

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

Resumption of MAL, LDP, and Commodity Loan Disbursements

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, provided legislation to apply automatic spending reductions, or sequestration, to all Federal Agencies.

Crop year 2013 commodity loan making was suspended October 1, 2013, to make the changes necessary to accommodate sequestration reductions.

Notices LP-2184, issued 9-30-13, and LP-2186, issued 10-29-13, addressed the sequestration of MAL's, LDP's, and commodity loans.

Note: This notice:

- addresses all commodities and there will **not** be separate CMA, CN, or SU notices issued
- applies to all County Offices, CMA's, DMA's, LSA's and Cotton Clerks.

B Purpose

This notice provides information to State and County Offices, CMA's, DMA's, LSA's, and Cotton Clerks about the following:

- resumption of 2013 crop commodity loan disbursements
- availability of new forms for sequestered loan
- availability of revised CCC-601.

Disposal Date	Distribution
April 1, 2014	State Offices; State Offices relay to County Offices, CMA's, DMA's, LSA's and Cotton Clerks

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2 Resumption of Commodity Loan Disbursements

A Resumption of Commodity Loan Disbursements

The software modifications necessary for the resumption of commodity loan disbursements have been completed, and the processing and disbursement of crop year 2013 commodity loans can resume.

See Notice PS-707 for guidance and instructions on the processing and disbursement of commodity loans with the sequestration reductions in APSS.

3 Form Revisions

A New Forms

A number of forms:

- were issued to accommodate the sequestration reduction
- are **required** for all commodity loans issued after September 30, 2013.

Notes: All commodity loans requested or approved but **not** disbursed by September 30, 2013, are subject to sequestration.

Any loan requests entered into APSS on or before September 30, 2013, that were **not** both approved and disbursed in APSS, must be re-entered because sequestration is applicable. If loan documents were signed by the producer(s), a new loan document and signatures are required.

The following new forms for sequestered loans have been incorporated into APSS software:

- CCC-677S, Exhibit 1- Column E amount for each seal number is the reduced loan amount **after** sequestration reduction

Notes: Loan rate (column C) times loan quantity (column D) **minus the sequestration reduction**, equals column E or the reduced loan amount for each seal number.

The “Reduced Loan Amount” is the loan principal after the sequestration reduction, and the total of column E on CCC-677S and CCC-684 (if applicable).

- CCC-678S, Exhibit 2 - Column G amount for each warehouse receipt number is the reduced loan amount **after** the sequestration reduction

Notes: Net loan rate (column E) times loan quantity (column F) **minus the sequestration reduction**, equals column G or the reduced loan amount for each warehouse receipt number.

The “Reduced Loan Amount” is the loan principal after the sequestration reduction, and the total of column G on CCC-678S and CCC-684-1 (if applicable).

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3 Form Revisions (Continued)

A New Forms (Continued)

- CCC-Cotton A-S, Exhibit 3 - on CCC-Cotton A-1, Column J for each bale warehouse receipt number is the reduced loan amount **after** the sequestration reduction.

Notes: On CCC-Cotton A-1, the loan rate (column H) times loan quantity from the receipt **minus the sequestration reduction**, equals column J or the reduced loan amount for each bale warehouse receipt number.

The “Reduced Loan Amount” is the loan principal after the sequestration reduction, and the total of column J on CCC-Cotton A-1.

CCC-Cotton A-1 did not change and the version dated 12-04-06 will still be used for loans subject to sequestration.

B Revised Form

CCC-601 (Commodity Credit Corporation Note and Security Agreement Terms and Conditions) was revised to include language about sequestration. This form is available for printing on the following eForms web sites:

- eGOV- <http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home>
- FFAS Employee -<http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/currentforms.asp?>

County Offices, CMA’s, DMA’s, LSA’s, and Cotton Clerks must ensure that CCC-601, dated (10-30-13), is provided to all producers with their loan application or loan and security agreement.

Note: All copies of CCC-601, dated 04-07-10 **must** be destroyed.

4 Action

A County Office Action

County Offices shall:

- follow Notice PS-707 for instructions on APSS software availability and changes
- begin processing and disbursing any 2013 crop year commodity loan applications received when loan making was suspended
- ensure that all loan making requirements have been completed **before** the loan is approved and disbursed

Note: This includes, but is not limited to, all required documents, signatures and security filings necessary **before** both loan approval and disbursement.

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4 Action (Continued)

A County Office Action (Continued)

- continue to accept and process crop year 2013 commodity loans through the loan availability date identified in 8-LP, subparagraph 226 C
- inform producers submitting crop year 2013 loan applications that the loan will be reduced by the 5.1 percent sequestration reduction
- remind producers that the repayment amount due for repayments at principal and interest on crop year 2013 loans disbursed after September 30, 2013, will be computed on the **reduced loan amount**
- assist, as applicable, with the outreach plan developed by their State Office to ensure that producers are aware of the resumption of commodity loan disbursements
- as applicable, shall ensure that Cotton Clerks in their area are knowledgeable of this notice,

B State Office Action

State Offices shall:

- ensure that all County Offices in their State are aware of and follow the actions in subparagraph A
- develop an outreach plan to ensure that producers are aware of the resumption of commodity loan disbursements
- see Notice PS-707 for automation information and contacts.

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4 Action (Continued)

B State Office Action (Continued)

For policy questions, State Offices shall direct all questions as follows.

IF question is policy related and about...	THEN contact...
wool MAL's/LDP's Note: Mohair is not eligible for 2013 crop year MAL/LDP	Danielle Cooke by either of the following: <ul style="list-style-type: none"> • e-mail at danielle.cooke@wdc.usda.gov • telephone at 202-720-1919.
cotton MAL's/LDP's	Kelly Hereth by either of the following: <ul style="list-style-type: none"> • e-mail at kelly.hereth@wdc.usda.gov • telephone at 202-720-0448.
Peanut MAL's/LDP's	Kathy Sayers by either of the following: <ul style="list-style-type: none"> • e-mail at kathy.sayers@wdc.usda.gov • telephone at 979-680-5155.
all other MAL/LDP commodities except sugar	DeAnn Allen by either of the following: <ul style="list-style-type: none"> • e-mail at deann.allen@wdc.usda.gov • telephone at 202-720-9889.
sugar commodity loans	Toni Williams by either of the following: <ul style="list-style-type: none"> • e-mail at toni.williams@wdc.usda.gov • telephone at 202-720-2270.
CMA's, DMA's, and LSA's	Frankie Coln at either of the following: <ul style="list-style-type: none"> • e-mail at frankie.coln@wdc.usda.gov • telephone at 202-720-9011.

Example CCC-677S

The following is an example of CCC-677S.

READ THE ENTIRE INSTRUMENT BEFORE SIGNING		(See CCC-601 for Privacy Act and Paperwork Reduction Act Statements)			
CCC-677S (09-27-13)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		Form CCC-684 is incorporated into this Form CCC-677S when this box is marked <input type="checkbox"/>	
FARM STORAGE NOTE AND SECURITY AGREEMENT					
Name & Mailing Address of Contact Producer		Commodity Storage Location		St. & Co. Codes & Farm No. Where Produced	
Loan No.:	Disbursement Date:	Reduced Loan Amount:	\$		
Crop Year:	Maturity Date:	Assessments:			
Commodity:	Interest Rate:	% Marketing Assessments:			
Class:	Total Loan Quantity:	Service Fee:	\$		
		TOTAL DISBURSEMENT AMOUNT: \$			
A. SEAL NUMBER	B. MORTGAGED QUANTITY	C. LOAN RATE	D. LOAN QUANTITY	E. LOAN AMOUNT	
F. PRODUCER		G. ID NUMBER	H. PRODUCER SHARE		
<p>The terms and conditions of the Note and Security Agreement are set forth in this Form CCC-677S ("Note") and Form CCC-601, "Commodity Credit Corporation Note and Security Agreement Terms and Conditions," Form CCC-677A (for sugar only), and any appendix or addendum to these forms. By signing this Form CCC-677S each producer agrees to all terms and conditions specified in these forms and acknowledges receipt of Form CCC-601 and any appendix or addendum 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 for funds borrowed by CCC, plus 1 percent, on the date the loan proceeds are disbursed to each producer, and (2) the maturity date of the loan for all commodities shall be the last day of the 9th month following the month in which such loan proceeds are disbursed. Notwithstanding the foregoing provision, the producer agrees that if the commodity pledged as collateral for this loan is a commodity which had been previously pledged as collateral for a CCC loan that the maturity date of this loan will be the maturity date of such initial loan. The loan disbursement date, actual interest rate and maturity date for the loan may be obtained at the County FSA office listed below. CCC may at any time accelerate the maturity date of this loan upon demand of payment.</p> <p>The producer hereby sells, assigns, and mortgages, to CCC as collateral for the payment of this Note all of the commodity described in this Note, together with all authorized replacements, substitutions, additions, and accessions thereto, which is stored in the bins or storage structures specified in this Note (even though a larger quantity than the quantity shown in the item above entitled "Total Loan Quantity" is stored in such structure).</p>					
Are you or any co-applicant delinquent on any Federal non tax debt? (If YES, attach details to this form) (YES) <input type="checkbox"/> (NO) <input type="checkbox"/>					
Signature (By)		Title/Relationship	Date	Signature (By)	
				Title/Relationship	
				Date	
APPROVED FOR CCC BY		DATE	Name and Address of County FSA Office		
SECOND PARTY REVIEW		DATE			
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).</small></p> <p><small>If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.</small></p>					

Example CCC-678S

The following is an example of CCC-678S.

READ THE ENTIRE INSTRUMENT BEFORE SIGNING (See CCC-601 for Privacy Act and Paperwork Reduction Act Statements)

CCC-678S (09-27-13)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	Form CCC-684-1 is incorporated into this Form CCC-678S when this box is marked <input type="checkbox"/>
WAREHOUSE STORAGE NOTE AND SECURITY AGREEMENT		
Name & Mailing Address of Contact Producer		Warehouse Code
		St. & Co. Codes & Farm No. Where Produced
Loan No.:	Disbursement Date:	Reduced Loan Amount: \$
Crop Year:	Maturity Date:	Assessments:
Commodity:	Interest Rate:	% Marketing Assessments:
Class:		Handling Charge:
		Service Fee: \$
Total Loan Quantity:		TOTAL DISBURSEMENT AMOUNT: \$
A. WAREHOUSE RECEIPT NO.	B. LOAN RATE	C. STORAGE DEDUCTION
D. DELIVERY CHARGE	E. NET LOAN RATE	F. LOAN QUANTITY
G. LOAN AMOUNT		
\$	\$	
H. PRODUCER		I. ID NUMBER
		J. PRODUCER SHARE

The terms and conditions of the Note and Security Agreement are set forth in this Form CCC-678S ("Note") and Form CCC-601, "Commodity Credit Corporation Note and Security Agreement Terms and Conditions," and any appendix to these forms. By signing this Form CCC-678S, 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 for funds borrowed by CCC, plus 1 percent, on the date the loan proceeds are disbursed to each producer, and (2) the maturity date of the loan for all commodities shall be the last day of the 9th month following the month in which such loan proceeds are disbursed. Notwithstanding the foregoing provision, the producer agrees that if the commodity pledged as collateral for this loan is a commodity which had been previously pledged as collateral for a CCC loan that the maturity date of this loan will be the maturity date of such initial loan. The loan disbursement date, actual interest rate and maturity date for the loan may be obtained at the County FSA office listed below. CCC may at any time accelerate the maturity date of this loan upon demand of payment.

The producer hereby sells, assigns, and mortgages, to CCC as collateral for the payment of this Note all of the commodity described in this Note, together with all authorized replacements, substitutions, additions, and accessions thereto, which is stored in the 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) (NO)

Signature (By)	Title/Relationship	Date	Signature (By)	Title/Relationship	Date
APPROVED FOR CCC BY			NAME AND ADDRESS OF COUNTY FSA OFFICE		
SECOND PARTY REVIEW					

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.

Example CCC-Cotton A-S

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

READ THE ENTIRE INSTRUMENT BEFORE SIGNING		(See CCC-601 for Privacy Act and Paperwork Reduction Act Statements)	
CCC-Cotton A-S (09-27-13)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
COTTON PRODUCER'S NOTE AND SECURITY AGREEMENT		Form CCC-Cotton A Continuation is incorporated into this Form CCC-Cotton A-S when this box is marked <input type="checkbox"/>	
Name & Mailing Address of Contact Producer		Warehouse Code	St. & Co. Codes & Farm No. Where Produced
Loan No.:	Disbursement Date:	Reduced Loan Amount:	\$
Crop Year:	Maturity Date:	Clerk Fee:	\$
Commodity:	Interest Rate:	% Service Fee:	\$
Gin Code:	Total Loan Quantity:	Research and Promotion:	\$
Prep Code:	Storage Deduction:	TOTAL DISBURSEMENT AMOUNT: \$	
No. Bales:	Rec. Charge Reduction:		
A. PRODUCER		B. ID NUMBER	C. PRODUCER SHARE
<p>The terms and conditions of the Note and Security Agreement are set forth in this Form CCC-Cotton A-S ("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-S, 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. In the event that the producer authorizes and designates an agent on form CCC-605 to redeem all or a portion of the collateral for this loan, the producer authorizes CCC to 1) release to the provider of electronic warehouse receipts the loan number, State and County Code, electronic redemption status, date of documents received, and date of disbursement of this loan, and 2) to accept and act upon the information contained on the CCC-605.</p> <p>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.</p>			
Are you or any co-applicant delinquent on any Federal non tax debt? (If YES, attach details to this form) (YES) <input type="checkbox"/> (NO) <input type="checkbox"/>			
Do you agree that any agent you authorize to redeem this loan may use the automated EAD redemption process (YES) <input type="checkbox"/> (NO) <input type="checkbox"/>			
Signature (By)	Title/Relationship	Date	Signature (By)
APPROVED FOR CCC BY		DATE	Name and Address of County FSA Office
Second Party Review By		Date	Telephone No.
<p>The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).</p> <p>If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-8989 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.</p>			