



# Mohair Recourse Loan Program

## Loan Availability Date

Eligible producers may obtain mohair recourse loans by requesting loans on or before September 30, 2000, on mohair stored in warehouses.

## Program Availability

The Mohair Recourse Loan Program authorizes the Commodity Credit Corporation (CCC) to make available to producers 12-month, interest-bearing recourse loans on mohair produced during or before fiscal year 2000.

## Authorization

This program is authorized by the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000.

## Loan Rate and Conditions

The loan rate is \$2 per pound. However, a lower loan rate may apply if the producer does not have an adequate quality of mohair to secure the loan. All loans must be repaid, and mohair may not be delivered to CCC in satisfaction of the loan obligation.

## Maturity Date

Loans mature on demand, but no later than the last day of the 12th month following the month in which the note and security agreement were approved.

## Producer Eligibility

An eligible producer is a person who:

- Owned, in the United States, the goats which produced the mohair, for a period of not less than 180 calendar days before shearing [Exception: Kids younger than 180 calendar days must be located in the United States from birth to shearing];
- Has a continuous beneficial interest in the mohair through date of repayment of the loan;
- Shares in the risk of raising and shearing the goats.

## Eligible Mohair

To be eligible for a recourse loan, the mohair must:

1. Have been produced by an eligible producer;
2. Have been produced in the United States before or during fiscal year 2000;
3. Have been shorn from goats owned by the eligible producer for not less than 180 calendar days, except for kids younger than 180 days;
4. Be stored in a warehouse, with adequate insurance coverage or another form of financial assurance, certified by a warehouse representative;
5. Be of merchantable quality deemed by CCC to be suitable for loan, and be stored in standard burlap bags specifically designed for storing mohair.

## Other Program Provisions

- Interest is charged on the mohair loans during the 12-month loan term at the CCC interest rate, plus 1 percent.
- Borrowers must own the mohair pledged as collateral for the loan and must have beneficial interest in the mohair from the time the mohair is shorn until the loan is repaid. They must have separate and distinct interests in the goats and mohair involved, exercise responsibility separately for such interest, and be responsible for the costs of production.

- To secure the loans, CCC obtains a lien on a quantity of current inventory of mohair, current production, and such future production by the borrower as CCC determines to be needed to secure the loan.
- If a loan is not repaid, CCC will take title to the mohair securing the loan and sell the mohair. If the sales proceeds do not equal or exceed the amount owed by the borrower, a claim for the deficiency will be established. Interest will accrue on amounts outstanding after loan maturity. The warehouse operators will certify as to the identity of the owner of the mohair and the net weight and other pertinent data relating to the mohair.

Other conditions apply. Producers should request loans at the FSA local office serving the area in which the producer's farm, ranch, or feedlot is located. For further information, contact local FSA offices or USDA Service Centers.

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