

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
Washington DC 20250

Notice LP-2204

**For:** State and County Offices and CMA's

**Graded Wool MAL's, Market Loan Gains (MLG's), and LDP's**

**Approved by:** Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

Graded and ungraded wool have different MAL rates and subsequently different LDP and MLG rates. Also, within graded wool, there are different loan rates and CCC-determined and announced weekly repayment rates applicable to the various micron determinations.

All wool producers requesting MAL's, MLG's, and LDP's on their wool **must** meet specific eligibility requirements specified in 8-LP and LP notices that may include, but are **not** limited to:

- acreage report, CCC-578, on file if producer has farming interests
- CCC-941 for AGI determination and eligibility
- AD-1026 with conservation compliance
- CCC-902 with COC actively engaged, cash rent tenant, and member contribution determination
- eligibility under foreign person
- available payment limit.

Recently, only graded wool with a micron less than 18.6 is in LDP status. Graded wool with other microns and ungraded wool currently are **not** in LDP status.

Disposal Date	Distribution
June 1, 2015	State Offices; State Offices relay to County Offices and CMA's

## 1 Overview (Continued)

### B Purpose

This notice informs State and County Offices:

- the correct process for accepting and disbursing MAL's and LDP's for graded wool
- that a core test report or core test certificate from COC-approved testing facility showing the grade and micron of the wool **must** be provided to the County Office **before** MAL or LDP on graded wool can be disbursed.

**Note:** For MAL or LDP on ungraded wool, a core test is **not** needed.

## 2 Graded Wool MAL or LDP

### A Eligible Graded Wool

To obtain MAL or LDP at the graded rate, the wool **must** be core tested by a CCC-approved testing facility to objectively measure the following through laboratory analysis:

- fiber diameter (micron)
- yield.

To receive graded wool MAL or LDP, producers **must** provide a copy of the core test report or core test certification from the CCC-approved testing facility, containing the results of the laboratory analysis, to the FSA County Office **before** MAL or LDP will be disbursed. The cost of the core test is the responsibility of the producer.

### B CCC-Approved Testing Facilities

Core test reports or core test certificates will be accepted from the following CCC-approved testing facilities:

- Yocom-McColl Testing Laboratory  
540 West Elk Place  
Denver CO 80216-1823  
Phone: 303-294-0582
- New Zealand Wool Testing Authority Ltd  
Corner Bridge Street and Lever Street  
PO Box 12065  
Ahuriri, Napier, New Zealand 4144  
Phone: 06-835-1086.

**2 Graded Wool MAL or LDP (Continued)**

**C Approving CCC Testing Facilities**

See 8-LP, subparagraph 1509 C for information on how to become a CCC-approved testing facility.

**D Core Sampling and Yield Conversion to Eligible Graded Wool Quantity**

Information on core sampling can be found in 8-LP, subparagraph 1509 D.

Graded yield is weighted on a greasy basis and **must** be converted to a clean basis to determine the quantity eligible for loan or LDP. See 8-LP, subparagraph 1509 F for information on the Schlumberger Yield.

**Note:** Individual animal test reports will **not** be accepted as an acceptable core test report to obtain the graded MAL or LDP rate.

**3 Requesting Graded Wool MAL's and LDP's**

**A Graded Wool MAL's**

Producers can request graded wool MAL by completing and submitting CCC-633 WM to the applicable FSA County Office. MAL will **not** be disbursed at the applicable graded wool loan rate until the County Office receives the core test report on the wool from a CCC-approved testing facility.

**Notes:** If the producer submits MAL request for graded wool, the effective MAL rate is based on the core test the producer is **required** to submit to the County Office from a CCC-approved testing facility.

A pre-loan inspection is **required** for farm-stored wool loans **before** MAL disbursement, according to 8-LP, subparagraph 1530 F.

### 3 Requesting Graded Wool MAL's and LDP's (Continued)

#### B Graded Wool LDP's

Producers can complete and submit LDP request for graded wool on CCC-633 EZ, page 4 **at the same time or after** CCC-633 EZ, page 1 has been submitted.

CCC-633 EZ, page 1:

- **must** be filed in the County Office **before** loss of beneficial interest
- indicates intention to receive LDP benefits, but is **not** an LDP request
- covers all eligible quantities producer has beneficial interest in on date received in County Office
- **must** be received in County Office **on or before** page 4 is submitted for payment.

CCC-633 EZ, page 4:

- **must** be received **before** final MAL or LDP availability date
- serves as the LDP request
- is commodity specific
- **cannot** be cancelled by the producer

**Note:** Can be disapproved or denied by the County Office, if core sampling does **not** substantiate a wool grade with LDP.

- **cannot** be disbursed until the core sample substantiates the grade.

#### C Effective LDP Rate

The effective LDP rate is determined on the rate in effect on the date:

- of request, if beneficial interest is maintained on date of request
- beneficial interest is lost, according to acceptable production evidence
- of delivery, if beneficial interest was lost upon delivery.

The wool posted prices are announced each Tuesday at 3:00 p.m., e.t., and become effective Wednesday at 12:01 a.m., e.t.

On Wednesday, December 10, 2014, a rate was announced for graded wool with a micron less than 18.6 that put this grade into LDP status. This is the **only** wool, graded or ungraded, that is in LDP status.

### 3 Requesting Graded Wool MAL's and LDP's (Continued)

#### C Effective LDP Rate (Continued)

**Notes:** If the producer submits LDP request for graded wool and the core test comes back that the wool is **not** a grade with an effective LDP on the date the application was submitted, the LDP request **must** be disapproved.

Because LDP's are subject to payment limitation, refer to the Interim Market Gain/LDP Attribution Process User Guide for instructions to determine LDP eligibility and payment limitation. Contact Shayla Watson, PECD, by e-mail to [shayla.watson@wdc.usda.gov](mailto:shayla.watson@wdc.usda.gov) for a copy of the User Guide.

#### D Applicable MLG Rate

Wool MAL's can be repaid at:

- principal plus interest
- CCC-determined value on the date the repayment is received in the County Office.

**Notes:** The repayment rate for wool can be locked-in according to 8-LP, paragraph 716.

Because MLG's are subject to payment limitation, refer to the Interim Market Gain/LDP Attribution Process User Guide for instructions to determine market gain eligibility and payment limitation. Contact Shayla Watson, PECD, by e-mail to [shayla.watson@wdc.usda.gov](mailto:shayla.watson@wdc.usda.gov) for a copy of the User Guide.

### 4 Action

#### A State Office Action

State Offices shall:

- publicize the contents of this notice to the maximum extent possible
- ensure that County Offices are aware of and following the contents of this notice.

#### B County Office Action

County Offices shall:

- follow this notice, as applicable
- publicize and notify wool producers on the contents of this notice.

**4 Action (Continued)**

**C Contact**

If there are policy questions about this notice, State Offices shall contact DeAnn Allen, PSD, by either of the following:

- e-mail to **deann.allen@wdc.usda.gov**
- telephone at 202-720-9889.

If there are automation questions about this notice, State Offices shall contact either:

- Shayla Watson, by either of the following:
  - e-mail to **shayla.watson@wdc.usda.gov**
  - telephone at 202-690-0013
- Cecile Wynne, by either of the following:
  - e-mail to **cecile.wynne@wdc.usda.gov**
  - telephone at 202-720-8413.