continuation, if any, together with all authorized replacements, substitutions, additions, and accessions thereto, which is stored in this warehouse specified in this Note.

Are you or any co-applicant delinquent on any Federal non tax debt? (If YES, attach details to this form.) [ ](YES) [X](NO) (12)

Signature	Date	Signature	Date
by Fred Acme, President for Acme LSA, POA (13)	12/19/03 (14)	(13)	(14)

APPROVED FOR CCC BY	DATE	Name and Address of County FSA Office
Fred Acme (15)	12/19/03	Acme LSA (16) 100 Lubbock St. Lubbock, TX 12345 TELEPHONE NO. (806) 723-1111

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202)720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

--*

38 Using CCC-Cotton A, Cotton Producer's Note and Security Agreement (Continued)

D Distributing CCC-Cotton A

Distribute CCC-Cotton A as follows:

- file original in a locked, fireproof file
- deliver 1 copy to applicable producer.

39 Using CCC-Cotton A Continuation

A Purpose

CCC-Cotton A Continuation is used if on CCC-Cotton A there are more:

- than 3 producer's signatures required
- payees than space provided.

B Completing CCC-Cotton A Continuation

Complete CCC-Cotton A Continuation according to this table.

Item	Instructions	
1	Enter LSA's CCC code number.	
2	Enter loan number assigned by LSA.	
3	Enter applicable crop year.	
4	**IF...**	**THEN ENTER...**
	upland cotton	"UP".
	ELS cotton	"ELS".
A	Enter name of each person or firm to receive any of the loan proceeds.	
B	Enter producer's ID.	
C	Enter share of the cotton.	
5	Obtain signature of each producer that pledged production for the loan or person authorized to sign for the produces. **Notes:** Each signature must be dated. Obtain spouse's signature if required by State law. Give each producer, or authorized agent, a copy of CCC-601, and instruct them to read CCC-601, CCC-Cotton A, and CCC-Cotton A Continuation before signing.	

39 Using CCC-Cotton A Continuation (Continued)

B Completing CCC-Cotton A Continuation (Continued)

The following is an example of CCC-Cotton A Continuation.

READ THE ENTIRE INSTRUMENT BEFORE SIGNING (See CCC-601 for the Privacy Act Statement) Form Approved - OMB No. 0560-0074

CCC-Cotton A Continuation (02-16-94)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

1. ST. & CO. CODE	2. LOAN NO.
13-113	
3. CROP YEAR	**4. COMMODITY**
9X	UP

CCC-COTTON A CONTINUATION SHEET

PRODUCER -A-	ID NUMBER -B-	PRODUCER SHARE -C-
Jane Doe	402-66-7699	.1333

5. NAMES AND SIGNATURES OF ADDITIONAL PRODUCERS AGREEING TO THIS LOAN AS SPECIFIED ON CCC-COTTON A.

Any signatories below agree to all terms and conditions specified in Form CCC-Cotton A and any other Form CCC-Cotton A Continuation with the same loan number stated in Section 2 of this CCC-Cotton A Continuation.

Signature	Date
\/s\/ Jane Doe	*11-23-9X*

This program will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, sex, marital status, or disability.

39 Using CCC-Cotton A Continuation (Continued)

C Distributing CCC-Cotton A Continuation

Distribute CCC-Cotton A Continuation as follows:

- file original in a locked, fireproof file
- deliver 1 copy to applicable producer.

40 Using CCC-Cotton A-1, Schedule of Pledged Cotton

A Purpose

CCC-Cotton A-1 accompanies CCC-Cotton A and lists bale data for the cotton pledged as collateral for the loan.

B Completing CCC-Cotton A-1

Complete CCC-Cotton A-1 according to this table.

Item or Column	Instructions	
1	Enter LSA's CCC code number.	
2	Enter applicable crop year and do the following.	
	IF...	**THEN ENTER...**
	upland cotton	"UP".
	ELS cotton	"ELS".
3	Enter loan number assigned by LSA.	
4	Enter date checks are issued.	
5	Enter name of contact producer.	
6	Enter warehouse code from the warehouse receipt. **Note:** Cotton stored at different warehouses must be processed as separate loans.	
7	**IF...**	**THEN...**
	upland cotton	enter gin code from the warehouse receipt. **Note:** Cotton ginned at different gins must be processed as separate loans.
	ELS cotton	leave blank.

40 Using CCC-Cotton A-1, Schedule of Pledged Cotton (Continued)

B Completing CCC-Cotton A-1 (Continued)

Item or Column	Instructions
8	Enter the applicable code listed below: "F" - Flat Uncompressed Bales "GH" - Gin High Density Bales "GS" - Gin Standard Density Bales "GU" - Gin Universal Density Bales "M" - Modified Flat Bales "SD" - Standard Density Bales "SS" - Standard Density Short Bales "SU" - Universal Density Short Bales "WU" - Warehouse Universal Density Bales **Note:** If compression has been paid, enter an "X" following the applicable compression code.
9	Enter the date warehouse receipts are received by LSA.
10	Enter reconcentration order number provided by KCCO, Bulk Commodities Division, Inventory Management Branch, if applicable.
11	Enter tare weight from the warehouse receipt.
12	Enter receiving charges listed on the warehouse receipt, unless receipt is stamped showing charges having been prepaid or waived.

40 Using CCC-Cotton A-1, Schedule of Pledged Cotton (Continued)

B Completing CCC-Cotton A-1 (Continued)

Item or Column	Instructions
A	Enter warehouse receipt and gin tag numbers in numerical order.
B	Enter storage start date from the applicable warehouse receipt.
C	Enter storage deduction, if applicable, according to 7-CN, paragraph 174
D	Enter grade, staple, and mike from applicable classing data.
E	Enter strength and uniformity from applicable classing data.
F	Enter leaf and extraneous matter from applicable classing data.
G	Enter net weight from the applicable warehouse receipt.
H	Enter loan rate adjusted for premiums and discounts according to 7-CN, paragraph 172.
I	Enter applicable storage and receiving charges for extended loans, only when extended loans are authorized.
J	Enter loan amount applicable to each warehouse receipt. **Computation:** Loan rate (column H) x net wt. (column G) - storage deduction (column C) - receiving charge (item 12).

40 Using CCC-Cotton A-1, Schedule of Pledged Cotton (Continued)

B Completing CCC-Cotton A-1 (Continued)

The following is an example of CCC-Cotton A-1.

Page of (See CCC-601 for Privacy Act Statement) Form Approved - OMB No. 0560-0074

CCC-Cotton A-1 (07-25-96) **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation

SCHEDULE OF PLEDGED COTTON

1. ST. & CO. CODE	2. CROP YEAR/COMMODITY
40-300	9XUP
3. LOAN NO.	**4. DISBURSEMENT DATE**
90045	10-10-9X

5. NAME OF CONTACT PRODUCER	6. WAREHOUSE CODE	7. GIN CODE
Jim Howard	810533	12345

8. COMPRESS/PD STATUS	9. DATE DOCS/RECPTS REC.	10. RECON. ORDER NO.	11. TARE	12. RECEIVING CHRG/BALE
GU	10-9-9X		5	1.50

LINE	WHSE. RECEIPT NO. (NUMERICAL ORDER) A	STORAGE START DATE MTH. DAY YR. B	STORAGE DEDUCTION C	GRADE, STAPLE, AND MIKE D	STRENGTH AND UNIFORMITY E	LEAF AND OTHER F	NET WEIGHT G	LOAN RATE (CENTS) H	CHARGES I	AMOUNT (DOLLARS) J
1	34452403 W 032456 G	10-1-9X		41 37 39	28.5 85	4 12	500	.4645		232.25
2	34452404 W 032457 G	10-1-9X		31 34 35	29.0 75	3 01	500	.5075		253.75
3	34452405 W 032458 G	10-1-9X		51 32 30	19.5 65	6 21	500	.3200		160.00
4										
5										
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TOTAL NET WT. 1500 Total Amount 646.00

40 Using CCC-Cotton A-1, Schedule of Pledged Cotton (Continued)

C Distributing CCC-Cotton A-1

Distribute CCC-Cotton A-1 as follows:

- file original in a locked, fireproof file
- deliver 1 copy to applicable producer.

D Loan Advance Distribution Calculations

LSA's shall follow procedures in the following table to calculate loan distribution amounts.

Factor	Calculation Instruction	Example
Gross Loan Principal	Follow instructions in 21-CN, Part 4.	
R&P Fees	Multiply the loan's: • gross loan principal • times 0.005. Round to 2 decimal places. Add $1 per bale.	 $10,250.00 x .005 51.25 51.25 + 50.00 (50 x $1) $101.25
LSA Fee	Multiply the loan's: • number of bales • times $0.90. Add $7.50 per loan.	 50 x $0.90 45.00 7.50 *--$52.50--*

Amount to Producer	Subtract:
	
	• net loan amount
	• minus:
	
	  • the total of R&P fees
	  • LSA service fees.
		
		$10,250.00
		
		-101.25
		- 52.50
		$10,096.25

41 Seed Cotton Loans

A Availability of Loans

Eligible producers of seed cotton may obtain a recourse seed cotton loan at *--FSA County Offices, not LSA's.--*

Recourse cottonseed loans are available from the beginning of harvest through March 31 of the calendar year after the calendar year in which the cotton was planted.

See 7-CN, Part 4 for seed cotton loan provisions.

42-49 (Reserved)

Part 4 Loan Servicing

50 Overview

A Purpose

This part provides LSA's instructions for processing the following loan:

- repayments using cash
- repayments using commodity certificates
- forfeitures
- reconcentrations.

Notes: See 7-CN for basic program provisions.

See 21-CN for instructions about processing instructions for loan documents submitted through CCB's.

51 Loan Repayments Using Cash

A Background

Producers or, if applicable, designated agent on CCC-605 may notify LSA at any time during the loan period that they want to repay the loan.

B LSA Loan Repayment Procedures

LSA's shall follow the steps in this table when a producer or, if applicable, designated agent on CCC-605 chooses to repay a loan.

Step	Action
1	Receive notification from producer or, if applicable, designated agent on CCC-605 of intent to repay the loan.
2	Compute the repayment amount on a bale-by-bale basis, including any denied benefits applicable to the repayment according to 21-CN.
3	Prepare: • list of bale repayments • updated statement of producer's loan balance.

51 Loan Repayments Using Cash (Continued)

B LSA Loan Repayment Procedures (Continued)

Step	Action
4	Update records to indicate bales repaid and those remaining under loan.
5	Inform producer or, if applicable, designated agent on CCC-605 of amount due CCC.
6	Accept payment from producer or, if applicable, designated agent on CCC-605 made payable to LSA.
7	Prepare CCB documents according to 21-CN.
8	*****--Go to CCB, by next business day after the payment delivery to LSA, to: • deposit payment in LSA's account • deliver loan documents • make payment from LSA's account to CCC • identify redeemers.
9	Release EWR's or return individual card warehouse receipts released by CCB to producer or, if applicable, designated agent on CCC-605.

C Creating and Distributing Repayment Documents

New LSA's shall:

- create a repayment document similar to CCC-500
- submit the document to PSD as part of a test package.--*****

Distribute repayment documents as follows:

- file originals
- deliver 1 copy to applicable producer or, if applicable, designated agent on CCC-605.

52 Loan Repayments Using Commodity Certificate Exchange for Loan Collateral

A Policy

Effective since February 22, 2000, upland cotton marketing assistance loan collateral has been eligible for exchange for commodity certificates **if AWP is less than NALR**. This exchange process no longer involves issuing CCC-6.

Commodity certificates are not issued for any of the following:

- exchange with collateral of seed cotton loans
- exchange with collateral of ELS cotton loans
- CCC-owned inventory.

Market gains from exchanging certificates for loan collateral are:

- not reported by FSA to IRS on CCC-1099-G
- not subject to payment limitation.

Eligible producers must:

- have an outstanding upland cotton loan, not past maturity
- immediately exchange the commodity certificate for loan collateral.

Loan collateral exchanged for a commodity certificate is not eligible to be repledged.

52 Loan Repayments Using Commodity Certificate Exchange for Loan Collateral (Continued)

B Certificate Exchange Process

Following are the steps by which loan collateral is exchanged for commodity certificates.

Step	Action
1	LSA may accept a request to acquire outstanding loan collateral using a commodity certificate from either of the following: • a producer who signed CCC-Cotton A • such producer's agent designated by the producer on CCC-605 or FSA-211.
2	LSA identifies loan/loan quantity and determines exchange value (loan repayment amount) according to 21-CN.
3	Producer/producer agent purchases commodity certificate for the exact dollar value needed to acquire the loan collateral. **Note:** The exchange rate is AWP, as determined by CCC and in effect on the day the repayment is received by LSA, adjusted for location, quality, and allowable CCA, multiplied by the net bale weight, plus compression charges that were previously paid by CCC, minus warehouse storage charges according to 7-CN, subparagraph 198 A.
4	Producer/producer agent signs for the commodity certificate using CCC-694-2 and immediately exchanges it for loan collateral.
5	LSA processes the commodity certificate repayment in ACRS as an "N" transaction using the instructions for a "C" transaction according to 21-CN, paragraph 67 and Section 3.
6	LSA prepares a CCC-719 trailer record for transaction code "N" according to 21-CN, subparagraph 216 A.
7	LSA shall **not** prepare a certificate trailer record according to 21-CN, paragraph 268.
8	LSA prepares CCC-719 according to 21-CN, paragraph 420.
9	LSA delivers loan documents and payments to CCB following rules for the timing of submissions according to 21-CN, subparagraph 423 B.
10	LSA releases warehouse receipts in the normal manner.

52 Loan Repayments Using Commodity Certificate Exchange for Loan Collateral (Continued)

C Purpose and Use of CCC-694-2

CCC-694-2 is the acknowledgment of the Commodity Certificate purchase by the producer/producer's agent.

LSA shall prepare one CCC-694-2 for all loans being exchanged at 1 time.

CCC-694-2 must never leave LSA, be copied, or be FAXed. Each CCC-694-2 is filed in the producer's loan folder.

D Completing CCC-694-2

Manually complete CCC-694-2 according to the following table.

Item	Instructions
1	Enter the crop year.
2A	Enter the name and address of the producer/producer's agent purchasing the certificate for loan collateral exchange.
2B	If applicable, enter the ID number of the producer requesting the certificate.
3	No entry required.
4	Enter the check number received from the buyer of the certificate.
5	Enter the date of the check.
6	Enter the amount of the check.
7	Enter the batch sequence number(s) from the bale detail record.
Part B	Obtain the signature of the producer/producer's agent and the date of signature. Place CCC-694-2 in the producer's applicable loan folder.

52 Loan Repayments Using Commodity Certificate Exchange for Loan Collateral (Continued)

D Completing CCC-694-2 (Continued)

The following is an example of a completed CCC-694-2.

REPRODUCE LOCALLY. Include form number and date on all reproductions. Form Approved - OMB No. 0560-0087

CCC-694-2
(04-27-00)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

ACKNOWLEDGMENT OF COMMODITY CERTIFICATE PURCHASE

1. Crop Year: 2000

2A. Name and Address of Contact Producer:
Jeff Thomas
RR 1, Box 2
Anytown, USA

2B. Producer ID Number: XXX-XX-XXXX

3. Name of Seller: COMMODITY CREDIT CORPORATION

PART A - COMMODITY CERTIFICATE EXCHANGE IDENTIFICATION

4. Check Number	5. Check Date	6. Check Amount	7. Commodity Certificate Transaction No.(s)
3302	2-22-00	$ 9,500	00-00210-0001 00-00256-0002

PART B - PRODUCER REQUEST AND AGREEMENT

8. I acknowledge: (1) receipt of Commodity Credit Corporation (CCC) Commodity Certificate which I requested to purchase from CCC; (2) that the certificate will be exchanged with CCC in the manner specified in CCC regulations at 7 CFR Part 1400 in order that I may receive commodities from CCC which had been pledged as collateral for a CCC marketing assistance loan; and (3) that for purposes of valuing the commodity acquired under this transaction, such value will be the marketing loan repayment rate applicable under 7 CFR Parts 1421 (commodities other than upland cotton) and 1427 (upland cotton) for the commodity determined as of the day I made payment to CCC for the commodity certificate.

Producer's Signature	Date	Producer's Signature	Date
/s/ Jeff Thomas	*2-22-00*		
Producer's Signature	Date	Producer's Signature	Date

9. REMARKS:

NOTE: The above statements are made in accordance with the Privacy Act of 1974 (5 USC 522a) and Paperwork Reduction Act of 1995, as amended. 7 CFR Parts 1401, 1421, 1425, and 1427 authorize collection of the above information. Providing this information is voluntary; however, without it authorization may not be granted. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information is 0560-0087. The time required to complete this information collection is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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E Certificate Exchange for Producer Agent Not Present to Sign CCC-694-2

Use this alternative when:

- commodity certificate exchanges are requested by a producer agent designated by CCC-605
- the producer agent is not present in the LSA Office at the time of the request.

A designated producer agent must provide LSA with CCC-605, CCC-605-1, or a bale list, to be retained by LSA for each commodity certificate exchange, that must:

•*****--be signed and dated by the producer or his agent--*****
- have entered on either side the following statement:

  "I acknowledge: (1) receipt of Commodity Credit Corporation (CCC) Commodity Certificate which I requested to purchase from CCC; (2) that the certificate will be exchanged with CCC in the manner specified in CCC regulations at 7 CFR Part 1400 in order that I may receive commodities from CCC which had previously been pledged as collateral for a CCC marketing assistance loan; and (3) that for purposes of valuing the commodity acquired under this transaction, such value will be the marketing loan repayment rate applicable under 7 CFR Parts 1421 (commodities other than upland cotton) and 1427 (upland cotton) for the commodity determined as of the day I made payment to CCC for the commodity certificate."

The batch sequence number from the bale detail record shall be entered on the form by LSA.

F Completing the Exchange

--**When either CCC-694-2 or the statement added to CCC-605 has been signed (signature of one or the other, but not both is required) and payment for the commodity certificate has Been received, the exchange of the commodity certificate for the loan collateral occurs--** immediately.

LSA shall:

- immediately release the loan quantity in the normal manner
- record the exchange in ACRS.

53 Maturity Date Notification Letter and Forfeiture Policy

A Maturity Date Notification

--At least 45 calendar days but not more than 60 calendar days before loan maturity,-- LSA shall send to each producer of an upland cotton or ELS cotton loan, the letter in subparagraph F.

B Producer Charges

***--[7 CFR 1427.13(e)(1) and (2)] * * *** If upland cotton or ELS cotton loan collateral is--* forfeited to CCC in satisfaction of the loan, the producer will be billed and shall pay to CCC at rates that are specified in the storage agreement between the warehouse and CCC:

- warehouse storage charges that accrued before the date all documents required from the producer for the loan were provided to LSA
- unpaid warehouse receiving charges including any charges for new ties.

C Payment of Reconcentration and Compression Charges

For upland cotton or ELS cotton loan collateral that is forfeited to CCC in satisfaction of the loan, any:

- **reconcentration** charges, including any compression charges associated with the reconcentrated cotton, will:
  - be paid by CCC
  - will **not** be billed to the producer
- **compression** charges outstanding at time of forfeiture will:
  - **not** be paid by CCC
  - **not** be billed to the producer
  - travel with the bale.

D Processing Forfeitures

Process loan forfeitures through ACRS according to 21-CN.

E Charges Due on Forfeited Loans

LSA will be notified by COPS of the applicable charges to be collected from the producer according to paragraph 54.

53 Maturity Date Notification Letter and Forfeiture Policy (Continued)

F Notice of Maturity Letter

Use the following letter to notify each contact producer of loan maturity.
*--

Dear Producer:

This is to notify you that your (year) crop (upland or ELS) cotton loan, No. (loan number), will mature (maturity date).

Under the terms and conditions of the loan, the following options are available:

- repay the loan before maturity
- forfeit the loan collateral to CCC at maturity.

Loan extensions were not authorized by the 1996 Farm Bill.

If you choose to forfeit the loan collateral to CCC, you must pay to CCC at rates that are specified in the storage agreement between the warehouse and CCC, all:

- warehouse storage charges that accrued **before** the date all documents required from you for the loan were provided to this LSA Office

- unpaid warehouse receiving charges including any charges for new ties.

Any compression charges outstanding at the time of forfeiture will "travel with the bale", and will not be billed to you.

Please notify LSA of your intention to either repay with cash or forfeit. If you do not take action by loan maturity, your loan collateral will be forfeited to CCC automatically.

If you designated a buyer as agent using CCC-605 and that agent, or any subsequent agent, does not redeem this loan by maturity, you are responsible for the above charges.

Sincerely,

_____

LSA Official

--*

54 Collecting Charges Due on Forfeited Loans

A Determining Charges Due

[7 CFR 1427.11(f)] When loans are forfeited, and after warehouse charges are paid by KCCO, KCCO will determine *** * *** the total of the following 2 amounts that will be billed to the producer:

- warehouse storage charges that accrued **before** the date all documents required from the ***--**producer for the loan were provided to the County Office

- unpaid warehouse receiving charges including any charges for new ties.

B Definition of Date Documents Provided

The date documents provided (enter on CCC Cotton A-5, item 8) is the **later** of the following dates:

- the date of receipt from the producer of any paper documents necessary to complete the loan, such as a lien waiver

  Note: The date by which a lien search conducted is not applicable to this item.

- the date CCC was made holder of EWR's

- if applicable, the date paper warehouse receipts were delivered to LSA.**--***

C Statement of Charges Due

LSA will automatically receive notification of the Statement of Charges due for each loan forfeited through COPS.

D Collecting Charges Due From Producer

[7 CFR 1427.13(e)] After receiving the Statement of Charges Due CCC from COPS, LSA shall:

- determine whether the statement of charges is for the correct producer and loan

- ***--**if statement of charges is **incorrect,** contact KCCO, APD, COPS to request a correct statement of charges by:

  - phone at 816-926-2638
  - e-mail at **jldelancy@kcc.usda.gov--***

54 Collecting Charges Due on Forfeited Loans

D Collecting Charges Due From Producer (Continued)

•***--**if statement of charges is **correct**:

- send producer a notification letter for charges due according to subparagraph E
- file a copy of the statement of charges in the producer's loan folder

- if invoice remains **unpaid 30 calendar days after** the date of the notification letter, LSA's shall contact:

  - producer's administrative County Office to request that a receivable be established and provide a case file that contains copies of:

    - producer collection invoice
    - LSA notification letter
    - documentation of any collection activity

  - Roger Pieper by email at **rwpieper@kcc.usda.gov** to provide:

    - invoice number
    - name of administrative County Office the debt was referred

- any funds collected by LSA after the debt has been referred shall be forwarded to the administrative County Office to be recorded as a debt collection. **Do not** remit funds according to 21-CN, paragraph 433.**--***

54 Collecting Charges Due on Forfeited Loans (Continued)

E Notification Letter for Debt Collection

This is an example of the initial notification letter for charges due.

*--

Dear Producer:

It has been determined that you owe CCC $_____. The amount due is a result of the forfeiture of your cotton loan number _____.

You were notified of this loan's maturity date and of the options available to you. By having decided to forfeit the loan collateral in satisfaction of the loan, you agreed to pay to CCC at rates that are specified in the storage agreement between the warehouse and CCC, all:

- warehouse storage charges that accrued **before** the date all documents required from you for the loan were provided to LSA
- unpaid warehouse receiving charges including any charges for new ties.

You may contact this office to review records related to the determination of this debt or to receive an explanation of the debt. You may obtain a copy of the records subject to copying change.

You have 30 calendar days from the date of this letter to seek an informal review and request reconsideration of the determination of the debt. In requesting the reconsideration, provide a written explanation of the basis of your disagreement with the determination and provide documentation to support your position.

You may pay your debt by check payable to (**insert LSA name**) and mail the check to this office at the above address. Please contact this office at _____ if you have any questions. We will work with you to resolve this matter.

If this debt is not resolved, CCC reserves the right to use all additional actions available to recover the debt. The debt may be collected by internal administrative offset from any CCC or FSA payment that may be due to you. Additional actions that may be taken to recover the debt include the assessment of late payment interest, administrative costs, and penalties; administrative wage garnishment; reporting the debt to credit bureaus; referring the debt to private collection agencies and debt collection centers; collecting the debt by offset of qualified disbursements and refunds, including federal tax refunds; referring the debt to litigation (if collection administratively is unsuccessful); and reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged. Once your debt is more than 180 days delinquent, we are required to refer the debt to the Department of Treasury for collection.

Our records do not reflect that you have filed for bankruptcy protection under Title II of the United States Code. If you have filed bankruptcy, please notify us so that we may update our records and proceed to resolve this debt in accordance with bankruptcy procedures.

Sincerely,

LSA Official
_____ LSA Office

--*

55 Loan Reconcentrations

A Background

CCC may, from time to time, decide to relocate loan collateral. KCCO shall notify LSA's of cotton intended for reconcentration and specific instructions LSA's shall follow in processing reconcentrations. LSA's shall then notify producers of their options of repaying the loan or allowing the reconcentration.

B How LSA's Process Reconcentrations

LSA's shall process reconcentrations according to this table.

IF the producer chooses to...	THEN...

allow the reconcentration	• follow instructions in the KCCO notification letter about the reconcentration
	
	• deliver a shipping and receiving list to CCB to do either of the following:
	
	  • obtain applicable warehouse receipts
	
	  • instruct CCB to notify EWR provider to amend EWR to show original warehouse as holder
	
	  Note: EDS shall prepare and provide shipping and receiving lists for LSA's.
	
	• send released individual card warehouse receipts to original warehouse
	
	• after receiving replacement individual card warehouse receipts from new warehouse:
	
	  • submit receipts to CCB
	
	  • provide EWR receipt number to CCB that shows CCC as holder
	
	• pay any related charges to the reconcentration and obtain reimbursement from CCC according to 21-CN
	
	• file copies of all documents.

repay the loan	follow instructions in 21-CN, Part 4.

56-70 (Reserved)

Part 5 Preparing and Disbursing LDP's

71 Overview

A Purpose

This part describes LSA's procedures for preparing and disbursing LDP's to producers.

Note: LDP's apply only to upland cotton.

72 Availability Dates and Prohibited Hours

A Availability Dates

[7 CFR 1427.5(a)] Cotton LDP's are available by executing an LDP application from the date loan rates are announced through May 31 after the calendar year in which the crop is planted.

Note: When the final availability date falls on a nonworkday, the final date shall be extended to the next workday.

Reminder: Disbursement date shall not be later than 15 calendar days after the final date of availability of loans.

B Accepting LDP Documents

Do not accept CCC-Cotton AA that was signed by the producer more than 15 calendar days before delivery or mailing (postmark date) to LSA.

Note: A patron postage meter date stamp is not a postmark.

For documents received after this time, require producers to re-execute the forms or execute new forms if it is determined that the producers have not sold or otherwise passed title to the cotton.

*** * ***

73 LDP Overview

A Making LDP's

LSA's shall make LDP's according to the following table.

<table>
<tr><th>Step</th><th colspan="2">Action</th></tr>
<tr><td>1</td><td colspan="2">Receive from producers:

• production evidence required according to 7-CN, Part 5
• beneficial interest information as provided in paragraph 28
• information required for CCC-Cotton AA and CCC-Cotton AA-1 or CCC-709
• a power of attorney, if FSA-211 has been completed.

Notes: CCC-709 may be used instead of CCC-Cotton AA as long as CCC-709 is filed with LSA on or before the date the applicable cotton is ginned.

This is the Document Received/Gin Date (Field 32) for other than gin direct LDP's in ACRS.</td></tr>
<tr><td rowspan="3">2</td><td colspan="2">Follow procedures in paragraph 28 to determine whether beneficial interest is held by the producer at time of LDP.</td></tr>
<tr><td>IF...</td><td>THEN...</td></tr>
<tr><td>held</td><td>continue.</td></tr>
<tr><td></td><td>not held</td><td>stop process and return receipts and classification data to producer.</td></tr>
</table>

73 LDP Overview (Continued)

A Making LDP's (Continued)

Step	Action	
3	Determine eligibility according to 7-CN.	
	IF...	**THEN...**
	eligible	continue.
	not eligible	stop process and return receipts and classification data to producer.
4	Instruct producer to notify EWR provider to amend EWR to show cotton will be used to obtain LDP from LSA.	
5	Calculate LDP according to paragraph 76, and complete either CCC-Cotton AA, if applicable, and CCC-Cotton AA-1 or CCC-709.	
6	Recheck all LDP documents for accuracy.	
7	Obtain signatures on CCC-Cotton AA from producer or, if applicable, producer's agent on FSA-211, and inform signee that he or she has either of the following options: • sign and submit CCC-Cotton AA or is applicable within 15 calendar days • cancel LDP. If canceled, the producer may reapply. * * *	
8	Deliver documents to CCB, according to 21-CN, and receive LDP funds from CCC. Issue LDP to producer within 3 calendar days. **Note:** This is the Advance/LDP Date (Field 31) in ACRS.	
9	File and deliver executed LDP documents as instructed in this handbook.	

74 FAXed Applications

A Policy

LSA shall, except during AWP announcement time restrictions specified in paragraph 15.5, accept FAXed:

- CCC-Cotton AA's
- CCC-709's.

FAXed cotton LDP applications submitted on any form other than CCC-Cotton AA or CCC-709 are not acceptable.

B Application Requirements

[7 CFR 1427.1(a)] All CCC-Cotton AA's and CCC-709's, as applicable, must be completed in full by the producer for the application to be accepted and approved by LSA. FAXed submissions of:

LDP applications for stored bales (CCC-Cotton AA) must be accompanied by an acceptable gin-tag list before approval/processing.

AWP lock-ins for LDP's for seed cotton in modules are based on the date a completed CCC-Cotton AA is received by LSA.

Note: The gin-tag list is provided later after ginning.

CCC-Cotton AA shall include the following:

- crop year
- farm number
- producer signature and date of request.

*** * ***

Gin-direct applications for LDP (CCC-709) may be accepted but cannot be approved until an acceptable gin-tag list is received. CCC-709 shall include the following:

- crop year
- production units
- producer signature and date of request.

*** * ***

In all cases, gin-tag lists may be provided by e-mail, diskette, or paper copy.

74 FAXed Applications (Continued)

C LSA Action

LSA shall:

- approve correctly completed FAXed LDP applications as soon as possible after receipt of the application and any additional documentation required, providing all eligibility requirements have been met using AWP in effect upon receipt in the LSA Office

- **not** approve any FAXed LDP application that is received and not completed correctly by the producer

- for any FAXed LDP application that is not approved, notify the producer that:

  - the application is not complete, cannot be approved, and must be resubmitted

  - the producer shall receive the LDP rate in effect on the date the resubmitted, correctly completed, LDP application is received and approved.

--

75 FAXed Applications Not Received

A Handling Unreceived FAXed Applications

If a producer inquires about a FAXed LDP application and the application is subsequently not received, LSA shall:

- require producers to submit a copy of the FAX transmission report or some type of documentation to verify that the FAX transmission was attempted to verify that the application was FAXed
- accept producer's completed LDP application
- document the date that the LDP application was FAXed and the reason the FAX was not received
- approve, with concurrence, the LDP application
- use the LDP rate in effect on the date printed by the FAX machine on the original LDP application
- not accept or approve producer's LDP application if the actual date of the FAX cannot be verified by the producer.

76 Before Processing LDP's

A Overview

This paragraph establishes criteria required by LSA's before they process LDP.

B Eligibility

Producers and cotton shall meet the same eligibility requirements that apply to a regular upland cotton CCC-Cotton A loan as specified in 7-CN, Part 5 and 1-CMA.

Notes: Any portion of the production on which LDP is not requested is eligible for loan.

CCC-Cotton AA cannot be approved until acceptable production evidence is presented.

C Required Forms and Documentation

For warehouse-stored cotton, production evidence according to 7-CN, Part 5 must be provided at the time the producer files CCC-Cotton AA or CCC-709 at LSA.

For cotton not warehouse stored, a gin tag list showing gin weights must be provided by the gin at the time the producer files CCC-Cotton AA at LSA. However, LDP will not be processed until the classing data is provided. CCC-709 may be filed at LSA anytime on or before the date of ginning.

Exception: See 7-CN, Part 5 for special provisions for those producers that will lose beneficial interest both after the cotton is ginned and on or before the day the cotton is removed from the gin.

D Divided Shares

If the bales are divided among producers, give each producer on the farm an opportunity to choose whether to obtain a loan or LDP.

77 Research and Promotion Fees

A Background

For LDP's, Cotton Board regulations provide that a supplemental assessment of 0.5 of 1 percent (0.005) of the current value of upland cotton must be collected and transmitted to the Cotton Board.

B Computation Method

LDP R&P fees are calculated by multiplying the total LDP amount times 0.5 of 1 percent (0.005), and deducting it from the total LDP amount before reductions for PCF and PE.

78 LDP Application and Certification Using CCC-Cotton AA

A Request for Payment

LDP's must be requested on CCC-Cotton AA:

- by all producers having an interest in the cotton
- before beneficial interest in the cotton is lost
- on or before the final loan availability date.

One payment may be made for more than 1 farm, or multiple payments may be made for 1 farm.

Note: See paragraph 80 for special provisions for producers who want LDP's based on the date ginned.

By submitting CCC-Cotton AA, producers certify that production:

- is eligible for loan
- has not been previously used for loan or LDP
- will not be used for a subsequent loan or LDP.

CCC-Cotton AA, once submitted, cannot be canceled or revised.

78 LDP Application and Certification Using CCC-Cotton AA (Continued)

B Approval

CCC-Cotton AA shall be approved by CCC on the day that CCC-Cotton A is signed and dated by all applicable producers, and the accompanying production evidence are **both** provided. If CCC-Cotton AA and the production evidence are provided on separate days, the approval date is the later date.

When CCC-Cotton AA is used to lock-in AWP for modules, the LDP application is not approved for payment until the corresponding bales are identified. Interest is not payable for the period between AWP lock-in and submission of bale information.

C Completing CCC-Cotton AA for Cotton That Has Been Ginned

Complete CCC-Cotton AA according to the following table for LDP requests on cotton that has already been ginned.

*--

Item or Part	Instructions
1	Enter applicable crop year.
2	Enter LDP number.
3	Enter applicable farm numbers.
4	Enter file sequence number 5 bale count.
Part B	
	Leave blank. Part B issued to lock-in LDP rate for cotton before ginning **only**.
Part C	
1	Producer or POA enters signature.
2	Producer or POA enters percent share of LDP.
3	Producer or POA enters date of producer's signature.
Part D	
1	Enter LSA representative's signature.
2	Leave blank. Date submitted used only for LDP lock-in.
3	Enter date approved.
4	Enter AWP on date submitted. See subparagraph B.
5	Enter LSA office name and address.
6	Enter LSA office telephone number (optional).

--*

78 LDP Application and Certification Using CCC-Cotton AA (Continued)

D Completing CCC-Cotton AA * * * for AWP Lock-in and LDP Requested on Unginned Cotton

CCC-Cotton AA is used together with CCC-877 to process LDP applications when the following 3 conditions are met:

- producers request to “lock-in” AWP
- producer’s eligible cotton has been harvested
- the cotton has not been ginned.

Such requests lock in the LDP payment rate that will be provided after the cotton is ginned *--and bale information is provided. Lock-in requests will expire if bale information is not provided before May 31.--*

Note: Requests for LDP’s based on a locked-in rate, once submitted, may not be canceled or revised. However, cotton for which the lock-in is provided, but LDP is not provided because of payment limitation, is eligible to be pledged for loan. **Any initial AWP lock-in on CCC-Cotton AA does not apply to such loan.**

*--Complete CCC-Cotton AA, Part B, C, and D as follows to identify the numbered modules, ricks, or trailers for which the lock-in is requested.

Item	Instructions
Part B	
1	Enter gin code.
2	Enter “rick”, “module”, or “trailer”.
3	Enter rick, module, or trailer number as applied by the gin for each unit of storage.

--*

78 LDP Application and Certification Using CCC-Cotton AA (Continued)

D Completing CCC-Cotton AA * * * for AWP Lock-in and LDP Requested on Unginned Cotton (Continued)

*--

Item	Instructions
Part C	
1	Producer or POA enters signature.
2	Producer or POA enters percent share of LDP.
3	Producer or POA enters date of producer's signature.
Part D	
1	Enter representative's signature.
2	Enter date lock-in was submitted.
3	Enter date approved.
4	Enter AWP on date submitted (the lock-in rate).
5	Enter LSA office name and address.
6	Enter LSA office telephone number (optional).

Note: If the modules or trailers:

- are divided among producers, give each producer on the farm an opportunity to choose whether to obtain LDP
- are **not** divided, a joint LDP must be requested.

Interest is not payable for the period between the AWP lock-in and the presentation of production evidence (the list of bales corresponding to the module for which lock-in is provided).--*

E Distributing CCC-Cotton AA

Distribute the approved CCC-Cotton AA as follows:

- file original in LDP folder with CCC-Cotton AA-1
- provide 1 copy to each signing producer.

78 LDP Application and Certification Using CCC-Cotton AA (Continued)

F Completing CCC-Cotton AA

*--

This form is available electronically.

Form Approved - OMB No. 0560-0129

CCC-Cotton AA (07-10-03)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

UPLAND COTTON PRODUCER'S LOAN DEFICIENCY PAYMENT APPLICATION AND CERTIFICATION

Privacy Act and Public Burden Statements on Page 2.

1. CROP YEAR	2. LDP NO.
2004	8
3. FARM NO.	
868	
4. FILE SEQUENCE NO.	5. BALE COUNT
-	30

PART A - APPLICATION

The undersigned producer(s) ("Producer"), hereby make application for a loan deficiency payment (LDP) in accordance with 7 CFR Part 1427 with respect to the upland cotton produced on the farm indicated above during the crop year indicated above. As a condition to receiving such loan deficiency payment, the Producer hereby represents and agrees as follows:

1. The Producer agrees: (1) that the production for which LDP is requested is eligible to be pledged as collateral for a CCC loan and does not reflect production previously used for an LDP and has not been or will not be pledged in the future as collateral for a CCC loan unless the LDP is denied due to payment limitation.
2. The Producer is eligible to obtain a CCC loan with respect to their share of the upland cotton indicated on the attached production evidence provided by the Producer in the capacity of landlord, landowner, tenant, or sharecropper.
3. With respect to the cotton indicated on the production evidence provided by the Producer.
   a. The Producer has and always had beneficial interest in such cotton in accordance with the regulation governing the cotton loan program for the above indicated crop year,
   b. Such cotton has not been acquired directly or indirectly from a share tenant or sharecropper,
   c. If the Producer is a share tenant or sharecropper, each landlord who has an interest in such cotton has jointly signed this application,
   d. Such cotton is in existence and is not false-packed, water-packed, mixed-packed reginned, or repacked.
4. The Producer understands that: (1) this application is subject to a determination by CCC of the Producer's eligibility to receive an LDP, and that this application and CCC's determination are subject to 7 CFR Part 1427; (2) CCC may require copies of all sales contracts applicable to the production represented by this application; (3) if CCC determines that the producer has misrepresented the eligibility of the production covered by this agreement, CCC shall require repayment of the entire LDP plus interest from the date of payment and assess liquidated damages in accordance with 7 CFR Part 1427.
5. The Producer agrees that if this LDP application occurs after the cotton has been ginned, the LDP rate will be the rate in effect on the date (on or after the date of the last producer signature) that this application, **having been accurately completed** is received by FSA (submitted).
6. Entry of information in Part B of this Application and Certification constitutes an irrevocable application for the AWP to be locked-in on the date **an accurately completed** application is received by FSA (submitted). For such applications, the producer agrees that the LDP rate will be based on the locked-in AWP. Such LDP rate will apply to the cotton bales produced from the unginned cotton identified in Part B. The Producer agrees to submit gin-provided documentation identifying the bales produced from the module/storage unit for which the AWP lock-in applies and agrees to pay liquidated damages for applications based on a locked-in rate not supported by bale-identifying documentation.
7. The Producer agrees this request for LDP is irrevocable and cannot be canceled or revised unless the LDP is denied due to payment limitation.

PART B - MODULE IDENTIFICATION OF SEED COTTON

This Part to be completed if application is for AWP lock-in before ginning

1. GIN CODE	2. MODE OF STORAGE	3. GIN-ASSIGNED MODULE OR TRAILER NUMBER

PART C - PRODUCER CERTIFICATION

1. Are you or any co-applicant delinquent on any federal non tax debt? *(If "YES", provide details on Page 2).*

[ ] YES [X] NO

I certify that all information on this document and any supporting documentation is true and correct:

2. SIGNATURE OF PRODUCER(S)	3. % SHARE	4. DATE (MM-DD-YYYY)	2. SIGNATURE OF PRODUCER(S)	3. % SHARE	4. DATE (MM-DD-YYYY)
by James T. Acme, VP	100%	10-14-2003			
for Acme LSA, POA					

PART D - VERIFICATION OF ELIGIBLE QUANTITY AND APPROVAL

1. APPROVED FOR CCC BY	2. DATE SUBMITTED (MM-DD-YYYY)	4. AWP ON THE DATE SUBMITTED	5. NAME AND ADDRESS OF COUNTY FSA OFFICE
James T. Acme	10-14-2003	4567	Acme LSA 100 Lubbock St. Dallas, TX 10209
	3. DATE APPROVED (MM-DD-YYYY) 10/14/2003		6. TELEPHONE NO. (Area Code): (801) 823-1345

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D. C. 20250-9410 or call (800) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

--*

78 LDP Application and Certification Using CCC-Cotton AA (Continued)

G Conducting Module Spot Checks Using CCC Cotton AA-2

LSA shall:

- conduct spot checks:
  - on no less than 2.5 percent of the requests for a lock-in of the AWP and LDP rates on upland seed cotton

    Note: The 2.5 percent is based on the number of requests and not the number of modules or storage units.

  - each month based on the lock-in requests received that month
- record the spot-check results using CCC Cotton AA-2 according to the following table
- submit, by overnight delivery, spot check results and the corresponding CCC-Cotton AA and CCC-877 to the following address by the last workday of each month until further notice:

  Director, Price Support Division
  *****--Attention: Chris Kyer, Room 4095-S--*****
  Farm Service Agency, USDA
  1400 Independence Avenue, SW
  Washington, DC 20250

- for excess benefits, follow 1-CMA, paragraph 72.

Item	Instructions
1	Enter LSA name.
2	Enter LSA State and county codes.
3	Enter crop year.
4	Enter farm number from CCC-Cotton AA.
5	Enter gin-assigned number of the storage module or trailer selected for spot check.
6	Enter date of AWP lock-in from the corresponding CCC-Cotton AA.
7	Enter the condition of the observed storage unit by entering either of the following: • a checkmark confirming the unginned cotton location at either farm or gin • the date of ginning of the module or trailer of cotton.
8 A-C	Signature and title of person performing the spot check, and date.

78 LDP Application and Certification Using CCC-Cotton AA (Continued)

H Completing CCC Cotton AA-2

Complete CCC Cotton AA-2 according to this table.

REPRODUCE LOCALLY. *Include form number and date on all reproductions.*

CCC COTTON AA-2
(10-3-00)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

SPOTCHECK OF UPLAND COTTON SUBJECT TO AWP LOCK-IN

1. COUNTY OFFICE/LSA NAME: Northamption

2. ST./CO. CODE: 37-131

3. CROP YEAR: 2000

4. Farm Number	5. Gin-Assigned Module/Storage Number (From CCC Cotton AA)	6. AWP Lock-in Date	7. Status of Observed Storage Unit: A. Unginned Cotton At (✓): Farm	Gin	B. Date of Ginning
23401	26121, 26122, 26123	10-02-2000	X		

8A. REVIEWING OFFICAL SIGNATURE

B. TITLE: *CED*

C. DATE PREPARED: *10-24-00*

79 Using CCC-Cotton AA-1, Schedule of LDP for Upland Cotton

A Purpose

CCC-Cotton AA-1 lists the bales covered by CCC-Cotton AA.

B Completing CCC-Cotton AA-1

Follow these instructions to complete CCC-Cotton AA-1 for LDP's.

Item	Instructions
1	Enter State and county codes and farm numbers where produced.
2	Enter name and address of contact producer from LSA records.
3	Enter warehouse code, if applicable. **Note:** Cotton warehoused at different warehouses must be processed as separate LDP's.
4	Enter gin code. **Note:** Cotton ginned at different gins must be processed as separate LDP's.
5	Enter the following: • LDP number assigned • applicable crop year • preparation code "2C" • number of bales • total LDP quantity; that is, the total net pounds shown on the warehouse receipt or gin tags.

79 Using CCC-Cotton AA-1, Schedule of LDP for Upland Cotton (Continued)

B Completing CCC-Cotton AA-1 (Continued)

Item	Instructions
6	Enter the: • gross LDP amount that was calculated according to subparagraph D • date LSA check was prepared according to subparagraph D.
7	Enter the: • research and promotion fee that was calculated according to subparagraph D • total payment amount that was calculated according to subparagraph D.
8	Enter warehouse receipt and gin tag numbers in numerical order.
9	Enter grade, staple, and mike from applicable classing data.
10	Enter strength and uniformity from applicable classing data.
11	Enter leaf and extraneous matter from applicable classing data.
14	Enter the coarse count applicable the day CCC-Cotton AA was approved, if applicable.
15	Enter the upland cotton NALR.
16	Enter AWP applicable the day CCC-Cotton AA was approved. If coarse count is applicable, subtract the coarse count in item 14 from AWP.
17	Enter the applicable LDP rate according to 21-CN, Part 4.
18	Enter the net weight from the applicable warehouse receipt or gin tag list.
19	Enter the gross LDP amount for bales: • without coarse count • with coarse count.

79 Using CCC-Cotton AA-1, Schedule of LDP for Upland Cotton (Continued)

B Completing CCC-Cotton AA-1 (Continued)

The following is an example of CCC-Cotton AA-1.

Page of (See CCC-Cotton AA for the Privacy Act Statement)

Form Approved - OMB No. 0560-0129

CCC-Cotton AA-1 (07-25-96)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

SCHEDULE OF LDP FOR UPLAND COTTON

1. ST. & CTY. CODES & FARM NO. WHERE PRODUCED: 40-300-2334

2. NAME & MAILING ADDRESS OF CONTACT PRODUCER
Jim Howard
Route 1, Box 130
Sometown, SS 12345

3. WAREHOUSE CODE: 810534

4. GIN CODE: 12346

5. LDP NO.: 90106
CROP YEAR: 9X
PREP CODE: 2C
NO. BALES: 3
LDP QUANTITY: 1500

6. GROSS LDP AMOUNT FOR R&P: $ 155.00
DATE OF DISBURSEMENT: 11-9-9X

7. NET LDP AMOUNT: $ 155.00
RESEARCH AND PROMOTION: .78
CLERK FEES
DENIED MARKET GAIN:
TOTAL DISBURSEMENT: $154.22

8. WAREHOUSE RECEIPT AND GIN TAG NUMBER Line		9. GRADE STAPLE AND MIKE	10. STRENGTH AND UNIFORMITY	11. LEAF AND OTHER	APPLICABLE ADJUSTMENTS 12. PREMIUMS	13. DISCOUNTS	14. COURSE COUNT AWP ONLY	(CENTS) 15. ADJ LOAN RATE	16. ADJ AWP	17. LDP PAYMENT RATE	18. NET WT.	19. LDP AMOUNT (DOLLARS)
1	/ 2						0	.5000	.4000	.1000	1000	100.00
2	/ 1						.0100	.5000	.3900	.1100	500	55.00
3	/											
4	/											
5	/											
6	/											
7	/											
8	/											
9	/											
10	/											
11	/											
12	/											
13	/											
14	/											
15	/											
16	/											
17	/											
18	/											
19	/											
20	/											
21	/											
22	/											
23	/											
24	/											
25	/											

TOTAL NET WT. 1500 TOTAL LDP AMOUNT $ 154.22

79 Using CCC-Cotton AA-1, Schedule of LDP for Upland Cotton (Continued)

C Distributing CCC-Cotton AA-1

Distribute CCC-Cotton AA-1 as follows:

- file original with copies of the individual card warehouse receipts or gin tag list and original CCC-Cotton AA
- give contact producer a copy.

D LDP Producer Distribution Calculations

LSA's shall follow procedures in the following table to calculate LDP producer distribution amounts.

Factor	Calculation Instruction	Example
Gross LDP	Follow instructions in 21-CN, Part 4.	
R&P Fees	Multiply: • gross LDP • times 0.005. Round to 2 decimal places.	$1,250.00 x .005 6.2500 $6.25
Denied Gains	Follow instructions in 21-CN, Part 4. Total for all bales covered by LDP.	52.50
LSA Fee	Add: • $1 for the first 6 bales • plus 10 cents for each bale over 6 (44 at $0.10).	$1.00 x 4.40 $5.40
Amount to Producer	Subtract: • LDP amount • minus: • total of R&P fees • total of denied benefits • LSA service fees.	$1,250.00 - 6.25 - 52.50 - 5.40 $1,185.85

80 Gin Direct LDP's Using CCC-709

A Applicability

[7 CFR 1427.23] Producers who want to receive LDP's based on the date ginned may file CCC-709:

- on or before the date of ginning
- for 1 or more farm's expected production
- for all or a portion of the expected production.

Notes: The agreement is not limited only to those producers who lose beneficial interest immediately upon ginning.

Do not use CCC-Cotton AA for any quantity of cotton included on CCC-709.

Any quantity of cotton for which a producer will retain beneficial interest after the date ginned, and for which the producer wants to retain price support eligibility through this later date, should be included on CCC-Cotton AA, not on CCC-709.

B Time of Executing CCC-709

CCC-709 must be entered into on or before the date of ginning.

Notes: CCC-709 may be entered into after ginning begins; however, any cotton ginned before the date of CCC-709 is not covered by CCC-709.

See subparagraph F for revising CCC-709.

80 Gin Direct LDP's Using CCC-709 (Continued)

C Quantity Included on CCC-709

The entire quantity included on CCC-709 is eligible for the LDP rate, including a zero rate, that is in effect **on** the date of ginning.

Note: If the LDP rate on the date of ginning is zero, the producer will not receive LDP and will not be eligible for a loan on that quantity shown on CCC-709.

Example: Producer files CCC-709 for all the production of cotton from all farms. The producer produced 500 bales of cotton on all farms. Of the 500 bales, 50 bales were ginned on a date when LDP was equal to zero. These 50 bales are not eligible for LDP or loan.

D Specifying Delivery Locations

Producers who want CCC-709 provisions to be applicable for production delivered to a specific location or buyer may designate that quantity on CCC-709.

Note: Because the cotton LDP rate is based on the date of ginning, cotton producers may designate only the cotton delivered directly from the gin to a specific location or buyer. The date of ginning will continue to be used to determine the LDP rate for the designated quantity.

Example: If the producer wants all production from Farm 57 that will be delivered to Bob River Mills, Inc. to be the only production from Farm 57 covered by CCC-709, the producer should enter the following in CCC-709, Part B.

Farm Number	Production Units
57	All to Bob River Mills, Inc.
40	All
37	300 Bales

80 Gin Direct LDP's Using CCC-709 (Continued)

D Specifying Delivery Locations (Continued)

Notes: All production from Farm 57 not delivered to Bob River Mills, Inc. is eligible for a loan or LDP if all eligibility requirements are met.

All the production from Farm 40 would be covered by CCC-709 provisions.

300 bales from Farm 37 would be covered by CCC-709 provisions.

E Approving CCC-709

If more than 1 producer shares in a bale of cotton, each producer who has a share in the bale must sign CCC-709 before it can be approved.

LSA representative may approve CCC-709 for CCC.

Note: Only the share of the production applicable to the producers who sign CCC-709 will be considered covered by CCC-709.

F Revising CCC-709

CCC-709 may only be revised before ginning.

If a producer wants to revise CCC-709, require the producer to:

- line through the applicable quantity on CCC-709 to be revised
- enter the revised quantity and initial and date the entry.

Note: All producers who signed CCC-709 must initial and date all revisions for the farms of which they share in the production.

Example: If a producer signed CCC-709 for all the cotton on Farm 40, the producer could gin 300 bales and before ginning any more, revise CCC-709 to cover only the 300 bales, leaving the bales remaining to be ginned eligible for a loan or LDP in the normal manner.

80 Gin Direct LDP's Using CCC-709 (Continued)

G Terminating CCC-709

CCC-709 may only be terminated if the producer has not ginned any of the cotton covered by CCC-709.

Example: If a producer signed CCC-709 for all the cotton on Farm 40 and 300 bales had been ginned as of the current date, the producer would not be allowed to terminate the agreement for the 300 bales ginned, but COC may permit the producer to revise CCC-709 so cotton not yet ginned would not be covered by CCC-709.

--Note:** Cotton for which LDP is requested using CCC-709, but for which LDP is not provided because of payment limitation, may be pledged for loan if otherwise eligible and beneficial interest has been maintained. This loan cannot be repaid at a reduced rate, but can be processed using a commodity certificate redemption.**--

H Production Evidence

To receive LDP on production covered by CCC-709, the producer must provide acceptable production evidence according to paragraph 266 on or before May 31 after the calendar year in which the crop is planted. Production evidence must show the date each bale is ginned.

Note: Producers are not required to provide the total production evidence for the total production covered by CCC-709 before LDP may be made. Multiple LDP's may be made under the terms of CCC-709.

I Processing LDP

Once production evidence is provided, process LDP according to 21-CN.

Notes: Use AWP and CCA in effect on the date cotton was ginned.

Use the date CCC-709 was approved as the LDP Approval Date.

More than one LDP may be required when a different AWP and CCA are applicable for the production listed on CCC-709.

80 Gin Direct LDP's Using CCC-709 (Continued)

J Completing CCC-709

Complete CCC-709 according to this table.

***--Notes:** The producer or POA must complete items 1 through 3; Part A, items 4 through 8; part B, items 9 through 12; and Parts C and E.

If the producer is requesting LDP in person, LSA may assist the producers, as applicable.

Item	Instructions
1	Enter the contact producer's name, address, and ID number. **Note:** The telephone number is optional.
2	Enter the crop year of the commodity for which LDP is requested.
3	Enter the commodity, class, variety, and type for which LDP is requested. **Note:** CCC-709 is required for each separate commodity.
Part A	
4 through 8	All producers requesting this LDP shall: • check (√) the applicable box to select either "yes" or "no" in response to Part A, items 4 through 8 • enter initials in the applicable box for each of the items. **Note:** All producers signing CCC-709 must ensure that the information in Part A, items 4 through 8 is correct. If the response to items 6 and 7 is "no", the producer may not be eligible for LDP. LSA offices shall verify responses before disapproving the LDP request, as applicable.
Part B	
9	Enter the gin name in item 9 C. Item 9 D does not apply to cotton.
10	If the producer selects: • item A, "Specific Quantity", enter a specific quantity • item B, "All", do not make any other selections for the same farm **Note:** There can be multiple selections on CCC-709 for different farms. • item C, "All Quantity delivered to a specific location", enter a specific location • item E, "Other", enter a description, as applicable **Note:** Item D **does not apply for cotton** and cannot be selected for a cotton gin-direct LDP.

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80 Gin Direct LDP's Using CCC-709 (Continued)

J Completing CCC-709 (Continued)

*--

Item	Instructions
	Part B (Continued)
11	Enter the farm number or numbers where the commodity was produced. ENTER "All" if this request covers production from all farms, as applicable for the commodity.
12	All producers or POA requesting LDP must initial to acknowledge the selected quantity option or options.
	Part C
13 through 18	All producers or POA requesting LDP must agree to the certification and sign, enter the percent share of the quantity requested in Part B, and date of signature. All producers or POA **requesting a share** of the quantity included in the LDP request must agree to the certification by signing CCC-709, entering their percent share of the quantity, and entering the date of signature.
	Part D
14 through 22	LSA representative shall approve or disapprove CCC-709. Enter the date of approval or disapproval and the name, address, and telephone number of the LSA office. Provide a copy to the producer as applicable.
	Part E
	Producers or POA must complete either item 23 or items 24 and 26 **when payment is requested** and production evidence is not provided at the time of the payment request. LSA offices shall complete item 25, as applicable.
23	If the producer requests payment and provides production evidence, check the box and attach production evidence to CCC-709. If the producer requests payment and production evidence is **not** provided, skip item 23 and proceed to items 24 through 26.
24	For cotton gin-direct LDP's, producers must certify only the date of ginning.
25	Enter the LDP rate for the applicable commodity for the date in item 24. For gin-direct cotton LDP applications using CCC-709, the payment rate is always the rate effective on the date of ginning. Later dates associated with the date of shipment of the cotton from the gin, or date of invoicing, must not be used as the date for determining the LDP rate. **Note:** This item is for LSA office use only.
26	Producers must certify the quantity for which LDP is requested based on the date of delivery, harvest, or ginning certified in item 24.

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80 Gin Direct LDP's Using CCC-709 (Continued)

J Completing CCC-709 (Continued)

The following is an example of CCC-709.

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This form is available electronically. Form Approved - OMB No. 0560-0129

CCC-709 (06-10-03) **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation

DIRECT LOAN DEFICIENCY PAYMENT AGREEMENT

See Page 2 for Privacy Act and Public Burden Statements.

1. Name, Address & ID No. of Contact Producer: J.B. Benson, Route 2, Box 1, Anytown, USA 24569
Telephone Number (Area Code):

2. Crop Year: 20XX

3. Commodity/Class/Variety/Type 1/: Cotton

Use this form **BEFORE** harvest, ginning, shearing, or delivery for slaughter if you choose to receive LDP payments based on date of delivery for grain, wool, mohair, and unshorn lambs or date of ginning for cotton when you will lose title, control, and risk of loss (beneficial interest) at the time of harvest, shearing, or delivery.

PART A - TERMS AND CONDITIONS *(Check the applicable box in Items 4 through 8)*

	YES	NO	INITIALS
4. Will any of this commodity be stored on the farm that is not temporary storage or for drying purposes? If "YES", this agreement becomes null and void for that quantity only and you must request LDP on CCC-633 LDP before you lose beneficial interest in that quantity.		X	JBB
5. Does more than one producer have an interest in the quantity for this request? If "YES", all producers **must** sign this request.		X	JBB
6. Will all producers requesting this LDP have title control, and risk of the loss (beneficial interest) in accordance with 7 CFR Parts 1421 and 1427, as applicable (1) at time of ginning for cotton gin direct LDP; or (2) at time of shearing for wool and mohair; (3) at the time of delivery for slaughter for unshorn lamb pelts; (4) at time of harvest for all other LDP requests?	X		JBB
7. Will this commodity be produced by all producers requesting this LDP?	X		JBB
8. Are you or any co-applicant delinquent on any federal non tax debt? *(If "YES", provide details in the remarks)*		X	JBB

PART B - APPLICABLE PRODUCTION *(Check the applicable box in Items A through E)*

9. CHECK	10. PRODUCTION UNIT	11. FARM NUMBER(S)	12. INITIALS
	A. Specific Quantity: *(Please indicate specific quantity)*		
X	B. All	All	JBB
	C. All quantity delivered to a specific location: *(Please indicate delivery location)*		
	D. Only quantities delivered for immediate sales. Any quantity delivered for storage must be covered by CCC-633 LDP before loss of beneficial interest.		
	E. Other: *(Please provide description)*		

PART C - PRODUCER SIGNATURES AND CERTIFICATION

I certify that all information entered on this form is true and correct. By completing and returning Part A and by signing this form the producer(s) ("Producer") hereby enters into this agreement with the Commodity Credit Corporation (CCC) with respect to the commodity described in Part B and agrees that the loan deficiency payment (LDP) rate in effect for the applicable commodity: (1) for upland cotton on the date of ginning, or (2) for all other commodities on the date of delivery to the processor, buyer, warehouse, or cooperative if the commodity is delivered directly from the field to the processor, buyer, warehouse, or cooperative. The producer further understands that with respect to the commodity described in Part B: (1) to receive payment for the commodity, a request for payment must be made at the County FSA Office where the farm records are kept; (2) that if the commodity is delivered to a farm storage, except for temporary storage or immediate drying, this agreement becomes null and void and a CCC-633 LDP for grain, wool and mohair or CCC Cotton AA for cotton must be requested before the producer loses beneficial interest in the commodity; (3) any false claim or statement made may lead to civil liability or criminal prosecution; (4) the LDP may be selected for spot check and the producer will be required to provide supplemental documents to determine program eligibility; (5) this agreement remains in force until, each time it is revised or new issued, on or before the date of ginning for cotton or date of shearing for wool and mohair, date and delivery for unshorn lamb pelts, or date of harvest for all other requests; (6) that the producer agrees to forgo a commodity loan on the quantity requested for LDP unless a quantity is denied LDP due to payment limitation and that the producer may not repay or refund any LDP amount in order to obtain a commodity loan; (7) CCC may require copies of sales contract for the production represented by this application; (8) this application is subject to determination by CCC of the Producer's eligibility to receive LDP, and that this application and CCC's determination are subject to 7 CFR Part 1427 or 1421, as applicable; (9) CCC shall require the refund of the LDP amount, plus interest from the date of payment if the producer is later determined by CCC to be ineligible for the LDP, and (10) CCC shall assess liquidated damages in accordance with 7 CFR Part 1427 or 1421, as applicable, if the producer misrepresented the eligible commodity indicated above.

13. Signature of Producer(s)	14. Share (%)	15. Date (MM-DD-YYYY)	16. Signature of Producer(s)	17. Share (%)	18. Date (MM-DD-YYYY)
/s/ J. B. Benson	100				

PART D - APPROVAL

19. Approved for CCC By: /s/ Gary Jones

20. Disapproved for CCC By:

21. Date (MM-DD-YYYY)

22. Name and Address of County FSA Office: Acme LSA, P.O. Box 434, Anytown, USA 24569

1/ For wool, enter "graded" or "ungraded" as applicable. NOTE: If you have entered "graded wool", also enter the micron and yield from the core test results.

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80 Gin Direct LDP's Using CCC-709 (Continued)

J Completing CCC-709 (Continued)

*--

CCC-709 (06-10-03) Page 2

PART E - PAYMENT REQUEST

23. If the producer provides production evidence when payment is requested, check this box and attach the production evidence to this form. ☐

Complete Items 24 through 26 if a certified LDP request for payment and production evidence is not attached, as applicable:

24 Date Delivered, Harvested, Ginned, or Sheared	25. CCC-Determined Value - LDP Rate *(County FSA Office Use)*	26. Quantity Requested	24. Date Delivered, Harvested, Ginned, or Sheared	25. CCC-Determined Value - LDP Rate *(County FSA Office Use)*	26. Quantity Requested

27. REMARKS AND REASONS FOR DISAPPROVAL, AS APPLICABLE:

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is 7 CFR Parts 1421 and 1427. The information will be used to determine eligibility and the amounts of program benefits. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in determination of ineligibility for program benefits. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.*

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0129. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

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81-91 (Reserved)

*--Part 6 Offsets and Assignments

92 General Policies for Offsets and Assignments

A LSA Policies

The following offsets and assignment policies apply to LSA's.

- Offsets, when applicable, shall be collected for producers who obtain loans or LDP's through LSA's from loan and LDP funds.

- Assignments, when applicable, shall be collected for producers who obtain LDP's through LSA's from LDP funds.

- Producers through LSA's have the following options:

  - not obtain any loan and LDP on quantities with applicable offset or assignment
  - pay applicable offset or assignment on production included in loan and LDP activity.

- LSA's shall follow control County Office guidance in bankruptcy cases.

B Payment Date

The date of payment for offsets and assignments shall be the date LSA contacts the County Office to obtain payment information.

Notes: See subparagraph D for LSA payment priority order.

C Notifications

LSA's will receive notification that offsets and assignments are applicable:

- normally, through the CMA Process according to 1-CMA, Part 7
- in rare instances, through notifications from the State Office.--*

*--92 General Policies for Offsets and Assignments (Continued)

D LSA Payment Priority Order

When LSA producer has both offsets and assignments applicable, LSA's shall collect offsets first, and then assignments.

E State Office Notifications

State Offices are authorized to notify LSA's of large individual dollar amount offsets and assignments.

93 Offset Actions for LSA's

A LSA Policies

The following policies in addition to those listed in paragraph 92 also apply to offsets through LSA's:

- no action is needed when the applicable producer does not obtain either loan or LDP funds through LSA

- when a lien has been filed for a producer with an offset, the lienholder has the right to refuse to grant a waiver. If the lienholder grants the waiver, proceed with processing the loan or LDP. If the lienholder does **not** grant the waiver, the producer is not eligible for loans or LDP's.--*

*--93 Offset Actions for LSA's (Continued)

B LSA Action

LSA's shall follow the procedures in the following table when offsets are applicable for a producer involved in a loan or LDP.

Step	Action
1	When a joint operation record is received from the CMA process with "Y" in Field 67 for a component member, notify the joint operation's control County Office's State Office that record has been received. In notification, identify applicable joint operation, component members, and control County Offices. **Notes:** The State Office has 30 calendar days to notify the applicable LSA when a payment to CCC is **not applicable**. See step 6 for additional instructions. When the loan or LDP proceed is for a component member of a joint operation, the proceed amount is determined by multiplying the applicable component member's actual share (Field 16 from the CMA Process) times the joint operation's proceed amount.
2	Contact control County Office to determine offset amount and applicable administrative County Offices no more than 3 workdays before obtaining loan or LDP proceeds. **Note:** If control County Office does not receive payment within 8 workdays of this contact, it will reject the payment. When this happens, LSA's must contact the control County Office again to determine the exact amount due on the day producer obtained loan or LDP proceeds.
3	LSA shall notify the control County Office of the date loan or LDP proceeds will be, or were, obtained for the producer within 2 workdays of the date of the proceed. **Note:** This notification may be made at the time the inquiry in step 2 is made.

--*

--B LSA Action (Continued)--

Step	Action	
4	**IF offset is…**	**THEN issue a payment to…**
	less than loan or LDP proceeds due producer	• CCC for producer to control County Office for offset according to step 5 • producer for balance of proceeds due producer.
	Equal to or greater than loan or LDP proceeds due producer	CCC for producer to control County Office for loan or LDP proceed amount according to step 5.
5	• Issue payments to CCC. • Attach a memorandum stating that the payment is an "Offset payment of $_____ for (**producer's name, ID number, and administrative County Office**)". • Submit payment to control County Office.	
6	When notified by State Office that payment to CCC is **not applicable for a joint operation** after payment was made: • request refund from administrative County Office **Note:** A copy of State Office's notification **must** be included with the refund request. • issue payment to producer within 3 workdays of receiving payment from administrative County Office.	

*--94 Offset Actions for State and County Offices

A Control County Office Actions

Control County Offices shall follow the procedures in the following table for LSA offsets.

Step	Action	
1	**IF contacted by...**	**THEN record date...**
	cotton LSA	loan or LDP will be, or was, obtained for producer. **Note:** Contact must be within 2 workdays of the date of loan or LDP or LSA must recontact County Office for update amount.
2	Determine County Offices where producer has offsets and each applicable amount.	
3	**IF...**	**THEN...**
	no offset exists	provide LSA written verification that offset no longer applies.
	any offset exists	continue.
4	Calculate offset amount, plus interest, through date in step 1 for each county.	
5	Inform the applicable LSA, within 2 workdays of LSA contact, of: • offset amount, plus interest, for each offset and applicable County Office • County Office order of repayments by ascending State and County Office number order • how to handle cases involved in bankruptcies based on Regional Attorney instructions. **Note:** For multiple types of debts within a single county, County Offices shall follow the normal priority of payment procedures in 58-FI.	
6	**IF offset payment is…**	**THEN…**
	not received from LSA within 8 workdays of date in step 1	• call and notify LSA that no payment was received • provide LSA with an updated payment amount based on loan or LDP date.
	received from LSA within the appropriate time period	forward payment to administrative County Office.

--*

*--94 Offset Actions for State and County Offices (Continued)

B Administrative County Office Action

Administrative County Offices shall follow procedures in the following table for LSA offsets.

Step	Action	
1	**IF offset...**	**THEN...**
	payment is received from LSA	go to step 2.
	refund is requested by LSA	go to step 6.
2	Deposit payment according to 58-FI.	
3	Update producer's records to reflect offset payment received.	
4	Send LSA confirmation payment was received within 5 workdays of receiving payment.	
5	Update producer's NAM's offset flag to indicate that no offset is owed when all offset amounts have been paid.	
6	Issue a refund according to 1-FI within 3 workdays. **Note:** Refund requests based on State Office notification for component members, must include a copy of the State Office's notification that a payment was **not applicable.**	

C State Office Action

State Offices shall follow procedures in the following table for LSA offsets.

Note: If State Office is aware that payment has been made before notification in step 1 is received, State Office shall notify applicable LSA's that offsets are not applicable.

Step	Action	
1	Upon notification from LSA that they have received a joint operation record from CMA process with a "Y" in Field 67 for a component member, verify within 20 calendar days whether payments for the component member may be collected through the joint operation, according to 58-FI.	
2	**IF offsets may...**	**THEN...**
	be collected	no further action is required.
	not be collected	immediately provide LSA a written notification that payments may **not** be collected for the component member through the joint operation.

--*

95-100 (Reserved)

101 LSA Assignments

A Occurrence

Assignments apply when a producer voluntarily requests that CCC issue LDP funds to another entity. Assignments **only** apply to producers obtaining LDP's.

B LSA Action

LSA's shall use the following procedures for producers with assignments who obtain LDP's.
*--

Step	Action	
1	Contact applicable administrative County Office or access the FSA financial services web site, if authorized, no more than 3 workdays before disbursing LDP proceeds to the producer to determine amount of assignment and the assignee.	
2	**IF assignment amount is...**	**THEN issue a payment to...**
	less than LDP amount due producer	• assignee for the assignment amount • producer for balance of LDP proceeds due the producer.
	equal to or greater than amount of LDP due producer	assignee.
3	Immediately submit a memo by mail or e-mail to the administrative County Office stating, "Assignment payment of $_____ for (**producer's name, address, and ID number**) and crop year **___,**" has been made. If the assignment is farm number specific, add the FSN. Also include the assignee's name, address, and ID number.	

--*

101 LSA Assignments (Continued)

C Administrative County Office Action

Administrative County Offices shall use the following procedures for assignments.
*--

Step	Action	
1	**IF assignment…**	**THEN…**
	still applies	continue.
	has already been collected	• provide LSA written verification that the assignment no longer applies and advise the LSA to notify the applicable financial institution • stop process.
2	Update producer's records to reflect assignment payment was made.	
3	Send LSA confirmation that the memo was received within 5 workdays.	

--*

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
CCC-6	CCC Commodity Certificate		52
CCC-10	Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents	23.5	18, 23, 36
CCC-500	Loan Repayment Receipt		51
CCC-601	Commodity Credit Corporation Note and Security Agreement Terms and Conditions		15, 18, 38, 39
CCC-605	Designation of Agent - Cotton	27	Text
CCC-605-1	Designation of Agent - Cotton (Continuation Sheet to Form CCC-605)	27	18, 24, 26, 27, 52
CCC-605-2	Designation of Subsequent Agent - Cotton	27	18, 24-26
CCC-674	Certification for Contracts, Grants, Loans and Cooperative Agreements	29	36
CCC-679	Lien Waiver	23	18, 36
CCC-686	Application for Loan or Loan Deficiency Payment by Heirs (On a Commodity Produced by a Person Who Has Died)	22	
CCC-694-2	Acknowledgment of Commodity Certificate Purchase	52	
CCC-709	Direct Loan Deficiency Payment Agreement	80	18, 21, Part 5
CCC-719	ACRS Transaction Report		3, 12, 15, 18, 52
CCC-719P	ACRS Transaction Report for Warehouse Receipts		18
CCC-846-1	Recertification of Status for Approved Loan Servicing Agents (LSA's) or Designated Marketing Associations (DMA's)	13	
CCC-877	Seed Cotton Loan Worksheet		78
CCC-912	Agreement of Authorized Loan Servicing Agent		10, 11, 12
CCC-1099-G	Report of Payments to Producers		52

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-Cotton A	Cotton Producer's Note and Security Agreement	38	Text
CCC-Cotton A Continuation	CCC-Cotton A Continuation Sheet	39	17, 18, 38
CCC-Cotton A-1	Schedule of Pledged Cotton	40	15, 17, 18, 36
CCC Cotton A-5	Statement of Eligibility and Information Worksheet	37	18, 36
CCC-Cotton AA	Upland Cotton Producer's Loan Deficiency Payment Application and Certification	78	17, 18, Part 5
CCC-Cotton AA-1	Schedule of LDP for Upland Cotton	79	17, 18, 73, 78
CCC Cotton AA-2	Spotcheck of Upland Cotton Subject to AWP Lock-in	78	
FSA-211	Power of Attorney	20	Part 2, 36, 52, 73
FSA-211-1	Power of Attorney for Husband and Wife		20
SF-LLL	Disclosure of Lobbying Activities	29	36

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations

This table lists all abbreviations used in this handbook.

Approved Abbreviation	Term	Reference
ACRS	automated cotton reporting system	1, 15, 36, 52, 53,73
AWP	adjusted world price	15.5, 52, Part 5
CCA	coarse count adjustment	15.5, 52, 80
CCB	Cotton Commercial Bank	Text
CCC	Commodity Credit Corporation	Text
CCR	Centralized Cotton Redemption	27
COC	County Committee	21, 22, 80
CFR	Code of Federal Regulations	Text
COPS	Cotton On-line Processing System	53, 54
DAFP	Deputy Administrator for Farm Programs	2
EDS	Electronic Data Systems Corporation	55
ELS	extra-long staple	Text
e.t.	eastern time	72
EWR	electronic warehouse receipt	Text
FAX	facsimile transmission	Text
FLP	Farm Loan Program	2, 11
FMD	Financial Management Division	2, 11
FmHA	Farmers Home Administration	23
FSA	Farm Service Agency	Text

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations (Continued)

Approved Abbreviation	Term	Reference
ID	identification number	38, 39, 52
IRS	Internal Revenue Service	52
KCAO	Kansas City Administrative Office	54
KCCO	Kansas City Commodity Office	3, 40, 54
KC-ITSTO	Kansas City ITS Technical Office	2
LDP	loan deficiency payment	Text
LSA	Authorized Loan Servicing Agent	Text
NALR	national average loan rate	52, 79
NRCS	Natural Resources Conservation Service	21
PCF	percent of cropland factor	77
PE	permitted entity	77
PLM	payment limitation	1
POA	Power of Attorney	37, 78, 80
PSD	Price Support Division	Text
R&P	research and promotion	19, 36, 38, 40, 77, 79
USDA	United States Department of Agriculture	11, 12, 21, 23

Redelegations of Authority

None

Definitions of Terms Used in This Handbook

Authorized Loan Servicing Agent (LSA)

Authorized LSA is an entity approved by CCC to act as its agent in providing service to producers for CCC-Cotton A loans under the CCC Cotton Loan Program according to CCC-912.

Cotton Board

Cotton Board is the board authorized under the Cotton Research and Promotion Act (80 Stat. 297) to collect the research and promotion fee assessed on upland cotton.

Cotton Commercial Bank (CCB)

CCB is a bank under contract to CCC that serves as CCC's agent for handling and servicing CCC cotton loans, redemptions, and other transactions.

*--Date Documents Provided

Date documents provided is the **later** of the following dates:

- the date of receipt from the producer of any paper documents necessary to complete the loan, such as a lien waiver

  Note: The date by which a lien search conducted is not applicable to this item.

- the date CCC was made holder of EWR's

- if applicable, the date paper warehouse receipts were delivered to LSA.--*

Definitions of Terms Used in This Handbook (Continued)

Electronic Warehouse Receipt (EWR) Provider

EWR provider is an entity that has entered into an "Farm Service Agency Provider Agreement to Electronically File and Maintain Cotton Warehouse Receipts".

Gin Direct

Gin direct is cotton under a contract that specifies that the control of the cotton is transferred immediately to the buyer or mill after the cotton is removed from the gin box. Producers who have these contracts and do not receive an advance payment are eligible for LDP's according to 7-CN, Part 5.

Individual Card Warehouse Receipt

Individual card warehouse receipt is a negotiable machine card-type cotton warehouse receipt according to 7-CN, Part 5, Section 2.

Primary Owners

Primary owners are those entities owning more than 10 percent of LSA.

Program Services

Program services are those services LSA's are authorized to provide for CCC to producers under CCC-912 with CCC.

CCC-912, Agreement of Authorized Loan Servicing Agent

The following is an example of CCC-912.

REPRODUCE LOCALLY. *Include form number and date on all reproductions.*

CCC-912
(10-01-96)

Form Approved - OMB No. 0560-0074

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

AGREEMENT OF AUTHORIZED LOAN SERVICING AGENT

1. Date of Agreement *(Day, Month, Year)*	2. Name of Authorized Loan Servicing Agent

NOTE: *The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Cotton Loan Program Regulations at 7 CFR 1427. These regulations provide that a person or firm which desires to act as Agent of the Commodity Credit Corporation (CCC) for the purpose of rendering service to producers shall execute and file a written agreement with CCC. This agreement, Form CCC-912, is the required agreement and without it authority to act as an agent for CCC will not be granted. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 651, 1001, 15 USC 714m; and 31 USC 3729, may be applicable to the information provided by the agent in this agreement. This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability.*

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0074. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. ***RETURN COMPLETED FORMS TO THE DIRECTOR, PRICE SUPPORT DIVISION, USDA, FSA, STOP 0512 WASHINGTON, D.C. 20013.***

This Agreement is entered into on the date indicated above by and between the Commodity Credit Corporation (hereafter referred to as "CCC") and the authorized loan servicing agent indicated above (hereafter referred to as "LSA").

It is the desire of CCC to permit, a person or firm to act as agent for CCC in performing certain administrative functions involved in making loans and loan deficiency payments (LDP's) available to cotton producers through Form A cotton loans in accordance with CCC's cotton loan and LDP program.

It is the desire of the person or firm named above to be approved by CCC to render service to producers under the CCC cotton loan and LDP program.

The CCC Cotton Loan Program Regulations provide that a person or firm which desires to act as Agent of CCC for these purposes shall execute and file a written agreement with CCC.

NOW, THEREFORE, in consideration of the premises and other considerations contained herein, the parties hereto agree as follows:

1. Subject to the other provisions of this Agreement, CCC hereby appoints the person or firm named above (hereinafter referred to as the "LSA") as a loan servicing agent for CCC for the purpose of performing certain services requisite to the making and servicing of CCC cotton loans and LDP's to eligible producers of eligible cotton in accordance with the cotton loan and LDP programs carried out by CCC. The LSA may act as CCC's agent for the following purposes:

   (a) preparing and executing CCC cotton loan and LDP documents;

Continued on the next page

CCC-912, Agreement of Authorized Loan Servicing Agent (Continued)

CCC-912 (10-01-96) **Page 2**

(b) disbursing CCC cotton loan and LDP proceeds to individual producers;

(c) receiving funds from the servicing agent bank (SAB) for the loan or LDP amount shown on the loan documents presented to the SAB;

(d) preparing and executing documents for loan repayments;

(e) collecting repayment funds from producers and transmitting such funds to CCC through the SAB;

(f) handling documents involved in a claim for loss or damage of loan cotton by CCC or the producer;

(g) transmitting documents and advising the SAB to render forfeited collateral to CCC; and

(h) collecting data for reporting to CCC as may be prescribed by CCC.

2. In performing the services enumerated in section 1, the LSA shall:

(a) perform such services in accordance with the procedures outlined in the applicable cotton program regulations and notices published in the Federal Register, applicable cotton handbooks and any amendments thereto, and notices or instructions issued by the Deputy Administrator, Farm Programs.

(b) make and service CCC cotton loans and LDP's, as provided in section 1, only upon the presentation of warehouse receipts, unless otherwise provided by CCC, and class information by an eligible producer to the LSA;

(c) become familiar with the cotton program for each crop of cotton as set forth in the applicable regulations, notices published in the Federal Register, Farm Service Agency (FSA) Cotton Loans Handbook, forms, and other instructions issued relating to the cotton loan and LDP program;

(d) before executing documents for the purpose of making a CCC cotton loan or LDP to any producer, determine to the best of the LSA's knowledge and belief that the producer requesting a CCC cotton loan or LDP through the service provided by the LSA is an eligible cotton producer (as defined in the applicable commodity program regulations) and that the cotton is eligible cotton (as defined in the applicable commodity program regulations);

(e) make a lien search prior to the disbursement of a CCC cotton loan and determine that the cotton to be pledged to CCC as security for a CCC cotton loan is free and clear of all liens except for those liens authorized by CCC in the warehouseman's storage agreement with CCC. If liens are discovered, other than the liens authorized in the warehouseman's storage agreement with CCC, a lien waiver is required from lienholders before the loan proceeds are disbursed;

(f) advise each producer for whom the LSA executes loan or LDP documents that the producer should retain the producer's copy of the loan or LDP documents for the producer's records; and

(g) before executing and presenting loan or LDP documents to the SAB, provide to the SAB the signatures of those persons who were approved by CCC to sign as the LSA.

Continued on the next page

CCC-912, Agreement of Authorized Loan Servicing Agent (Continued)

CCC-912 (10-01-96) **Page 3**

3. Upon notification by the LSA that a producer may request loans and LDP's through the service provided by the LSA, CCC shall:

   (a) determine whether the producer is an eligible producer;

   (b) determine whether the producer has complied with the applicable loans and LDP eligibility requirements; and;

   (c) make debt information from the FSA debt register available to the LSA.

4. If the LSA is notified at any time that a producer requesting loans or LDP's through the service provided by the LSA is indebted to CCC or is otherwise subject to setoff by CCC in accordance with the setoff regulations of CCC, the LSA shall:

   (a) contact CCC for the amount that is owed to CCC and is to be setoff from the loan or LDP proceeds prior to the disbursement of such proceeds; and

   (b) prepare a check payable to CCC for the amount collected by setoff and forward the check to CCC as directed by CCC.

5. (a) The LSA may charge the producer requesting a CCC cotton loan or LDP through the service provided by the LSA a fee for preparation of loan or LDP documents and for servicing the loan, at a rate determined by CCC. Fees shall be deducted from the loan or LDP amount received by the LSA from CCC before distribution to the producer.

   (b) Any fees charged by the LSA for making and servicing loans or LDP's shall be assessed at the same rate for each producer requesting a CCC cotton loan or LDP through the service provided by the LSA.

6. If the LSA is designated by a producer to be the producer's agent for the purpose of executing loan or LDP documents in order to obtain LDP's or Form A cotton loans or repaying such loans on behalf of the producer, the LSA will not sign as a witness on a cotton Form A or applicable Cotton AA which the LSA has signed as either the agent for the producer or as agent for the producer's spouse.

7. If the LSA is designated by a producer to be the producer's agent for the purpose of executing documents to obtain a Form A cotton loan, repaying such loans on behalf of the producer, marketing the producer's cotton, or obtaining LDP, the LSA shall:

   (a) disclose to CCC all facts which the LSA knows or should know would reasonably affect the judgment of CCC in permitting the LSA to act as agent for both CCC and the producer;

Continued on the next page

CCC-912 (10-01-96) **Page 4**

(b) include the following language (or equivalent language approved by CCC) in any agency agreement entered into between the LSA and a producer:

"[The producer] hereby acknowledges that [the LSA] is an agent of the Commodity Credit Corporation for the purpose of performing certain services requisite to the making and servicing of Commodity Credit Corporation cotton loans and LDP's to eligible producers of eligible cotton and agrees to permit [the LSA] to act as agent for both [the producer] and the Commodity Credit Corporation. [The LSA] shall disclose to [the producer] all facts which [the LSA] knows or should know would reasonably affect the judgement of [the producer] in permitting [the LSA] to act as agent for both [the producer] and the Commodity Credit Corporation"; and

(c) submit for CCC's approval any such agency agreement entered into between the LSA and producer.

8. The LSA will not pool the producer's cotton for the purpose of obtaining loans or LDP's from CCC and will not pool the proceeds obtained from loans or LDP's made by CCC or make settlement of loan proceeds with producers on a pool basis.

9. The LSA will not adopt any scheme or device to circumvent the purpose of the applicable commodity program regulations, the regulation governing LSA's, or this agreement.

10. Any charge for marketing services performed by the LSA for a producer requesting CCC cotton loans or LDP's through the service provided by the LSA shall be established by the producer and the LSA prior to execution of a marketing agreement and power of attorney. Any such charge will be assessed at the same rate for all producers for which the LSA performs marketing services.

11. The LSA shall not discriminate against any person because of race, color, religion, sex, national origin, marital status, national origin, physical disability, mental disability, or age in conducting activities in accordance with this agreement.

12. The services of the LSA shall be made available to all eligible producers whether or not such producers have granted the LSA a power of attorney or have designated the LSA as the producer's agent for the purpose of:

(a) executing loan documents to obtain Form A cotton loans, or LDP's

(b) repaying such loans on behalf of the producer, or

(c) marketing the producer's cotton.

13. (a) The LSA shall furnish security to CCC in order to guarantee performance. The security shall be either:

(i) a certified or cashier's check payable to CCC;

(ii) an irrevocable commercial letter of credit in the form approved by CCC; or

(iii) a bond conditioned on the LSA fully discharging all of its obligations under this agreement.

Continued on the next page

CCC-912 (10-01-96) **Page 5**

The amount of the financial security shall be equal to an amount, as determined by CCC, by which the number of bales of cotton to be handled by the LSA under this Agreement multiplied by $10 exceeds the LSA's net worth. In lieu of the foregoing, CCC may at its discretion, accept such other form of security as CCC may deem appropriate.

(b) The LSA is liable to CCC for any losses incurred by CCC as a result of the LSA's failure to discharge all of its obligations under this agreement. Payment in the amount of such losses shall be made to CCC first, from the financial security furnished by LSA, and second, by the LSA if the amount of the loss exceeds the amount of the financial security.

14. The LSA shall maintain, for a period not less than six (6) years following loan closure (repayment or forfeiture) or LDP, current and complete records with respect to executed loan and LDP documents required by this agreement.

15. The LSA shall permit CCC or its representatives to examine the books, loan records, papers, and accounts relating to the activities of the LSA in connection with the making and servicing of CCC cotton loans or LDP's any time during normal business hours. Examination and inspections made by CCC or by a Federal, State, or other body authorized by CCC shall, however, in no way relieve the LSA of its obligations under the terms and conditions of this agreement.

16. No information collected or acquired by the LSA in its capacity as agent of CCC shall be released, supplied, or made available, without prior approval of CCC, to any person other than CCC or the person who supplied such information.

17. (a) An LSA shall, upon the request of CCC or its representatives, furnish a current financial statement prepared in accordance with generally accepted accounting principles and including the items listed below:

(i) balance sheet;

(ii) income statement (profit and loss statement);

(iii) cash flow statement; and

(iv) statement of retained earnings.

(b) Each financial statement shall be accompanied by a report of audit or review conducted by an independent Certified Public Accountant in accordance with standards established by the American Institute of Certified Public Accountants. The accountant's report of audit or review shall include the accountant's certifications, assurances, opinions, comments and notes with respect to such financial statements.

18. The LSA shall hold CCC harmless from any claim made against CCC in connection with any loan or LDP making, loan servicing, or other activity carried out by the LSA which is not in accordance with the terms and conditions of this agreement.

19. (a) This agreement may be terminated by either party at any time upon 30 days notice to the other party.

(b) CCC may terminate this Agreement without providing 30 days notice if CCC determines that the LSA has failed to meet the terms and conditions of this Agreement.

Continued on the next page

CCC-912 (10-01-96) **Page 6**

(c) Termination of this agreement by either party is without prejudice to any rights of a party against the other under this agreement arising from a party's failure to meet the terms and conditions of this Agreement.

(d) If the LSA sends a notice of termination to CCC or receives a notice of termination from CCC, the LSA shall immediately cease the execution of loan or LDP documents.

20. Member Delegate - Unless exemption by 41 U.S.C. 22, no member or Delegate to Congress, or resident commissioner, shall be admitted to any share or part of this agreement or to any benefit arising from it. However, this provision does not apply to this agreement to the extent that this agreement is made with such persons in their capacity as producers of agricultural commodities or with a corporation for its general benefit.

IT IS FURTHER AGREED that this Agreement does not render the LSA a Federal employee. It is agreed that this Agreement will become effective upon execution by CCC and will remain in effect until terminated.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date set forth above.

COMMODITY CREDIT CORPORATION

By _____ Date: _____
(Signature of Contracting Officer)

By _____ Date: _____
(Signature of Authorized Loan Servicing Agent)

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

The following is an example of CCC-601.

REPRODUCE LOCALLY. Include form number and date on all reproductions.

Form Approved - OMB No. 0560-0087

CCC-601
(06-23-98)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

COMMODITY CREDIT CORPORATION
NOTE AND SECURITY AGREEMENT TERMS AND CONDITIONS

1. GENERAL.

(a) Definitions. The following definitions shall apply to this form, CCC-601, and any appendix thereto.

(i) "**Amount Due**" means that amount of the loan due CCC on the maturity date which is (A) the sum of: (1) the total loan amount; (2) any applicable charges; and (3) for loans **disbursed by CCC-184**, interest which has accrued on such amounts computed on a daily basis from the date of disbursement to, but not including, the date of repayment; and (4) for loans **disbursed by Electronic Funds Transfer (EFT)**, interest which has accrued on such amounts computed on a daily basis from the date of disbursement to, but not including, the second day before the date of repayment (7 CFR Part 1405), or (B) at CCC's discretion, an amount that is less than the sum of the amount of the loan principal plus charges and applicable interest. (C) However, for a CCC commodity loan **disbursed by CCC-184** and that has a total aggregate principal amount of $500,000 or more, interest, if applicable, shall be calculated when repaid by: (i) wire transfer, on a daily basis from the date of disbursement to, but not including, the second day before the date of repayment; or (ii) other than a wire transfer, on a daily basis from the date of disbursement through the day after the date of repayment. (D) For a CCC commodity loan **disbursed by EFT** and that has a total aggregate principal amount of $500,000 or more, interest, if applicable, shall be calculated when repaid by: (i) wire transfer, on a daily basis from the date of disbursement to, but not including, the second day before the date of repayment; or (ii) other than a wire transfer, on a daily basis from the date of disbursement to, but not including, the date of repayment.

(ii) **"CCC"** means the Commodity Credit Corporation.

(iii) **"Collateral"** means the commodity described in the Note which has been pledged as security for a CCC loan.

(iv) **"Note"** means any CCC Note and Security Agreement which by reference incorporates this form.

(v) **"Regulations"** means the regulations in Title 7 of the Code of Federal Regulations which are applicable to the crop of the commodity described in the Note.

(vi) **"Schedules of Premiums and Discounts"** means the premiums and discounts established by CCC which are applicable to the grade of the commodity as determined from the grading factors reflected on a: (A) warehouse receipt or (B) Federal Grain Inspection Service official grading certificate. These premiums and discounts shall be used in the settlement of a nonrecourse loan if the producer does not repay the loan as required by the program regulations. Copies of the schedules of premiums and discounts are available in State or county Farm Service Agency offices.

(vii) **"Total Loan Amount"** means the amount so identified in the Note.

(viii) **"Loan Service Fee"** means the service fee deducted at loan disbursement and is calculated as follows: (A) for wheat, feed grains, oilseeds, peanuts, rice, and seed cotton, the smaller of ½ of 1 percent (.005) times the gross loan amount or $45 per loan plus $3 for each storage structure, warehouse receipt, rick or module, as applicable, over 1; (B) for ginned cotton, the smaller of ½ of 1 percent (.005) times the gross loan amount or $7.50 per loan plus 90 cents for each bale; (C) for sugar, $60 per loan; and (D) for distress loans, $45 per loan.

(ix) All other words and phrases shall have the meanings assigned to them in the regulations found at 7 CFR Parts 718, 1400, 1403, 1421, 1425, 1427, and 1435.

(b) Joint and Several Liability. Each producer signing the Note is jointly and severally liable for payment of the amount due.

(c) Notification. Several of the terms and conditions of the Note require the producer to notify CCC of actions to be taken by the producer. Any such notification must be made by notifying a representative of CCC at the Farm Service Agency county office that prepared the Note. All notices which CCC must provide to the producer will be mailed to the producer at the address maintained by that office. The producer will be deemed to have received such notice upon deposit, as first class or priority mail, in the U.S. Mail.

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(d) **Applicable Sections.** Except as may otherwise be stated herein: (i) Sections 1 through 3, 5 through 8 and 12 are applicable to all loans; (ii) Section 4 is only applicable to nonrecourse loans; (iii) Section 9 is only applicable to farm-stored nonrecourse loans; (iv) Section 10 is only applicable to warehouse-stored nonrecourse loans; (v) Section 11 is only applicable to recourse loans.

(e) **Applicable Regulations.** The Note evidences a CCC loan made in accordance with Title 7 of the Code of Federal Regulations. Applicable parts of Title 7 of the Code of Federal Regulations are incorporated by reference as a part of the Note.

2. **EQUAL OPPORTUNITY.** Participation in CCC Programs is open to all eligible applicants without regard to race, color, religion, national origin, age, sex, marital status, or disability.

3. **LOAN MATURITY.** The Note will mature at the earlier of the maturity date stated in the Note or any earlier date determined by CCC. If CCC makes demand for payment before the stated maturity date, the producer will be notified in writing of the accelerated maturity date.

4. **LIQUIDATION OF NONRECOURSE LOANS.** On or before the loan maturity date, the producer may repay the loan by paying the amount due. If the producer repays the loan at a rate less than the sum of the loan principal plus charges and interest, the producer must provide to CCC evidence of production of the commodity which had been pledged as collateral for the loan. In lieu of repayment of the amount due, the producer may, in accordance with Sections 9 and 10, deliver the collateral to CCC. In the case of farm-stored loans, the producer shall bear all expenses of the delivery of the collateral to the delivery point stated in the delivery instructions issued by CCC. The producer will pay to CCC any costs incurred by CCC if the producer fails to deliver the collateral in accordance with such instructions. In no event will CCC pay to any party any amount which is received from the sale of the collateral if the sales proceeds are in excess of the amount required to settle the loan based on the quantity and quality of the commodity delivered to CCC as determined in accordance with the schedule of premiums and discounts. CCC will reimburse the producer for receiving charges paid by the producer to the warehouse upon delivery of the loan collateral except: (i) such payment by CCC will not exceed the receiving charge which CCC has agreed to pay to the warehouse; and (ii) no payment shall be paid by CCC if the warehouse has paid a premium to the producer for delivery of the loan collateral to the warehouse. If the producer has not paid such charges to the warehouse, the producer agrees to assign such payment to the warehouse and CCC shall issue such payment to the warehouse for the producer's account.

5. **WAIVER OF PRESENTMENT.** The producer waives presentment for payment, demand, protest, notice of protest, and notice of non-payment of the Note.

6. **COLLATERAL.** The kind, class, type, and quantity of the commodity which has been pledged by the producer as collateral for the satisfaction of the loan is described in the Note. With respect to farm-stored loans, the collateral consists of the entire quantity of the commodity which is stored as identified in the Note and any authorized replacement of such quantity. With respect to warehouse-stored loans, the collateral consists of the commodity represented by the warehouse receipts identified in the Note and any required supporting documents.

7. **PRODUCER'S RESPONSIBILITY.**

(a) **General.** The producer must be in compliance with all applicable program requirements and must have beneficial interest in the commodity pledged as collateral for the loan.

(b) **Liens.** The producer must pledge commodities which are eligible for loan and which are free and clear of all liens, security interests, and other encumbrances. No additional liens or encumbrances shall be placed on the loan collateral after the loan is approved.

(c) **Movement of Collateral.** The producer will not move any collateral from the location stated in the Note without prior written approval of CCC and then only in accordance with instructions issued by CCC. If such movement is not completed as instructed by CCC and the producer's movement of loan collateral prevents CCC from obtaining a first lien on such collateral or the collateral is disposed of, CCC may at its discretion call the loan, assess liquidated damages as specified in Section 7(f), and take other administrative actions, as determined appropriate by CCC, including denial of future farm-stored loans.

(d) **Access to Collateral.** The producer will allow CCC to enter the premises and inspect the collateral. In the case of high moisture collateral stored in oxygen-limiting structures, the producer must open the facility when requested by CCC to permit inspection of the collateral. If safe access to the collateral is not provided or if the inspection cap on the facility is not opened to permit visual inspection of the collateral, the loan will be called.

(e) **Certification.** When the producer certifies to the quantity of the commodity to be pledged as collateral for a loan, the producer must provide an accurate certification of such eligible quantities. If CCC determines that the producer has filed an incorrect certification of such eligible quantity, CCC may at its discretion call the loan, assess liquidated damages, as

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specified in Section 7(f), and take other administrative actions, as determined by CCC, including denial of future farm-stored loans.

(f) **Liquidated Damages.** If CCC determines that the producer has violated provisions of Sections 7(c), 7(e), or 8(a), liquidated damages may be assessed on the quantity of the commodity which is involved in the violation. For each violation, CCC will review the actions of the producer to determine if the producer acted in good faith to comply with such provisions.

(i) If CCC determines that the producer acted in good faith, liquidated damages may be assessed by multiplying the quantity involved in the violation by: (A) 10 percent of the loan rate for the first offense; or (B) 25 percent of the loan rate for the second offense. The producer shall pay such liquidated damages plus the principal amount of the loan and charges plus interest with respect to the quantity involved in the violation, within 30 days of notification by CCC, or CCC will call the loan involved in the violation.

(ii) If CCC determines that the producer did not act in good faith with regard to the violation, or for cases other than the first or second offense, CCC will call the loan involved in the violation and may assess liquidated damages computed by multiplying the quantity involved in the violation by 25 percent of the loan rate. The producer shall pay such liquidated damages plus the principal amount of the loan and charges plus interest.

8. LIABILITY OF PRODUCER.

(a) **Fraud or Conversion.** If the producer has made a fraudulent representation in obtaining the loan or has engaged in or aided in the conversion of the collateral, the producer will be liable for the amount of the loan, for any additional amounts paid to the producer, and for all costs which CCC would not have incurred had it not been for the fraudulent representation or conversion, plus interest on such amounts. In addition, CCC may assess liquidated damages, as specified in Section 7(f), and take other administrative actions, as determined by CCC, including denial of future farm-stored loans.

(b) **Poisonous Substances and Contamination.** The producer will be liable for any damage resulting from tendering to CCC any commodity, whether or not accepted by CCC, containing mercurial compounds, toxin producing molds or other substances poisonous to humans or animals.

(c) **Over-disbursement or Under-collection.** If the amount disbursed under the Note exceeds the amount authorized by the applicable regulations or a repayment made by the producer is insufficient to repay the amount due, the producer will be liable for repayment of such amounts and charges, if any, plus interest.

(d) **Claims.** If the producer fails to settle the loan within 30 calendar days from the maturity date of the loan, or such other date as CCC may agree to, a claim for the amount due will be established in accordance with applicable statutes and regulations.

(e) **Ineligible Commodities.** If at any time CCC determines that the commodity pledged as collateral is ineligible to be pledged as collateral for the loan, the producer shall be liable for the amount of the loan or if the producer repaid the loan at a rate less than the sum of the loan principal plus charges and interest for the ineligible quantity, the producer must repay to CCC the difference between such sum and the repayment amount, plus interest on such amounts. If the producer has received credit from CCC for storage, such amount must also be repaid. Ineligible commodities may not be delivered to CCC in satisfaction of the amount due, except as may be determined by CCC. If CCC allows the producer to deliver the commodity to CCC in satisfaction of the amount due, the value of the commodity shall be determined as specified in Section 11 (g).

9. FARM-STORED NONRECOURSE LOANS.

(a) **General.** This section is applicable to a loan which is made with respect to collateral which is stored in CCC-approved storage under the control of the producer and not in a public warehouse.

(b) **Loss or Damage to the Commodity.** The producer is responsible for any loss in quantity or quality of the commodity pledged as collateral for a farm-stored loan. CCC shall not assume any loss in quantity or quality of the loan collateral for farm-stored loans.

(c) **Settlement.** (i) If the producer elects to deliver the collateral to CCC in satisfaction of the amount due in accordance with Section 4, CCC will not accept delivery of any quantity of commodity in excess of 110 percent of the eligible outstanding loan quantity, at time of settlement, as determined by CCC. If a quantity in excess of the eligible quantity is included on the warehouse receipt tendered to CCC for such delivery, the producer shall provide for the correction of such warehouse receipt and other applicable documents. If the producer does not take action to correct such warehouse receipt, CCC shall provide for such corrected documents and any charges incurred by CCC shall be for the account of the producer. The collateral shall be delivered in bulk form except as determined by CCC. If the loan collateral is delivered to CCC in

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satisfaction of the amount due, in accordance with Section 4, the value of the collateral for purposes of settlement will be determined using the applicable schedules of premiums and discounts on the basis of the quality of the collateral for the quantity which is delivered to CCC. (ii) Settlement of corn which is collateral will be made on a shelled corn basis. (iii) The producer is responsible for any loss in quantity or quality of the collateral. If the value of the collateral at settlement is less than the amount due, the producer will pay to CCC the amount of such deficiency and charges, plus interest on such deficiency from the date of disbursement. (iv) If the value of the collateral at settlement is greater than the amount due, such excess will be retained by CCC and CCC will have no obligation to pay such amount to any party. (v) If at any time prior to the maturity date of the loan the collateral can no longer be properly stored due to deterioration or for any other reason, the producer may authorize CCC to sell such collateral on behalf of the producer. (vi) Title to the collateral will vest in CCC only after delivery of the collateral to CCC in accordance with Section 4.

10. WAREHOUSE-STORED NONRECOURSE LOANS.

(a) General. This section is applicable to a loan which has been made with respect to eligible commodities pledged as loan collateral which is stored in a warehouse approved by CCC.

(b) Rights of CCC. At any time prior to the date CCC takes title to the collateral or the date the producer redeems such collateral, in order to protect its interest, CCC may move the collateral from one storage location to another storage location or otherwise handle the collateral including the compression of cotton. Any charges incurred by CCC as the result of such action will be paid by the party redeeming such collateral.

(c) Settlement. (i) If the producer elects to forfeit the collateral in satisfaction of the amount due in accordance with Section 4, the value of the collateral for purposes of settlement will be determined using the applicable schedules of premiums and discounts on the basis of the weight, grade, and other quality factors stated on the warehouse receipt or supporting documents. (ii) The producer is responsible for any loss with respect to the quantity or quality of the collateral to the extent that such loss is caused by action or inaction of the producer. If the producer is responsible and, the value of the collateral at settlement is less than the amount due, the producer will pay to CCC the sum of the amount of such deficiency plus charges, and interest which has accrued on such deficiency from the date of disbursement. (iii) If the value of the collateral at settlement is greater than the amount due, the amount of such excess will be retained by CCC and CCC will have no obligation to pay such amount to any party. (iv) Title to the collateral will vest in CCC on the day following the loan maturity date.

(d) Cotton Loan Settlement. If the producer elects to forfeit either upland cotton or ELS cotton loan collateral to CCC in satisfaction of the amount due in accordance with Section 10(a), the producer shall pay to CCC: (at rates that are specified in the storage agreement between the warehouse where the cotton is stored and CCC) (i) all warehouse storage charges associated with the forfeited cotton that accrued before the cotton was pledged as collateral for the loan; and (ii) any accrued warehouse receiving charges associated with the forfeited cotton, including, if applicable, charges for new bale ties.

11. RECOURSE LOANS.

(a) General. CCC may make recourse loans available to eligible producers of high moisture corn, high moisture grain sorghum, seed cotton, sugar, and other commodities, as determined by CCC. If such loans are available, the producer is liable for the entire amount due and may not deliver the collateral to CCC in satisfaction of the amount due, except as may be determined by CCC.

(b) Availability of Nonrecourse Loans. In limited circumstances, CCC may allow the producer to pledge as collateral for a nonrecourse loan the commodity which has been previously pledged as collateral for a recourse loan. The maturity date for such loans shall be as determined by CCC. If this option is made available by CCC, the producer must immediately repay the entire amount due under the recourse loan.

(c) Loss or Damage to the Commodity. The producer is responsible for any loss in quantity or quality of the commodity pledged as collateral for a farm-stored loan. CCC shall not assume any loss in quantity or quality of the loan collateral for farm-stored loans.

(d) High Moisture. Producers of corn and grain sorghum who normally harvest all or a portion of their crop in a high moisture condition may obtain recourse loans from CCC. High moisture means moisture content in excess of: (i) for corn, 15.5 percent; and (ii) for grain sorghum, 14.0 percent. Producers of such high moisture commodities who deliver such commodities to a feedlot, feed mill, or commercial or on farm high moisture storage that does not meet CCC's requirements for approved storage may acquire, in the same county, a like quantity of such commodity to replace the applicable quantity of high moisture feed grains to obtain a loan. Such producers must: (i) complete the applicable CCC forms; and (ii) provide to CCC: (A) certified scale tickets which adequately describe the commodity, the weight of the commodity and the moisture content of the commodity; or (B) if such scale tickets are not available, measurements of the high moisture feed grain made while the commodity was in the field or in storage. Such loans will be made on a quantity

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of feed grains of the same crop acquired by the producer equivalent to a quantity not to exceed the quantity determined by multiplying: (i) the acreage of the feed grain in a high moisture condition harvested on the producer's farm; by (ii) the lower of the farm program yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which such high moisture feed grains were obtained.

(e) **Seed Cotton.** The producer may, prior to the maturity date, with the written approval of CCC move seed cotton from the location where stored to a gin in order to gin such cotton and sell the cottonseed obtained therefrom. (i) If prior to the maturity date the amount due has not been paid, the producer will pay to CCC an amount equal to the proceeds obtained from the sale of the cottonseed and the lint cotton or, if a loan or loan deficiency payment is made by CCC with respect to the lint cotton, CCC will deduct the amount due from any such proceeds which are disbursed. (ii) If prior to the maturity date the amount due has not been paid or the collateral has not been ginned, the producer must, as instructed by CCC, move the collateral to a gin at the producer's expense. If the producer fails to move the collateral as instructed by CCC, CCC may enter the premises and remove, gin, and sell the collateral. Any proceeds from the sale of the collateral will be retained by CCC and applied to the amount due. (iii) If the amount due has not been paid and warehouse receipts have been issued with respect to lint cotton obtained from the collateral, the producer will deliver the receipts to CCC or allow CCC to obtain from any person such receipts. CCC may sell such cotton, if the amount due has not been paid by the maturity date.

(f) **Discretionary Loans.** Commodities which are pledged as collateral for a non-recourse loan as provided in Sections 9 and 10 but which are determined to be ineligible to be pledged as collateral for such a loan due to the quality of the commodity or other factors affecting value of the commodity; or the storage of the commodity is unapproved storage, may, at CCC's sole discretion, be pledged as collateral for a recourse loan.

(g) **Settlement.** (i) If CCC allows the producer to deliver to CCC in satisfaction of the amount due the quantity of the collateral which is described in the Note, the value of the collateral for purposes of settlement will be equal to the proceeds received from the sale of the commodity. Title to the collateral will vest in CCC only after delivery of the collateral to CCC in accordance with Section 4. (ii) The producer is responsible for any loss with respect to the quantity and quality of the collateral. If the value of the collateral at settlement is less than the amount due, the producer will pay to CCC the amount of such deficiency plus charges, and applicable interest with respect to such deficiency from the date of disbursement. (iii) If the proceeds received from the sale of the commodity are greater than the sum of the amount due plus any costs incurred by CCC in conducting the sale of the commodity, the amount of such excess will be paid to the producer or, if applicable, to any secured creditor of the producer.

12. ADMINISTRATIVE AND JUDICIAL REVIEW.

The producer may obtain an administrative hearing in accordance with 7 CFR Part 780 with respect to a dispute arising between CCC and the producer concerning the Note, and must exhaust such administrative remedy prior to initiating a judicial action in a court of competent jurisdiction.

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the information to be supplied on this form is the Federal Agriculture Improvement and Reform Act of 1996, and the Commodity Credit Corporation Charter Act, as amended. The information on the attached Note and Security Agreement will be used to determine eligibility and the amount of program benefits. The information may be furnished to other USDA agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to orders of a court magistrate or administrative tribunal. Furnishing the requested information is voluntary; however, failure to furnish the correct complete information will result in a determination of ineligibility for program benefits. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to information provided by the producer on this form.*

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0087. The time required to complete this information collection is estimated to average 21 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

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Certification of No Contract

The following is an example of an option to purchase and sales contract certification.

REPRODUCE LOCALLY

OPTION TO PURCHASE AND SALES CONTRACT CERTIFICATION

LDP Number _____ *Loan Number* _____

The undersigned producer(s) ("Producer") has requested a loan or loan deficiency payment (LDP) from the Commodity Credit Corporation (CCC). With respect to the commodity which will be the subject of such loan or LDP, the Producer certifies that; (1) the Producer has had beneficial interest in the commodity and has not lost such interest before filing the LDP application or loan application; (2) the Producer did not enter into any written option to purchase or any written contract for sale, with respect to the commodity to sell, deliver, or market the commodity, before such loan or LDP was requested; (3) the Producer did not enter into a verbal option to purchase or verbal contract for sale, except as noted below;
(4) no payment with regard to such commodity was received before such loan or LDP was requested. The Producer understands that this certification is subject to review by CCC to determine that no option to purchase, contract for sale, or payment was applicable to the commodity. If any option to purchase, contract for sale, or payment is later negotiated while the commodity is pledged for collateral for a loan, the producer agrees to notify the County FSA Office of such event and to provide a copy of such option or contract to the County FSA Office for review. Upon such notification, CCC shall review such option to purchase and contract for sale for a determination of the date beneficial interest would be considered to have been lost. By signing this certification, the Producer warrants and agrees that the making of any fraudulent representation may render the Producer subject to criminal prosecution under Federal law and will result in the refund by the producer of any amounts paid as the result of the fraudulent representation, plus interest.

Terms and Conditions of Verbal Contract:

_____

_____

_____	_____	_____	_____
Signature of Producer	*Date*	*Signature of Producer*	*Date*

This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability.

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