FSA
HANDBOOK

Marketing Assistance Loans and Loan Deficiency Payments for 2002 and Subsequent Crop Years

To access the transmittal page click on the short reference

For State and County Offices

SHORT REFERENCE

8-LP
(Revision 1)

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

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Farm Service Agency
Washington, DC 20250

Marketing Assistance Loans and Loan Deficiency Payments for 2002 and Subsequent Crop Years 8-LP (Revision 1)	**Amendment 5**

Approved: Deputy Administrator, Farm Programs

Amendment Transmittal

A Reasons for Amendment

Subparagraph 375 has been amended to clarify the GRAZE-OUT yield in cases when a farm does not have a direct payment yield for a eligible GRAZE-OUT commodity.

Subparagraph 613 C has been amended to add a note to reference the repayment policies for repayment of specific violations.

Subparagraph 613 D has been amended to clarify policies applicable to producers who committed multiple violations.

Subparagraph 614 B has been amended to include policies regarding when the COC can waive liquidated damages.

Subparagraph 618 A has been amended to further clarify necessary COC action when handling unauthorized disposition cases.

Subparagraph 916 A has been amended to include policy that instructs the County Offices to include language on CCC-500 for producers who repay a marketing assistance loan before being notified of a shortage or violation.

Subparagraph 1015 A has been amended to include polices and instructions for obtaining a settlement value for IDK wheat received for delivery on a marketing assistance loan.

Amendment Transmittal (Continued)

Page Control Chart		
TC	**Text**	**Exhibit**
9, 10	3-207, 3-208 6-25, 6-26 6-26.5, 6-26.6 (add) 6-33, 6-34 6-37, 6-38 9-31, 9-32 10-35, 10-36	1, pages 1, 2 pages 7, 8 2, page 9

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Part 1 Basic Program Provisions

Section 1 Handbook Provisions

1 Handbook Purpose and Authority

A Purpose

[7 CFR 1421.1] This handbook provides general instructions for administering loans and LDP's primarily for wheat, feed grains, pulse crops, and oilseeds.

However, these provisions may pertain to other commodities. When these provisions apply, the individual commodity handbooks will reference this handbook.

Note: Provisions specific to individual commodities are issued on a continuing basis in the following handbooks:

- 7-CN
- 14-CN
- 2-LP Grains and Oilseeds
- 2-LP Honey
- 2-LP Peanuts
- 2-LP Rice
- 10-SU.

B Sources of Authority

Authority for the policies prescribed in this handbook is in:

- the Farm Security and Rural Investment Act of 2002 for 2002 and subsequent crop years
- 7 CFR Part 1421.

2 Administrative Responsibilities

A Responsibilities

[7 CFR 1421.2] The responsibilities of the administrative levels for loan and LDP programs are provided in the following table.

IF the administrative level is the...	THEN...

National Office	• the CCC Board and Executive Vice President shall determine policy and program provisions
	• the Executive Vice President, CCC, or designee, shall:
	  • make a determination on any question arising under this program
	  • revise or rescind an incorrect determination made by COC, STC, KCAO, KCCO, or KCFO
	• PSD shall administer loan and LDP programs under the general supervision and direction of DAFP.

State Office	STC shall:
	• determine State-wide policy according to this handbook and guidance received from the National Office
	• administer all phases of the program in the State through SED
	• annually complete reviews of COC-established yields according to paragraph 132.
	Note: STC may:
	  • correct, or require COC to correct, any action taken that contradicts this handbook and other current policy
	  • require COC to withhold taking any action that is not consistent with this handbook and other current policy.

2 Administrative Responsibilities (Continued)

A Responsibilities (Continued)

IF the administrative level is the...	THEN...
County Office	COC shall: • determine policy according to this handbook and guidance from the State Office • administer the programs in the county through CED • use qualified CMC members as commodity inspectors as much as practical according to 5-LP.

	the County Office shall:
	• determine that:
	  • a producer is eligible for loans and LDP's, according to Part 2, Section 1
	  • the commodity is eligible for loans and LDP's, according to Part 2, Section 2
	  • the storage is eligible, according to paragraph 424 for farm-stored loans and paragraph 443 for warehouse-stored loans
	  • the quantity offered for loan and LDP is reasonable based on producer's share of the acreage planted to the commodity
	  • loan computations and disbursements and LDP computations and payments are based on handbook procedures
	  • the quantity certified does **not** include quantities delivered to CMA's

2 Administrative Responsibilities (Continued)

A Responsibilities (Continued)

IF the administrative level is...	THEN...
County Office (Continued)	• annually publicize provisions of loan and LDP programs **before**: • the beginning of each crop year • making loans and LDP's for the current crop year. **Note:** At a minimum, publicity shall include: • a handout or newsletter mailed to all eligible producers before harvest begins for the first crop eligible for loans or LDP's • beneficial interest requirements • at the time the loan or LDP is made, a brief but complete explanation of the producer's required actions • a reminder to producers: • of the administrative actions that apply for loan and LDP violations • that it is the producer's responsibility to maintain the quality of the commodity in farm storage through the term of the loan.

2 Administrative Responsibilities (Continued)

A Responsibilities (Continued)

IF the administrative level is...	THEN...
KCCO	KCCO shall: • approve and terminate warehouse storage agreements **Note:** This includes: • enforcing provisions of agreements • paying charges and settling claims under the agreement • making the following available on the intranet to State and County Offices: • approved warehouses • offer shipping rates. • issue loading orders and shipping instructions • maintain custody of warehouse receipts and other documents representing commodities owned by CCC • establish market prices as required and provide to State and County Offices.
KC-ITSTO	KC-ITSTO shall: • certify and distribute reports of loan and LDP activities • maintain all required accounts reflecting loan and LDP activity • provide automation support to implement loan and LDP program policies when requested by PSD.

2 Administrative Responsibilities (Continued)

B Nondiscrimination Responsibilities

STC or COC shall **not**, on the basis of race, color, age, sex, national origin, disability, religion, or marital status, bar any producer from participation in, or otherwise subject any producer to discrimination with respect to any benefits resulting from its approval to participate in, a loan or LDP program.

C Outreach Responsibilities

STC and COC shall ensure that marketing assistance loan and LDP program information and awareness is communicated to underrepresented individuals, groups, and communities. Underrepresented individuals, groups, and communities may include, but are not limited to minority farmers and cooperatives.

3 Signatures, Authorizations, and Approvals

A Signatures

County Offices shall follow 1-CM for producers' signature and authorization provisions.

See 1-CM, Exhibit 50 for a list of forms for which FAX signatures are not acceptable.

Persons may sign loan or LDP documents, repay a loan, or act in a representative or fiduciary ***--**capacity **only** when evidence of authority is granted by completing FSA-211 and filing**--*** the document in the County Office.

*** * ***

Exception: A husband and wife may sign loan or LDP documents for each other, **unless** written documentation denying this authority is provided to the County Office.

3 Signatures, Authorizations, and Approvals (Continued)

B Redelegation of Authority by COC or CED

The authority to approve all loan and LDP forms and documents prepared according to this handbook may be redelegated in writing:

- by COC to CED, except those in which CED has a monetary interest
- by CED to Federal and non-Federal County Office employees, except those in which the person approving has a monetary interest.

Reminder: Cross training in all applicable program areas shall be completed before redelegation of signing authority is made.

Follow this table for exceptions to redelegate authority for approval of loans and LDP's.

IF the producer is...	THEN the approval authority shall be...
a State or Federal or non-Federal County Office employee	CED.
COC member	
DD	
STC member	
SED	
CED	COC.

Note: Questionable cases may be referred to the next higher authority for determination.

4 Related Handbooks

A FSA Handbooks

FSA handbooks related to Loan and LDP Programs are listed in the following table.

Handbook	Purpose
9-AO	Audits and investigations
1-APP	Program appeals
25-AS	Records operations at State and County Offices
1-CM	Common management and operating provisions
2-CM	Common farm and program provisions
3-CM	Alternative County Office (remote access) provisions
1-CMA	Eligibility and payment limitation procedures for CMA's and LSA's
2-CP	Acreage and compliance determinations
4-CP	Failure to fully comply
6-CP	HELC and WC provisions
7-CP	Collections under the finality rule and misaction and misinformation provisions
1-FI	CCC-184's
3-FI	CCC deposits and refunds
6-FI	Accounting control
50-FI	Interest rates
58-FI	Managing FSA and CCC claims
61-FI	Prompt payments
62-FI	Reporting to IRS

4 Related Handbooks (Continued)

A FSA Handbooks (Continued)

Handbook	Purpose
63-FI	Assignments and joint payment system
64-FI	Establishing and reporting claims on automated claim system
67-FI	Establishing and reporting debts in CRS
2-LP Grains and Oilseeds	Provisions for grains and oilseeds
2-LP Honey	Loans and LDP's for honey
2-LP Peanuts	Provisions for peanuts
2-LP Rice	Provisions for rice
5-LP	Commodity inspectors
1-PF	Agricultural Market Transition Program for 1996 through 2002 crop years
1-PL	Payment limitations
12-PS	Automated price support procedures and common functions for grains, oilseeds, and rice
20-PS	State Office loan and LDP reporting

B Warehouse Operator Handbooks, Letters, and Notices

Warehouse operator handbooks, letters, and notices to industry for warehouses operating under USWA and UGRSA are available at **www.fsa.usda.gov/daco/notices.htm**.

5-15 (Reserved)

16 Prompt Payment Act

A Applicability

The Prompt Payment Act requires CCC, according to 61-FI, to pay a late payment interest penalty on the amount of loan disbursements and LDP's if **all** of the following apply:

- documentation is provided
- the payment is not made by the due date in subparagraph B
- all eligibility requirements are met.

B Payment Due Dates

The following table provides the payment due dates for loan and LDP purposes.

IF the program is for...	THEN the payment due date is...
loan agreements	30 calendar days after the County Office receives an application with **all** required documentation and signatures.
manual loan repayments that result in an overcollection	the eighth workday after the following: • repayments are recorded through APSS • loans are determined to be overpaid.

16 Prompt Payment Act (Continued)

B Payment Due Dates (Continued)

IF the program is for...	THEN the payment due date is...
LDP's	30 calendar days from the date the producer provides all information needed to complete the LDP request. This information is, but not limited to, the following: • farm plans • acreage certification • CCC-502's • AD-1026's •*--CCC-526 provisions--* • requesting LDP on CCC-633 LDP or CCC-709 • includes all signatures, as applicable • certifies the quantity **Notes:** For commodities harvested as other than grain and quantity is certified in acres, the prompt payment due date is 30 calendar days from the date COC determines the maximum eligible quantity according to paragraph 536. COC is **required** to establish the maximum eligible quantity within 30 calendar days from the date all required information is available. • certifies date delivered or date harvested • receipt of FSA-237 for FAXed signatures. County Offices must determine maximum quantity eligible before LDP payments can be made.

16 Prompt Payment Act (Continued)

B Payment Due Dates (Continued)

IF the program is for...	THEN the payment due date is...
settlements	30 calendar days after the County Office receives **all** of the following: • a properly completed warehouse receipt • if applicable, CCC-691 for the commodity subject to the settlement • documentation required to complete the transaction.
payments that are the subject of an ongoing judicial action, including when the payee has filed for bankruptcy	30 calendar days after the judicial action is completed.

C Information Provided by FMD

FMD will provide the following information:

- interest rate to be used for interest payments required by the Prompt Payment Act

  Notes: Notices will be issued semiannually, around January 1 and July 1.

  See 50-FI for interest rates.

- detailed instructions for administering the provisions of the Prompt Payment Act. See 61-FI.

D Paying Prompt Payment Interest

County Offices shall pay prompt payment interest when payment dates, according to subparagraph B, are not met.

17 Lobbying Activity Provisions

A Applicability

Lobbying disclosure requirements apply to applicants and recipients of loan proceeds exceeding $150,000 or LDP exceeding $100,000.

B Filing Forms

Applicants must file the form specified in the following table for **each** loan exceeding $150,000 or LDP exceeding $100,000.

IF monies received...	THEN file...
have **not** or will **not** be used to lobby or otherwise influence the actions of a Federal official about a particular loan or LDP	CCC-674. See subparagraph C.
have or will be used to lobby or otherwise influence the actions of a Federal official about a particular loan or LDP	SF-LLL. See subparagraph D. **Note:** File SF-LLL-A if applicable. See subparagraph E.

17 Lobbying Activity Provisions (Continued)

C Example of CCC-674

The following 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

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

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.

17 Lobbying Activity Provisions (Continued)

D Example of SF-LLL

The following is an example of SF-LLL.

DISCLOSURE OF LOBBYING ACTIVITIES

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

Approved by OMB
0348-0046

1. Type of Federal Action:
☐ a. CONTRACT
b. GRANT
c. COOPERATIVE AGREEMENT
d. LOAN
e. LOAN GUARANTEE
f. LOAN INSURANCE

2. Status of Federal Action:
☐ a. BID/OFFER/APPLICATION
b. INITIAL AWARD
c. POST-AWARD

3. Report Type
☐ a. INITIAL FILING
b. MATERIAL CHANGE
FOR MATERIAL CHANGE ONLY:
YEAR _____ QUARTER _____
DATE OF LAST REPORT _____

4. Name and Address of Reporting Entity:
☐ PRIME ☐ SUBAWARDEE
TIER _____, *IF KNOWN:*
Congressional District, *if known:*

5. If Reporting Entity in No. 4 is Subawardee, Enter Name and Address of
Congressional District, *if known:*

6. Federal Department/Agency

7. Federal Program Name/Description:
CFDA Number, *if applicable:* _____

8. Federal Action Number *if known:*

9. Award Amount *if known:*
$

10a. Name and Address of Lobbying Entity
(If individual, last name, first name, MI)

b. Individual Performing Services *(including address if different from No. 10A) (last name, first name, MI)*

(attach Continuation sheet(s) SF LLL-A, if necessary)

11. Amount of Payment *(check all that apply):*
$ _____ ☐ actual ☐ planned

12. Form of Payment *(check all that apply):*
☐ a. cash
☐ b. in-kind; specify: nature _____
value _____

13. Type of Payment *(check all that apply):*
☐ a. RETAINER
☐ b. ONE-TIME FEE
☐ c. COMMISSION
☐ d. CONTINGENT FEE
☐ e. DEFERRED
☐ f. OTHER; SPECIFY:

14. Brief Description of Services performed or to be Performed and Date(s) of Service, including offier(s), employee(s), or Member(s) contacted, for Payment indicated in Item 11:

(attach Continuation sheet(s) SF LLL-A, if necessary)

15. Continuation Sheet(s) SF-LLL-A attached: ☐ Yes ☐ No

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 available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Signature: _____
Printed Name: _____
Title: _____
Telephone No.: _____ **Date:** _____

[redacted]
AUTHORIZED FOR LOCAL REPRODUCTION
Standard Form - LLL

17 Lobbying Activity Provisions (Continued)

D Example of SF-LLL (Continued)

INSTRUCTIONS

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. Use the SF-LLL-A Continuation Sheet for additional information if the space on the form is inadequate. 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 entity 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 9a). Enter Last Name, First Name, and Middle Initial (MI).

11. Enter the amount of compensation paid or reasonably expected to be paid by the reporting entity (Item 4) to the lobbying entity (item 10). Indicate whether the payment has been made (actual) or will be made (planned). Check all boxes that apply. If this is a material change report, enter the cumulative amount of payment made or planned to be made.

12. Check the appropriate box(es). Check all boxes that apply. if payment is made through an in-kind contribution, specify the nature and value of the in-kind payment.

13. Check the appropriate box(es). Check all boxes that apply. In other, specify nature.

14. Provide a specific and detailed description of the services that the lobbyist has performed, or will be expected to perform, and the date(s) of any services rendered. Include all preparatory and related activity, not just time spent in actual contact with Federal officials. Identify the Federal official(s) or employee(s) contacted or the officer(s), employee(s), or Member(s) of Congress that were contacted.

15. Check whether or not a SF-LLL-A Continuation Sheet(s) is attached.

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

Public reporting burden for this collection of information is estimated to average 30 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. Send comments regarding this 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.

17 Lobbying Activity Provisions (Continued)

E Example of SF-LLL-A

The following is an example of SF-LLL-A.

DISCLOSURE OF LOBBYING ACTIVITIES
CONTINUATION SHEET

Approved by OMB
0348-0046

Reporting Entity: _____ Page _____ of _____

Authorized for Local Reproduction
Standard Form - LLL-A

17 Lobbying Activity Provisions (Continued)

F County Office Action

County Offices shall follow the procedures in the following table each time a loan exceeding $150,000 or LDP exceeding $100,000 is requested.

Step	Action
1	Provide the applicant a copy of CCC-674, SF-LLL, and SF-LLL-A with instructions to complete and return the applicable form to the County Office.
2	Disburse the loan or LDP **after** the applicant returns the completed CCC-674, SF-LLL, or SF-LLL-A, as applicable, to the County Office.
3	Distribute CCC-674, SF-LLL, and SF-LLL-A as follows: • file the original in the County Office • provide 1 copy to CAS at the following address: DIRECTOR ***--**USDA, FSA, OBPI, SPS**--*** STOP 0571 1400 INDEPENDENCE AVENUE SW WASHINGTON, DC 20250-0571.

G Assistance

For situations not covered in this paragraph, County Offices shall contact PSD for additional assistance.

18 Finality Rule and IRS Reporting

A Finality Rule

See 7-CP for provisions applicable to the finality rule.

B IRS Reporting

Market gains, LDP's, and forfeitures shall be reported to IRS for Federal income tax assessment purposes.

19 Misaction/Misinformation

A Applying Misaction/Misinformation Provisions

Follow 7-CP if an otherwise eligible producer is deprived of the benefits of the loan and LDP programs because the administration of the programs resulted in:

- errors
- omissions
- misaction
- misinformation.

B Definition of Misaction/Misinformation

[7 CFR 718.8] Misaction/misinformation is performance rendered in good faith based upon action of, or information provided by, an authorized COC or STC representative.

19 Misaction/Misinformation (Continued)

C Applicability

Misaction/misinformation is not applicable when producers:

- knew, or had sufficient reason to know, that the action or advice upon which the producer relied was improper or erroneous

- relied or acted upon their own understanding or misinterpretation of program provision, notices, or advice.

D Equitable Relief for Misaction/Misinformation

The Farm Security and Rural Investment Act of 2002 provided authority for granting certain types of relief if a participant is determined to not be in compliance with any FSA program in which price support is provided to producers of agricultural commodities. The equitable relief provisions are applicable only to cases in which the basis for relief occurred on or after May 13, 2002.

See 7-CP for policies and procedures for granting equitable relief cases.

E Reason to Know

Misaction/misinformation policies do not apply to cases where a producer has reason to suspect the information was erroneous or the action to be improper.

There is no legal authority to grant relief in cases where misaction/misinformation cannot be determined.

20 Appeals

A Options Available

When notifying producers of adverse decisions, County Offices shall:

- provide all the appeal options available as determined by the decisionmaking authority, such as subordinate employee decision or COC decision

- modify the notification and demand letters accordingly to include all the applicable options.

B Appeal Procedure

Follow 1-APP when producers appeal determinations that affect their right to participate in the loan and LDP programs.

Exception: When a determination to call a loan is appealed, see subparagraphs C and D.

C Producer Appeals

When a producer appeals the determination that would require the loan to be called, COC shall:

- **not** accelerate the loan maturity date
- continue the loan as if the determination had not been made
- handle the loan in the same manner as any other loan.

Note: Suspension of administrative actions do not apply to any:

- subsequent determination to call the loan unless that determination is also appealed
- determination to call any other loan unless that determination is also appealed.

20 Appeals (Continued)

D Appeal Rights Exhausted

COC shall take action according to the following table when a producer has exhausted appeal rights.

<table>
<tr><th>IF...</th><th>AND...</th><th colspan="2">THEN...</th></tr>
<tr><td rowspan="5">the producer has exhausted appeal rights at the highest level</td><td>the producer wins the appeal</td><td colspan="2">take no additional action.</td></tr>
<tr><td>the appeal is denied</td><td colspan="2">COC shall immediately:
• proceed with the applicable administrative actions
• send the applicable demand letter.
Note: The date the County Office receives notice of the adverse determination from the highest level shall be the date for the:
• applicable demand letter
• accelerated maturity date for loans.</td></tr>
<tr><td></td><td>IF the loan...</td><td>THEN...</td></tr>
<tr><td></td><td>has been forfeited or delivered</td><td>take no additional action.</td></tr>
<tr><td></td><td>was repaid at a rate less than principal plus interest</td><td>• require refund of any market gain, plus charges and interest
• collect applicable liquidated damages according to Part 6.</td></tr>
</table>

21 Bankruptcy Cases

A Basic Provisions

Follow this table for producers in bankruptcy status.

IF a producer...	AND...	THEN the County Office shall...	
is involved in bankruptcy proceedings	requests a loan or LDP	contact the regional attorney, through the State Office, for advice about the loan or LDP availability.	
files for bankruptcy	has an outstanding loan	after receiving a Notice of Bankruptcy filing for a producer, follow these steps.	
		Step	**Action**
		1	Perform an immediate collateral inspection of all the producer's outstanding farm-stored commodity loans and quantities applicable to LDP's.
		2	Continue to monitor the collateral in storage through the latest of the following: • liquidation of indebtedness • completion of performance under a plan, if applicable • submission, as applicable, of disposition or production evidence.
		3	Flag all the debtor's loans as "bankruptcy", according to 12-PS, Part 12, Section 11.
		4	Forward a summary memorandum **and** legible copies of the following, as applicable, to the State Office: • results of the collateral inspection • completed, signed copies of CCC-677, CCC-678, financing statements, and any other documentation to support amounts owed to CCC.
		5	Notify the State Office immediately if loan collateral is going out of condition or is removed or disposed without authority.
		6	Continue to forward all future notices from the court to the State Office.

21 Bankruptcy Cases (Continued)

B State Office Action

State Offices shall:

- inform regional attorney of the bankruptcy filing
- monitor bankruptcy cases with the regional attorney's assistance
- follow advice of the regional attorney with respect to acceptance of repayment or before accepting delivery of loan collateral
- advise regional attorney of all legal notices received pertaining to bankruptcy proceedings.

C Bankruptcy Proceedings

State or County Office employees shall **not** attend bankruptcy proceedings, unless requested by the OGC representative.

22 Maturity Notification to Producers

A Preparing Lists of Maturing Loans

County Offices shall print lists of maturing loans:

- at least 45 calendar days, but not more than 60 calendar days, before maturity
- according to 12-PS, Part 14, Section 5.

B Preparing Maturity Notification Letters

County Offices shall:

- use the Price Support Query to print out loan maturity notification letters, according to 12-PS, subparagraph 1489.5

- send the applicable notification letter, as printed and provided in subparagraphs E through G:

  - at least 45 calendar days, but not more than 60 calendar days, before maturity

  - to applicable producers advising of the loan maturity date and the applicable options available according to subparagraph D

  - and inform producers of the additional maturity information according to subparagraph C.

22 Maturity Notification to Producers (Continued)

C Additional Maturity Information

County Offices shall ensure that producers are informed of the following additional maturity information, as applicable to the loan type.

For loans **not** repaid by the loan maturity date, on the next workday after maturity:

- delivery instructions will be issued with a demand letter for **nonrecourse farm-stored** loans
- warehouse receipts will be forfeited to CCC for **nonrecourse warehouse-stored** loans
- for **farm- or warehouse-stored recourse** loans:
  - the demand letter will be issued
  - a claim will be established on the 31st calendar day after the date of the demand letter
  - foreclosure proceedings and the collateral will be sold according to paragraph 1043 and Part 10, Section 4.

Repayments made **after** maturity and **before** queuing the forfeiture or settlement of the loan:

- may be accepted
- shall be made at principal and charges, plus interest.

Interest will continue to accrue at the interest rate applicable to the loan until the loan is repaid or transferred to claims.

For **nonrecourse farm-stored** loans not delivered or repaid by the 30th calendar day after expiration of CCC-691, CCC shall:

- begin foreclosure proceedings according to paragraph 1043
- establish a claim on the 31st calendar day.

22 Maturity Notification to Producers (Continued)

D Options Available for Loans

County Offices shall follow this table for the options available to producers with maturing loans.

IF the loan is...	THEN the option available...
nonrecourse farm-stored or warehouse-stored	**only** through the loan maturity date is repaying with cash.
nonrecourse farm-stored	**after** the loan maturity date is delivery of the loan collateral to CCC.
nonrecourse warehouse-stored	**after** the loan maturity date is forfeiting the warehouse receipts, representing the loan collateral, to CCC.
recourse	**only** through the loan maturity date is repaying the outstanding loan principal and charges, plus interest.

Note: Repayments made **after** maturity and **before** queuing the forfeiture or settlement of the loan:

- may be accepted
- shall be made at principal and charges, plus interest.

22 Maturity Notification to Producers (Continued)

E Warehouse-Stored Nonrecourse Loan

Send the following notification letter to producers of maturing warehouse-stored nonrecourse loans.

(**Date**) _____, 20__

Dear _____:

This is to notify you that your (**year**) crop warehouse-stored (**commodity type**) loan (**number**) will mature (**maturity date**).

You may repay the loan **on or before the maturity date**.

The only option available **after the maturity date** is to forfeit the warehouse receipts for the commodity to CCC.

Please indicate your intentions on the enclosed sheet, and sign, date, and return to the address shown on or before (maturity date).

The principal and charges, plus interest, are due and payable on or before (**maturity date**). Interest will continue to accrue until the amount due is repaid. Title to the commodity will vest in CCC on the day after maturity if a reply is not received from you by (**maturity date**).

File a written request, including evidence to support your position with the County FSA Committee, within 30 calendar days after the date of this letter:

- if you want to contest this determination, including:
  - the amount due
  - administration actions applicable after the loan maturity date
- to obtain a reconsideration and an informal hearing.

During these 30 calendar days, you may also inspect and copy records located at the above address that relate to this determination.

Sincerely,

County Executive Director,
_____ County FSA Office

22 Maturity Notification to Producers (Continued)

E Warehouse-Stored Nonrecourse Loan (Continued)

Before mailing notification letter to producer:

- enter data specific to this loan
- remove options not applicable to this loan
- include the following data, modified as applicable, on a separate sheet and enclose with the maturity notification letter.

Producer's Name _____

Loan Number _____

Crop Year _____

Commodity _____

Maturity Date _____

I INTEND TO DO THE FOLLOWING WITH THE LOAN IDENTIFIED ABOVE (circle one):

1 REPAY WITH CASH.

2 FORFEIT THE ELIGIBLE COMMODITY TO CCC

3. REDEEM WITH COMMODITY CERTIFICATE EXCHANGE, IF APPLICABLE.

_____ _____
(Producer's Signature) **(Date)**

Please return this intention by (maturity date).

Mail to: **(County Name) County FSA Office**
(Mailing Address)
(City, State, ZIP Code)

22 Maturity Notification to Producers (Continued)

F Farm-Stored Nonrecourse Loan

Send the following notification letter to producers of maturing farm-stored nonrecourse loans.

(**Date**) _____, 20__

Dear _____,

This is to notify you that your (**year**) crop farm-stored (**commodity type**) loan (**number**) will mature (**maturity date**).

You may repay the loan **on or before the maturity date**.

The only option available **after the maturity date** is to deliver the commodity to CCC.

Please indicate your intentions on the enclosed sheet, and sign, date, and return to the address shown on or before (maturity date).

The principal and charges, plus interest, are due and payable on or before (**maturity date**). Interest will continue to accrue until the amount due is repaid. Delivery instructions on CCC-691, Commodity Delivery Notice, will be issued on the day after maturity if a reply is not received from you by (**maturity date**).

The following apply if the principal and charges, plus interest, are not repaid by (**maturity date**), or delivery of the loan collateral is not completed by the expiration date or extended expiration date of CCC-691:

- foreclosure proceedings will begin
- the amount due will be recorded for offset from any FSA or CCC payment due you
- a claim will be established.

File a written request, including evidence to support your position with the County FSA Committee, within 30 calendar days after the date of this letter:

- if you want to contest this determination, including:
  - the amount due
  - administrative actions applicable after the loan maturity date
- to obtain a reconsideration and an informal hearing.

During these 30 calendar days, you may also inspect and copy records located at the above address that relate to this determination.

Sincerely,

County Executive Director,
_____ County FSA Office

22 Maturity Notification to Producers (Continued)

F Farm-Stored Nonrecourse Loan (Continued)

Before mailing notification letter to producer:

- enter data specific to this loan
- remove options not applicable to this loan
- include the following data, modified as applicable, on a separate sheet and enclose with the maturity notification letter.

Producer's Name _____

Loan Number _____

Crop Year _____

Commodity _____

Maturity Date _____

I INTEND TO DO THE FOLLOWING WITH THE LOAN IDENTIFIED ABOVE (circle one):

1 REPAY WITH CASH.

2 DELIVER THE ELIGIBLE COMMODITY TO CCC. (Please specify preferred delivery location.)

3. REDEEM WITH COMMODITY CERTIFICATE EXCHANGE. IF APPLICABLE.

_____ _____
(Producer's Signature) **(Date)**

Please return this intention by (maturity date).

Mail to: **(County Name) County FSA Office**
(Mailing Address)
(City, State, ZIP Code)

22 Maturity Notification to Producers (Continued)

G Recourse Loan

Send the following notification letter to producers of maturing recourse loans.

(**Date**) _____, 20__

Dear _____:

Your (**year**) crop (**commodity type**) recourse loan (**number**) will mature (**maturity date**). The only option available **on or before the maturity date** is to repay the principal and charges, plus interest, with cash.

Please indicate your intentions on the enclosed sheet, and sign, date, and return to the address shown on or before (**maturity date**).

Interest will continue to accrue until the amount due is repaid. The following apply if the loan is not repaid by (**maturity date**):

- foreclosure proceedings will begin
- the collateral will be sold to the highest bidder
- the amount due will be recorded for offset from any FSA or CCC payment due you.

File a written request, including evidence to support your position with the County FSA Committee, within 30 calendar days after the date of this letter:

- if you want to contest this determination, including:
  - the amount due
  - administrative actions applicable after the loan maturity date
- to obtain a reconsideration and an informal hearing.

During these 30 calendar days, you may also inspect and copy records located at the above address that relate to this determination.

Sincerely,

County Executive Director,
_____ County FSA Office

22 Maturity Notification to Producers (Continued)

G Recourse Loan (Continued)

Before mailing notification letter to producer:

- enter data specific to this loan
- include the following data, modified as applicable, on a separate sheet and enclose with the maturity notification letter.

Producer's Name _____

Loan Number _____

Crop Year _____

Commodity _____

Maturity Date _____

I INTEND TO, ON OR BEFORE THE LOAN MATURITY DATE, WITH THE LOAN IDENTIFIED ABOVE, REPAY THE LOAN PRINCIPAL PLUS INTEREST WITH CASH.

_____ _____
(Producer's Signature) **(Date)**

Please return this intention by (maturity date).

Mail to: **(County Name) County FSA Office**
(Mailing Address)
(City, State, ZIP Code)

23 Actions for Overdisbursements, Overpayments, and Receivables

A Overdisbursements, Overpayments, and Receivables

A producer is personally liable for repaying:

- any loan amount disbursed or LDP exceeding the amount authorized, including any charges plus applicable interest
- any deficient amount determined to be due CCC, plus interest.

B Notifying Producers

For loans and LDP's, County Offices shall notify producers:

- of the amount due of $10 or more
- immediately after the amount due is determined
- using the computer-generated notification letter in subparagraph C
- of all the applicable appeal options available as determined by the decision-making authority.

23 Actions for Overdisbursements, Overpayments, and Receivables (Continued)

B Notifying Producers (Continued)

Take action, as applicable, according to this table.

IF...	THEN...

the **overdisbursement** or **overpayment** is **not** the result of a loan or LDP violation, according to Part 6, Section 1	collect the amount due as follows:
	• for loans, if the amount due is $9.99 or less and is discovered:
	  • before settlement, do not collect immediately; however, collect on the next repayment
	  • after settlement, do not send the producer a demand letter; immediately write off the small balance according to 12-PS, Part 11, Section 2
	• for LDP's, if the amount due is:
	  • $9.99 or less, write off the small balance according to 12-PS, Part 11, Section 2
	  • $10 or more, follow procedure in 58-FI for demanding payment.

a **receivable** is created as a result of an amount remitted to CCC and is less than the amount required	if the total amount outstanding is: • $9.99 or less, see 12-PS, Part 11, Section 2 • $10 or more with outstanding loan balance, collect on next repayment • $10 or more with no outstanding loan balance, follow procedure in 58-FI for demanding payment.

23 Actions for Overdisbursements, Overpayments, and Receivables (Continued)

C Notification Letter

The following is an example of the notification letter. Notify the producer, using the following notification letter according to 12-PS, when a determination has been made that an amount is due CCC.

Producer Name Date
Producer Address

Dear *Producer Name:*

This is to notify you that the County Committee has determined that you have a debt arising from:

The amount you owe consists of:

Principal	Interest	Other charges	Total

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 a copying charge.

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.

This debt is due. The interest shown above is calculated through ____. Interest will continue to accrue at a rate of ____ per day until the date payment of the debt is received. You may pay your debt by check payable to "Commodity Credit Corporation" and mail the check to this office at the above address. If repayment will be received in this office after _____, please adjust your payment by adding ____ per day through the date payment will be received. If you are unable to pay the debt in full now, you may arrange to establish a mutually acceptable repayment agreement and pay in installments. Please contact this office at _____ if you have any questions. We will work with you to resolve this matter and to discuss alternative methods of payment, if necessary.

23 Actions for Overdisbursements, Overpayments, and Receivables (Continued)

C Notification Letter (Continued)

If this debt is not resolved, this Agency reserves the right to use all collection actions available to recover the debt. The debt may be collected by internal administrative offset from any CCC or FSA payments 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 for 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 11 of the United States Code. If you have filed for bankruptcy, please notify us so that we may update our records and proceed to resolve this debt in accordance with bankruptcy procedures.

Sincerely,

County Executive Director

23 Actions for Overdisbursements, Overpayments, and Receivables (Continued)

D Additional Action

If repayment is **not** received after producer has been notified using the letter in subparagraph C, take additional action according to the following table.

IF repayment is...	THEN...
received by the 30th calendar day after the date of the notification letter	record the overdisbursement, overpayment, or receivable repayment according to 12-PS, Part 7.
not received within 30 calendar days after the date of the notification letter	send the producer the applicable computer-generated demand letter in subparagraphs E and F on the next workday.
received by the 30th calendar day after the date of the demand letter	record the overdisbursement, overpayment, or receivable repayment according to 12-PS, Part 7.
not received within 30 calendar days after the date of the demand letter	• transfer to claims the entire amount of the debt, including applicable interest, as determined by APSS according to 12-PS, Part 12 • establish a claim on the 31st calendar day according to 58-FI. **Exception:** The interest start date for the claim is the 31st calendar day after the date of the demand letter. **Note:** Record the claim repayment according to 58-FI.

23 Actions for Overdisbursements, Overpayments, and Receivables (Continued)

E Demand Letter (No Appeal)

Send the producer the following demand letter when no appeal or reconsideration of the debt has been requested.

Producer Name Date
Producer Address

Dear *Producer Name:*

By letter dated _____, we notified you that the County Committee had determined that you owe $_____, plus interest as applicable. See attached Statement of Outstanding Debt. You did not request reconsideration of the debt determination. The debt is past-due. Late payment interest will accrue on your debt at the rate of ____% per annum starting on the 31st day from the date of this letter until the debt is paid or otherwise resolved.

Please pay your debt now. Make your check payable to "Commodity Credit Corporation" and send it to this office at the above address. If you are unable to pay the debt in full now, you may arrange to establish a mutually acceptable repayment agreement and pay in installments. If payment in full or arrangements to pay the debt in full are not made within 60 days from the date of this letter, the debt will be sent to the Kansas City Management Office for referral to the Department of Treasury. The Department of Treasury will collect the debt by offset of qualified disbursements and refunds, including any federal income tax refund to which you may be entitled.

Because this debt may be collected by offset of your federal income tax refund, you may present, within 60 days from the date of this letter, evidence that all or part of the debt is not past-due or legally enforceable. To do so, submit to this office a written explanation of your position that the debt or part of the debt is not past-due or legally enforceable, and include documentation to support your position.

Under Federal law and regulations, the following additional actions may be taken by USDA and the Department of Treasury to collect delinquent debts:

- Assessment of interest, administrative costs, and penalties
- Administrative garnishment of wages
- Offset of CCC and FSA payments
- Reporting the debt to consumer and commercial credit bureaus
- Referral of the debt to private collection agencies and Treasury-designated collection centers
- Referral of the debt to Agency counsel or the Department of Justice for litigation
- Reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged.

23 Actions for Overdisbursements, Overpayments, and Receivables (Continued)

E Demand Letter (No Appeal) (Continued)

Our records do not indicate that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify your local USDA Service Center as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

Please contact this office at _____ if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If this debt is not resolved within 60 days from the date of this letter, the Kansas City Management Office will take additional collection action.

Please disregard this letter if you have already paid this debt.

Sincerely,

County Executive Director

23 Actions for Overdisbursements, Overpayments, and Receivables (Continued)

F Demand Letter (Appeal)

Send the producer the following demand letter on the 31st calendar day if the producer has responded to the notification letter and requests appeal or reconsideration of the debt.

Producer Name Date
Producer Address

Dear *Producer Name:*

By letter dated ____, you were notified that the County Committee had determined that you owe $_____, plus interest as applicable. You requested an informal review and reconsideration of the debt. The County Committee has reconfirmed the debt determination. The debt is now past-due. Late payment interest will accrue on your debt at the rate of __% per annum starting on the 31st day from the date of this letter until the debt is paid or otherwise resolved.

Please pay your debt now. Make your check payable to "Commodity Credit Corporation" and send it to this office at the above address. If you are unable to pay the debt in full now, you may arrange to establish a mutually acceptable repayment agreement and pay in installments. If payment in full or arrangements to pay the debt in full are not made within 60 days from the date of this letter, or upon conclusion of the appeals process, whichever is later, the debt will be sent to the Kansas City Management Office for referral to the Department of Treasury for collection by offset of qualified disbursements and refunds, including any federal income tax refund to which you may be entitled.

Because this debt may be collected by offset of your federal income tax refund, you may present, within 60 days from the date of this letter, evidence that all or part of the debt is not past-due or legally enforceable. Submit to this office a written explanation of your position that the debt is not past-due or legally enforceable, and include documentation to support your position. Of course, if you are continuing the appeal of the debt under the National Appeals Division procedures, and have included the issues of the past-due nature of the debt and its legal enforceability, we will rely on the final determination in the National Appeals Division process, and not make a separate determination on those issues. Please be assured that we will not send the debt to the Kansas City Management Office until completion of the National Appeals Division process.

Under Federal law and regulations, the following additional actions may be taken by USDA and the Department of Treasury to collect delinquent debts:

- Assessment of interest, administrative costs, and penalties
- Administrative garnishment of wages
- Offset of CCC and FSA payments
- Reporting the debt to consumer and commercial credit bureaus
- Referral of the debt to private collection agencies and Treasury-designated collection centers
- Referral of the debt to Agency counsel or the Department of Justice for litigation
- Reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged.

23 Actions for Overdisbursements, Overpayments, and Receivables (Continued)

F Demand Letter (Appeal) (Continued)

Our records do not indicate that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify your local USDA Service Center as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

Please contact this office at _____ if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If this debt is not resolved within 60 days of the date of this letter, or upon conclusion of the appeals process, the Kansas City Management Office will take additional collection action.

Please disregard this letter if you have already paid this debt.

Sincerely,

County Executive Director

*--24 Applicability of the Soldiers' and Sailors' Civil Relief Act of 1940

A Applicable Borrowers

Applicable MAL borrowers are persons who are either:

- on active duty anywhere in the world and are active duty members of any of the following:
  - U. S. Army
  - U. S. Navy
  - U. S. Marine Corps
  - U. S. Air Force
  - U. S. Coast Guard
- officers of the Public Health Service detailed by proper authority for duty with the U. S. Army or the U. S. Navy.

Notes: Active duty members include members of Reserve or National Guard Units who have been called to active duty status.

Additionally, active duty includes those members of the referenced branches in training or education under U. S. supervision preliminary to induction into the military service. The term "active duty" also includes the period during which a person in military service is absent from duty because of sickness, wounds, leave, or other lawful cause.

B Applicable Loans

CCC MAL's, warehouse and farm-stored, secured with personal or real property and entered into **before** the borrower entered active military service, affected by the Soldiers' and Sailors' Civil Relief Act of 1940 are for:

- grains, soybeans, minor oilseeds, and rice
- dry peas, chickpeas, and lentils
- upland and ELS cotton
- peanuts
- wool, mohair, and honey.**--***

*--24 Applicability of the Soldiers' and Sailors' Civil Relief Act of 1940 (Continued)

C Relief Available

Types of relief offered include the following.

- Relief from foreclosure, sale, or seizure of property for nonpayment of a loan obligation, during the period of active military service or within 3 months thereafter, unless done according to an agreement with CCC or through a court order.

  Example: Grain under loan may be voluntarily forfeited at loan maturity to settle an outstanding loan. However, if the producer does not settle the loan, either by cash repayment or forfeiture, CCC may not take foreclosure action to acquire the grain to settle a loan.

- Treasury and internal administrative offsets will be discontinued once a producer is ordered to report for induction or military service, and any payments received as a result of offset after the date the borrower was called to active duty will be refunded.

- Interest rates for applicable loans may not exceed 6 percent during the period of active military service.**--***

*--24 Applicability of the Soldiers' and Sailors' Civil Relief Act of 1940 (Continued)

D County Office Action

County Offices shall:

- advise borrowers to notify the County Office if they are full-time members of the military or have been called to active duty status whether or not their financial situation has been adversely affected

- help the borrower properly execute powers of attorney to designate persons to perform CCC transaction on their behalf

- request minimal documentation to support a request for relief from affected borrowers, such as a copy of orders calling them to active service

- cease any ongoing foreclosure actions against applicable borrowers

- accept and process requests for financial relief according to failure to fully comply policy in 7-CP.

Note: However, forward all requests applicable to the Soldiers' and Sailors' Civil Relief Act of 1940 to DAFP for final consideration and approval. Further instructions and guidance about interest rate reductions will be sent with the applicable approval notification. At the minimum, requests shall provide the following:

- interest rate(s) applicable to MAL
- copy of CCC-677 or CCC-678
- outstanding loan quantity and principal
- all repayment receipts.**--***

25-99 (Reserved)

Part 2 Eligibility Requirements

Section 1 Producer Eligibility

100 Eligible Producer

A Definition of Eligible Producer

[7 CFR 1421.4] An eligible producer is a person or entity that:

- has complied with annual program requirements according to paragraph 128, including:
  - reporting acreage for applicable crops, according to 2-CP
  - completing AD-1026, according to 6-CP
  - completing CCC-502 according to 1-PL
  - ***--**completing CCC-526 according to 1-PL**--***
- has a beneficial interest in the eligible commodity for which a loan or LDP is requested
- shares in the risk of producing the applicable commodity.

An entity is:

- an undivided interest in a commodity that was produced for the individual members by the entity
- a divided interest in a commodity that is stored commingled with a commodity produced by 1 or more other entities or individuals.

The person or entity may be any of the following:

- landowner
- landlord or waterlord
- tenant
- sharecropper.

100 Eligible Producer (Continued)

B Company or Legal Entity

An eligible producer may be an irrigation company or other legal entity if the irrigation company or legal entity provides **all or part** of the following, which are necessary to produce and harvest a crop:

- land
- labor
- water
- equipment.

C Estates and Trusts

An eligible producer may be an estate or trust, including any of the following:

- a receiver of an insolvent debtor's estate
- an executor or an administrator of a decedent's estate
- a guardian of any of the following:
  - an estate
  - a ward
  - an incompetent person
- trustees of a trust estate, if their representative authority is legally valid. See 1-CM.

D Minors

A minor may be an eligible producer if **any** of the requirements in 1-CM are met.

100 Eligible Producer (Continued)

E Heirs of Deceased Producer

An eligible producer may be an heir of a deceased producer, whether succession of interest occurs before or after harvest, when **all** of the following apply:

- succeeds to the beneficial interest of the deceased in the commodity, including purchase from other heirs
- assumes the decedent's obligation under a loan if a loan has already been obtained
- for farm-stored loans, ensures that safe storage continues
- completes CCC-686, according to paragraph 1402, when the heirs want to obtain or assume 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.

F Other Entities

An eligible producer may be an entity that:

- produced the commodity
- evolved from the same individuals who produced the commodity.

101 Ineligible Producer

A Ineligibility

Ineligible producers are producers who:

- have **not** reported acreage on FSA-578 for the current crop year, according to 2-CP

  Note: Acreage reports must be obtained before benefits are received.

- violate WC and HELC provisions, according to 6-CP

- have **not** complied with annual program requirements, according to paragraph 128

- are convicted under Federal or State law of a controlled substance violation, according to 1-CM

- have a delinquent non-tax debt to the Federal Government

- ***--**violate FCIC provisions as determined by FCIC.**--***

102 Eligible Foreign Person

A Foreign Person Eligibility

See 1-PL, Part 3 to determine eligibility requirements for foreign persons.

B Handling Disbursements Involving an Ineligible Foreign Person

If a County Office determines that an ineligible foreign person has received a loan or LDP disbursement, the County Office shall follow this table.

IF a County Office determines that a loan or LDP has been disbursed to...	THEN...
an ineligible foreign person	handle according to paragraph 135.
a cooperative for a commodity delivered to the cooperative by an ineligible foreign person	contact the State Office for instructions.

103 Eligible CMA

A Approved CMA's

[7 CFR 1425] CMA's approved to participate in loan and LDP programs may obtain loans and LDP's for their eligible producer members.

An approved CMA is considered an eligible producer. See 1-CMA for approved CMA's and commodities.

B Determining Producer Eligibility

If program year requirements, according to paragraph 300, are in effect for the crop year, producer eligibility will be determined according to 1-CMA, Part 11.

104 Market Loan Gain and LDP Payment Limitation

A Applicability

A combined $75,000 payment limitation for marketing loan gains and LDP's for the following:

- barley
- corn
- dry peas
- grain sorghum
- lentils
- minor oilseeds
- oats
- rice
- small chickpeas
- soybeans
- wheat.

There is a separate combined $75,000 payment limitation for marketing loan gains and LDP's for the following:

- honey
- mohair
- peanuts
- wool.

See 1-PL for payment limitation procedures.

B Filing Applicable Forms

For payment limitation, the applicable CCC-502 must be filed according to 1-PL, and a determination made for:

- market loan repayments, before:
    - locking-in a repayment rate
    - repaying at a rate less than principal and charges, plus interest
- LDP's, before approving the payment.

Encourage producers who do not have an applicable CCC-502, approved according to 1-PL, to complete the appropriate forms before application for loan or LDP to allow sufficient time for a determination to be made.

105 Monitoring Payment Limitation

A Basic Producer Information

The following producer information is needed for each individual or entity requesting LDP or market loan gain:

- "person" determination
- "actively engaged in farming" status
- permitted entity share
- multiple-county status
- previously received benefits subject to limitation
- payment limitation balance
- market loan gain amount
- LDP amount.

B "Person" Determination

The "person" determination is made according to 1-PL, including the combined entity status. Determine combinations by printing the combined entity report according to 1-PL.

C "Actively Engaged in Farming" Status and Percent of Cropland Factor

Determine the "actively engaged in farming" status and applicable percent of cropland factor for each farming operation from which the commodity was produced according to 1-PL.

D Permitted Entity Share

Determine the permitted entity share according to 1-PL.

E Benefits Previously Received

APSS controls payment limitation automatically. Four market gain reports are available, according to subparagraph L, that will assist in monitoring benefits received by producers who are subject to payment limitation.

105 Monitoring Payment Limitation (Continued)

F Market Gain - Market Loan Gain Amounts

The market loan gain applicable to the payment limitation is equal to the difference between the loan principal amount and the loan repayment amount.

G Market Gain - LDP Amounts

The gross LDP is subject to payment limitation.

H Remaining Payment Limitation Balance

The remaining payment limitation balance shall be the difference between:

- the payment limitation assigned to the producer in the county where benefits are being received
- the sum of the following:
  - LDP amounts previously received in the applicable county
  - market loan gain amounts previously received in the applicable county
  - LDP and market loan gain amounts denied in the applicable county because of percent of cropland factor or permitted entity shares are less than 1.0000.

I Control County Office

Control payment limitations for multiple-county producers according to 1-PL. Do not establish a control County Office that is different from the control County Office established for other program purposes for LDP's and market loan gains.

105 Monitoring Payment Limitation (Continued)

J Monitor Payment Limitation

Monitor payment limitation by using the market gain reports in subparagraph L.

K When Payment Limitation Is Reached

When the payment limitation is reached, notify applicable producers that LDP's can no longer be made, and loans repaid with cash must be at the **lesser** of the following:

- loan principal plus interest
- **higher** of the following:
    - loan principal
    - CCC-determined repayment rate.

Loans may be delivered or forfeited to CCC.

105 Monitoring Payment Limitation (Continued)

L Market Gain Reports

Four market gain reports are available to account for market gain transactions. The following reports can be accessed by selecting option 12 according to 12-PS, Part 14, Section 5:

- Denied Market Gain Report
- Total Market Gain Report
- Market Gain Report by Loan or LDP
- Market Gain Report by Producer.

Use the following table to determine the information available from the different market gain reports.

Type of Reports	Information Available in Report
Denied Market Gain	Total market gain for each producer ID with denied market gain for the selected crop year.
Total Market Gain	Total market gain for each producer ID with market gain for the selected crop year.
Market Gain by Loan or LDP	Each market gain transaction for each producer on the selected loan or LDP.
Market Gain by Producer	Each market gain transaction for the selected producer for the selected crop year.

106-125 (Reserved)

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Section 2 Commodity Eligibility

126 Eligible Commodities

A Eligibility Requirements

[7 CFR 1421.5] To be eligible for a loan or LDP, the commodity must:

- have been produced by an eligible producer
- be in existence and in a storable condition
- be merchantable for food, feed, or other uses determined by CCC
- **not** contain mercurial compounds, toxin-producing molds, or other substances poisonous to humans or animals

  Exception: For commodities containing vomitoxin and aflatoxin, see paragraph 133.

- meet the definition for the applicable commodity in the Official United States Standards for Grain or Rice, as applicable
- meet the specific commodity eligibility requirements for a nonrecourse loan
- **not** be:
- substituted, purchased, bartered, or received as a gift
- produced on land owned by the Federal Government, if the land is occupied without lease, permit, or other rights of possession.

Note: A commodity pledged as collateral for loan or LDP that is **not** produced and harvested by the eligible producer, but was exchanged for a commodity produced and harvested by the eligible producer is ineligible for loan and is considered a substitution.

126 Eligible Commodities (Continued)

B Commodities Eligible for Loan or LDP

The commodities eligible for a loan or LDP include:

- barley
- corn
- grain sorghum
- mohair
- oats
- oilseeds

  Note: Including canola, crambe, flaxseed, mustard seed, rapeseed, safflower seed, ***--**soybeans, sesame seed, and sunflower seeds.

- peanuts**--***
- pulse crops

  Note: Including *** * *** small chickpeas, lentils, and dry peas.

- wheat
- wool
- any of the above commodities mechanically harvested in a state other than whole grain, excluding silage and hay.

  Note: Silage and hay are eligible for LDP **only**.

126 Eligible Commodities (Continued)

C HM Commodities

HM commodities are defined as corn and grain sorghum with moisture levels exceeding applicable standard moisture levels. HM commodities:

- below the set maximum moisture level shall:
- be eligible for nonrecourse loans and LDP's
- be adjusted to reflect CCC-established moisture levels for nonrecourse loans and LDP's
- apply shrink factors in Exhibit 4
- exceeding the maximum acceptable moisture level are eligible for recourse loans according *****--to paragraph 472.--*****

STC shall annually determine the maximum acceptable moisture levels.

D EM Commodities

EM commodities:

- are defined as commodities with moisture levels that exceed the applicable standard moisture levels, according to 2-LP Grains and Oilseeds, but are at or below the STC acceptable moisture levels
- below the set maximum moisture level shall:
  - be eligible for nonrecourse loans and LDP's, if the commodities are adjusted to reflect CCC-established moisture level for nonrecourse loans and LDP's
  - apply shrink factors in Exhibit 4
- exceeding the maximum acceptable moisture levels are eligible for recourse loans only *****--according to paragraph 472.--*****

127 Loan and LDP Final Availability Dates

A Availability

[7 CFR 1421.7] Loans and LDP's are available to eligible producers in any area in the United States and Puerto Rico where the applicable commodity is produced.

B Requesting Loans and LDP's

Request for loans and LDP's shall be made on or before the final availability date for the respective commodities.

127 Loan and LDP Final Availability Dates (Continued)

C Final Availability Date

[7 CFR 1421.7] The following table provides the final availability date for loans and LDP's for the commodities listed.

Commodity	Final Availability Date
Barley Canola Crambe Flaxseed Oats Rapeseed Wheat Sesame seed	March 31
Corn Dry peas Grain sorghum Lentils Mustard seed Safflower seed Small chickpeas Soybeans Sunflower seed	May 31

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

D Final Disbursement Date

The disbursement date shall not be later than 30 calendar days after the final loan availability date. When the final loan availability date falls on a nonworkday, the final date shall be extended to the next workday.

State Offices may grant extensions in 15-day increments, as applicable.

128 Annual Program Requirements

A Annual Requirements

Loans and LDP's are available to producers who have:

- reported acreage of all cropland on the farm according to 2-CP for which a loan or LDP is requested
- comply with all other program provisions, as applicable.

129 Beneficial Interest

A Applicability

[7 CFR 1421.6] To be eligible for a loan or LDP, **both** of the following shall apply:

- eligible producers, heirs of the producer, or another producer who succeeds in interest to the farming unit, according to paragraph 100, must:
  - have beneficial interest in the commodity
  - be in compliance with HELC and WC provisions
- commodity must have been produced by an eligible producer on a farm that is in compliance with the annual program requirements according to paragraph 128.

B Definitions of Conditions for Beneficial Interest

A producer is considered to have beneficial interest in the commodity if **all** of the following remain with the producer:

- control of the commodity
- risk of loss
- title to the commodity.

The following table provides definitions of the conditions for beneficial interest.

Condition	Definition
Control of the commodity	A producer has control of the commodity if the producer keeps the ability to make all decisions affecting the commodity. For example: • moving or right to sell or pass title to the commodity • pledging the commodity for loan or requesting LDP.
Risk of loss	A producer has the risk of loss of the commodity if the producer is: • responsible for any loss or damage to the commodity • to receive any indemnity to be paid.
Title to the commodity	A producer may be considered to have title to the commodity if the producer has not sold or delivered the commodity, including the delivery of warehouse receipts.

129 Beneficial Interest (Continued)

C Definition of Option to Purchase

An option to purchase is an agreement allowing the buyer, at the buyer's option, to enter into a contract at a later date to buy a commodity. The option does not give the buyer any interest in the commodity and expires at a specified time.

D Sales Contract

A sales contract, including advance sales contracts, contracts to sell, price later contracts and contracts for future delivery, gives the buyer an interest in the commodity at a time specified in the contract or at a time implied by law.

129 Beneficial Interest (Continued)

E Option to Purchase Language

If a producer has entered into an option to purchase, the producer may receive a payment from the buyer and retain beneficial interest if the option to purchase contains a provision exactly as follows:

> "Notwithstanding any other provision of this option to purchase, title; risk of loss; and beneficial interest in the commodity, as specified in 7 CFR Part 1421, shall remain with the producer until the buyer exercises this option to purchase the commodity. This option to purchase shall expire, notwithstanding any action or inaction by either the producer or the buyer, at the earlier of: (1) the maturity of any CCC loan which is secured by such commodity; (2) the date the CCC claims title to such commodity; or (3) such other date as provided in this option."

Inserting this language into a sales contract does not mean that the producer retains beneficial interest when a payment from the buyer is made under the contract.

If a producer has or will receive a payment from the buyer in return for a sales contract, beneficial interest is lost when the payment is made.

F Retaining Beneficial Interest

For a producer to retain eligibility to obtain a loan or LDP, **any** contract signed by a producer must conform to **all** provisions for beneficial interest.

Beneficial interest must be retained by a producer from harvest continuously through:

- for LDP, the date LDP is requested
- for loan, the earlier of the following date:
    - the loan is repaid
    - CCC takes title to the commodity.

129 Beneficial Interest (Continued)

G Losing Beneficial Interest

If a producer sells the equity in the commodity, the commodity is immediately ineligible for a loan or LDP. If the commodity has been pledged as collateral for a loan or LDP has been made, immediate repayment of the loan principal and charges, plus interest, or LDP amount plus interest, as applicable, is required.

When beneficial interest in the commodity is lost by the producer, the commodity remains ineligible for loan or LDP even if the producer regains any of the following:

- control of the commodity
- risk of loss
- title to the commodity.

The producer loses beneficial interest upon signing any contract that contains, but is not limited to, the following provisions:

- buyer has the option to require the producer to obtain loan or LDP
- requires producer to obtain permission from buyer to request a loan or LDP
- requires that casualty losses be paid to the buyer's account.

See 2-LP Peanuts for additional information on peanuts.

H Transferring or Assigning Interest

Interest in a commodity or the right to redeem a commodity under loan may **not** be transferred or assigned except according to paragraphs 1401 and 1402, or by executing FSA-211.

129 Beneficial Interest (Continued)

I Integrated Entity

The fact that a buyer may also be the storing warehouse operator, lender, or other business shall **not** be considered a reason to cause beneficial interest to be transferred.

Note: If the contract between the buyer and the producer restricts the producer's ability to take possession of the commodity or warehouse receipts, the producer would be considered to have lost control when the commodity or warehouse receipts are delivered to the integrated entity.

J Commodity Rejected and Returned

If the commodity is delivered to a buyer, processor, or mill that rejects the commodity because minimum standards are not met, beneficial interest shall **not** be considered lost by the producer if the commodity is returned to the producer.

K Payments for Services

Payments by buyers to producers for services, such as transportation and storage, shall **not** cause beneficial interest to be transferred unless the payment is conditional on the eventual sale of the commodity.

L Feedlot, Feedyard, or Wool Pool Delivery

If the commodity is delivered to a feedlot, feedyard, or wool pool, beneficial interest in the commodity is considered to be lost at the time of delivery, unless other events cause beneficial interest to be lost before delivery according to subparagraph 131 D.

Delivery of the commodity by a producer to the feedlot, feedyard, or wool pool removes the producer's ability to make all decisions affecting the delivered commodity. Therefore, control of the commodity does not remain with the producer.

130 Guidelines for Submitting Contracts

A Submission Guidelines

For **each** contract submitted for review to the State Office or PSD:

- provide a preliminary determination with respect to when producers would be considered to have lost beneficial interest in the commodity under the terms and conditions of the contract
- ensure that the:
  - general terms, exhibit, addendum, etc., referenced in the contract are also submitted with the contract
  - copies are legible
- by FAX, do not submit a hard copy by mail unless requested to do so
- by mail, do not submit a FAX copy unless requested to do so
- and for which a previous determination was received, do **not** submit a subsequent identical contract for review
- number each page in the proper order and provide the total number of pages for each contract.

If these documents are not submitted with the contract, State or County Offices, as applicable, will be requested to submit this information.

A determination will not be rendered until **all** documents pertinent to the contract have been received.

131 Reviewing Contracts

A Documents for Review

[7 CFR 1421.6] County Offices shall review contracts or leases, as applicable, **only** when there is reason to believe the producer may have lost beneficial interest in the commodity.

When requested by the County Office, producers shall provide the following, as applicable:

- copy of the combination lease agreement
- copy of all options to purchase and all sales contracts
- certification of no contract according to subparagraph B.

Producers who provide the certification according to subparagraph B shall be advised that, for loans only, if a contract is negotiated at a later date, the following, as applicable, must be provided to the County Office:

- copies of written contracts
- terms and conditions of verbal contracts.

For loans repaid by buyers under CCC-685, County Offices shall contact producers who certified to no contract to verify whether a contract has been negotiated subsequent to the certification. This verification is **not** required for repayments using CCC-681-1.

131 Reviewing Contracts (Continued)

B Certification of No Contract

The following certification must be provided if the producer does not have a written contract **and** there is reason to believe the producer may have lost beneficial interest in the commodity.

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 for 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.

131 Reviewing Contracts (Continued)

C County Office Review

When a contract or lease review is necessary, County Offices, before approving a loan or LDP for commodities subject to market loan provisions, shall:

- determine whether the requirements of beneficial interest or succession of interest are complied with
- review all options to purchase and sales contracts provided according to subparagraph A
- determine the date the producer would be considered to have lost beneficial interest
- determine whether the producer has retained beneficial interest in the commodity according to subparagraph 129 F.

For any option to purchase or sales contract on which a determination **cannot** be made, send a copy of the option to purchase or sales contract to the State Office for a determination according to paragraph 130.

D Events Causing Loss of Beneficial Interest

Producers shall be considered to have lost beneficial interest in a commodity the earlier of any 1 of the following events:

- receipt of a payment (without option to purchase)
- date of invoice
- F.O.B. bin, when the commodity is loaded for shipment from farm storage bins or other storage to the buyer
- F.O.B. warehouse, when the commodity is loaded for shipment from the warehouse to the buyer
- delivery of warehouse receipts to the buyer or agent

131 Reviewing Contracts (Continued)

D Events Causing Loss of Beneficial Interest (Continued)

- the time of signing a contract with clauses restricting the producer's decision to obtain a loan or LDP from CCC, such as:
  - buyer may require the producer to obtain a loan or LDP
  - producer may obtain a loan or LDP only with prior approval of the buyer
  - producer may obtain a loan if the producer executes certain documents designating the buyer as agent
- when the commodity enters the warehouse, if contract contains a casualty clause that provides that after commencement of insured warehouse cover, insurance settlement shall be for the buyer's account
- when the commodity is redeemed from CCC loan
- when the commodity is delivered to a feedlot, feedyard, or wool pool.

E Written Opinions

County Offices may give an opinion with respect to an option to purchase or a sales contract when **both** of the following apply:

- if the producer is **not** applying for benefits
- the producer requests an opinion.

County Offices shall:

- provide the opinion to the producer in writing
- send a copy of the option to purchase or sales contract to the State Office with a copy of the opinion provided to the producer for review according to subparagraph H.

Note: Opinions given for options to purchase and sales contracts are **not** appealable unless the producer has been denied benefits.

131 Reviewing Contracts (Continued)

F Verbal Contract

If the producer certifies to a verbal contract, the producer must enter the terms and conditions of the verbal contract in the space provided on the certification, according to subparagraph B.

G Addendum

An addendum to an option to purchase or sales contract to amend any contract provision, including removing any restrictive clause, must be agreed to by all parties.

For CCC to consider the addendum valid, it must be executed **before** the earlier of the following:

- harvest of the commodity
- date beneficial interest is considered to have been lost.

H Canceling Contract

An option to purchase or a sales contract entered into may be canceled at any time **before** harvest of the commodity if beneficial interest has not been lost.

If the option to purchase or sales contract to be canceled was previously provided to the County Office, a copy of the following must be provided to the County Office:

- the canceled option to purchase or sales contract, as applicable, with the signatures of all parties canceling the contract

- any subsequent option to purchase or sales contract.

131 Reviewing Contracts (Continued)

I State Office Action

State Offices shall:

- review options to purchase and sales contracts submitted by County Offices, including those submitted for which the County Office gave the producer a written opinion

  Note: If the written opinion provided to the producer by the County Office is inaccurate, **immediately** notify the County Office.

- determine whether the producer retains beneficial interest and the date the producer would be considered to have lost beneficial interest

- for any option to purchase or sales contract on which PSD's concurrence with the State Office's preliminary determination is requested, FAX a copy of the contract for PSD review

- advise the County Office of PSD's determination when notified by PSD of the date beneficial interest would be considered to have been lost

- send to all County Offices and applicable States the following:

  - a copy of the option to purchase or sales contract, as applicable
  - a copy of the decision for reference.

131 Reviewing Contracts (Continued)

J Action After Contract Review

A loan or LDP shall **not** be approved when both of the following apply:

- the contract is reviewed after harvest
- it is determined that the producer has lost beneficial interest in the commodity.

Exception: LDP's may be approved, based on the LDP rate in effect on the date of delivery, when **both** of the following apply:

- a field-direct LDP is requested **before** harvesting, according to Part 3
- the producer maintained beneficial interest until the date of delivery.

If an application for loan or LDP is:

- approved, attach a copy of the option to purchase or sales contract, as applicable, to the applicable loan or LDP document signed by the producer

- **not** approved because of loss of beneficial interest:

  - send a letter of the determination to the producer and attach the letter to the option to purchase or sales contract, as applicable

  - do not provide the producer appeal rights, the beneficial interest requirement is not appealable.

    Note: Refer to1-APP for determining issues that are not appealable.

Note: Producers may appeal the beneficial interest determination, but not the denial of benefits if beneficial interest was lost. Beneficial interest is a statutory requirement.

When notified by the State Office of the determination of the date beneficial interest would be considered to have been lost, COC shall approve or disapprove loan or LDP.

132 Eligible Quantity

A Determining Eligible Quantity

[7 CFR 1421.8] All of the applicable commodity produced on eligible acreage by an eligible producer and mechanically harvested is considered eligible for loan or LDP.

B Using Crop Appraisals

If a producer has applied for crop insurance indemnity or NAP on the acreage related to the disaster, the crop appraisal on file **must** be used when determining the maximum eligible quantity for commodities harvested as other than grain for loans or LDP's.

C Exception for Using Crop Appraisals

COC's may determine maximum eligible quantity determinations according to subparagraph 536 D by using other methods when a crop appraisal is on file only if either of the following apply:

- the appraisal has been completed on units that differ from the FSA farm that the marketing assistance loan or LDP has been requested

- 1 appraisal has been completed on multiple farms and the documentation does not differentiate between farms.

Before COC can make a determination, the producer must provide applicable documentation to COC to support that the LDP production is not from the crop-appraised acreage.

Note: Producers are responsible for providing documentation, as applicable.

132 Eligible Quantity (Continued)

D Establishing Estimates of Yield

COC shall:

- annually determine reasonable estimates of yield for each commodity based on crop and weather conditions in the county
- document determination in COC minutes
- review questionable applications.

E Using Price Support Queries

Counties shall use the automated Price Support queries according to 12-PS, Part 14, Section 6. Instructions for entering yields established by COC are in 12-PS, subparagraph 1488 C. Price Support queries are useful in determining a producer's reasonable production. The queries also provide for a running account total by the producer for remaining MAL and LDP eligible quantities.

F STC Review

STC or designee shall:

- annually review 25 percent of estimate yields established according to this paragraph
- concur with COC that yields are reasonable based on documentation used.

When reviewing COC-established yields for County Offices that border County Offices in a different State, STC's or the designee should request from the bordering County Office through the applicable State Office, a copy of the applicable COC-established yields. STC's use this information when concurring with COC's that the yields are reasonable.

Note: A 5-year average of NASS yields may be used as a guide when establishing yields.

132 Eligible Quantity (Continued)

G Questionable or Commingled Production

If the quantity offered for loan or LDP is:

- within 10 percent of the COC-established yield and COC determines the producer could have reasonably produced the quantity on the eligible acreage, then approve the loan or LDP

- not within 10 percent of the COC-established yield, do **not** approve the loan or LDP request.

If the producer is not satisfied with the maximum quantity determined by COC, give the producer appeal rights to COC.

During the appeal process, COC may approve loan and LDP quantities exceeding the COC-established yield if:

- the producer provides actual production evidence according to paragraph 535 for the crop year and other documentation to support the yield, such as fertilizer

- COC determines the quantity reasonable for the crop year based on the producer's farming practices, production evidence, and documentation provided.

COC shall not delegate authority to approve quantities exceeding 110 percent of the COC-established yield.

H Determining Ineligible Quantity

A quantity of a commodity is **not** eligible for loan if:

- it was previously placed under loan and redeemed with cash at the CCC-determined value
- LDP has been requested or made on the quantity.

I Denied LDP Because of Payment Limitation

Commodities are eligible for nonrecourse loan **if** LDP's were requested and denied because of payment limitation only.

133 Poisonous Substances and Contamination

A Contaminated Commodities

[7 CFR 1421.5(c)] A producer is personally liable for any damages resulting from tendering to CCC as loan collateral if a commodity contains:

- mercurial compounds
- toxin producing molds, such as aflatoxin
- other substances poisonous to humans or animals.

Illegally contaminated and nonmarketable commodities that test positive are not eligible for loan or LDP.

All contaminated commodities must be merchantable to be eligible.

B Acceptable Levels for Aflatoxin and Vomitoxin

The following table provides the acceptable levels for toxins.

Contaminant	Acceptable Level
Aflatoxin in corn or peanuts	20 part per billion or less
Vomitoxin	5 or less parts per million

See Part 4 for applicable county loan rates.

133 Poisonous Substances and Contamination (Continued)

C Monitoring Corn Containing Aflatoxin

In areas of the State where it is determined that the corn may contain aflatoxin, STC shall:

- designate affected areas each crop year, as applicable
- monitor the aflatoxin situation
- notify DAFP when the first area in the State is designated.

Producers who request farm-stored or warehouse-stored corn loans in the designated areas shall, **before** disbursement of the loan:

- have the corn tested for aflatoxin at the producer's expense
- provide the County Office with the results of the aflatoxin test.

If the test results indicate the aflatoxin level is:

- 20 parts per billion or less, the loan may be disbursed as nonrecourse, according to Part 4, as applicable, if the corn is otherwise eligible for a nonrecourse loan

- more than 20 parts per billion, a loan may be disbursed as nonrecourse using the applicable adjusted county loan rate, according to paragraph 422.

D Commodities Containing Vomitoxin

The following table provides policies and procedures for commodities containing vomitoxin.

IF...	AND contains vomitoxin of...	THEN County Offices shall...
producers indicate a commodity was tested	5 or less parts per million	disburse loans as nonrecourse, according to Part 5 or 7, as applicable, if the commodity is otherwise eligible.
	more than 5 parts per million	disburse loans as nonrecourse using the applicable adjusted county loan rate, according to paragraph 422.
nonrecourse loan is delivered to CCC	5 or less parts per million	base the settlement rate on the quality of the commodity as shown on the warehouse receipt.
	more than 5 parts per million	use a settlement rate of zero.

134 Repledging Commodities

A Basic Provisions

Before the final loan availability date, producers may reoffer as security or repledge as collateral for a loan any commodity that has been previously mortgaged or pledged, except for those situations described in subparagraph B.

B Ineligible for Repledge

The following table provides situations when a commodity is ineligible to be repledged.

IF the commodity represents...	THEN...
• a loan that was called because of a violation of provisions for: • loans or LDP's • HELC or WC, according to 6-CP	the commodity shall **not** be repledged for loan.
• or more of the following conditions: • loans called at CCC's option • commodities redeemed with cash at a rate less than the principal plus interest • commodities for which loss of beneficial interest has occurred • commodities that were previously collateral for recourse loans, except distress loans • *****--loan commodities were acquired using commodity certificates--***** • commodities for which LDP was made	
a loan disbursed under distress loan provisions	*****--see Part 4, Section 7.--*****

134 Repledging Commodities (Continued)

C Maturity of Repledged Loan

The maturity date shall be the same as the original loan maturity date.

In APSS, enter the approval date of the original loan to establish the proper maturity date for the repledged loan.

D Applicability of State Assessments

State commodity assessments, when applicable, shall **not** be deducted on the repledged loan quantity.

135 Loans Ineligible for Delivery or Forfeiture

A Ineligible for Delivery or Forfeiture

The following are ineligible for delivery to CCC if the collateral is for:

- a recourse loan

  Note: See Part 4, Section 4.

- a nonrecourse loan and the:

  - producer is determined ineligible
  - commodity is determined ineligible.

B COC Notification to Producer

Send the producer the notification letter in Exhibit 5, pages 5 and 6, if COC determines:

- an ineligible commodity was placed under loan
- the producer is ineligible for loan.

135 Loans Ineligible for Delivery or Forfeiture (Continued)

C Action for Nonpayment

If the loan is **not** repaid by 31st calendar day after notification and CCC must acquire the commodity, the County Office shall take action according to the following table.

IF the loan...	THEN...

is **recourse** farm-stored or warehouse-stored	• begin foreclosure proceedings according to paragraph 1043 and Part 10, Section 4 for provisions for:
	  • selling warehouse receipts
	  • completing a local sale
	• use the sales price as the value of the commodity
	• record the local sale settlement according to 12-PS, Part 9.
	Note: The warehouse-stored loan must be transferred to a farm-stored loan to process the settlement by local sale.

is **nonrecourse** warehouse-stored	• transfer the loan to a farm-stored loan, according to 12-PS, Part 5
	Note: See Part 10 for provisions for:
	  • selling warehouse receipts
	  • completing a local sale.
	• determine the value of the commodity according to the schedules of premiums and discounts according to the applicable 2-LP
	• record the local sale settlement according to 12-PS, Part 9.

135 Loans Ineligible for Delivery or Forfeiture (Continued)

D Insufficient Value or Excess Sales Price

If the settlement value was insufficient to clear the amount due on the loan, send the producer the notification letter in subparagraph 23 C.

If the sales price exceeds the amount needed to repay principal and charges plus interest on the loan, the excess shall be:

- for recourse loans, refunded to the producer
- for nonrecourse loans, retained by CCC.

136 Eligibility Review

A Review

A second party review of eligibility requirements for loan and LDP application shall be performed before disbursement. Reviewer must initial loan or LDP application when review is completed.

137-299 (Reserved)

Part 3 Loan Deficiency Payments

Section 1 General Provisions

300 Basic Provisions

A Definition of LDP's

[7 CFR 1421.200] LDP's are payments made to producers who, although eligible to obtain a CCC loan, agree to forgo the loan in return for a payment on the eligible commodity.

B General Provisions

LDP's:

- will be processed through APSS
- will be made in cash subject to assignment according to 63-FI
- will be issued by EFT or check, as applicable
- are subject to administrative offset according to 58-FI
- shall be subject to payment limitation
- must be approved when all eligibility requirements are met
- cannot be canceled or repledged once a request has been made or disapproved

  Note: LDP requests disapproved because the requested quantity exceeded the maximum eligible commodity, according to subparagraph 132 G and the decision was appealed, may be approved if the producer provides acceptable production evidence during the appeal process, according to subparagraph 132 G.

- cannot be repaid to request a subsequent loan or LDP on the same quantity
- are not subject to State commodity assessments
- are subject to spot check according to Part 5
- will be paid when approved.

Lien searches and lien waivers are not required.

300 Basic Provisions (Continued)

C Producer and CMA Eligibility Requirements

Producers and approved CMA's for their members, applying for LDP, must:

- meet eligibility requirements in Part 2, as applicable
- agree to forgo obtaining a loan for the quantity on which LDP is requested.

D No Storage Requirements

[7 CFR 1421.200] Approved storage requirements are waived for LDP's.

E CCC-676

APSS will assign an LDP number sequentially with loan numbers for each crop year.

F Filing LDP's

LDP's shall be maintained in 1 of the following:

- a separate LDP file for each request received
- one LDP file for each producer
- one LDP file for each producer by commodity.

300 Basic Provisions (Continued)

G LDP Amount Reported to IRS

The amount of LDP is reported to IRS.

LDP's made to CMA's are not reported to IRS.

H Denied LDP Amounts

Part or all of a producer's calculated LDP amount shall be denied if any of the following apply:

- payment limitation is reached
- percent of cropland factor is less than 1.0000
- permitted entity share is less than 100 percent.

301 Requests for LDP's

A Request

LDP requests are complete when a County Office receives a completed and signed:

- CCC-633 LDP, according to paragraph 307
- CCC-709, according to paragraph 305
- FSA-237 according to 1-CM for FAXed LDP requests.

*** * ***

LDP's must be requested:

- before beneficial interest is lost according to Part 2

- on or before the final availability date for the crop year of the commodity

- from a CMA-service County Office for CMA's according to 1-CMA

- at the County Office where the farm records are kept for the farm on which the commodity was produced in person or by FAX.

  Note: See paragraph 302 for FAX requirements.

301 Requests for LDP's (Continued)

A Request (Continued)

If the producer farms in more than 1 county, the County Office **first** contacted shall:

- accept requests
- contact other County Offices when either of the following applies:
  - the request covers eligible production from more than 1 farm and the farm program records are kept in more than 1 County Office
  - LDP's were received from more than 1 County Office
- FAX LDP requests to the applicable administrative County Office for completion.

LDP requests must be:

- approved when all eligibility requirements are met
- date-stamped when CCC-633 LDP is received in the County Office to indicate the request date.

Issue payments when:

- CCC-633 LDP is approved
- quantity has been certified or delivery documentation received for field direct LDP's.

B Commingled Commodities

For LDP requests on commingled commodities, producers may request individual LDP or joint LDP. For joint LDP's, all producers, whose share of the commodity is included, must sign the LDP request.

C Prompt Payment

See paragraph 16 for the prompt payment due date.

302 FAXed LDP Applications

A Acceptable FAXed LDP Applications

FAXed LDP application requests are considered complete when both of the following are met:

- FSA-237 is completed, signed, witnessed or notarized, and filed with the County Office before FAXed signature is received

  Note: See 1-CM for procedure about FAXed signatures.

- CCC-633 LDP or CCC-709 is:

  - correctly completed by the producer, including all producer signatures
  - received in the County Office, as applicable.

B Unacceptable FAXed LDP Applications

Unacceptable FAXed LDP applications are:

- applications submitted on any form other than CCC-633 LDP or CCC-709

- CCC-633 LDP or CCC-709 applications missing information that is absolutely necessary to determine LDP.

Provide the producer with written notification that:

- the request did not contain adequate information to process the request

- a new LDP rate will be established based on the date a new acceptable LDP request is received in the County Office.

302 FAXed LDP Applications (Continued)

C Incorrect FAXed LDP Application

If CCC-633 LDP or CCC-709 is not correctly completed according to paragraphs 305 or 307, as applicable:

- review the LDP request
- determine whether:
    - the missing or incomplete information is absolutely necessary to determine LDP
    - FSA-237 is on file and completed according to 1-CM.

If CCC-633 LDP or CCC-709 is missing information not absolutely necessary to determine LDP or FSA-237 was incorrect or not received, provide the producer written notification that:

- the LDP request is invalid
- the incomplete LDP request must be corrected within 10 calendar days
- CCC-237 must be corrected or received within 10 calendar days, if applicable
- if corrected LDP request is not received within 10 calendar days or valid CCC-237 is not on file within 10 calendar days, the LDP request will be disapproved.

Note: Quantities included on LDP request that are disapproved shall be ineligible for LDP or loan.

If corrections are received within 10 calendar days from the date of the notification letter:

- process the LDP request
- LDP rate shall be based on the following:
    - date original FAXed LDP request was received, for CCC-633 LDP
    - delivery or harvest date for CCC-709.

302 FAXed LDP Applications (Continued)

D Signatures

Obtain FSA-237 for all FAXed LDP requests according to 1-CM. Follow-up original copies and signatures are not required for LDP requests FAXed on either CCC-633 LDP or CCC-709.

E Applications Requested But Not Received

If a producer inquires about a FAXed LDP application that was transmitted, County Offices shall:

- require producer to submit documentation to verify the date and time of the FAXed transmission of CCC-633 LDP or CCC-709
- accept producer's completed LDP application
- document the date the LDP application was FAXed and the reason the FAX was not received
- use the LDP rate in effect on the date printed by the FAX machine on the original LDP request transmittal
- **not** accept or approve producer's LDP application unless the producer can provide verification of the actual FAXed date.

Note: Incomplete transmissions are not considered to be a valid LDP requests.

303 LDP Rates

A Effective LDP Rate

The LDP rate is the rate in effect on the day of:

- request, if beneficial interest is maintained on date of request
- delivery, for field direct LDP's
- harvest, if immediately fed during harvest.

The request date is the date CCC-633 LDP is received in the County Office. County Offices shall date stamp CCC-633 LDP to verify the date the request is received.

The delivery date is the date the commodity is delivered to a buyer, warehouse, processor, cooperative, or wool pools for field direct LDP's.

For commodities immediately fed during harvest, see subparagraph 305 K.

B LDP Rate

The LDP rate is determined by the amount the applicable commodity loan rate exceeds the CCC-determined value for where the:

- commodity is stored for CCC-633 LDP
- farm records are maintained for field direct LDP's.

Use the rate in effect until the next rate change. For example, use the rate announced on Friday for the commodity delivered on Saturday or Sunday under CCC-709.

For eligible commodities stored out of the United States, determine the LDP rate based on the County where LDP is requested.

See Part 9, Section 7 for determining the CCC-determined value.

303 LDP Rates (Continued)

C LDP Rate for Multiple CCC-709 Deliveries

The LDP rate for multiple deliveries of production covered under CCC-709 is based on the first consecutive quantity delivered, unless otherwise designated on CCC-709.

Selecting a specific delivery date to obtain an LDP rate for all quantity delivered is not permitted.

If multiple deliveries occur for production delivered under CCC-709 and:

- multiple LDP's will be made, the LDP rate is based on the date of delivery for the quantity being paid under LDP, as applicable
- a single LDP will be made, the weighted average LDP rate for the total quantity will be determined based on the eligible LDP rate for the dates eligible quantity was delivered.

D Determining LDP

LDP is calculated by multiplying the LDP rate times the LDP quantity requested.

E LDP Rate for FAXed CCC-633 LDP's

For CCC-633 LDP FAXed applications, the LDP rate is the rate in effect when CCC-633 LDP is received in the County Office, if the LDP request is completed according to paragraph 307.

Example: If the rate is announced at 7 a.m. e.t. and the FAXed CCC-633 LDP is received at 5 a.m. e.t., the LDP rate is the rate in effect on the previous day.

304 Eligible Quantity

A Commodity Eligibility Requirements

To be eligible for LDP, the quantity of commodity must:

- meet eligibility requirements in Part 2
- have been produced by an eligible producer
- not have been previously pledged as collateral for a loan and repaid with cash at a rate less than the principal, plus interest
- not have been previously requested or paid for LDP.

The following are eligible for LDP:

- a quantity of a commodity eligible to be repledged for a nonrecourse loan
- silage and hay derived from an eligible loan commodity.

Note: Silage and hay are **not** eligible for a marketing assistance loan.

For LDP's on:

- commodities harvested as other than grain, see Section 2
- low quality commodities, see Section 3
- contaminated commodities, see Section 4
- HM or ATHM commodities, see Section 5.

304 Eligible Quantity (Continued)

B Quantity Requested

Eligible producers may request LDP quantities by:

- certifying the quantity
- requesting measurement service
- certifying date of delivery for field direct LDP's
- providing delivery evidence
- certifying date of harvest, if immediately fed during harvest.

If moisture levels are in excess of the maximum eligible moisture level applicable to the commodity, producers may want to certify the moisture percent, or adjust the certified quantity, to avoid possible refunds if LDP is selected for spot check.

C Certified Quantity

Producers may request LDP by certifying the quantity. A reasonableness check using yields established by COC, according to paragraph 132, must be completed to ensure that the commodity was produced by the producer. All certified LDP's are subject to spot check according to Part 5.

COC set yield does not ensure that the commodity was produced; however, it establishes a guide for reasonableness of production.

If producers later request a measurement service and indicate on CCC-677-1 to use the quantity determined for production evidence:

- place CCC-677-1 in the producer's file
- use the measurement if LDP is later selected for spot check
- no further action is necessary.

304 Eligible Quantity (Continued)

D Measured Quantity

Eligible producers may request measurement service to obtain LDP.

If measurement service is requested on FSA-409:

- complete CCC-677-1 in addition to CCC-633 LDP, according to subparagraph 307 C
- reduce the measured quantity to the maximum eligible moisture level if the commodity contains moisture exceeding the level for the commodity according to the applicable 2-LP.

LDP's requested by measurement service are not subject to spot check.

E Field Direct Quantities

Eligible producers may request payment for field direct LDP's by 1 of the following:

- certifying the quantity delivered and delivery dates for the quantity delivered
- providing production evidence
- certifying the harvest dates for commodities fed during harvest.

LDP's requested by certification are subject to spot check.

If moisture levels are in excess of the maximum eligible moisture level applicable to the commodity, the producer may want to certify the moisture level to adjust the quantity.

F Quantity Supported by Production Evidence

If producers do not wish to certify to the quantity or date delivered, requests can be completed by providing production evidence according to Part 5, Section 3.

If production evidence is provided at time of payment request, LDP will not be subject to spot check.

305 Field Direct LDP's

A General Field Direct Provisions

A field direct LDP is available for producers who:

- will lose beneficial interest in the commodity at harvest when the commodity is delivered directly from the field to a processor, buyer, warehouse, wool pool, or cooperative

- want to receive LDP on commodity based on the date delivered directly from the field to a processor, buyer, warehouse, wool pool, or cooperative

- immediately feed the commodity during harvest.

CCC-709 must be completed:

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

CCC-709 may be completed after harvest begins but will be applicable only to quantities that have not been harvested.

B Commodity Delivered From Field to Farm Storage

Any commodity delivered to farm storage is not eligible for field direct LDP's **except** for:

- grain normally dried on the farm and **immediately** after drying is delivered to a processor, buyer, warehouse, or cooperative

- grain put in temporary farm storage for **immediate** delivery to a processor, buyer, warehouse, or cooperative.

Commodities stored on the farm for any other reason are not eligible for a field direct LDP and must complete CCC-633 LDP before beneficial interest is lost. COC shall determine the timeframe for "immediate".

Note: STC's shall ensure COC's are consistent in determining the timeframe for "immediate".

305 Field Direct LDP's (Continued)

*--C Commodity Delivered From Field to a Feedlot, Feed Mill, Feedyard, or Wool Pool

Producers who deliver their commodity to a feedlot, feed mill, feedyard, or wool pool must--* complete and submit CCC-709 before delivery.

D Field Direct Provisions for CMA's

*--CMA's can only request a field direct LDP on CCC-709 and receive the LDP rate in effect on the date of delivery when CMA:

- has entered into a uniform marketing agreement with the applicable CMA member(s) before harvest that grants the CMA benefit interest in the commodity upon delivery

- files CCC-709 at the CMA's service County Office and checks Part B, item 9D, for any quantities delivered out of the field by members for immediate sale that will not be stored.--*

For commodities harvested and delivered to CMA for storage, * * * CMA's must:

- request LDP on CCC-633 LDP * * * before CMA will lose control of the commodity
- accept the LDP rate in effect on the date of request.

Note: The date of request is the date the correctly completed CCC-633 LDP is received in the County Office.

E Quantity Included on CCC-709

The quantity included on CCC-709 delivered directly from the field to:

- a processor, buyer, warehouse, wool pool, or cooperative is eligible for an LDP rate, including zero, that is in effect on the date of delivery

- the farm to be immediately fed is eligible for an LDP rate, including zero, that is in effect on the date of harvest.

If the LDP rate on the delivery date or date of harvest of any quantity specified on CCC-709 is zero, the producer will not:

- receive LDP
- be eligible for a loan on that quantity.

305 Field Direct LDP's (Continued)

F Applicable Production Unit Options

Producers shall indicate production units when completing CCC-709, Part B for field direct LDP's as follows.

- "Specific quantity" means only a specific quantity is requested for LDP. Producers must enter a specific quantity.

- "All" means all quantity delivered to a buyer, warehouse, processor, wool pool, or cooperative is eligible for LDP. If "all" is indicated, no other production unit applies for the same farm.

- "All quantity delivered to a specific location" means only quantities delivered to this location are eligible for LDP. Producers must enter the location.

- "Any quantities delivered for immediate sales. Any quantity delivered for storage must be covered by CCC-633 LDP before loss of beneficial interest". This statement means the producer is eligible for field direct LDP on quantities delivered for immediate sale, for example, the grain is sold when the truck crosses the scale. Producers must request a basic LDP before beneficial interest is lost in the commodity delivered for storage and not immediately sold on the same date as delivered.

- "Other" means any other option for commodities fed or used for seed, as described by the producer.

305 Field Direct LDP's (Continued)

G Completing CCC-709

Complete CCC-709 according to the following table.

Notes: The producer 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, the County Office may assist the producer, as applicable.

Only producers sharing in the quantity requested for LDP must sign and initial 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.
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 through 7 is "no", the producer may not be eligible for LDP. County Offices shall verify responses before disapproving the LDP request, as applicable.
9	Check (√) the applicable box to select the production unit for the LDP request.

305 Field Direct LDP's (Continued)

G Completing CCC-709 (Continued)

Item	Instructions
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 D, "Only quantities delivered for immediate sales. Any quantity delivered for storage must be covered by CCC-633 LDP before loss of beneficial interest." **Note:** Any quantity delivered for storage must be covered by CCC-633 LDP before loss of beneficial interest, only the quantity delivered for immediate sale is eligible. Any quantity stored must be requested on CCC-633 LDP before beneficial interest is lost. • item E, "Other", enter a description, as applicable. **Note:** This applies to commodities immediately fed or seeded, as applicable.
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 requesting LDP must initial to acknowledge the selected quantity option or options.
Part C	All producers 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 **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.

305 Field Direct LDP's (Continued)

G Completing CCC-709 (Continued)

Step	Instructions
Part D	CCC representative shall approve or disapprove CCC-709. Enter the date of approval or disapproval and the name, address, and telephone number of the County Office. Provide a copy to the producer.
Part E	***--**Producers 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. County Offices shall complete item 25, as applicable.
22	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	Producers must certify dates of delivery, harvest, or ginning.
25	Enter the LDP rate for the applicable commodity for the date in item 23. **Note:** This item is for County 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 23.

305 Field Direct LDP's (Continued)

H Example of CCC-709

The following is an example of CCC-709.

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
R.L. Smith
Route 6
Old Town, KS 12345
678-98-5432
Telephone Number *(Area Code)*:

2. Crop Year: 200X

3. Commodity/Class/Variety/Type 1/: Wheat/HRW

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	*RLS*
5. Does more than one producer have an interest in the quantity for this request? If "YES", all producers must sign this request.		X	*RLS*
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		*RLS*
7. Will this commodity be produced by all producers requesting this LDP?	X		*RLS*
8. Are you or any co-applicant delinquent on any federal non tax debt? *(If "YES", provide details in the remarks)*		X	*RLS*

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	1001	*RLS*
	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 reviewing 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) this 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 such time it is revised or terminated 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 (%)	14. Date (MM-DD-YYYY)	16. Signature of Producer(s)	17. Share (%)	18. Date (MM-DD-YYYY)
/s/ R.L. Smith	100	11-15-20XX			

PART D - APPROVAL

19. Approved for CCC By: */s/ S. Anderson*

20. Disapproved for CCC By:

21. Date *(MM-DD-YYYY)* 11-17-20XX

22. Name and Address of County FSA Office
Great County FSA
Box 100
Old Town, KS 12345

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.

305 Field Direct LDP's (Continued)

H Example of 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. ➜ [X]

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.***

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.

305 Field Direct LDP's (Continued)

I Revising CCC-709

CCC-709 can be revised **before** harvest of the commodity.

If a producer wants to revise CCC-709 during harvest to not include any future quantity harvested for production units specified on CCC-709, require the producer to:

- line through the applicable quantity to be revised
- enter the revised quantity already harvested as applicable, initial and date.

All producers who signed CCC-709 must initial and date all revisions.

J Terminating CCC-709

CCC-709 can be terminated if the producer has **not** harvested **any** of the commodity covered by CCC-709. Once harvest has begun, producers cannot terminate CCC-709.

K Requesting Payment

When quantities have been delivered or fed during harvest, producers may request payment by:

- certifying to the quantity delivered or harvested and certifying to the date of delivery or date of harvest on CCC-709, Part E

- providing production evidence.

Producers are subject to spot check for any certified:

- quantity
- delivery date
- harvest date.

All LDP requests must be made by the final loan availability date applicable to the commodity.

305 Field Direct LDP's (Continued)

L Commodities Fed During Harvest Certification Deadline

For commodities immediately fed during harvest, the producer **must** complete CCC-709, Part E **within 60 calendar days** after the date of harvest.

M LDP Rate

The LDP rate for field direct LDP's is:

- based on the rate in effect for the administrative county for the farm (county where the farm records are kept)

  Note: FAX the LDP request to the administrative county for completing LDP request according to subparagraph 301 A.

- the rate in effect on date of:

  - delivery, for commodities immediately delivered
  - harvest, for commodities immediately fed during harvest.

306 Basic LDP's

A Types of Basic LDP's

Basic LDP's are requested for any stored quantity the producer maintains beneficial interest in on date of request and can be either:

- farm-stored quantities
- warehouse-stored quantities.

B Requesting Basic LDP's

Basic LDP's are requested on CCC-633 LDP:

- after harvest
- before beneficial interest is lost
- for each commodity
- according to paragraph 307.

C Canceling LDP Requests

Basic LDP's requested on CCC-633 LDP **cannot** be canceled at any time. Once the producer signs CCC-633 LDP, LDP is obligated to be paid by CCC to the producer.

306 Basic LDP's (Continued)

D Deferred Payments

Payments cannot be deferred or delayed at any time. All payments must be made as soon as possible after the date of request.

E LDP Rate

The LDP rate for basic LDP's is the rate in effect:

- for the county where the commodity is stored
- on the date of request.

F Fed or Processed Commodities

Commodities stored on the farm that were harvested as feed or later processed may be requested on CCC-633 LDP after harvest ends. For commodities fed during harvest, LDP's should be requested as field direct LDP's according to paragraph 305.

307 Completing CCC-633 LDP

A General Instructions

Complete CCC-633 LDP for each LDP requested for stored commodities. Producers' signatures must be obtained for the request to be complete.

The date used to determine the LDP rate will be the date CCC-633 LDP is requested for basic LDP's. The date of request is the date the correctly completed CCC-633 LDP is received in the County Office.

The administrative County Office shall distribute approved CCC-633 LDP's as follows:

- maintain the original in the LDP folder
- give a copy to the contact producer after Part D is complete.

307 Completing CCC-633 LDP (Continued)

B Completion Instructions

Complete CCC-633 LDP according to the following table.

Notes: The producer shall complete items 1 through 5; Part A, items 12 through 18; Part B, items 19 through 22; Part C, items 23 through 25, and if more information is necessary to complete this application, Part E and Part F, as applicable.

All producers sharing in the quantity for this LDP must sign, initial, and date CCC-633 LDP, as applicable.

If the producer is requesting LDP in person, the County Office may assist the producer with items 1 through 5 and Part B, as applicable. The producer must complete Parts A and C.

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 for which LDP is requested.
4	Enter the class, variety, or type, as applicable. For sunflowers, ENTER "oil" or "other", as applicable. **Note:** If the commodity requested is wheat and the class is mix, producers must indicate the predominate class of wheat.
5	Enter the county where the commodity is stored.
6	Enter name, address, and telephone number of the County Office.
7	Enter the State and county codes for the administrative County Office.
8	Enter producer's farm numbers. Producer may enter farm number, if known. County Offices must verify, as applicable.
9	Enter APSS-assigned LDP number or assigned 90000 series LDP number, if prepared manually.
10	***--**Enter the LDP rate according to subparagraph 306 E.**--***

307 Completing CCC-633 LDP (Continued)

B Completing Instructions (Continued)

Item	Instructions
11	Enter the applicable CCC-determined value (PCP) used to determine the LDP rate.
12 through *--18	All producers requesting this LDP shall: • check (√) the applicable box to select either “yes” or “no” in response to Part A, items 12 through 18 • enter initials in the applicable box for each of the items. All producers, or their representative, signing CCC-633 LDP must ensure that the information in Part A, items 12 through 18 is correct. If the response to item 12, 14, 16, or 17 is "no", the producer may not be eligible for LDP. County Offices shall verify responses before disapproving the request, as applicable. All other responses are self-explanatory.
19--*	Producers, or their representative, shall enter the quantity for this LDP. For commodities harvested as other than grain, the quantity can be certified as tons, acres, bushels, or cwt. **Note:** COC is required to establish a whole grain yield according to paragraph 536. The quantity can be certified, measured, or based on production evidence. In addition to the quantity, enter “C” for certified. **Notes:** See Part E for additional entries. If “C” is reported, this LDP is subject to spotcheck for future reference, as applicable.

307 Completing CCC-633 LDP (Continued)

B Completion Instructions (Continued)

Item	Instructions
*--20	Enter the location where the commodity is stored within the same county identified in item 5. For example, bin number, bin description, and/or land description. Enter the warehouse name if commodity is warehouse-stored. If any commodity is stored in a different county than identified in item 5 and the LDP rate is different, a separate LDP request must be completed. See Part E for additional entries.
21	Enter the date of the LDP request. The date of the request is the date the correctly completed CCC-633 LDP is received in the County Office.
22	Enter the total quantity for the LDP request, which is the sum of item 19 and Part E, item 28.--*
Part C	**All producers requesting a share** of the quantity included in the LDP request shall agree to the certification by signing CCC-633 LDP, entering the percent of share and date of signature. Until all signatures are obtained, the request is **not** complete. For FAXed signatures the request is not complete unless FSA-237 is on file in the County Office. *--See Part F for additional signatures.
Part D	CCC representative shall approve or disapprove CCC-633 LDP by completing item 26A, as applicable. The date entered in item 26C shall be the date the CCC-633 LDP request is approved or disapproved by COC. County Offices shall also indicate if the quantity requested is reasonable by completing item 27. See Part G for remarks or recording reasons for disapproval, as--* applicable. Send a copy to the producer.

307 Completing CCC-633 LDP (Continued)

B Completion Instructions (Continued)

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

CCC-633 LDP (06-10-03) **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation

LOAN DEFICIENCY PAYMENT CERTIFICATION AND APPLICATION

See Page 2 for Privacy Act and Public Burden Statements.

1. Name, Address and ID No. of Contact Producer: R.L. Smith, Route 6, Old Town, KS 12345, 678-98-5432
Telephone No. (Area Code) (Optional)

2. Crop Year: 20XX
3. Commodity: Wheat
4. Class/Variety/Type 1/: HRW
5. County Where Stored: Old Town, KS

This form may only be completed **AFTER** harvest or shearing and **BEFORE** losing title, control and risk of loss in the quantity included in this request.

FOR COUNTY OFFICE USE ONLY (Items 6 through 11)

6A. Name of County FSA Office	6B. Telephone No. (Area Code)	7. ST.&.CO. Code	8. Farm Number(s)	9. LDP Number	10. LDP Rate	11. CCC-Determined Value (PCP)
Great County FSA	876 555 6789		1001		$	$

PART A - PRODUCER TERMS AND CONDITIONS *(Please check applicable "YES" or "NO" Producer must initial for each response in Items 12 though 18)*

	YES	NO	INITIALS		YES	NO	INITIALS
12. Is the quantity of this request eligible to be pledged as collateral for a CCC loan? *(Not applicable to hay, silage or unshorn pelts)*	X		RLS	16. Was the quantity of this request produced by all producers requesting this LDP and has not been purchased or acquired directly or indirectly from any other source?	X		RLS
13. Does more than one producer have an interest in the quantity for this request? If "YES", all producers **must** sign this request.		X	RLS	17. Is this the only LDP requested for this quantity?	X		RLS
14. Do all producers requesting this LDP have title, control, and risk of loss *(beneficial interest)* in accordance with 7 CFR Part 1421 at the time of this LDP request?	X		RLS	18. Are you or any co-applicant delinquent on any federal non tax debt? *(If "YES", provide details in the remarks)*		X	RLS
15. Has any producer requesting this LDP entered into a contract or option to purchase either verbally or in writing?		X	RLS				

PART B - PRODUCER PAYMENT INFORMATION. *(If more space is needed, use Part E)*

19. Quantity Requested and Unit of Measure	20. Stored Location	19. Quantity Requested and Unit of Measure	20. Stored Location	21. Date Requested *(MM-DD-YYYY)*
1000. 00	Great County Co-op			11/1/20XX
				22. Total Quantity Requested: 1000.00

PART C - PRODUCER SIGNATURE AND CERTIFICATION. *(If more space is needed, use Part F)*

I certify that all information entered on this form is true and correct. By completing and reviewing Part A and by signing this form the producer(s) ("Producer"), hereby makes a claim for payment from the Commodity Credit Corporation (CCC) with respect to the commodity described in Part B and agrees to accept the loan deficiency payment (LDP) rate in effect for the applicable commodity for the county where the commodity is stored and the rate in effect as of the date of this LDP request, when all signatures are obtained. 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)* any false claim or false statement made may lead to civil liability or criminal prosecution; *(3)* this LDP may be selected for spot check and the producer will be required to provide supplemental documents to determine program eligibility; *(4)* that the producer agrees to forgo a commodity loan on the quantity requested for LDP and that the producer may not repay or refund any LDP amount in order to obtain a commodity loan; *(5)* CCC may require copies of sales contracts for the production represented by this application; *(6)* 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 1421, as applicable; *(7)* 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 *(8)* CCC shall assess liquidated damages in accordance with 7 CFR Part 1421, as applicable, if the producer misrepresented the eligible commodity indicated above; and *(9)* that maximum eligible quantity determinations must equal the yield used for determining disaster or crop insurance payments, as applicable.

23. Producer's Signature	24. Share%	25. Date *(MM-DD-YYYY)*	23. Producer's Signature	24. Share%	25. Date *(MM-DD-YYYY)*	23. Producer's Signature	24. Share%	25. Date *(MM-DD-YYYY)*
/s/ R.L. Smith	100	11 01 20XX						

PART D - CCC APPROVAL OR DISAPPROVAL. *(If Disapproved, complete Item 34)*

26A. Signature of CCC	B. Title	C. Date *(MM-DD-YYYY)*	D. Action	27. The quantity requested for this LDP is reasonable?
/s/ S. Anderson	CED	11-01-20XX	[X] Approved [ ] Disapproved	[X] YES [ ] NO

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

307 Completing CCC-633 LDP (Continued)

B Completion Instructions (Continued)

CCC-633 LDP (Page 2) (06-10-03)

PART E - PRODUCER PAYMENT INFORMATION *(Continuation)*

28. Quantity Requested and Unit of Measure		29. Stored Location	28. Quantity Requested and Unit of Measure		29. Stored Location

PART F - PRODUCER SIGNATURE *(Continuation)*

30. Producer's Signature	31. Share%	32. Date *(MM-DD-YYYY)*	30. Producer's Signature	31. Share%	32. Date *(MM-DD-YYYY)*	30. Producer's Signature	31. Share%	32. Date *(MM-DD-YYYY)*

PART G -REMARKS AND REASONS FOR DISAPPROVAL

33. Remarks

34. Reasons for Disapproval

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 USC § 7231 et seq and 7 CFR Parts 1421 and 1427. The information will be used to determine eligibility and the amount of program benefits. Furnishing the requested information is voluntary; however, failure to furnish the correct complete information will result in a determination of eligibility 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 30 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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307 Completing CCC-633 LDP (Continued)

C Measurement Service Request

When LDP request is made and measurement service is requested to determine LDP measured quantity, producers shall:

- file FSA-409 according to 2-CP
- file CCC-677-1 according to Exhibit 7
- complete CCC-633 LDP according to this paragraph
- indicate a quantity on CCC-633 LDP.

Note: This can be a specific amount or "All", not to exceed the measured quantity and cannot be left blank.

See paragraph 427 for additional information on measurement service.

In addition, County Offices shall:

- enter the following statement for the "quantity" entry on CCC-633 LDP:

  "I agree that the quantity determined by measurement service will be the maximum quantity eligible for loan or LDP and I understand that the requested quantity is irrevocable."

- obtain applicable producer's signature

- use the LDP rate in effect on the date CCC-633 LDP is requested.

When the measurement service has been completed, County Offices shall:

- obtain producer verification of measurements according to paragraph 427

- issue LDP for the requested quantity, not to exceed the measured quantity

- notify the producer that a subsequent LDP or nonrecourse loan may be requested as a certified LDP or loan up to the final loan availability date if all eligibility requirements have been met

- not require a new measurement service.

307 Completing CCC-633 LDP (Continued)

C Measurement Service Request (Continued)

*** * *** New loan requests up to the original measured quantity shall be required spot checks. Perform spot checks on all *** * *** new LDP's, in the normal manner, up to the original measured quantity

LDP requests for a specific quantity **must** be made before:

- quantity is fed or sold
- beneficial interest is lost.

D Entire Measured Quantity Used for LDP

Follow this table when measurement service is completed and the producer wants to use the **entire** measured quantity for the LDP request.

Step	Action
1	Use LDP rate in effect on the date CCC-633 LDP is requested.
2	Issue LDP for the **entire** measured quantity when CCC-633 LDP is approved for CCC. **Note:** On CCC-633 LDP, item 22, producers must ENTER "All".
3	Attach a copy of FSA-409 to CCC-633 LDP and CCC-677-1.

Producers who request to use only a specific quantity must request LDP's for the specific quantity not to exceed the measured quantity.

307 Completing CCC-633 LDP (Continued)

E Less Than Entire Measured Quantity Used for LDP

Follow this table when measurement service is completed and the producer wants to use a **specific quantity** for LDP requests.

Step	Action
1	Use the LDP rate in effect on the day CCC-633 LDP is requested.
2	Immediately issue LDP for the **requested** quantity not to exceed the original measured quantity when approved for CCC.
3	If the producer obtains multiple LDP's or loans on the remaining quantity, not to exceed the measured quantity, inform the producer that spot checks will be performed by the County Office until all of the measured quantity has been issued for LDP or loan.
4	Cross-reference all LDP and loan requests with the initial LDP or loan made on the measured quantity. Verify that the total of all LDP's and loans do not exceed the measured quantity.

308 Completing CCC-700 and CCC-700A

A Purpose

CCC-700 and CCC-700A are APSS computer-generated forms used to provide producers LDP data.

When the computer is inoperable, manually prepare:

- CCC-700 and, when applicable, CCC-700A
- CCC-184 or EFT according to 1-FI.

COC or representative shall approve CCC-700, as applicable.

Distribute approved CCC-700 and CCC-700A as follows:

- maintain the original in the LDP folder
- provide a copy to the contact producer.

308 Completing CCC-700 and CCC-700A (Continued)

B Completing CCC-700 (Continued)

Circle Number	Instructions
1	Enter contact producer's name and mailing address.
2	Enter the applicable LDP type. **Examples:** FS CER LDP, for farm-stored and warehouse-stored certified FS MEA LDP, for farm-stored measured WS LDP, for warehouse-stored LS LDP, for load summary and scale tickets FD LDP, for field direct
3	Enter State and county code and farm number.
4	Enter manually assigned 90000 series number, as applicable.
5	Enter crop year and commodity.
6	Enter applicable class code for the commodity.
7	Enter date payment is made to the producer.
8 through 10	Leave blank.
11	Enter LDP quantity from CCC-633 LDP or quantity certified from CCC-709 requests for payment, as applicable.
12	Leave blank.

308 Completing CCC-700 and CCC-700A (Continued)

B Completing CCC-700 (Continued)

Circle Number	Instructions
13	Enter LDP amount applicable to the LDP quantity, which is LDP quantity times the applicable LDP rate.
14	Leave marketing assessment and origination fee blocks blank.
15	Enter the net LDP payment available.
16 through 18	Leave blank.
19	Enter the applicable LDP rate. This is the CCC-determined value.
20	Leave blank.
21	Enter the quantity from CCC-633 LDP or quantity requested for field direct LDP's.
22	Enter the result of circle number 19 times circle number 21.
23	Enter producer's name, ID number, and share applicable to LDP. Indicate if quantity is certified or based on evidence.
24	Obtain CCC representative's approval signature and date.
25	Enter County Office's name, address, and telephone number. Provide a copy to the contact producer.

308 Completing CCC-700 and CCC-700A (Continued)

B Completing CCC-700 (Continued)

The following is an example of a completed CCC-700.

CCC-700 (08-18-94)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

LOAN DEFICIENCY PAYMENT STATEMENT

Form CCC-700A is incorporated into this Form CCC-700 when this box is marked ☐

Name and Mailing Address of Contact Producer	LDP Type	St. & Co. Codes & Farm No. Where Produced
1	2	3

The following Loan Deficiency Payment Statement is made according to forms CCC-666-LDP or CCC-709 filed by the producer(s) shown below.

LDP No.:	4	Initial LDP Qty:	8	LDP AMOUNT:	13
Crop Year:	5	Adjusted LDP Qty:	9	Marketing Assessment:	
Commodity:		Add'l/Reduced Qty:	10	Assessment: Origination Fee:	14
Class:	6	Total LDP Qty:	11	Denied Market Gain: NET LDP AMOUNT:	15
Transaction Date:	7	Total LDP Amount:	12	Additional Payment ( )	16

LOAN RATE -	LOAN REPAYMENT RATE =	LDP PAYMENT RATE +	RICE MARKETING CERTIFICATE RATE X	QUANTITY =	GROSS PAYMENT
17	18	19	20	21	22

PRODUCER 23	ID NUMBER	PRODUCER SHARE

APPROVED FOR CCC BY	DATE	NAME AND ADDRESS OF COUNTY FSA OFFICE
24	24	25
		TELEPHONE NO.

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.

308 Completing CCC-700 and CCC-700A (Continued)

C Example of CCC-700A

The following is an example of CCC-700A.

CCC-700A
(02-16-94)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

LOAN DEFICIENCY PAYMENT STATEMENT CONTINUATION

LDP NO.	CROP YEAR	COMMODITY	St. & Co. Codes & Farm No. Where Produced

PRODUCER	ID NUMBER	PRODUCER SHARE

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.

309 Notification of Denied LDP Benefits

A Denied LDP Notification

When the producer is denied loan or LDP benefits, County Offices shall:

- immediately notify the producer in writing

- ***--**use the letter in subparagraph 402 B relating to denial of loan benefits and include the following:

  - reason for denying LDP
  - appeal rights according to 1-APP.

  Note: Rewrite the letter to reflect the reason for LDP denial, as applicable.

If LDP benefits are denied because of payment limitation or AGI, producers must be afforded the opportunity to request a nonrecourse loan by the final availability date.**--***

310-319 (Reserved)

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Section 2 Commodities Harvested as Other Than Grain

320 Eligibility for LDP

A Commodity Definitions

Eligible commodities include wheat, corn, grain sorghum, barley, oats, rice, soybeans, sunflower seed, sesame seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, dry peas, small chickpeas, or lentils meeting the definitions included in Official U.S. Standards for Grain.

B Eligible Commodities

Eligible commodities harvested as other than grain are any loan commodities produced on a farm that is:

- harvested as:

  - ***--**hay
  - cobbage
  - ground corn
  - cracked, rolled, or crimped
  - silage--*****

- roasted

- processed immediately upon harvest or later processed, as applicable

- mutilated, mixed, or ground with other parts of the plant that produced the commodity

- stored in an unmeasurable structure.

--Note:** Hay and silage are **not** eligible for MAL.**--

Commodities must be mechanically harvested. Grazing is not considered harvested and is not eligible for LDP.

320 Eligibility (Continued)

C Requests

LDP's must be requested on:

- CCC-633 LDP for stored commodities
- CCC-709 for commodities immediately delivered or fed during harvest.

D Maximum Eligible Quantities

To process LDP on commodities harvested as other than grain, determine the maximum eligible production according to paragraph 536.

LDP requests may be certified to establish the LDP rate and should be certified in tons or acres, as applicable.

When the bushel or cwt. is determined, according to paragraph 536, the LDP request can be approved and payment made.

321-332 (Reserved)

Section 3 Low Quality Commodities

333 Eligibility for LDP

A Commodity Definitions

Commodities with quality factors falling to the additional schedule of discounts in the ***--**applicable 2-LP handbook are considered "low quality" and are eligible for LDP.**--***

B LDP Request

Request LDP's on CCC-633 LDP for stored commodities or CCC-709 for field direct LDP's in the normal manner.

C LDP Rate

Use the LDP rate applicable to the date of:

- request for basic LDP's
- delivery for field direct LDP's
- harvest for commodities immediately fed during harvest.

D Production Evidence

Production evidence is required according to Part 5, Section 3, when producers are selected for spot check.

334-344 (Reserved)

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Section 4 Contaminated Commodities

345 Eligibility for LDP

A Commodity Definitions

Contaminated commodities are commodities that contain any of the following:

- mercurial compounds
- toxin producing molds, such as aflatoxin
- other substances poisonous to humans or animals
- contamination in food commodities.

Illegally contaminated and nonmarketable commodities that test positive for a contaminant are not eligible for loan or LDP.

B Eligible Commodities

Contaminated commodities are eligible for nonrecourse loans according to Part 4, Section 2. Any contaminated commodity must be merchantable to be eligible. Any commodity eligible for nonrecourse loan is eligible for LDP under this section.

Contaminant testing is not required for LDP.

C LDP Request

Request LDP's on CCC-633 LDP or CCC-709 in the normal manner.

345 Eligibility for LDP (Continued)

D LDP Rate

Use the LDP rate applicable to the date of:

- request for basic LDP's
- delivery for field direct LDP's
- harvest for commodities immediately fed during harvest.

E Production Evidence

Production evidence is required according to Part 5, Section 3, when producers are selected for spot check.

346-356 (Reserved)

Section 5 High Moisture and Excess Moisture Commodities

357 HM, EM, or ATHM Commodities for LDP

A Availability

LDP's are available to eligible producers who harvest:

- HM corn or grain sorghum
- ATHM commodities
- EM commodities, according to paragraph 126.

LDP's are **not** available for EM quantities exceeding the set moisture level determined by STC.

B Requesting HM or EM Commodities for LDP's

LDP's may be requested on HM or EM commodities:

- in farm storage
- delivered as field direct LDP's
- harvested as commodities and immediately fed during harvest.

Requests for farm-stored HM or EM commodities:

- must be physically in existence at the time of the LDP request

- that will be used for feed shall be supported by acceptable production evidence determined as maximum eligible quantity when selected for spot check.

357 HM, EM, or ATHM Commodities for LDP (Continued)

C Determining Quantity

The quantity shall be 100 percent of:

- certified quantity adjusted for moisture
- adjusted measured quantity, if stored in a structure that can be measured
- adjusted net quantity, if LDP is requested with production evidence that has not been adjusted for moisture
- quantity determined according to paragraph 536, for quantity stored in unmeasurable structures.

D Setting Moisture Levels

STC's shall set moisture levels according to paragraph 126.

357 HM, EM, or ATHM Commodities for LDP (Continued)

E Moisture Adjustment

Moisture adjustments are required when the:

- LDP is:
  - certified and the producer certified to a high moisture level
  - based on measured quantities
  - certified and the producer provides production evidence showing moisture levels and the net quantity have not been adjusted for moisture
- moisture level is:
  - greater than the maximum eligible level for the commodity
  - equal to or less than the moisture set by STC, but higher than the standard moisture levels, according to 2-LP Grains and Oilseeds.

F Adjusting Quantity for Moisture

The quantity determined by:

- certification shall be adjusted for moisture:
  - by using the average factor when moisture percent is not available according to subparagraph G
  - to the maximum eligible level for the commodity when moisture percent is available according to Exhibit 4
- measurement shall be adjusted for moisture:
  - determined at time of measurement
  - according to Exhibit 4
  - to the maximum eligible level for the commodity
- production evidence shall be adjusted for moisture if:
  - moisture levels are indicated
  - the net quantity has not been adjusted, as applicable.

357 HM, EM, or ATHM Commodities for LDP (Continued)

G Using Average Factor When Moisture Percent Is Not Available

The certified quantity must be adjusted for moisture using an average factor, applicable to the HM, EM, or ATHM commodity, when a moisture percent is not available.

The average factor is determined using 27.0 percent as the average moisture for the HM, EM, or ATHM commodity.

Example: The average factor for corn is determined by subtracting the corn moisture of 15.5 percent from 27.0 percent and multiplying the difference times 1.3 percent. This calculates to an average factor for corn of 15.0 percent.

Calculate the shrink reduction to determine the adjusted LDP quantity as follows:

Quantity certified for LDP is 9,586 bushels of corn.

- Multiply 15.0 percent times 9,586 bushels to equal 1,438 bushels.
- Subtract 1,438 from 9,586 to equal 8,148 bushels.
- The quantity eligible for loan or LDP is 8,148 bushels.

H Production Evidence

Producers are required to submit production evidence only if LDP's are selected for spot check.

Adjustment to moisture should be completed **only** when net quantities have not been adjusted for moisture or production evidence is a measurement.

See Part 5, Section 3 for additional information for production evidence.

358-370 (Reserved)

Section 6 GRAZE-OUT Payments

371 Basic Provisions

A Definition of GRAZE-OUT Payments

[7 CFR 1421.300] GRAZE-OUT payments are payments made to eligible producers who, although eligible to obtain a CCC loan:

- elect to use acreage planted to wheat, barley, oats, or triticale, for the grazing by livestock
- agree to forgo any other harvesting of the commodity on this acreage during the applicable crop year.

B Definition of Triticale

Triticale is grain that consists of 50 percent or more of whole triticale (*X Triticosecale* Wittmack) and not more than 10 percent of other grains for which standards have been established under the United States Grain Standard Act.

C Prohibiting Crop Insurance Indemnity or NAP

Producers who elect to graze the 2002 through 2007 crop wheat, barley, oat, or triticale will not be eligible for an indemnity for the same acres under the Federal Crop Insurance Act or NAP.

372 General Information

A Eligibility Requirements

GRAZE-OUT payments are subject to the same basic eligibility requirements as commodity loans and LDP's including, but are not limited to the following:

- payment limitation
- person determinations
- beneficial interest
- misaction or misinformation
- offsets
- death, incompetency, disappearance, or dissolution of a producer.

B Application Period

The application period for GRAZE-OUT:

- begins on the first day of mechanical harvest as determined by COC
- ends on March 31 of the calendar year following the year the crop is normally harvested.

Producers may file an application for GRAZE-OUT anytime during this application period.

Reminder: Applications may **not** be cancelled or withdrawn once requested.

COC shall determine and document in the COC minutes the beginning harvest date in the county for wheat, barley, oats, and triticale. This will be the earlier of the first date of normal harvest for wheat, barley, oats, and triticale harvested as other than grain or wheat, barley, oats, and triticale harvested as grain.

373 Specific GRAZE-OUT Eligibility Requirements

A Eligible Producer

--**An eligible producer for GRAZE-OUT purposes must meet the producer eligibility**-- requirements according to paragraph 100 and all of the following:

- requests GRAZE-OUT payments on CCC-633 GRAZING before March 31 of the calendar year following the year the crop is normally harvested
- agrees to forgo any other harvesting of the commodity on the acreage
- retains beneficial interest through the date the crop is grazed out.

B Eligible Acres

Eligible acreage for GRAZE-OUT purposes is any acreage of wheat, barley, oats, or triticale that is not harvested by any means other than grazing.

***--**The eligible acreage must be reported on FSA-578 and the intended use must be for "grazing".

The requested crop acreage is not eligible for:

- any other marketing assistance loans or LDP's
- a crop insurance indemnity
- NAP or CDP.

Note: Acreage intended for grazing is ineligible for CDP.**--***

373 Specific GRAZE-OUT Eligibility Requirements (Continued)

C Grazing Leases and Eligibility

Producers who lease cropland to a second party for grazing on the gain or on a per head per month basis are:

- not considered to have lost beneficial interest
- eligible for GRAZE-OUT payments on the eligible commodity if all other eligibility requirements are met.

Producers are **not** eligible for GRAZE-OUT payments regardless of when beneficial interest is lost if **any** of the following occur:

- grazing occurred on nurse crops that would not have met the definition of the crop if harvested as grain
- beneficial interest is lost and later regained
- the crop is leased to a third party for grazing on a flat per acre rate
- no grazing occurred
- mechanical harvest occurred.

Owners who lease such land are not eligible for GRAZE-OUT payments.

374 Filing Applications

A Filing CCC-633 GRAZING

Producers must request GRAZE-OUT payments by FSN on CCC-633 GRAZING.

Any producer or producers who share in the grazing of the acreage can request benefits on CCC-633 GRAZING.

If multiple producers share in the acreage:

- all signatures must be obtained on CCC-633 GRAZING before the request is considered complete
- the shares must equal 100 percent.

See paragraph 376 for instructions on completing CCC-633 GRAZING.
CCC-633 GRAZING is available in PDF format at the following websites:

- the PSD website at **http://www.fsa.usda.gov/dafp/psd/**
- the FFAS Intranet website at **http://165.221.16.90/dam/ffasforms/forms.html**.

County Offices shall locally reproduce CCC-633 GRAZING.

Eligible producers can obtain CCC-633 GRAZING from the FSA Administrative County Office for the farm as follows:

- in person
- by mail, telephone, or FAX.

Producers may download applications from the PSD website at
http://www.fsa.usda.gov/dafp/psd/.

374 Filing Applications (Continued)

A Filing CCC-633 GRAZING (Continued)

All applications, including applications requested by mail, telephone, FAX, or downloaded from the Internet, must be completed correctly, signed, and returned to the FSA Administrative County Office on or before March 31 of the calendar year following the year the crop is normally harvested.

Eligible producers must request CCC-633 GRAZING:

- after the date COC determines barley, oats, triticale, or wheat is normally mechanically harvested for the crop year

- no later than March 31 of the calendar year following the year the crop is normally harvested.

B Producer Certification

Eligible producers must file CCC-633 GRAZING for acres grazed or to be grazed. In addition, acreage and intended use must be certified on FSA-578.

375 Payment Rate and Calculations

A GRAZE-OUT Payment Rate

The GRAZE-OUT payment rate is determined by the amount the applicable commodity loan rate exceeds the CCC-determined value of the commodity for the county where the farm is located.

County Offices shall refer to 8-LP, Part 9, Section 7 for calculating the CCC-determined value.

The GRAZE-OUT payment rate is the rate in effect on the day a completed CCC-633 GRAZING is received in the FSA Administrative County Office.

CCC-633 GRAZING is complete when all applicable:

- entries have been completed by the producer according to this paragraph
- all applicable producer signatures have been obtained.

For triticale, the payment rate is calculated based on the predominant class of wheat yield in that county associated with the producers farm.

375 Payment Rate and Calculations (Continued)

B Applicable Yield

For GRAZE-OUT, the yields are defined as follows:

- for 2002 through 2007 crop years, the payment yield shall be the yield in effect for
--**calculating the direct payment yield under DCP according to 7 CFR Part 1421**--

  *** * ***

- ***--**in case of a farm for which a direct payment yield under DCP is not available for a covered commodity, establish an appropriate payment yield for the covered commodity on the farm taking into consideration the direct payment yield under DCP applicable to the commodity using 3 similar farms**--***

  *** * ***

- for triticale, the payment yield shall be the predominant class of wheat yield in that county associated with the producer's farm.

C Payment

Calculate the GRAZE-OUT payment by multiplying the actual grazed acreage requested for grazing times the applicable yield times the payment rate.

376 CCC-633 GRAZING

A Completing CCC-633 GRAZING

Complete CCC-633 GRAZING according to the following. CCC-633 GRAZING shall be completed by FSN and crop.

All persons who share in the grazed acreage must be included on one CCC-633 GRAZING.

Item	Instructions
Items 1 through 5 are completed by the FSA County Office.	
1	Enter the applicable crop year.
2 A and 2B	Enter FSN and the application number assigned by APSS **after** CCC-633 GRAZING has been recorded in APSS. **Note:** County Office use only.
3	Enter the name and address of the applicable County Office.
4	Enter the applicable State code. **Note:** County Office use only.
5	Enter the applicable county code.
Part A, items 6 through 15 are completed by the producer.	
6	Enter the producer's name, address, and telephone number. **Note:** This will be the contact producer if more than 1 producer shares in the grazed acreage.
7	Check the type of commodity grazed.
8	Enter the class, as applicable.

376 CCC-633 GRAZING (Continued)

A Completing CCC-633 GRAZING (Continued)

Item	Instructions
9 through 13	Check the applicable box in response to each question.
14	Enter the actual or estimated grazing period for the farm. **Example:** March 1, 2002, through May 1, 2002.
15 A	Enter the requested acres that have been or will be grazed.
15 B	Enter the corresponding tract/field location.
Part B, items 16 through 22 are completed by the FSA County Office.	
16	Enter the total acreage requested from item 15 A. County Offices shall ensure that the tract/field location certified on FSA-578 is the same as the tract/field location requested by the producer in item 15 B.
17	Enter the yield, as applicable. This is the payment yield used for PFC/DCP for the farm or similar farms.
18	Enter the result of item 16 multiplied times item 17.
19	Enter the county where the commodity was grazed if different than the FSA Administrative County Office.
20	Enter the date the request is completed.
21	Enter the payment rate applicable to the date in item 20.
22	Enter the result of item 18 multiplied times item 21.
Part C, item 23 is to be completed by the producer.	
23	After reading the certification statement, all producers shall sign, provide ID number, date, and indicate share of the grazed crop, as applicable.
Item 24 is to be completed by the FSA County Office.	
24	COC or designee shall approve or disapprove CCC-633 GRAZING, sign, provide title, and date, as applicable. **Note:** Do not approve if producer is not in compliance. Provide a copy to the producer, as applicable.

376 CCC-633 GRAZING (Continued)

B Example of CCC-633 GRAZING

The following is an example of CCC-633 GRAZING.

This form is available electronically.

CCC-633 GRAZING
(06-28-02)

USDA
CCC

GRAZING PAYMENT PROGRAM APPLICATION

See Page 2 for Privacy Act.

ITEMS 1 THROUGH 5 ARE COMPLETED BY THE FSA OFFICE

1. PROGRAM YEAR	2A. FSN NO.	2B. APPLICATION NO.
3. FSA COUNTY OFFICE NAME & ADDRESS *(Including ZIP Code)*		
4. STATE CODE	5. COUNTY CODE	

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.

PART A - ELIGIBILITY *(ITEMS 6 THROUGH 15B ARE FILLED OUT BY THE PRODUCER)*

6. CONTACT PRODUCER'S NAME AND ADDRESS

TELEPHONE NUMBER *(Area Code)*:

7. TYPE OF COMMODITY *(Please check type of crop below)*

☐ Wheat ☐ Barley ☐ Oats ☐ Triticale

8. CLASS *(For Wheat Only)*

Check "YES" or "NO" in the applicable box in Items 9 through 13B.	YES	NO
9. Do you agree to forgo any mechanical harvest on this acreage?		
10. Do you understand that the acres requested for payment must actually be grazed?		
11. Do you understand that if you are out of compliance, you may be ineligible for payment?		
12. Do you understand if you do not report all the acres on the farm before the final reporting date, you will be required to refund the GRAZE-OUT payments?		
13A. Did you request a GRAZE-OUT payment on acres covered by FCIC?		
13B. Have you made or will you request an indemnity payment on the GRAZE-OUT acres?		

14. GRAZING PERIOD *(Actual or Estimate)*

15. REQUESTED GRAZED ACRES

A. Requested Acres	B. Tract/Field Location

PART B - PAYMENT INFORMATION AND CALCULATION *(ITEMS 16 THROUGH 22 ARE FILLED OUT BY FSA OFFICE)*

16. Total Actual Grazed Acres	17. Yield (EY-ACY)	18. Total Quantity *(Item 16 times Item 17)*	19. County Where Acres Grazed	20. Request Date	21. Payment Rate	22. Payment Amount *(Item 18 times Item 21)*
					$	$

PART C - PRODUCER'S CERTIFICATION

I certify that all information entered on this application is true and correct and understand that: (1) this payment is in lieu of a loan deficiency payment; (2) all eligibility requirements must be met under the marketing assistance loan program before payment can be made except for beneficial interest, which must be maintained through the grazing period; (3) this payment will be ineligible if I have received or requested a FCIC Indemnity payment on the same acreage for grain; and (4) to ensure that all program eligibility requirements are met for this payment, my application may be selected for spot check. If my application is selected for spot check, I may be required to provide supporting documentation to determine payment eligibility. Providing a false certification to the government is punishable by imprisonment, fines, and other penalties. All information provided herein is subject to verification by the Farm Service Agency. The provision of criminal and civil fraud statues that apply to this certification, includes 18 USC 286, 287, 371, 641, 651, 1001, and 1014; USC 714m; and 31 USC 3729.

23A. SIGNATURE OF PRODUCER	23B. PRODUCER'S IDENTIFICATION NUMBER	23C. DATE (MM-DD-YYYY)	23D. SHARE
			%
			%
			%

FOR FSA OFFICE USE ONLY

24A. SIGNATURE OF FSA APPROVING OFFICIAL	24C. ACTION ☐ Approved ☐ Disapproved
24B. TITLE	24D. DATE (MM-DD-YYYY)

376 CCC-633 GRAZING (Continued)

B Example of CCC-633 GRAZING (Continued)

CCC-633 GRAZING (06-28-02) *Page 2*

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 Pub. L. 107-171. The information will be used to determine eligibility in accordance with the requirements of the regulation for applicants who are requesting Grazing Payments in Lieu of Loan Deficiency Payment Program benefits. Furnishing the requested information is voluntary, however, failure to furnish the requested information will result in a determination of ineligibility for Grazing in Lieu of Loan Deficiency Payment 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 that apply to this certification, includes 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729.* ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

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377-399 (Reserved)

Part 4 Loanmaking Provisions

Section 1 Basic Loanmaking

400 Obtaining Loans

A Availability of Loans

[7 CFR 1421.100] Eligible producers may obtain loans by placing the eligible commodity in:

- approved farm storage structure and obtaining a loan, on the quantity determined according to paragraph 430, using either of the following options:
  - certifying the loan quantity on CCC-666
  - requesting measurement service
- CCC-approved warehouse storage and obtaining a loan on 100 percent of the net quantity shown on the warehouse receipt
- unlicensed facilities, if the loan is repaid on the same day as the loan disbursement with a commodity certificate, according to Part 9, Section 8.

Eligible producers may obtain LDP's instead of a loan. See Part 3 for LDP provisions.

B Producers in Bankruptcy

For producers involved in bankruptcy proceedings, obtain the regional attorney's advice:

- through the State Office
- according to 58-FI.

400 Obtaining Loans (Continued)

C CMA's Obtaining Loans or LDP's

CMA's may:

- obtain farm-stored loans on commodities that are stored on the member's farm in approved storage structures, if other eligibility requirements are met, such as beneficial interest

- obtain warehouse-stored loans on commodities stored in approved warehouses

- request separate loans for commodities determined eligible for nonrecourse or recourse loans

- **not** obtain loans on quantities on which members:

  - obtain individual LDP's

  - place under individual loans and eventually deliver to CMA, unless the producer repays the loan at principal and charges plus interest **before** delivery to CMA.

401 Requesting Loans

A Where Producers Request Loans

[7 CFR 1421.104] Producers shall request loans through the County Office that maintains the farm program records.

If the producer farms in more than 1 county, the County Office **first** contacted shall:

- accept requests and process loans
- contact other County Offices when either of the following applies:
- the request covers eligible production from more than 1 farm and the farm program records are kept in more than 1 County Office
- loans were received from more than 1 County Office
- send a copy of the loan documents to the applicable County Office.

B Where CMA's Request Loans

CMA's shall request loans at a CMA service County Office identified in 1-CMA, Exhibit 7.

401 Requesting Loans (Continued)

C When to Request Loans

Requests for loans:

- may be received by letter, filed in person, or by FAX
- shall be requested no later than the final loan availability date

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

- shall be processed and disbursed through APSS as soon as possible, according to the applicable commodity handbook
- shall be handled according to the Prompt Payment Act requirements in paragraph 16 and 61-FI

  Note: County Offices shall **not** honor requests from producers to delay disbursements on completed applications.

- shall be requested **before** beneficial interest is considered lost. See paragraph 129.

--**Farm-stored loan requests can be electronically transmitted to the County Office where the farm records are maintained, if the applicable producer received electronic access credentials through WebCAAF.**--

D Joint Loans

Loans may be disbursed jointly if the commodity is either of the following:

- jointly owned
- stored in the same storage structure.

402 Denial Notification of Loan Benefits

A Notifying Producer

When the producer is denied loan benefits, County Offices shall:

- immediately notify the producer in writing
- use the letter in subparagraph B and include the following:

  - reasons for denial of the loan
  - right to appeal COC's decision
  - availability of warehouse-stored loan or recourse loan, as applicable.

402 Denial Notification of Loan Benefits (Continued)

B Letter of Denial

County Offices shall:

- use the following letter to notify producers who are denied loan benefits
- adjust the information to fit the applicable situation.

Dear _____:

The County Committee (COC) was unable to approve your request for a (**year**) crop (**commodity**) (**loan**) because _____
_____
_____

(**Do not include the following 2 paragraphs if the request was not approved because of loss of beneficial interest**.)

You may, during the loan availability period, request a:
(**include only the producer's available options, based on the reason for the denial**)

- *farm- or warehouse-stored recourse loan*
- *LDP.*

Should you choose to move the commodity to a warehouse approved to store CCC loan collateral, to obtain a loan you must provide a negotiable warehouse receipt for the commodity to the County Office with your loan request.

File a written request including evidence to support your position with COC within 30 calendar days after the date of this letter:

- if you want to contest this determination
- to obtain a reconsideration and an informal hearing.

During these 30 calendar days, you may also inspect and copy records located at the above address that relate to this determination.

Sincerely,

County Executive Director,
_____ County FSA Office

403 Lien Searches

A General Information

[7 CFR 1421.104] A lien search, including Federal and State tax liens, shall be performed in the appropriate recording official's office according to State law for:

- **all** loan requests, except for loans made to:
  - CMA's according to subparagraph D
  - a producer who will immediately exchange the commodity certificate for loan collateral according to Part 9, Section 8
- warehouse-stored collateral transferred to farm storage.

For multi-county producers, the loanmaking County Office shall conduct or obtain the lien search at the appropriate location according to State law.

Contact the regional attorney, through the State Office:

- when assistance or advice is needed
- for assistance when any of the following conditions apply:
  - producer has farming operations in more than 1 State
  - commodity is stored in another State
  - commodity is moved to another State during the loan period.

B When to Perform Lien Searches

The lien search shall be performed:

- **after** the loan request is filed and **before** the loan is approved
- when collateral for a warehouse-stored loan is transferred to farm storage according to paragraph 818
- when loan collateral will not be immediately exchanged for the entire loan quantity on the date of loan disbursement.

Do **not** perform the lien search **before** the request is filed.

Advise the producer that the loan cannot be disbursed until the lien search is completed and necessary lien waivers are obtained according to paragraph 404.

403 Lien Searches (Continued)

C Action After Lien Search Performed

When a lien search is completed, the County Office shall:

- file the results of the search in the applicable loan folder
- require the producer to provide CCC-679, according to paragraph 404, for each lienholder discovered on the lien search.

D CMA's Responsibility

CMA's shall be reminded of their responsibility to pledge eligible commodities for CCC loan free of any liens based on CMA financial agreement.

If CMA has pledged the commodity offered or to be offered for loan for the purpose of obtaining a line of credit, CMA shall provide a lien waiver that is:

- completed according to subparagraph 404 D
- signed by the applicable lending institution.

E Paying Lien Search Fee

Issue CCC-184, according to 1-FI, for the lien search fee.

404 Obtaining Lien Waivers

A Obtaining CCC-679

CCC-679's shall be obtained by the producer or CMA, as applicable:

- **before** disbursing the loan
- if liens or encumbrances are recorded, including waivers from FSA FLP representatives
- even if the liens or encumbrances will be satisfied from the loan proceeds
- if the producer certifies that a lien exists on the commodity requested for loans with immediate commodity certificate exchange
- if **actual** notice is received from a lienholder
- **after** each loan request
- for IRS Federal tax liens.

CCC-679's are not required for unrecorded liens unless the County Office has received actual notice of a lien from the lienholder.

CCC-679 shall be obtained from CMA, according to 1-CMA, when CMA informs the County Office that a lien is present.

Once CCC-679 is obtained for the first loan made for a specific crop year, the same CCC-679 may be used for all subsequent loans made for the specific crop, if CCC-679 is applicable for "ALL" the quantity on specified farms, including "ALL" farms. However, a lien search shall be performed for **all** loan requests according to paragraph 403.

404 Obtaining Lien Waivers (Continued)

B Completing CCC-679 for Producers

County Offices shall complete:

- CCC-679 according to the following table
- item 8, block (3), if applicable, according to subparagraph C.

Item	Instructions
1	Enter producer's name and address.
2	Enter crop year.
3	Enter commodity.
4	Enter farm number or numbers, as applicable. If liens are waived on all farms, enter "All".
5	Enter State and county codes for loanmaking county.
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, commodity, and farm number.
7	Enter State and county where commodity was produced.
9	If administrative offsets are deducted from the loan proceeds, enter the estimated net disbursement amount.
10	Enter lienholder's or authorized agent's name and address.

404 Obtaining Lien Waivers (Continued)

B Completing CCC-679 for Producers (Continued)

The following is an example of CCC-679 for producers.

*--

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
J.W. Parker RR3 Oakley, KS 67582	20XX	Wheat	All	20109
	6. QUANTITY COVERED		7. STATE AND COUNTY WHERE PRODUCED	
	All Wheat		Logan, Kansas	

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 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. ***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)* 200.00 administrative offset as of *(b)* 06-15-20XX (DATE) and charges due *(c)* Farmers Coop. Exchange.

9. If administrative offsets are deducted from the loan proceeds enter estimated net disbursement amount: $ 5,000

10. NAME AND ADDRESS OF LIENHOLDER OR AUTHORIZED AGENT

Farmer's State Bank
Oakley, KS 67582

11A. SIGNATURE	11B. DATE *(MM-DD-YYYY)*
/s/ J.R. Cole, Vice President	06-28-20XX

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404 Obtaining Lien Waivers (Continued)

C Completing CCC-679, Item 8, Block (3)

Complete CCC-679, item 8, block (3) according to the following table.

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

	the lienholder is any of the following:
	• FmHA
	• USDA
	• USDA, formerly FmHA
	• FSA
	• FSA, formerly FmHA
		• enter the offset amount as of the date CCC-679 is prepared on CCC-679, item 8, block (3), value line
		• calculate the estimated net disbursement amount as follows:
		  • multiply applicable county loan rate for the commodity times the quantity for loan
		  • deduct assessments, fees, and administrative offsets, as applicable.

a statement of charges, according to paragraph 450, accompanies the warehouse receipt		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.

404 Obtaining Lien Waivers (Continued)

D Completing CCC-679 for CMA's

Complete CCC-679 for CMA's according to subparagraph 403 D and the following table.

Item	Instructions
1	Enter CMA's name and address.
2	Enter the crop year of the commodity.
3	Enter the name of the commodity.
4	Enter the farm number(s) where the commodity was produced. ENTER "All" if liens are waived on all farms.
5	Enter the State and county code of the FSA office that will process the loan or purchase agreement.
6	If the waiver releases: • **all** of the commodity covered by CCC-679, ENTER "All" and commodity • just a portion of **a quantity** of the commodity being pledged for loan or purchase agreement, enter applicable quantity, commodity, and farm number.
7	Enter the State and county where the commodity was produced.
8	The lienholder must indicate how the monetary proceeds are to be distributed by entering a check mark in 1 of the boxes provided.
9	Enter the amount of the estimated net disbursement, if applicable.
10	Enter the name and address of the lienholder or the lienholder's authorized agent.
11	The lienholder identified in item 10 must sign and date CCC-679.

404 Obtaining Lien Waivers (Continued)

D Completing CCC-679 for CMA's (Continued)

The following is an example of CCC-679 for CMA's.

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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
Harvest States Cooperative RR3 Oakley, KS 67582	20XX	Wheat		
	6. QUANTITY COVERED		7. STATE AND COUNTY WHERE PRODUCED	

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(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)* _____ administrative offset as of *(b)* _____ (DATE) and charges due *(c)* _____.

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

10. NAME AND ADDRESS OF LIENHOLDER OR AUTHORIZED AGENT

Farmer's State Bank
Oakley, KS 67582

11A. SIGNATURE	11B. DATE *(MM-DD-YYYY)*
/s/ J.R. Cole, Vice President	06-28-20XX

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404 Obtaining Lien Waivers (Continued)

E Distributing CCC-679

Distribute CCC-679 as follows:

- file County Office copy in the producer's or CMA's loan folder
- send second copy to producer or CMA, as applicable
- send third copy to lienholder.

F Completed CCC-679 Returned to County Office

When CCC-679 has been completed and signed by the lienholder and is returned to the County Office, the County Office shall, **before** disbursing the loan, ensure that the lienholder has:

- checked item 8, appropriate block (1), (2), or (3)
- signed and dated item 11.

Signatures must be affixed personally by all lienholders or authorized agents. The County Office may verify the lienholder's signature, if necessary.

Follow this table for guidance when preparing disbursement of the loan.

IF...	THEN, if the lienholder has checked item 8, block...
an administrative offset is: • required for FSA, CCC, or other creditor agencies • for a statement of charges submitted with a warehouse receipt, according to paragraph 450	• (2), do **not** disburse the loan • (1) or (3) in agreement with the offset, disburse the loan. **Note:** See paragraph 410 for offsets.
CCC-679 is for CMA **Note:** Administrative offsets are not applicable to CMA's.	(1) or (2), disburse the loan.

404 Obtaining Lien Waivers (Continued)

G Obtaining Additional CCC-679's

If additional liens or situations that do **not** fully protect CCC's interest are discovered **after** a loan is disbursed, County Offices shall:

- obtain additional CCC-679's

- take any other necessary action, according to the regional attorney's advice, including calling the loan.

The following are examples of situations that do **not** protect CCC's interest:

- lien or liens were overlooked during the lien search
- all lien waivers were not obtained
- UCC-1's were not filed properly
- UCC-1's were not extended when required.

405 County Loan Rates

A Determining Base County Loan Rates

[7 CFR 1421.9] Base county loan rates shall be applied according to the following table for the applicable crop year.

IF the commodity is...	THEN use the loan rate...
farm-stored	for the county where the commodity is stored, adjusted for the applicable discounts, according to paragraph 422.
both of the following: • farm-stored • transferred from farm to farm, to another county, or to another State	for the county in which the commodity was originally located when the loan was disbursed.
warehouse-stored	for the county where the commodity is stored, adjusted for premiums and discounts.
both of the following: • warehouse-stored • stored in a warehouse operating under a merged code agreement	for the location to which the producer delivered the commodity, adjusted for premiums and discounts. **Note:** The warehouse receipt issued under merged warehouse code agreements must show location and county to which the commodity was delivered.
both of the following: • transferred from farm storage to warehouse storage • stored in a warehouse operating under a merged code agreement	
both of the following: • warehouse-stored • represented by a warehouse receipt indicating the “grain covered by this receipt has been redeposited”	where the receipt is issued.

405 County Loan Rates (Continued)

B Recording Loan Rates in APSS

Record loan rates for the applicable commodities in APSS:

- by crop year
- according to 12-PS, Part 14, Section 3.

406 Determining Interest Rate

A Interest Applicable to Loans

The interest rate:

- applicable to CCC loans shall be:
  - equal to the interest rate announced by CCC for the month in which the loan is disbursed
  - adjusted on January 1 to equal the interest rate announced for the month of January by CCC
- is assessed at the rate applicable to the loan, subject to January 1 adjustment, from the disbursement date to the **earlier** of the following:
  - repayment date
  - settlement date.

See 50-FI for applicable interest rates.

The monthly interest rate announced for 1996 and subsequent crop years includes the additional 1 percent applicable to loans as authorized by the Federal Agriculture Improvement and Reform Act of 1996. This additional 1 percent is **not** applicable to LDP's.

A loan deficiency resulting from the processing of a settlement becomes a **receivable** and will be handled according to subparagraph B.

406 Determining Interest Rate (Continued)

B Interest Applicable to Receivable, Overpayment, and Overdisbursement Amounts

For receivable, overpayment, and overdisbursement amounts, follow this table to determine the following:

- applicable interest rate
- time period for interest assessment.

IF...	THEN interest is assessed...

a receivable was created	• at the rate applicable to CCC loans disbursed in the month that the receivable was created
	• from the date the receivable was created to the **earlier** of the following:
	  • date of repayment
	  • 31st calendar day after the date of demand letter.

an LDP overpayment occurred	• at the rate applicable to CCC loans, excluding the additional 1 percent, for the month in which LDP was made
	• from the date LDP was made to the **earlier** of the following:
	  • date of refund
	  • 31st calendar day after the date of demand letter.

an overdisbursement occurred	• at the interest rate applicable to the loan
	• from the loan disbursement date to the **earlier** of the following:
	  • date of repayment
	  • 31st calendar day after the date of demand letter.

After an interest rate is established for a receivable, overpayment, or overdisbursement amount, the interest rate will:

- **not** change on January 1

- remain in effect until the amount due is repaid or a claim is established on the 31st calendar day.

406 Determining Interest Rate (Continued)

C Interest Applicable to Violations

The interest rate for:

- loan violations is the interest rate applicable to the loan, according to subparagraph A
- LDP violations is the interest rate applicable to CCC loans, excluding the additional 1 percent, for the month in which LDP was made.

407 Assessments and Other Fees

A State Assessments

When applicable, State commodity assessments shall:

- be deducted from the loan amount at the applicable rate
- **not** be deducted on a quantity of a repledged commodity.

State commodity assessments are **not** applicable to LDP's.

B National Soybean Assessment

When applicable, the national soybean assessment shall be deducted from the loan settlement or forfeiture according to subparagraph 1021 B.

C Paying Assessments

Payments of State and national assessments reported by County Offices are handled by KCAO.

408 Loan Service Fee

A Establishing Loan Service Fee

[7 CFR 1421.104] CCC establishes a nonrefundable loan service fee that is deducted from each loan.

County Offices shall **not** add any other fees to the loan service fee established by CCC.

B Loan Service Fee Rates

The loan service fee:

- is not applicable to LDP's
- shall be the **smaller** of the following:
  - ½ (.005) of 1 percent times the gross loan amount
  - the amount shown in the following table.

Type of Loan	Loan Service Fee (In dollars)
Farm-stored	
• Per loan	45
• Each storage structure with loan collateral over 1	3
Warehouse-stored	
• Per loan	45
• Each warehouse receipt over 1	3
Distress, per loan	45

409 Loan Maturity Dates

A Nonrecourse and Recourse Loans

[7 CFR 1421.101] Loans mature on demand, but no later than the last day of the ninth calendar month after the month in which the loan is disbursed.

For repledged loans:

- the maturity date shall be the same as the original loan maturity date
- in APSS, enter the approval date of the original loan to establish the proper maturity date for the repledged loan.

Distress loans mature on demand, but no later than 90 calendar days after the date the loan is disbursed.

The collateral may be repledged as a 9-month loan according to paragraph 482.

B Nonworkday

If the maturity date falls on a nonworkday, the maturity date shall be the next workday.

C Maturity Month Table

The following table shows applicable maturity months. Loans **cannot** be extended.

Month Disbursed	Maturity Month (Last Day)
June	March
July	April
August	May
September	June
October	July
November	August
December	September
January	October
February	November
March	December
April	January
May	February

410 Offsets

A Basic Provisions

Offsets are applicable for amounts owed CCC, FSA, or other creditors. The offset amount may be shown on CCC-679 or established as the result of a claim against the producer.

Make administrative offsets from loan or LDP amounts due producers, if appropriate, according to 58-FI:

- after the notification letter has been mailed to the producer, including the notification when a loan is transferred to claims with collateral remaining on the farm

- by issuing CCC-184's according to 1-FI.

When applicable, deposit CCC-184 according to 3-FI.

B Joint Disbursement of Loan Proceeds

The balance of the loan proceeds may be disbursed jointly to the producer and lienholder **after** applicable administrative offsets to CCC, FSA, or other creditor agencies, as applicable, according to 58-FI, have been made when the lienholder requests joint disbursement on CCC-679 for:

- recorded lien
- unrecorded lien, if **actual** notice of lien is given to the County Office.

For other creditor agency claims received in the County Office:

- **before** the filing date of any recorded lien or notification of an unrecorded lien, the lienholder must agree to the creditor agency debt offset **before** disbursement of loan proceeds jointly to the producer and lienholder by checking CCC-679, item 8, block (3)

- **after** the filing date of any recorded lien or notification of an unrecorded lien, the creditor agency debt shall be offset **only** if the lienholder agrees to disburse the loan proceeds solely to the producer by checking CCC-679, item 8, block (1).

410 Offsets (Continued)

C Authorizing Offsets

Offsets may be made for amounts contained on a separate statement of unpaid charges, or for a separate bill for unpaid charges, if **both** of the following apply:

- the charges on the statement or bill are associated with the handling of the commodity represented by the warehouse receipt

- the charges have been approved by DAFP.

These charges are **not** considered a lien, but **must** be included on CCC-679, item 8, block (3), if an offset will be made for the charges. See paragraph 404.

If an offset applies, do **not** disburse the loan unless the lienholder agrees to the offset on CCC-679 by checking item 8, block (1) or (3). If any lienholder checks item 8, block (2), the loan shall **not** be approved.

Offsets shall **not** be made for unpaid charges on a warehouse receipt, such as drying or hauling. These charges are considered a lien on the commodity and shall be handled according to subparagraph 451 B.

Exception: **For peanuts only**, County Offices are authorized to offset charges associated with the cleaning and drying of peanuts from the producer's loan proceeds. These charges must be included on CCC-679, item 8, block (3) if an offset will be made for these charges.

411 Disbursing Loans

A Preparing CCC-677 or CCC-678

Prepare CCC-677 or CCC-678 in APSS according to 12-PS. See paragraph 490 for manually prepared loans.

Disburse loan proceeds as directed by each producer who has a share in the loan after offset, if applicable, unless CCC-679 indicates that the remaining disbursement is to be issued jointly to the lienholder.

B Approving CCC-677 or CCC-678

Approve CCC-677 or CCC-678 for CCC when:

- all lien waivers, if applicable, are obtained
- for farm-stored loans, UCC-1's are filed
- all required borrowers' signatures are obtained
- applicable CCC-184's are prepared.

When CCC-677 or CCC-678 is approved, the person signing for CCC shall have determined that the producer and the commodity are eligible.

The approval date for CCC shall be the:

- loan disbursement date
- final loan availability date if approved after March 31 or May 31, as applicable.

C Denial Notification

See paragraph 402 for notifying producers when loan benefits are denied.

411 Disbursing Loans (Continued)

D Distributing Documents

Provide producers with the following:

- copy of CCC-677 or CCC-678
- transaction summary report generated by APSS

  Note: The transaction summary report provides written notification to the producer of the loan maturity date and interest rate.

- CCC-601. See Exhibit 15.

E Filing Documents

File:

- in locked, custody fireproof file, the following **original** documents:
  - signed and approved CCC-677 or CCC-678
  - for warehouse-stored loans, warehouse receipts and, if applicable, KC-350
  - transaction summary report
- in producer's loan folder, **copies** of the following documents:
  - signed and approved CCC-677 or CCC-678
  - for warehouse-stored loans, warehouse receipts and, if applicable, KC-350
  - transaction summary report.

See 25-AS.

412 COC Approval of Certain Farm-Stored Loans

A COC Approval Required

[7 CFR 1421.4] Cases shall be referred to COC before approving a farm-stored loan when an otherwise eligible producer has:

- been convicted of a criminal act in connection with the Loan and LDP Program
- made a misrepresentation in connection with the Loan and LDP Program
- unlawfully disposed of or willfully converted CCC loan collateral
- caused the County Office difficulty in settling a previous loan.

COC shall approve a loan only when satisfied that CCC's interests are fully protected.

B Denial Notification

See paragraph 402 for notifying producers when loans are denied.

413 Additional Disbursement Guidelines

A Farm-Stored Loans

For farm-stored loans, follow this table when additional disbursements are available.

IF a...	THEN...
request is made for an increase in loan quantity **only** **Example:** Certified loan quantity that is later measured or weighed.	an additional disbursement for an increase in the loan quantity shall **not** be authorized. During the loan availability period, producers may request a separate loan or LDP for quantities exceeding the initial loan quantity.
farm-stored commodity is transferred to an approved warehouse for storage	a disbursement for additional quantity may be available. See Part 8, Section 2.

B Warehouse-Stored Loans

If requested by the producer, an additional disbursement for money only may be processed for an:

- error resulting in underdisbursement
- increase in loan rate.

An additional disbursement for money only shall be processed:

- before loans are repaid at a market loan repayment rate for:
  - errors resulting in underdisbursement
  - previously deducted warehouse storage charges, whether these charges were paid or provided for
- when the producer provides proof that warehouse storage charges have been paid for a period for which storage was previously deducted.

Process additional disbursement, if applicable, according to 12-PS, Part 4.

414 Completing CCC-10

A Applicability

Producers applying for CCC or FSA loans at USDA Service Centers 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
- 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.

414 Completing CCC-10 (Continued)

B Obtaining Authorization

County Offices 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 applicable, provide a copy of CCC-10 to other County Offices in which the producer is active
- file CCC-10's in alphabetical order in folders labeled "LP 1-2 Financing Statements."

C CCC-10 Availability

CCC-10 is available for download by FSA employees from the FSA intranet at **http://intranet.fsa.usda.gov**.

414 Completing CCC-10 (Continued)

D Instructions for Preparing CCC-10

County Offices 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.

414 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.

414 Completing CCC-10 (Continued)

E Example of CCC-10

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

*--

REPRODUCE LOCALLY. Include form number and date on all reproductions. Form Approved - OMB No. 0560-0215

CCC-10
(11-20-01)

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. 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.

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

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415-421 (Reserved)

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Section 2 Farm-Stored Loans

422 Nonrecourse Loan Request and Loan Rates

A Requesting Farm-Stored Loans

[7 CFR 1421.105] When requesting farm-stored loans, producers shall:

- for certified loans, certify the quantity in farm storage on CCC-666 according to paragraph 426

- for measured loans, request measurement service according to paragraph 427 and Exhibit 7.

B Loan Rates Adjusted for Test Weight and Sample Grade Commodities

Use the loan rate for the county where the commodity is stored to calculate the loan amount for certified or measured farm-stored loans where the test weight discount is on the:

- crop year specific schedule of premiums and discounts, adjusted for the **higher** of the discount, as applicable, for test weight or grade based on test weight

  Note: See 2-LP Grains and Oilseeds for test weight and grade discounts.

- additional schedule of discounts, adjusted to 20 percent.

  Note: Do not apply any additional discounts.

Sample grade commodities and commodities that do not meet warehouse-stored loan standards are eligible for nonrecourse loans. The loan rate shall be 20 percent of the loan rate for the county where the commodity is stored to calculate the loan amount.

422 Nonrecourse Loan Request and Loan Rates (Continued)

C Loan Rate for Commodities Harvested as Other Than Grain

The loan rate shall be 30 percent of the loan rate for the county where the commodity is stored to calculate the loan amount for certified or measured farm-stored loans on commodities harvested as other than grain.

D Contaminated Commodities

The loan rate shall be 10 percent of the loan rate for the county where the commodity is stored to calculate the loan amount for certified or measured farm-stored loans on contaminated commodities exceeding acceptable levels according to paragraph 133.

423 Filing UCC's

A Revision to Article 9 of UCC

All States have adopted the revision to Article 9 of UCC. One of the key changes included centralizing the electronic filing of most security interests for States without a pre-existing centralized filing system. However, as States transition to a centralized, electronic UCC filing and recording system, the means by which UCC's are filed and paid for may vary from State to State. State Offices shall:

- continue to follow the advice of the regional attorney
- request, from PSD, isolated exceptions to policy in this paragraph based on the following:
  - written direction or recommendations from the regional attorney
  - PSD concurrence.

Example: The regional attorney advises that filing UCC-1 without a loan applicant's signature negates the double jeopardy protection afforded secured lenders by certain State laws according to Pub. L. 99-198, Section 1324. In this case, upon PSD concurrence, the State Office may direct County Offices to continue requiring that a loan applicant must sign UCC-1, as advised by the regional attorney.

B Applicability

County Offices shall file applicable UCC-1's required by State law to protect CCC's security interest:

- for all farm-stored loans except for loans made to a producer who will immediately exchange the commodity certificate for all loan collateral according to Part 9, Section 8

- for warehouse-stored loan collateral transferred to farm storage

- immediately after the lien search and before loan disbursement so there can be no intervening interests.

423 Filing UCC's (Continued)

C When to Disburse Loans

County Offices shall:

- disburse loan proceeds after:
  - appropriate documents have been filed
  - written verification of the UCC-1 filing date and time are received
- not allow requests for lock-in of the repayment rate until the loan has been disbursed
- not delay loan disbursements until the applicable form has been **recorded** by the proper official.

D Where to File UCC's

Generally, UCC's are filed in the State where, in the case of an:

- individual, the individual resides
- organization or entity, the organization or entity was registered.

Note: See paragraph 414 to determine the UCC filing location based on CCC-10 data.

The UCC-1 filing location no longer depends on the location of the commodity, as shown in the following table.

IF...	THEN...
• commodity is stored in multiple counties within the same State • commodity is stored in a State different from the producer's principle residence	file UCC in the State having jurisdiction according to the current CCC-10, unless otherwise advised by the regional attorney.
farm-stored loan collateral is moved to another State for storage after perfection of the lien	no additional UCC-1 is filed because the lien is still perfected, unless otherwise advised by the regional attorney.

423 Filing UCC's (Continued)

E Describing Collateral on UCC's and Other Situations

Describe collateral on UCC's according to the following.

IF...	THEN...
additional quantity is placed under loan	file another UCC-1 describing the collateral, if the quantity is not covered by a previously recorded UCC.
existing UCC-1 for that commodity covers all the current year production	it is not necessary to file additional UCC-1's.
producer requests a specific quantity	only that quantity needs to be described on UCC-1 before the loan is disbursed.
producer agrees to lien on quantity greater than the loan quantity requested that may also apply to more than 1 crop year or may be effective until UCC-1 expires	describe the collateral on UCC-1 as advised by OGC.

F Paying Filing Expenses

County Offices shall pay filing fees according to the following.

IF the...	THEN...
filing cost is for a financing statement, such as UCC-1	issue CCC-184 according to 1-FI.
producer requests termination of CCC's security interest	prepare and file applicable UCC, at producer's expense, according to paragraph 903.
termination fee is included in the filing fees	pay the termination fee with CCC-184 issued for filing fees.

Note: Do not include any of these fees in the service fee for the loan.

424 Eligible Storage Structures

A Approved Farm Storage

[7 CFR 1421.103] Approved farm storage shall consist of a storage structure:

- located on or off the farm, excluding public warehouses as defined in Exhibit 2, that provides safe storage for the commodity through the maturity date for the loan
- designed so that the commodity can be:
  - measured, safely inspected, and sampled, if necessary
  - safely stored in oxygen-limiting structures, as applicable.

Commodities stored in all types of bags may be eligible for loan if **all** of the following apply:

- COC determines CCC's interests are not at risk and that the bags provide safe storage
- this method of storage and the size of bags are normal for the commodity **and** in that county

  Note: COC, with STC concurrence, may waive this requirement on a case-by-case basis.

- the commodity shall **not** be accepted in bags for delivery to CCC.

B Approved Warehouse Storage

Warehouse-stored loans are available only on commodities actually stored in warehouses operating under an approved UGRSA at the time either of the following occurs:

- warehouse-stored loan is requested
- farm-stored loan collateral is transferred to warehouse storage.

425 Producer Certification for Loan

A Applicable Form

Producers shall certify to the quantity and quality of a commodity and the eligibility for a certified farm-stored loan. County Offices shall accept the producer's certification on CCC-666.

Remind producers of the administrative actions applicable for incorrect certification.

COC shall **not** require that all loans based on the producer's certification be spot-checked or measured before or after disbursement.

B Producer Certification

The producer shall sign CCC-666 certifying:

- to having beneficial interest in the commodity
- the quantity in the structures and how the determination was made
- the quantity on which to base the loan
- the storability of the commodity
- the location of the commodity and, if applicable, additional designated storage structures
- that CCC-683, if required by COC, will be posted on the structures containing loan collateral as instructed when the loan is disbursed
- whether there are lienholders having an interest in the commodity that will secure the loan
- the class applicable to the commodity
- that the identity of the commodity securing the farm-stored loan will remain unchanged
- the commodity securing the farm-stored loan will not be moved or commingled with any other commodity without prior written approval of the County Office.

If producers designate additional storage structures according to paragraph 428, loan collateral may be moved without prior County Office approval.

425 Producer Certification for Loan (Continued)

C Commodity Certificate Requests

The producer must sign CCC-666 for the lien certification on loans to be immediately exchanged for commodity certificates for both farm- and warehouse-stored requests.

426 Completing and Distributing CCC-666

A Completing CCC-666

Complete CCC-666 according to the following table.

Item	Instructions
1	Enter County Office's name, address, and telephone number.
2	Enter applicable information. For joint loans, enter all producers' names and addresses.
3	Enter location or legal description where commodity is stored.
4	Enter crop year of commodity.
5	Enter commodity.
6	Enter type of loan collateral, if applicable. Indicate if corn is cracked, rolled, or crimped.
7	Enter State and county codes and loan number applicable to the County Office disbursing the loan.
8	Ask producer if there are liens on the commodity. If there are: • lienholders, enter lienholder's name and address for each producer • **no** lienholders, producer shall enter "none" and initial the entry.
9	Enter farm number or numbers where the commodity for the loan was produced.
10	If designated by producer, enter other payee information, including amounts.
11	Enter seal numbers assigned by the County Office for each storage structure containing loan collateral. **Note:** Producer-assigned bin numbers may be used instead of County Office-assigned seal numbers. Use the same assigned bin numbers on CCC-683.

426 Completing and Distributing CCC-666 (Continued)

A Completing CCC-666 (Continued)

Item	Instructions
12	Enter description of structure and location. **Example:** Round steel bin next to barn.
13	Enter class, variety, or type of commodity.
14	Enter basis for producer's quantity determination, such as producer measurements, scale tickets, etc. **Notes:** The County Office must be satisfied that the producer's basis for quantity determined is acceptable. Do **not** accept manufacturer's rated capacity of the structure as a determination of certified quantity.
15	Enter producer's certification of quantity in structure, as determined from entries in item 14. Enter total of entries at bottom of column.
16	Enter quantity in structure that is eligible for loan. Entry shall not exceed quantity in item 15. Enter total of entries at bottom of column.
17	Enter quantity for loan. See paragraph 430. Enter total of entries at bottom of column. Enter moisture content certified by the producer for excess moisture, HM, or ATHM commodities in item 19 B.

426 Completing and Distributing CCC-666 (Continued)

A Completing CCC-666 (Continued)

Item	Instructions
18	Producer shall sign and date the producer certification. The County Office shall: • highlight item 7 if the producer is immediately exchanging commodity certificates for farm- or warehouse-stored loan collateral • explain to the producer the administrative actions that may be taken if the certification is incorrect • ensure that the producer has read the certification statement before the producer signs the certification.
19 A	Enter names and amounts for offset and for other payees, if applicable from item 8.

19 B	Do the following:
	
	• enter additional structures designated by the producer
	• indicate whether the:
	
	  • commodity will be dried
	  • structure can be measured.

20	Enter date the lien search was completed as indicated on documentation in the County Office.
21	Enter date the County Office forwarded UCC-1 or UCC-1F to the applicable recording official to be recorded.
22	County Office employee shall sign and date for CCC.

426 Completing and Distributing CCC-666 (Continued)

B Example of CCC-666

The followiing is an example of CCC-666.

This form is available electronically

Form Approved - OMB No. 0560-0087

CCC-666
(06-02-03)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

FARM STORED LOAN QUANTITY CERTIFICATION

(See Page 2 for Privacy Act and Public Burden Statements)

1. COUNTY FSA OFFICE NAME AND ADDRESS
HARVARD COUNTY FSA OFFICE
1525 Winter Street
NEWTOWN, NE 98095
Telephone No. (area code) 308-982-6666

2. NAME AND MAILING ADDRESS OF PRODUCER
BART ANDREWS
ROUTE
NEWTOWN, NE 98233

3. LOCATION OF FARM WHERE STORED: NE 1/4 25-6-40

4. CROP YEAR: XXXX

5. COMMODITY: SOYA

6. TYPE: ☐ HM ☐ EAR CORN ☐ ATHM

7. ST. & CO. CODE & LOAN NO.: 32-028 90824

8. LIENHOLDER(S): PCA

9. FARM NUMBER(S) WHERE PRODUCED:

10. OTHER PAYEES:

11. SEAL	12. BIN IDENTIFICATION	13. CLASS VARIETY OR TYPE	14. BASIS FOR PRODUCER'S QUANTITY DETERMINATION	15. QUANTITY IN BIN	16. ELIGIBLE QUANTITY IN BIN	17. TOTAL QUANTITY FOR LOAN
1	BUTLER BIN BEHIND BARN	YSB	SCALE TICKETS FOR QUANTITY HAULED INTO BIN	5,640	5,640	5,640
			TOTALS ➡	5,640	5,640	5,640

18. PRODUCER'S CERTIFICATION

The undersigned producer(s) ("Producer") requests a farm-stored Commodity Credit Corporation (CCC) loan on the commodity identified in Item 5 with respect to the quantity specified in Item 17. The Producer certifies that, (1) the Producer has beneficial interest in the quantity of the commodity shown in Item 15; (2) the commodity is eligible to be pledged as collateral for a CCC loan; (3) the Producer has retained control of the commodity at all times; (4) the quantity of the commodity shown in Item 15 above is in existence and is stored in the bin(s) noted; (5) the commodity is in storable condition and such condition will be maintained; (6) the structure will safely store the commodity through the loan period; and (7) the commodity on which the loan is requested is free and clear of all liens, security interest, and encumbrances, except as shown above. The Producer further agrees to (1) post CCC loan seals on bin(s) as instructed by CCC; (2) maintain the identity of the above identified commodity; and (3) not move or commingle the commodity with any other commodity without the prior written approval of CCC.

Are you or any co-applicant delinquent on any federal non tax debt? (If "YES", provide details in the remarks) ☐ *YES* ☐ *NO*

18A. REMARKS:

18B. PRODUCER'S SIGNATURE: */s/ Bart Andrews*

18C. DATE (MM-DD-YYYY): 10-16-XXXX

19. FOR OFFICIAL USE ONLY

A. OFFSETS: $

B. REMARKS:

20. LIEN SEARCH DATE (MM-DD-YYYY): 10-16-XXXX

21. DATE UCC-1/UCC-1 F FILED (MM-DD-YYYY): 10-16-XXXX

22. FOR CCC BY: */s/ Everett Best, CED*

DATE (MM-DD-YYYY): 10 16 XXXX

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C Distributing CCC-666

File original in the producer's loan folder and provide a copy to the producer.

427 Measurement Service for Loan or LDP

A Requesting Measurement Service

The producer may request and receive measurement service for a loan application or LDP for all commodities.

Note: If the producer is **not** requesting either a loan or LDP at the time of the measurement service request, a new service shall be performed, at the producer's expense, when the loan or LDP request is made.

County Offices shall:

- file request on FSA-409 and complete according to 2-CP
- initially prepare CCC-677-1 for use by the commodity loan inspector. See Exhibit 7.

See Part 3 when measurement service is needed to determine quantity for an LDP request.

County Offices shall **not** provide measurement services for commodities stored in:

- approved or unapproved warehouses
- structures that cannot be safely accessed
- sealed structures, such as oxygen-limiting structures.

427 Measurement Service for Loan or LDP (Continued)

B Measurement Service Fees

Establish measurement service fees according to 2-CP.

Fees may be:

- collected when the producer requests the service or upon completing the service
- deducted from the loan proceeds as a payee to CCC.

C Producer Responsibilities

[7 CFR 1421.105] The producer must provide access to the commodity during inspection. If safe access to the structure and commodity is **not** available, the commodity inspector shall:

- not complete the measurement service request
- record the conditions on CCC-677-1 and report the findings to the County Office.

To ensure accurate measurements, the producer should:

- leave excess space on top of commodity in structure
- level the commodity, if possible
- square ends and sides of commodity piles by using bulkheads if commodity is stored in a flat structure.

427 Measurement Service for Loan or LDP (Continued)

D Commodity Inspector Responsibilities

Commodity inspectors shall follow the steps in this table when measurement service has been requested.

Step	Action
1	Measure commodity stored in all structures that may be safely accessed that will be included in the disbursement. To ensure accurate measurements, if the commodity is not level: • record depth of commodity from several places in the storage structure • use the average measurements for entries on CCC-677-1. Commodity inspectors shall **not** measure any commodity stored in a structure that is not safe to measure.
2	Check the commodity and structures, as applicable, for any of the following conditions: • insect infestation • heating because of excess moisture • rodent or other animal or bird damages • structural damage. Record on CCC-677-1, remarks section, any factors that could affect storability or quality of the commodity.
3	Draw a representative sample, using the method according to 5-LP, with a standard grain probe from varying depths of the commodity throughout all storage structures that will be included in the disbursement. **Note:** Do **not** obtain sample solely from the surface of the stored commodity.

427 Measurement Service for Loan or LDP (Continued)

D Commodity Inspector Responsibilities (Continued)

Step	Action
4	Use sample to determine whether the commodity is eligible for recourse or nonrecourse loan or for LDP. **Note:** Quality determinations shall be made for the following: • grade, based on test weight • test weight • excess moisture, when applicable, according to paragraph 430.
5	Complete CCC-677-1 according to Exhibit 7.

E County Office Responsibilities

Before disbursing a loan or LDP, County Offices shall follow the steps in this table after measurement service has been completed.

Step	Action
1	Review all entries and calculations of quantity on CCC-677-1 and notate any comments entered by the commodity inspector. Refer loan or LDP application information to COC for review if there: • are comments from the commodity inspector about the adequacy of the storage structure or storability of the commodity • is reason to question quantity eligibility.

427 Measurement Service for Loan or LDP (Continued)

E County Office Responsibilities (Continued)

Step	Action
2	Enter measurements through APSS according to 12-PS. The quantity in the storage structure will be calculated by APSS from the measurements entered. Manual calculations are required before entry into APSS for the following: • inverted cone when a pit measurement is entered • pit calculation when a peak measurement is entered • quality factors to determine the applicable loan rate for recourse warehouse-stored grain processed as farm-stored loans in APSS.
3	The quantity determined in step 2 is adjusted by APSS for the following, as applicable: • combined test weight and pack factor, if applicable, according to subparagraph F • test weight for oilseeds, except soybeans • moisture shrinkage factor, if applicable, according to Exhibit 4.

4	Review the following data with the producer before completing the loan or LDP:
	
	• measurements
	• calculations of the quantity.
	
	Producers:
	
	• shall:
	
	  • verify the measurements
	  • initial and date CCC-677-1, item 31
	
	• may request to use measurements for production evidence for the requested loan or LDP by entering initials and date on CCC-677-1, item 32.

427 Measurement Service for Loan or LDP (Continued)

E County Office Responsibilities (Continued)

Step	Action
5	COC may use scale weights instead of the measured quantity if **all** of the following apply: • commodity is measured • producer provides scale tickets representing the measured commodity for **initial** loans • COC determines that the scale weights are representative of the measured quantity. COC shall document the following in the minutes and the loan or LDP folder, as applicable: • any use of scale weights • that COC believes the quantity represented by the scale tickets is in the storage structure • producer's request to use, for production evidence, measurements or scale weights for loan or LDP quantity. The quantity on the scale ticket shall be adjusted for moisture and test weight determined from the measurement service.
6	Complete the loan or LDP, as applicable, if: • data is complete and accurate • determinations for loan for reducing the maximum loan rate and quantity have been made, when applicable, according to paragraphs 430 and 433 • quality determinations are made for eligibility for nonrecourse or recourse loan • the quantity is determined eligible.
7	Provide completed CCC-683 to producers according to Exhibit 18.

427 Measurement Service for Loan or LDP (Continued)

F Applying Certain Factors to Loan and LDP Quantities

Apply, to loan and LDP quantities, test weight factor, combined test weight and pack factors, and moisture shrinkage factor, as applicable. Use the following:

- combined test weight and pack factors to determine the measured quantity of barley, corn, oats, grain sorghum, soybeans, and wheat

- test weight and pack factors to determine the measured quantity for oilseeds, except soybeans

- as applicable, moisture shrinkage factors, according to Exhibit 11, when determining the measured quantity for:

  - oilseeds, except soybeans
  - all other commodities, including soybeans and ear corn.

Do not apply the combined factors to either of the following:

- HM and ATHM corn and grain sorghum
- cracked, rolled, or crimped shelled or ear corn.

For soybeans, the net weight and net bushels shall be the gross weight minus the weight of the foreign material exceeding 1 percent.

428 Additional Storage Structure Designation for Loans

A Designating Additional Structures

Producers shall be provided the opportunity to designate **additional** eligible storage structures to which loan collateral may be moved during the loan period.

Producers may request to designate structures:

- at time of loan application on either of the following, as applicable:
  - CCC-666 according to paragraph 426
  - CCC-677-1 according to paragraph 427 and Exhibit 7
- at loanmaking on CCC-677
- after loanmaking on CCC-687-1 according to paragraph 800.

B Designated Structures

The designated structures may be:

- any or all structures under the producer's control
- structures that contain:
  - the producer's loan collateral
  - other producer's loan collateral.

The designated structures shall meet the eligible storage requirements according to paragraph 424.

429 Completing CCC-665 for Commingled Production

A Commingled Commodities

All producers whose commodities are stored commingled in a storage structure, when all or a portion of the commodity is or will be collateral for **separate** CCC loans, shall sign CCC-665. See subparagraph B for an example of CCC-665.

Note: If all applicable producers do **not** sign CCC-665, loans shall, as applicable:

- **not** be disbursed
- be called.

Producers whose commodities are stored commingled in the same storage structure may obtain **joint** loans in the normal manner when **all** producers sign CCC-677. CCC-665 is not required in this situation.

See Part 8, Section 1 for additional commingling provisions.

429 Completing CCC-665 for Commingled Production (Continued)

B Example of CCC-665

County Offices shall use CCC-665 when subparagraph A is applicable.

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

CCC-665
(04-13-98)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

AGREEMENT FOR GRAIN PLEDGED AS COLLATERAL FOR CCC COMMODITY LOANS

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 to be supplied on this form is authorized by Pub. L. 104-127, the Commodity Credit Corporation Charter Act, as amended (15 USC 714 b & c) and 7 CFR Part 1421. The information will be used to monitor collateral placed under loan in the CCC commodity loan program. Providing this information is voluntary; however, without it authorization to pledge grain as collateral will be denied. 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.***

Whereas, Commodity Credit Corporation (CCC) desires to make commodity loans available to individual producers whose grain is commingled with other producer's grain in the same farm storage structure(s):

The following producers whose signatures appear below are entering into this agreement to store _____
(Commodity)

for loan number(s) _____ in storage structures designated on CCC-677, Farm Storage Note and Security Agreement and located at the storage locations named on CCC-677. The grain stored in such designated structures will be commingled with other producers' grain. Some of this grain will be pledged as collateral for a CCC commodity loan. All producers who store grain in such designated structures while any part of the grain is pledged as collateral for a CCC loan must sign this agreement. CCC will hold all producers signing this agreement liable for any damage incurred by CCC and each producer signing this agreement acknowledges that they will comply with provisions determined by CCC with respect to any commodity stored in the structures designated on the applicable CCC-677 regardless of whether their share of the commodity is pledged as collateral for a CCC commodity loan.

Producers (Sign and Date):

_____ _____

_____ _____

_____ _____

_____ _____

Approved for CCC by: _____ **Date** _____

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.

☐ COUNTY OFFICE COPY ☐ PRODUCER COPY

430 Quantity Determination

A Maximum Quantity

The loan quantity for certified or measured farm-stored loans shall **not** exceed 100 percent of the eligible quantity certified by the producer.

For maximum quantity limitations for:

- distress loans, see paragraph 481
- acquired commodities for HM recourse loans, see paragraph 473.

The quantity for measured loans may be based on either of the following:

- measured quantity determined according to paragraph 427

- a quantity that was previously determined by measurement for other program purposes, such as disaster determinations, when COC:

    - has no reason to believe any commodity has been removed
    - determines the commodity is in storable condition
    - documents these facts in the COC minutes.

The mortgaged quantity shall be the loan quantity.

430 Quantity Determination (Continued)

B When to Conduct Moisture Tests

Conduct moisture tests according to the following.

IF...	THEN...
there is reason to believe the moisture exceeds the standard level applicable to the commodity	field representatives shall draw samples for moisture testing when completing: • spot checks on farm-stored commodities • measurement service.
moisture problems are known to exist	• COC's may direct field representatives to draw samples for moisture testing • STC's may direct COC's to require moisture testing in 1 or more counties.
	County Offices shall determine the moisture content for: • certified loan and LDP requests made in designated areas • measurement service requests • all spot checks.

C Applying Shrink Factor for Excess Moisture

When moisture tests are conducted according to subparagraph B, adjust the certified or measured quantity as follows:

- for oilseeds, except soybeans, 1.1 times each percent or fraction thereof over the standard moisture percentage in 2-LP Grains and Oilseeds

- for all other commodities, including soybeans, 1.3 times each percent or fraction thereof over the standard moisture percentage in the applicable 2-LP.

*****--See shrink factors in Exhibit 4, as applicable. The factors in Exhibit 4, page 1, are the factors for APSS.--*****

431 Quality Determination

A Quality Adjustment

Quality determinations for test weight are required for farm-stored loans at the time of loanmaking for:

- certified loans in designated counties
- measurement service.

Use the test weight sample to determine eligibility for nonrecourse or recourse loans.

See subparagraph 430 B for conducting moisture tests.

B Official Quality Determinations

Official quality determinations shall **not** be made for farm-stored loans.

432 Adjusting Loan Rate and Determining Quantity

A Adjusting Farm-Stored Loan Rate

Adjust the base county loan rate using the applicable discounts for farm-stored loans according to paragraph 422 for test weight discounts, commodities harvested as other than grain (except silage and hay), low quality or sample grade commodities, and contaminated commodities.

B Determining Farm-Stored Loan Quantity

Determine the farm-stored loan quantity in the normal manner, according to Part 4, Section 2.

When excess moisture is determined according to subparagraph 430 C, apply the applicable moisture shrink factor, according to Exhibit 4, to the determined loan quantity when the commodity contains moisture exceeding the acceptable eligible level for the commodity.

433 Reducing Farm-Stored Loan Rates in Designated Areas

A Requesting State Office Approval

[7 CFR 1421.105] If COC believes CCC's interest would not be adequately protected if loans are made for the base county loan rate, COC may request State Office approval for reduced loan rate for a commodity for:

- the entire county
- designated portions of the county.

The area to be included shall be the area where the commodity is produced; not where stored.

B State Office Action

State Offices shall:

- **not** establish a blanket policy that all farm-stored loan rates be reduced for the State, particular county, or specific area of the State or county

- approve or disapprove COC requests to reduce loan rates to provide CCC with the necessary protection

- notify PSD of COC requests for approved reduction of loan rates for certified loans.

433 Reducing Farm-Stored Loan Rates in Designated Areas (Continued)

C Obtaining Test Weight and Moisture Samples

If reduced loan rates are approved for designated areas of the county according to subparagraph B, County Offices shall obtain a representative sample of the commodity produced in designated areas to determine test weight and, if applicable, moisture according to paragraph 430, for **all** of the following:

- for certified farm-stored loan requests
- when completing a measurement service
- when performing a spot check.

Do **not** submit the sample for an official grade.

D Determining Loan Rate

Adjust the reduced base county loan rate using the applicable discounts for farm-stored loans according to paragraph 422 for test weight discounts, commodities harvested as other than grain (except silage and hay), low quality or sample grade commodities, and contaminated commodities.

E Fails to Meet Nonrecourse Requirements

See recourse provisions in Section 4 for commodities that do **not** meet the minimum eligibility standards because of excess moisture.

434-442 (Reserved)

Section 3 Warehouse-Stored Loans

443 Requesting Warehouse-Stored Loans

A Warehouse Receipts

[7 CFR 1421.106] When requesting warehouse-stored loans, producers shall present acceptable warehouse receipts from a warehouse operating under UGRSA to the County Office.

See 2-LP Grains and Oilseeds for commodity-specific warehouse receipt requirements.

B Warehouse-Stored Quantity

Warehouse-stored loans stored in an approved warehouse will be limited to 100 percent of the eligible net weight specified on the warehouse receipt or, if applicable, KC-350.

If the quantity on the receipt represents eligible and ineligible quantities, require the producer to obtain a receipt representing only the eligible quantity.

Any cost for replacement receipts shall be at the producer's expense.

Loan commodities stored in a warehouse or a facility not approved by CCC must be repaid on the same day as loan disbursement with a commodity certificate exchange, according to Part 9, Section 8.

C Commodity Loan Eligibility

To be eligible for a CCC commodity loan, the quantity and quality of grain represented by a warehouse receipt must reflect the commodity produced and delivered by the producer.

D Substitution Not Authorized

Substituted or purchased commodities are ineligible for loan.

443 Requesting Warehouse-Stored Loans (Continued)

E Loan Rates

Use the loan rate:

- for the county where the commodity is stored
- adjusted for premiums and discounts on the applicable crop year specific schedule
- adjusted to 20 percent of the loan rate when grading factors fall to the additional schedule of discounts.

Exceptions:

IF the commodity is both of the following...	THEN use the loan rate...
• warehouse-stored • stored in a warehouse operating under a merged code agreement	for the location to which the producer delivered the commodity, adjusted for premiums and discounts. The warehouse receipt issued under merged warehouse code agreements must show the location and county to which the commodity was delivered.
• warehouse-stored • represented by a warehouse receipt indicating the “grain covered by this receipt has been redeposited”	where the receipt is issued. The commodity is considered stored at the original point of delivery.
• warehouse-stored • physically moved to the warehouse location indicated on the warehouse receipt	where the receipt is issued. The commodity is eligible because the commodity was physically moved to the location on the warehouse receipt.

443 Requesting Warehouse-Stored Loans (Continued)

F Handling and Storage Charges

Do not require producers to prepay handling and storage charges. However, the producer must make arrangements for storage charges through the maturity date of the warehouse-stored loan.

Keep proof of prepaid storage in the producer's loan folder.

G Storage Not Paid Through Maturity of Loan

If the warehouse receipt does not show the storage has been paid through maturity of the loan, either of the following conditions shall be met:

- the warehouse operator shall provide either of the following:
  - an endorsement prepared and signed by the warehouse operator on the warehouse receipt or applicable KC-350
  - an attached statement cross-referenced to the warehouse receipt

    Example: "Storage arrangements have been made by the depositor of the grain covered by this receipt through (date through which storage has been provided). No lien will be asserted by the warehouse operator against CCC or any subsequent holder of the warehouse receipt for the storage charges that accrued before the specified date."

- the County Office shall reduce the loan rate to reflect storage through maturity date of the loan.

If a reduction is made, the reduction is computed through APSS by multiplying the daily storage rate times the number of days. Round the result to the nearest tenth of a cent.

The number of days is determined by the later of the following dates through the maturity date:

- date the commodity was received in the warehouse
- date storage charges started
- date from which storage was provided.

444 Quality Determinations

A Basis for Quality Determinations

The class, grade, grading factors, and all other quality factors shall be based on either of the following, as applicable:

- official United States Standards for Grain even if quality determinations are **not** made on the basis of an official inspection

- quality factors determined by CCC for commodities not listed in the official United States Standards for Grain.

The warehouse operator shall obtain official grade determinations when requested by the producer. However, CCC shall **not** pay for official grade determinations.

B Upgraded Quality Ineligible

Warehouse receipts that have been upgraded to reflect a better grain and quality than the quality that was delivered by the producer to the warehouse are ineligible for CCC loan whether or not the warehouse operator received monetary compensation.

Note: This is considered substitution and substitution is not authorized.

445 List of Approved Warehouses and List of Warehouse Offer Rates

A Approved Warehouses and Offer Rates

A current list of UGRSA-approved warehouses and warehouse codes are available at **http://www.fsa.usda.gov/daco/kcco**.

--**County Offices can obtain the current lists and subsequent updates of UGRSA-approved warehouse offer rates at **http://intra2.fsa.usda.gov/whserates/grain/warehouse_rates.asp**.**--

When changes occur with UGRSA-approved warehouses, KCCO shall provide the State Office with a courtesy copy of KC-232 to the warehouse.

B Approved Rates

Approved warehouse offer rates shall be:

- posted in a prominent place in the County Office for public review
- distributed to surrounding County Offices
- updated in the APSS offer shipping rate table according to 12-PS.

C Obtaining Offer Shipping Rates

Offer shipping rates shall be obtained from ***--http://intra2.fsa.usda.gov/whserates/grain/warehouse_rates.asp** if the warehouse--* is either of the following:

- not listed or is outside the local area
- a major storing warehouse serving several States.

446 Storing Warehouseman Responsibilities

A Responsibilities

[7 CFR 1421.106] If the commodity is received by rail or barge, the storing warehouseman is responsible for:

- determining the in-line routes from the storing warehouse in a manner that will provide the lowest freight rate to be used in commercial trade channels
- preparing applicable KC-350 showing the following:
  - the rate of freight paid into the storage point
  - the amount of penalty, if any, for outbound transit billing
  - any other information prescribed by CCC
- the accuracy or omission of information on applicable KC-350
- the liability, if any, as determined by CCC, after CCC receives the warehouse receipt and applicable KC-350
- any other requirements under UGRSA.

B Correcting Warehouse Receipts

Any corrections to a warehouse receipt shall be made by the warehouseman issuing the warehouse receipt.

If a warehouse receipt contains incorrect entries:

- do **not** make corrections to the warehouse receipt
- advise the warehouseman of the errors
- return the warehouse receipt to the warehouseman for reissuance or correction
- KC-350 cannot be used to correct the warehouse receipt.

447 When Warehouseman Is Producer

A Applicability

Warehouse-stored loans may be made to a warehouseman who is operating under UGRSA and is also the producer under the following conditions:

- in States where it is valid under State law for the warehouseman to issue and pledge warehouse receipts covering the warehouseman's own commodity

- in any State when the warehouse is operating under USWA.

A warehouse operator, who is also a producer, is **not** eligible for a warehouse-stored loan if:

- there is not a State law addressing a warehouse operator issuing and pledging warehouse receipts covering the warehouse operator's **own** commodity

- the warehouse in not operating under USWA.

B Verification

Through the State Office, the County Office shall contact KCCO to examine warehouse diagram and WA-302, if applicable, to:

- identify:

  - structures that are approved under UGRSA
  - owner, partners, or officers associated with the warehouse

- verify that no duplication of loans is being made on the same commodity that may be erroneously under farm-stored loan.

  Note: If there is a duplication of loans, call erroneously made farm-stored loans.

If necessary, visit the storage location to determine whether there is:

- loan duplication
- sufficient commodity in proper storage space to cover loan obligations.

448 General Warehouse Receipt Requirements

A General Requirements

[7 CFR 1421.107] All warehouse receipts shall:

- represent eligible commodity actually stored in the UGRSA warehouse
- be negotiable
- be issued to the eligible producer or CCC, as applicable, or in the case of loans made to CMA's, the receipt should be issued to CMA
- be endorsed in blank to vest title in the holder, if issued to the eligible producer or CMA
- show ownership, if commodity is owned by the warehouse operator, solely, jointly, or in common with others
- contain a statement that commodity is insured.

If the warehouse receipt is accompanied by applicable KC-350, KC-350 shall contain the insured statement if **not** stated as such on the warehouse receipt.

448 General Warehouse Receipt Requirements (Continued)

A General Requirements (Continued)

All warehouse receipts shall show **all** of the following:

- type of commodity
- name and location of storing warehouse
- CCC-assigned warehouse code
- warehouse receipt number
- date receipt was issued
- date commodity was deposited or received
- date to which storage has been paid **or** storage start date
- whether commodity was received by rail, truck, or barge
- amount per bushel or hundredweight of prepaid in or out charges
- signature of the warehouse operator or authorized agent.

Zeros shall be entered when in or out charges have **not** been prepaid.

B Merged Warehouse Receipt Requirements

Warehousemen operating under a merged warehouse code agreement shall show, on warehouse receipts, the location and county to which the producer delivered the commodity.

449 KC-350, Warehouse Operator's Supplemental Certificate

A Attaching KC-350 to Warehouse Receipt

A warehouse receipt requiring KC-350 shall have the applicable KC-350 attached to the warehouse receipt.

Entries on KC-350 supersede entries on the warehouse receipt.

See Warehouseman's Handbook for example of KC-350.

449 KC-350, Warehouse Operator's Supplemental Certificate (Continued)

B Receipts Showing Infested or Excess Moisture

Applicable KC-350 must show the following information when the warehouse receipt shows that the commodity is infested or contains moisture over the acceptable limit for the commodity.

IF the warehouse receipt shows that the commodity...	THEN applicable KC-350 must show the...
is infested	• same grade without the "infested" designation • same grading factors and quantity shown on the warehouse receipt.

has more moisture than the acceptable limit for the commodity	• grade, grading factors, and quantity after drying or blending
	• quantity to reflect a minimum shrinkage in the receiving weight, or receiving weight excluding dockage, as applicable, of the applicable shrink factor times the difference in the following:
	  • moisture content when received
	  • acceptable limit for the commodity.
	
	The receiving weight:
	• applies to corn and oats
	• excluding dockage applies to the following:
	  • barley
	  • grain sorghum
	  • oilseeds
	  • wheat.
	
	The moisture shrink factor is:
	• 1.1 percent for oilseeds, except soybeans
	• 1.3 percent for all other commodities, including soybeans.

449 KC-350, Warehouse Operator's Supplemental Certificate (Continued)

C Example of Quantity Entries on KC-350 (Grain) for Corn

If a warehouse receipt shows 33,600 net pounds of corn with 17.5 percent moisture, the calculation would be as follows:

- 17.5 percent minus 15.5 percent equals 2.0 percent
- 2.0 percent times 1.3 equals 2.6 percent
- 2.6 percent of 33,600 pounds is 874 pounds.

The quantity shown on KC-350 (Grain) must **not** exceed 33,600 pounds minus 874 pounds, or 32,726 pounds.

450 Statement of Charges Attached to Warehouse Receipts

A Applicability

[7 CFR 1421.107] A separate statement of charges or bill that is not part of the warehouse receipt, but is attached to or submitted with the warehouse receipt, that indicates charges **normally** associated with handling the commodity represented by the warehouse receipt shall:

- be considered an offset amount
- **not** be considered a lien.

To ensure that only the appropriate charges are being considered as an offset amount, each State Office must submit a list of charges that are normally associated with handling of the commodity to DAFP for concurrence.

Concurrence must be obtained from DAFP **before** any charges on a statement of charges or bill can be offset.

B Handling as an Offset

The amount of applicable charges shown on the statement of charges or bill shall be considered an offset.

County Offices shall record the applicable charges on CCC-679 by doing either of the following:

- adding the total dollar amount of the charges shown on the statement of charges or bill to any CCC, FSA, or other Government agency debt

- modifying the sentence in CCC-679, block (3) to add language that states whose charges are being offset without specifying the type or amount of the charges.

If the loan is approved, the amount of applicable charges shown on the statement of charges or bill shall be handled as an offset for an alternate payee.

See paragraph 404 for an example of CCC-679.

451 Examining Warehouse Receipts

A Examining Documents

County Offices shall examine each warehouse receipt, KC-350, if applicable, and FGIS inspection certificate for:

- completeness
- errors
- legibility.

If any information on the warehouse receipt is incorrect or otherwise unacceptable for recording the loan in APSS, the County Office shall:

- **not** approve the loan
- require the producer to:
    - return documents to the warehouseman for correction or completion, if necessary
    - submit acceptable warehouse receipts **before** disbursing the loan.

B Liens for Charges Indicated on Warehouse Receipt

County Offices shall **not** accept, for loan purposes, a warehouse receipt that shows a lien on the commodity for specified charges, such as drying or hauling.

When a warehouse receipt is received showing a lien on the commodity, the County Office shall require the producer to provide **either** of the following:

- a replacement receipt showing no liens

- the original receipt showing the charges marked “Paid” and initialed and dated by the warehouseman.

452 Reporting Lost, Stolen, or Destroyed Warehouse Receipts

A Warehouse Notification

If warehouse receipts held by County Offices are lost, stolen, or destroyed:

- immediately contact the warehouseman who issued the receipts
- complete CCC-39, according to subparagraph B, to request issuance of duplicate warehouse receipts
- obtain replacement receipts at CCC's expense, if applicable.

B Completing CCC-39

Complete CCC-39 according to the following.

Items	Instructions
1	County Offices shall enter the next consecutive request number.
2	Enter the date that the request is prepared.
3	Enter the name and address of the warehouse.
4	Enter the name and location of the warehouse where the commodity is stored.
5	Enter the producer's name to which warehouse receipts were issued.
6	Enter the receipt number.
7	Enter the quantity of the commodity.
8	Enter the commodity.
9	Enter the receipt number and date.
10 A and 10 B	Enter the name, address, and telephone number of the Administrative County Office.
11	CED or COC representative shall sign and date.

452 Reporting Lost, Stolen, or Destroyed Warehouse Receipts (Continued)

C Example of CCC-39

The following is an example of CCC-39.

This form is available electronically.

CCC-39 (04-11-03)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

REQUEST FOR ISSUANCE OF DUPLICATE WAREHOUSE RECEIPT(S)

1. REQUEST NO. 1

2. DATE REQUEST PREPARED *(MM-DD-YYYY)* 06-10-03

3. NAME AND ADDRESS OF WAREHOUSE	4. NAME AND LOCATION OF WAREHOUSE WHERE STORED
Farmers Co-op Elevator P.O. Box 900 Anytown, IA 50000	Farmers Co-op Elevator North Branch Anytown, IA 50000

The warehouse receipt(s) described below and/or on the attached listing of warehouse receipt(s), issued by the warehouseman described above, has *(have)* been lost, misplaced, or destroyed. Since the Commodity Credit Corporation *(hereinafter referred to as "CCC")* is entitled to the possession of such receipt(s) and after diligent effort cannot produce such receipt(s), the request is hereby made for the issuance of duplicate receipt(s) for delivery to CCC.

ORIGINAL WAREHOUSE RECEIPTS LOST, MISPLACED, OR DESTROYED

5. ISSUED TO	6. RECEIPT NO.	7. QUANTITY *(Bu., Cwt., or Bales)*	8. COMMODITY
County Producer	10500	5,000 Bu	Soybeans

9. INDEMNITY AGREEMENT

In consideration of the issuance and delivery to CCC *(at the address shown below)* of a new warehouse receipt(s) marked "Duplicate in lieu of lost, misplaced or destroyed receipt No. 10500 dated 12-06-2002 *(MM-DD-YYYY)*", CCC hereby agrees to indemnify, protect, and hold harmless the warehouse operator and the warehouse operator's successors and assigns from any liability or expense which the warehouse operator may incur by reason of the original receipt(s) remaining outstanding.

It will be expressly understood and agreed by the acceptance of this Indemnity Agreement and the issuance of duplicate warehouse receipt(s) that any State or local regulatory rule or law which is inconsistent with this Indemnity Agreement shall not be applicable. Section 4*(g)* of the Commodity Credit Corporation Charter Act (15 U.S.C. Section 714b(g)) provides in part: "State and local regulatory laws or rules shall not be applicable with respect to contracts or agreements of the Corporation or the parties thereto to the extent that such contracts or agreements provide that such laws or rules shall not be applicable, or to the extent that such laws or rules are inconsistent with such contracts or agreements."

This indemnification agreement shall become null and void if, and when, the original receipt(s) is found and delivered to the warehouse operator for cancellation.

10A. NAME AND ADDRESS OF FSA OFFICE	11. COMMODITY CREDIT CORPORATION
Rural County FSA Office 600 Main Street Anytown, IA 50000	A. By */s/ Office Manager, CED*
10B. TELEPHONE NO. *(Including Area Code)* 515-555-1000	B. Dated *(MM-DD-YYYY)* *06-10-2003*

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.

453-461 (Reserved)

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Section 4 Recourse Loans

462 Basic Provisions

A Basic Recourse Loan Availability

Farm-stored or warehouse-stored recourse loans are available to producers who harvest commodities that are ineligible for a nonrecourse loan according to Sections 1 through 3.

Recourse loans may be disbursed to eligible producers for a quantity of a commodity offered as loan collateral for:

- commodities eligible for nonrecourse loans at a reduced loan rate according to paragraph 422
- HM and ATHM commodity loans according to Section 5
- cracked, rolled, or crimped corn according to Section 6
- distress loans according to Section 7.

B Applicable Provisions

Except for provisions in this section and Sections 5 and 7, all loanmaking provisions applicable for nonrecourse loans apply to farm-stored and warehouse-stored recourse loans.

Commodities pledged as collateral for a recourse loan are ineligible for LDP or to be repledged for a nonrecourse loan.

C Storage Provisions

A commodity offered for a farm-stored recourse loan must be stored in eligible storage according to paragraph 424.

Commodities placed under a distress loan according to Section 7 are not stored in eligible storage.

462 Basic Provisions (Continued)

D Maturity Date

The maturity date shall be established according to paragraph 409.

E Liquidating Loans

On or before the loan maturity date, recourse loans must be repaid by cash at principal and charges, plus interest.

Commodities pledged as collateral for recourse loans shall **not** be delivered or forfeited to CCC in settlement of the loan at maturity.

If not repaid by the maturity date, loan collateral must be disposed under provisions for local sale according to Part 10, Section 4.

CCC shall **not** assume **any** losses for the quantity or quality of the commodity for **any** reason.

463 Provisions for Low Quality Commodities

A Recourse Loan Availability for Low Quality Commodities

Farm-stored or warehouse-stored recourse loans are available to producers who harvest commodities with a test weight on the additional schedule of discounts.

Recourse loans may be disbursed to eligible producers for a quantity of a commodity offered as loan collateral for:

- commodities with a test weight on the additional schedule of discounts
- HM and ATHM commodity loans according to Section 5
- cracked, rolled, or crimped shelled or ear corn according to Section 6
- distress loans according to Section 7.

B Applicable Provisions

Commodities pledged as collateral for a recourse loan are ineligible to be repledged for a nonrecourse loan.

464 Adjusting Loan Rates

A Adjusting Farm-Stored Loan Rate

Adjust the base county loan rate using the applicable discounts for farm-stored loans for:

- the **higher** of the following:
  - grade based on test weight, if applicable for the commodity
  - test weight
- excess moisture, when in excess of the STC-established moisture level and the producer does **not** have the capability to dry the commodity.

Use the applicable commodity crop year specific schedule of premiums and discounts and, if applicable, the additional schedule of discounts.

B Adjusting Rate for Warehouse-Stored Recourse Loans

For warehouse-stored recourse loans:

- adjust the loan rate for **all** the quality factors recorded on the warehouse receipt using the appropriate discounts
- process the loan in APSS, according to 12-PS, subparagraph 401 B, as a farm-stored measured loan.

465 Quantity Determinations

A Determining Farm-Stored Loan Quantity

Determine the farm-stored loan quantity in the normal manner, according to Section 2.

When excess moisture is determined according to subparagraph 430 C, apply the applicable moisture shrink factor, according to Exhibit 4, to the determined loan quantity when **both** of the following apply:

- the commodity contains moisture exceeding the acceptable eligible level established by STC for the commodity
- the producer has the capability to dry the commodity to the acceptable eligible level for the commodity.

Do **not** apply a discount for excess moisture when the quantity is adjusted for excess moisture.

466-471 (Reserved)

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Section 5 HM and ATHM Corn and Grain Sorghum Recourse Loans

472 HM and ATHM Commodity Recourse Loans

A Availability

To provide the maximum benefits to producers who normally harvest and store all or a portion of their corn or grain sorghum at moisture levels exceeding STC-established standards, producers may obtain a recourse loan for:

- HM corn or grain sorghum stored in structures capable of storing ensilage
- ATHM corn or grain sorghum stored in eligible storage according to paragraph 424
- an acquired quantity to replace the HM commodity according to paragraph 473.

B Eligibility

The HM commodity must meet the definition for the commodity according to the United States Standards for Grain, which, in part, requires 50 percent or more whole kernels and with a moisture level higher than for:

- ATHM:
  - for corn, 15.5 percent
  - for grain sorghum, 14.0 percent
- HM corn and grain sorghum, the STC-established moisture level.

In all cases, the HM or ATHM commodity must be harvested as grain.

472 HM and ATHM Commodity Recourse Loans (Continued)

C Final Date to Request Loan

The producer must request the loan by the final availability date for the commodity according to subparagraph 127 C. See paragraph 473 for the final request date on acquired grain.

D Loan Rate

The loan rate shall be, for commodities stored in structures that:

- can be measured, 100 percent of the base county loan rate if the quantity is:
  - measured and the structure may or may not be sealed after being measured
  - certified and the structure will **not** be sealed
- **cannot** be measured, 75 percent of the base county loan rate.

Structures that are sealed shall be considered structures that “cannot be measured”.

E Moisture Determination

The moisture determination may be determined by any of the following:

- local warehouse or State inspection facilities at producer’s expense
- FSA employee
- producer’s certification of moisture, when the commodity is in a structure that **cannot** be measured.

Do **not**:

- obtain sample or certification for test weight
- adjust for test weight and pack factors.

472 HM and ATHM Commodity Recourse Loans (Continued)

F Loan Quantity Adjusted for Moisture

The loan quantity shall be:

- 100 percent of the certified or measured quantity
- adjusted for the applicable moisture shrink factor, according to Exhibit 4, to reflect the quantity at the maximum eligible moisture level.

  Example: For grain sorghum, 14.0 percent is the maximum eligible moisture level.

G Establishing Repayment Schedule

If the HM, ATHM, or acquired commodity will be fed, County Offices shall establish a loan repayment schedule with each producer:

- at loan disbursement
- to ensure that the loan is repaid before:
  - the commodity is removed for feed
  - loan maturity.

County Offices shall establish a system to periodically monitor the repayment schedule.

473 Acquired Quantities for HM Commodities

A Availability

For HM corn or grain sorghum, a quantity of corn or grain sorghum may be **acquired** for loan purposes in the same county where an eligible quantity of the HM commodity was produced.

The acquired quantity shall replace the applicable HM commodity that will be delivered to 1 of the following:

- feedlot
- feed mill
- commercial or on-farm HM storage facility.

B Eligibility

The commodity acquired may be:

- the producer's own current year production
- purchased grain.

C Requesting Loan on Acquired Grain

To obtain a recourse loan on acquired grain in place of the HM commodity, the producer must:

- request the loan within 30 calendar days of harvest of the HM commodity, but no later than December 31 of the applicable crop year

- own the acquired grain and the HM commodity at the **same** time when requesting the loan

- certify the acreage of the HM commodity to be disposed and replaced with acquired grain

- identify the acreage harvested as high moisture on aerial photographs in the County Office

- store the acquired grain in farm or warehouse storage approved for storing dry grain.

473 Acquired Quantities for HM Commodities (Continued)

D Maximum Quantity Eligible

The maximum quantity of the acquired commodity that may be pledged for HM recourse loan shall be limited to the acreage of the commodity harvested at a high moisture level, times the **smaller** of the following:

- the farm program yield
- the actual yield.

For HM recourse loan purposes, the actual yield may be determined from a field similar to the field from which the HM commodity was harvested.

E Disbursing Loan

Disburse the loan as a recourse loan, applying applicable discounts according to paragraph 422.

474-476 (Reserved)

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477 Cracked, Rolled, or Crimped Corn Recourse Loans

A Availability

Farm-stored recourse loans are available to eligible producers of 1995 and subsequent crop year shelled or ear corn that has been cracked, rolled, or crimped.

If LDP was paid on the corn, it is ineligible for loan.

B Acceptable Cracked, Rolled, or Crimped Ear Corn

Acceptable cracked, rolled, or crimped **ear** corn may contain:

- broken kernels and cob reduced to pieces sufficiently large enough to identify by observation that the material is kernel and cob
- only minimal stalk, leaves, husk, and other additives
- less than 50 percent of whole kernels.

C Limitations

The authority to make loans on cracked, rolled, or crimped corn is limited to shelled or ear corn placed in eligible farm storage. This authority shall **not** be extended to any other variations of processed corn, including but not limited to the following:

- ground corn
- silage
- earlage.

477 Cracked, Rolled, or Crimped Corn Recourse Loans (Continued)

D Loan Rate

The loan rate, including HM or ATHM cracked, rolled, or crimped corn, shall be:

- 70 percent of the county loan rate if the commodity can be measured
- 52.5 percent of the county loan rate if the commodity cannot be measured.

E Maximum Loan Quantity

The loan quantity shall be:

- limited to 100 percent of the quantity certified by the producer or measured by the County Office

- adjusted for moisture according to subparagraph G.

County Offices shall:

- document on CCC-666 or CCC-677-1 that the corn is:

  - cracked, rolled, or crimped
  - ear or shelled

- ENTER “RCK” in the “Class/Variety” field on Screen PLB10000 when recording the loan in APSS.

477 Cracked, Rolled, or Crimped Corn Recourse Loans (Continued)

F Test Weight and Pack Factor

County Offices shall **not**:

- determine test weight at the time of measurement or spot check
- adjust cracked, rolled, or crimped corn quantities for test weight and pack.

Notes: When recording a measured loan in APSS, the County Office shall enter quantity from CCC-677-1 as the Weighed Quantity on Screen PLB12000.

Use the .4 conversion factor for cracked, rolled, or crimped **ear** corn.

G Moisture Adjustment

County Offices shall apply the applicable shrink factor, according to Exhibit 4, for moisture that exceeds 15.5 percent:

- for cracked, rolled, or crimped corn other than HM and ATHM, for moisture tests conducted according to subparagraph 430 B

- for HM and ATHM cracked, rolled, or crimped corn, for moisture determined according to subparagraph 472 E.

Note: Do **not** apply a discount for excess moisture.

H Establishing Repayment Schedule

If the corn will be fed to the producer's own livestock, the County Office shall establish a repayment schedule with the producer to ensure repayment **before**:

- the producer removes the commodity for feed
- loan maturity.

478-480 (Reserved)

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Section 7 Distress Loans

481 Initiating Distress Loans

A Availability

[7 CFR 1421.103] STC may initiate a distress loan program when **both** of the following apply:

- commodity is stored on the ground or in temporary facilities
- when there is a shortage of storage at harvest time:
    - on the farm
    - in local warehouses.

B Notification of Program

When a distress loan program is initiated in the State or in designated areas within the State:

- STC shall notify:
    - PSD
    - County Offices
- County Offices shall immediately notify producers of the availability of distress loans for commodities stored in ineligible storage.

In addition to the availability of the distress loan program, provide producers with the information in subparagraphs C and D.

481 Initiating Distress Loans (Continued)

C Loan Requests

Loan requests must be made and loan documents signed within 30 calendar days after the **later** of the following:

- STC announcement of the program
- completion of harvest of the commodity tendered for loan.

D Storage Location

The storage location for the commodity offered as collateral for the distress loan must be **both** of the following:

- protected from animals

- located so that water drainage will not seriously affect the quality or quantity of the commodity.

E Maximum Quantity

The maximum quantity eligible for a certified or measured distress loan shall **not** exceed 75 percent of the eligible quantity.

F Maturity Date

Distress loans mature on demand, but no later than 90 calendar days after the date the loan is disbursed.

The collateral may be repledged as a 9-month loan according to paragraph 482.

G Preparing CCC-677

CCC-677 shall be prepared in APSS according to 12-PS, Part 3.

482 Repledging Distress Loan Collateral

A Repledge for 9-Month Loan

The County Office shall notify the producer at **least** 30 calendar days before the loan maturity that the producer may move the commodity into **eligible** farm or warehouse storage and repledge the collateral:

- on or before loan maturity
- before the final loan availability date.

The collateral may be repledged for a 9-month:

- recourse loan according to Section 4
- nonrecourse loan, according to Sections 1 through 3.

B Repayment Before Repledge

If the collateral for the distress loan will be repledged, the producer must repay the distress loan by either of the following methods:

- with cash at principal, plus interest

- authorize offset for the amount needed to repay the distress loan from the proceeds of the repledged loan.

C Maturity Date of Repledged Distress Loan

The maturity date for the repledged distress loan shall be the last day of the 9th calendar month following approval of the **new** loan for the repledged collateral.

483-489 (Reserved)

490 Manual Loanmaking

A When to Manually Prepare CCC-677 or CCC-678

County Offices shall manually prepare CCC-677 or CCC-678, as applicable, when loanmaking transactions cannot be recorded through APSS because of the following:

- extended power outage
- system is inoperable because of mechanical or safety reasons
- when otherwise instructed by written instructions from National Office Price Support directives or State Offices.

Loans shall **not** be manually prepared solely to accommodate borrowers when the demand for loans causes lengthy delays in recording loans through APSS.

B Printing Blank Loan Forms

Before loanmaking season begins, County Offices shall print a small number of blank automated forms:

- according to 12-PS, Part 14, Section 2
- for use in manually preparing loan documents.

C Preparing Loan Forms

See:

- the following subparagraph, as applicable:
  - E, for preparing CCC-677
  - F, for preparing CCC-678
  - G, for preparing CCC-684
  - H, for preparing CCC-684-1.
- paragraph 492 for calculating manual loans with joint producers
- Exhibit 21 for commodity class, subclass, and variety codes.

490 Manual Loanmaking (Continued)

D Distributing Loan Forms

Distribute the applicable form as follows:

- file original in locked, fireproof files
- file County Office copy in the producer's loan folder for use in recording the loan in APSS
- provide the producer a copy of the manually prepared loan document.

After the loan is recorded through APSS according to 12-PS:

- staple the manually prepared loan documents to the documents generated by APSS

- file the original documents with the original manually prepared document in locked, fireproof files

- file a copy in the producer's loan folder as documentation

- provide the producer a copy of the APSS-generated loan documents.

The producer does not need to sign the loan document generated by APSS, if **all** of the information is the same on both loan documents.

490 Manual Loanmaking (Continued)

E Manually Preparing CCC-677

Manually prepare CCC-677 according to the following.

Circle Number	Instructions
1	Enter contact producer's name and mailing address.
2	Enter storage location of structures. Notate structures designated on CCC-666 or CCC-677-1, as applicable. Use CCC-684 for additional designated structures.
3	Enter State and county codes and FSA farm numbers where commodity was produced. Verify data provided by producer with existing FSA records.
4	Enter: • manual loan number according to paragraph 491 • crop year • commodity code.
5	Enter class code applicable to the commodity. If more than 1 class is included in the loan request, prepare separate loan documents for each class. If the loan is disbursed according to recourse provisions in Section 4, ENTER "RECOURSE LOAN" in the "Class" field.
6	Enter the seal number for each storage structure containing loan collateral.
7	Enter the quantity in each structure pledged as collateral for loan after adjustment for moisture shrink, if applicable.
8	Enter the loan rate, adjusted when applicable, for the commodity.
9	Enter the same quantity as in item 7.
10	Enter the amount determined by multiplying item 8 times item 9.

490 Manual Loanmaking (Continued)

E Manually Preparing CCC-677 (Continued)

Circle Number	Instructions
11	Enter the total of item 9 and including, if applicable, column D entries from CCC-684.
12	Enter the total of item 10 and including, if applicable, column E entries from CCC-684.
13	Enter total of all applicable assessments.
14	Enter total marketing assessments, if applicable.
15	Enter total of loan service fee applicable for the number of storage structures.
16	Enter the result of total loan amount in item 12 minus, as applicable: • assessments • marketing assessments • service fees.
17	Enter each producer's name, ID number, and share applicable to the loan.
18	Obtain applicable producers' signatures and date. Obtain spouse's signature when required by State law.
19	The person signing for CCC is certifying that, according to County Office records, the producer and commodity are eligible for loan on the quantity of the commodity being placed under loan.
20	The approval date shall be the loan disbursement date. When the system is operable, record the loan and applicable CCC-184's through APSS according to 12-PS and 1-FI.
21	Enter County Office's name, address, and telephone number.

490 Manual Loanmaking (Continued)

E Manually Preparing CCC-677 (Continued)

The following is an example of CCC-677.

READ THE ENTIRE INSTRUMENT BEFORE SIGNING (See CCC-601 for Privacy Act Statement) Form Approved - OMB No. 0560-0087

CCC-677
(03-23-99)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

Form CCC-684 is incorporated into this Form CCC-677 when this box is marked [ ]

FARM STORAGE NOTE AND SECURITY AGREEMENT

Name & Mailing Address of Contact Producer	Commodity Storage Location	St. & Co. Codes & Farm No. Where Produced
BART ANDREWS ROUTE 1 NEWTON, NE 98095 (1)	NE 1/4 25-6-40 (2)	31-029-195 (3)

Loan No.: 90004
Crop Year: 9X (4)
Commodity: SOYA
Class: YSB (5)
Total Loan Quantity: 5,640.00 (11)

Total Loan Amount: $28,312.80 (12)
Assessments: (13)
Marketing Assessments: (14)
Service Fee: $ 45.00 (15)
TOTAL DISBURSEMENT: $28,267.80 (16)

SEAL NUMBER A	MORTGAGED QUANTITY 1/ B	LOAN RATE C	LOAN QUANTITY D	LOAN AMOUNT E
1 (6)	5,640.00 (7)	$5.02 (8)	5,640.00 (9)	$28,312.80 (10)

PRODUCER F (17)	ID NUMBER G	PRODUCER SHARE H
BART ANDREWS	569-70-8114	1.0000

The terms and conditions of the Note and Security Agreement are set forth in this Form CCC-677 ("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-677, 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 except peanuts and mohair shall be the last day of the ninth month following the month in which such loan proceeds are disbursed. For peanuts the maturity date of the loan shall be April 30 of the marketing year established for that crop of peanuts. For mohair, the maturity date of the loan shall be the last day of the twelfth 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 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). In addition, for mohair loans, it is agreed that the loan shall be secured not only by the mohair on which the loan is obtained but such other mohair in which, now or in the future, the producer may have an interest and it is agreed that until the loan is repaid, the interest of CCC in such additional shall be superior to all others in the same manner as CCC's interest in the mohair itself.

This program will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, gender, age, sexual orientation, marital or family status, or disability, or political beliefs.

Signature	Date	Signature	Date
/s/ Bart Andrews (18)	*10-26-9X*		

APPROVED FOR CCC BY	DATE	Name and Address of County FSA Office
/s/ Everett Best, CED (19)	*10-26-XX* (20)	HARVARD COUNTY FSA OFFICE 1525 Winter Street NEWTOWN, NE 98095 (21) Telephone No. (308) 882-6666

1/ As is provided elsewhere in the text of the Note, mohair loans are also secured by other mohair in which the producer has an interest now or in the future.

490 Manual Loanmaking (Continued)

F Manually Preparing CCC-678

Manually prepare CCC-678 according to the following table.

Circle Number	Instructions
1	Enter contact producer's name and mailing address.
2	Enter applicable approved warehouse code.
3	Enter State and county codes and FSA farm numbers where commodity was produced. Verify data provided by producer with County Office records. For loans obtained by approved cooperatives, enter applicable cooperative code.
4	Enter: • manual loan number according to paragraph 491 • crop year • commodity code.
5	Enter class code applicable to the commodity. If more than 1 class is included in the loan request, prepare separate loan documents for each class.
6	Enter each warehouse receipt number separately. Examine each warehouse receipt for accuracy according to Section 3. Use CCC-684-1 to list additional warehouse receipts that cannot be listed on CCC-678. See subparagraph H.
7	Enter the loan rate for the grade quality shown on the warehouse receipt for the county where the commodity is stored. See paragraph 443.
8	Enter storage deduction only when applicable. See paragraph 443.
9	Leave blank.
10	Enter the result obtained by subtracting circle number 8 from circle number 7.
11	Enter the quantity shown on each warehouse receipt.

490 Manual Loanmaking (Continued)

F Manually Preparing CCC-678 (Continued)

Circle Number	Instructions
12	Enter the amount determined by multiplying circle number 10 times circle number 11.
13	Enter the total of circle number 11 and including, if applicable, column F entries from CCC-684-1.
14	Enter the total of circle number 12 and including, if applicable, column G entries from CCC-684-1.
15	Enter total of all applicable assessments.
16	Enter total marketing assessments, if applicable.
17	Enter total of loan service fee applicable for the number of warehouse receipts.
18	Enter the result of total loan amount in circle number 14 minus, as applicable: • assessments • marketing assessments • service fees.
19	Enter each producer's name, ID number, and share applicable to the loan.
20	Obtain applicable producers' signatures and date. Obtain spouse's signature when required by State law.
21	The person signing for CCC is certifying that, according to County Office records, the producer and commodity are eligible for loan on the quantity of the commodity being placed under loan.
22	The approval date shall be the loan disbursement date. When the system is operable, record the loan and applicable CCC-184's through APSS according to 12-PS and 1-FI.
23	Enter County Office's name, address, and telephone number.

490 Manual Loanmaking (Continued)

F Manually Preparing CCC-678 (Continued)

The following is an example of CCC-678.

READ ENTIRE INSTRUMENT BEFORE SIGNING (See CCC-601 for Privacy Act Statement) Form Approved - OMB No. 0560-0087

CCC-678
(08-14-96)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

Form CCC-684-1 is incorporated into this Form CCC-678 when this box is marked [ ]

WAREHOUSE STORAGE NOTE AND SECURITY AGREEMENT

Name & Mailing Address of Contact Producer	Warehouse Code	St. & Co. Codes & Farm No. Where Produced
JESSIE JOHNSON (1) ROUTE 2 NEWTOWN, NE 98095	85491 (2)	31-029-315 (3)

Loan No.: 90010

Crop Year: XX (4)

Commodity: WHT

Class: HRW (5)

Total Loan Quantity: 1,000.00 (13)

Total Loan Amount: $2,500.00 (14)
Assessments: 12.50 (15)
Marketing Assessments: (16)
Service Fee: $ 12.50 (17)
TOTAL DISBURSEMENT: $ 2,475.00 (18)

WAREHOUSE RECEIPT NO.	LOAN RATE	STORAGE DEDUCTION	DELIVERY CHARGE	NET LOAN RATE	LOAN QUANTITY	LOAN AMOUNT
8569 (6)	$2.5000 (7)	(8)	(9)	$2.5000 (10)	1,000.00 (11)	$2,500.00 (12)

PRODUCER (19)	ID NUMBER	PRODUCER SHARE
JESSIE JOHNSON	522-93-1894	1.0000

The terms and conditions of the Note and Security Agreement are set forth in this Form CCC-678 ("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-678, 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 proceed are disbursed to each producer; and (2) the maturity date of the loan for all commodities shall be the last day of the ninth 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.

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

Signature	Date
\/s/ Jessie Johnson (20)	*11-1-XX*

APPROVED FOR CCC BY	DATE	Name and Address of County FSA Office
\/s/ Everett Best, CED (21)	*11-1-XX* (22)	HARVARD COUNTY FSA OFFICE 1525 Winter Street NEWTOWN, NE 98095 (23) Telephone No. (308) 882-6666

490 Manual Loanmaking (Continued)

G Manually Preparing CCC-684

Use CCC-684 as a continuation of a manually completed CCC-677 when additional space is needed.

Manually complete CCC-684 according to the following.

Item	Instructions
	Enter the following information in appropriate blocks from manually completed CCC-677.
1	Enter manual loan number according to paragraph 491.
2	Enter crop year of the commodity.
3	Enter commodity code.
4	Enter State and county codes and FSA farm numbers where commodity was produced.
	When additional space is needed for additional structures and loan information, enter the following as applicable.
A	Enter the seal number for each storage structure containing loan collateral.
B	Enter the quantity in each structure pledged as collateral for loan after adjustment for moisture shrink, if applicable.
C	Enter the loan rate, adjusted when applicable, for the commodity.
D	Enter the same quantity as in column B. Enter total of all entries at bottom of column, and carry forward to CCC-677.
E	Enter the amount determined by multiplying column C times column D. Enter total of all entries at bottom of column, and carry forward to CCC-677.
F through H	When additional space is needed for producer information, enter additional producers' names, ID numbers, and shares applicable to the loan.
5	When additional signature space is needed, obtain appropriate signatures in this space.

490 Manual Loanmaking (Continued)

G Manually Preparing CCC-684 (Continued)

The following is an example of CCC-684.

NOTE AND SECURITY AGREEMENT CONTINUATION SHEET - SCHEDULE OF COMMODITY — Form Approved - OMB No. 0560-0087

CCC-684 (02-16-94) — U.S. DEPARTMENT OF AGRICULTURE, Commodity Credit Corporation — (See CCC-601 for Privacy Act Statement)

Any signatories below make all warranties and representations and agree to all terms and conditions on Form CCC-677 and any other Form CCC-684 with the same loan number stated in Item 1 of this Form CCC-684.

1. LOAN NO.	2. CROP YEAR	3. COMMODITY	4. ST. & CO. CODES & FARM NO. WHERE PRODUCED

SEAL NUMBER A	MORTGAGED QUANTITY B	LOAN RATE C	LOAN QUANTITY D	LOAN AMOUNT E
Totals Carried Forward to CCC-677				

PRODUCER F	ID NUMBER G	PRODUCER SHARE H

5. NAMES AND SIGNATURES OF ADDITIONAL PRODUCERS AGREEING TO THIS LOAN AS SPECIFIED ON CCC-677

Signature	Date

490 Manual Loanmaking (Continued)

H Manually Preparing CCC-684-1

Use CCC-684-1 as a continuation of a manually prepared CCC-678 when additional space is needed.

Manually prepare CCC-684-1 according to the following.

Item	Instructions
	Enter the following information in appropriate blocks from manually completed CCC-678.
1	Enter manual loan number according to paragraph 491.
2	Enter crop year of the commodity.
3	Enter commodity code.
4	Enter State and county codes and FSA farm numbers where commodity was produced.
	When additional space is needed for additional warehouse receipt and loan information, enter the following as applicable.
A	Enter each warehouse receipt number separately.
B	Enter the loan rate for the grade quality shown on the warehouse receipt for the county where the commodity is stored. See paragraph 443.
C	Enter storage deduction only when applicable. See paragraph 443.
D	Leave blank.
E	Enter the result obtained by subtracting column C from column B.
F	Enter the quantity shown on each warehouse receipt. Enter total of all entries at bottom of column, and carry forward to CCC-678.
G	Enter the amount determined by multiplying column E times column F. Enter total of all entries at bottom of column, and carry forward to CCC-678.
H through J	When additional space is needed for producer information, enter additional producers' names, ID numbers, and shares applicable to the loan.
5	When additional signature space is needed, obtain appropriate signatures in this space.

490 Manual Loanmaking (Continued)

H Manually Preparing CCC-684-1 (Continued)

The following is an example of CCC-684-1.

NOTE AND SECURITY AGREEMENT CONTINUATION SHEET - SCHEDULE OF COMMODITY — Form Approved - OMB No. 0560-0087

CCC-684-1 (02-16-94) — U.S. DEPARTMENT OF AGRICULTURE, Commodity Credit Corporation — (See CCC-601 for Privacy Act Statement)

Any signatories below make all warranties and representations and agree to all terms and conditions on Form CCC-678 and any other Form CCC-684-1 with the same loan number stated in Item 1 of this Form CCC-684-1.

1. LOAN NO.	2. CROP YEAR	3. COMMODITY	4. ST. & CO. CODES & FARM NO. WHERE PRODUCED

WAREHOUSE RECEIPT NO.	LOAN RATE	STORAGE DEDUCTION	DELIVERY CHARGE	NET LOAN RATE	LOAN QUANTITY	LOAN AMOUNT
A	B	C	D	E	F	G

Totals Carried Forward to CCC-678		

PRODUCER	ID NUMBER	PRODUCER SHARE
H	I	J

5. NAMES AND SIGNATURES OF ADDITIONAL PRODUCERS AGREEING TO THIS LOAN AS SPECIFIED ON CCC-678

Signature	Date

491 Preparing CCC-676

A General Information

APSS will assign a loan number sequentially with LDP numbers for each crop year.

When the computer is inoperable, it may be necessary to manually prepare loan or LDP documents for entry into APSS at a later date.

- Use CCC-676 to assign 90000 series numbers, beginning with 90001, sequentially for manually prepared loans and LDP's.
- Maintain one CCC-676 for all manually prepared loans and LDP's, regardless of type.
- Prepare a new CCC-676 for each crop year.

491 Preparing CCC-676

B CCC-676 Instructions

Prepare CCC-676 for all manually prepared loans and LDP's according to the following table.

Item	Instructions
1	Enter crop year.
3	Assign a new number, beginning with 90001, for each manually prepared loan and LDP.
6 A or 6 B	Enter "X" in applicable box.
7 A	Enter date the lien search is completed.
7 B	Enter "yes" or "no", as applicable. If "yes" is entered, enter date when a producer obtains a lien waiver.
8	Enter date approved by CCC.
9	Enter disbursement date.
10	Enter date loan or LDP is recorded through APSS.

Note: Items 2, 4, and 5 are self-explanatory.

491 Preparing CCC-676 (Continued)

C Example of CCC-676

The following is an example of CCC-676.

REPRODUCE LOCALLY. Include form number and date on reproductions.

CCC-676
(10-10-91)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

LDP AND LOAN NUMBER REGISTER

1. CROP YEAR: 20XX

2. PAGE NUMBER: 1 OF

3. NUMBER	4. NAME OF PRODUCER	5. COMMODITY	6. "X" APPLICABLE ONE		7. LIENS		8. APPROVAL DATE	9. DISBURSEMENT DATE	10. DATE RECORDED THROUGH APSS
			A. LDP	B. LOAN	A. DATE CHECKED	B. WAIVER REQUIRED			
90001	JOHN BECK	HONEY		X	4-15-XX	Y 4-16-XX	4-16-XX	4-16-XX	5-1-XX
90002	T.H. JONES CORPORATION	WHEAT		X	7-3-XX	N	7-4-XX	7-4-XX	7-10-XX
90003	ART ROBINSON	WHEAT	X				7-5-XX	7-5-XX	7-10-XX
90004	BART ANDREWS	SOYBEANS				Y			
90005	BAR H. RANCH, INC.	CORN		X	10-20-XX	Y 10-22-XX	10-22-XX	10-22-XX	
90006	ART ROBINSON	WHEAT		X	10-21-XX	Y 10-22-XX	10-22-XX	10-22-XX	

492 Manual Loans With Joint Producers

A Manually Calculating Disbursement Amount

County Offices shall calculate disbursement amounts for manually completed loans with joint producers according to this table so that manual calculations agree with APSS calculations. See Exhibit 22 for examples.

<table>
<tr><th>Step</th><th colspan="2">Action</th></tr>
<tr><td>1</td><td colspan="2">Determine each producer’s disbursement amount in the order that the amount will be entered into APSS.</td></tr>
<tr><td rowspan="4">2</td><td colspan="2">Determine the disbursement amount due each producer on the loan, with the exception of the last producer, in the following manner.</td></tr>
<tr><td>Step</td><td>Action</td></tr>
<tr><td>1</td><td>Calculate each producer’s share as a percentage of the total disbursement amount.

Note: Carry each percentage share to 2 decimal places.

Example: 33.34.</td></tr>
<tr><td>2</td><td>Multiply each producer’s percentage share times the total disbursement amount, and round the result to 2 decimal positions.</td></tr>
<tr><td></td><td>3</td><td>Divide the result of step 2 by 100, and round the result to whole cents.

Note: The result shall be the disbursement amount for that producer’s share.</td></tr>
<tr><td rowspan="3">3</td><td colspan="2">Determine the disbursement amount due the last producer in the following manner.</td></tr>
<tr><td>Step</td><td>Action</td></tr>
<tr><td>1</td><td>Add the disbursement amounts for each of the other producers.</td></tr>
<tr><td></td><td>2</td><td>Subtract the result of the other producers’ disbursement amounts from the total disbursement amount for the loan.

Note: The result shall be the disbursement amount for the last producer’s share.</td></tr>
</table>

493-499 (Reserved)

Part 5 Spot Checking and Production Evidence

Section 1 Spot Check Policy

500 Outstanding Farm-Stored Loans

A Basic Spot Check Policy

[7 CFR 1421.11] Farm-stored loans are subject to spot check:

- during and after the loan availability period
- for up to 9 months from date of disbursement.

County Offices shall make onsite spot checks of outstanding farm-stored loans randomly selected on a monthly basis using the automated process in APSS, according to 12-PS, Part 15.

B What to Spot Check

County Offices shall spot check quantities for **farm-stored**:

- nonrecourse and recourse outstanding loans, including those loans that are:
  - open more than 30 calendar days after maturity
  - transferred to claims, but with a debt not fully repaid
- outstanding loans repaid under marketing loan provisions, in part or in full, if production or disposition evidence is not provided at time of repayment
- loan collateral when certain situations require spot checks, according to subparagraph D
- loans delivered to CCC according to paragraph 502
- loans repaid to zero with a market loan repayment without production evidence will be subject to spot check through the loan maturity date.

Do **not** spot check commodities stored in structures that cannot be safely measured.

500 Outstanding Farm-Stored Loans (Continued)

C Not Subject to Spot Check

Outstanding farm-stored loans repaid under the marketing loan provisions are **not** subject to spot check **on the amount repaid under the marketing loan provisions if** production evidence is provided on the date of repayment.

Delivery evidence is considered production evidence for all marketing loan repayments.

D Situations Requiring Spot Checks

In addition to the normal required spot checks, other situations require that a spot check be performed for a loan. These situations include, but are not limited to, the following:

- loans, not flagged as required, that were issued to:
  - STC
  - COC members
  - FSA employees
- CCC-681-1 grace period expires without receipt of repayment
- **all** of a producer's loans when a second or subsequent violation is determined
- loan collateral is reported to be going out of condition. See paragraph 520.

501 LDP's

A Basic Spot Check Policy

[7 CFR 1421.11] LDP's are subject to spot check for up to 9 months from date of disbursement.

County Offices shall spot check all **certified** LDP's randomly selected on a monthly basis using the automated process in APSS, according to 12-PS, Part 15.

B What to Spot Check

County Offices shall spot check:

- **all** quantities certified under basic LDP's or field direct LDP's
- LDP's when certain situations require spot checks, according to subparagraph D.

Once a specific LDP has been selected for a spot check, that LDP is no longer subject to additional spot checks.

Do **not** spot check commodities stored in structures that cannot be safely measured or commodities harvested as other than grain.

501 LDP's (Continued)

C Not Subject to Spot Check

LDP's are **not** subject to spot check **if**:

- production evidence was submitted on date of request for:
  - basic LDP's
  - payment of field direct LDP's
- LDP's are paid on the amount shown on production evidence
- maximum eligible quantity was determined for:
  - commodities harvested as other than grain
  - HM commodities stored in structures that cannot be measured
  - commodities immediately fed during harvest.

D Situations Requiring Spot Checks

In addition to the normal required spot checks, other situations may require a spot check to be performed for LDP's. These situations include, but are not limited to, LDP's, not flagged as required, that were issued to:

- STC
- COC members
- FSA employees.

502 Loans Delivered to CCC

A Spot Check Sample

County Offices shall:

- spot check 15 percent of all loans delivered to CCC
- select the sample for review when CCC-691 and applicable warehouse receipts are submitted to the County Office
- complete the review, according to subparagraph B, for commodities delivered to CCC.

B Review of Deliveries

County Offices shall:

- determine whether deliveries were made according to program provisions
- determine that quantities delivered to CCC do **not** include any purchased quantities
- document the spot check results of the review in the COC minutes and file documents in the producer's folder.

C Questionable Deliveries

When there is reason to question the quantity delivered or the eligibility of the commodity delivered, County Offices shall:

- examine the warehouse operator's copy of scale tickets or weight certificates for the commodity delivered to determine whether the quantity and quality are the same quantity and quality as shown on CCC-691
- follow paragraph 1019 for provisions for splitting warehouse receipts if it is determined that an ineligible quantity was included on CCC-691.

502 Loans Delivered to CCC (Continued)

D Expand Sample

Check **all** deliveries if the sample selected disclosed a significant number of cases where either of the following applies:

- ineligible commodity was delivered
- commodity was purchased to increase the delivered quantity to the maximum quantity.

E Action if COC Determines Violation

If COC determines a violation has occurred, take administrative actions according to Part 6 for all shortages of loan quantities discovered by spot-checking loan deliveries according to this paragraph.

503 Commodity Inspector Spot Check Review

A County Office Responsibility

County Offices shall ensure that commodity inspectors are performing their duties properly, including completing and signing forms used to record spot check results.

B State Office Responsibility

State Office representatives shall annually spot check commodity inspectors' work in each County Office according to the following table.

Handle single and combined County Offices in the same manner.

Step	Action
1	Check at least 1 loan and one LDP for each commodity inspector. Check more loans and LDP's for an inspector if the State Office representative believes that additional checks are warranted.
2	To determine accuracy of employee's work, for each loan or LDP spot-checked: • draw a sample to determine the quality of the stored commodity • measure the structure and determine the quantity.
3	Complete a new CCC-677-1, according to Exhibit 7, to record spot check results. Do **not** use the same CCC-677-1 completed by the commodity inspector.
4	Compare spot check results with information recorded by the commodity inspector, and resolve any differences.
5	Record the quantity determined in step 2 on CCC-677-1, item 30.

504-514 (Reserved)

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Section 2 Spot Check Process

515 Notification

A Contacting Producers

When loans and LDP's have been selected for spot check, County Offices shall:

- notify the contact producer by telephone or memorandum, as applicable
- inquire if the commodity has:
  - been sold
  - is still on the farm.

B Initiating Loans and LDP's Selected for Spot Check

Determine how to proceed with the spot check as follows.

IF the commodity...	THEN...
is still on the farm and a spot check has not been performed	complete a farm visit according to paragraph 516. If the producer does not want to pay the measurement service fee to use the spot-checked quantity for production evidence, request the producer to provide production evidence by the earlier of the following: • 15 calendar days after the commodity has been sold • loan maturity date • the last day of the 9th calendar month after the month in which LDP was disbursed. If production evidence has not been submitted by the due date, the producer **must** pay the measurement service fee for the spot-checked quantity to be used for production evidence **or** the producer may have to refund the market gain or LDP amount.

515 Notification (Continued)

B Initiating Loans and LDP's Selected for Spot Check (Continued)

IF the commodity...	THEN...
has been previously spot checked and the producer requests to use the spot checked quantity for production evidence	require the producer to pay the measurement service fee for the spot-checked quantity. No farm visit is required except for outstanding loans, as applicable.
has been sold	request delivery, sales, or other types of production evidence to verify the quantity and delivery dates of: • certified LDP's • loan repayments when market gain was earned. Review the loan for a violation according to Part 6 if loan is not repaid.
has been fed	determine maximum quantity eligible according to paragraph 536.

Require the producer to submit evidence on commodities **sold** within 15 calendar days from date of request.

516 On-Farm Visits

A When to Complete On-Farm Visits

[7 CFR 1421.11] Complete on-farm visits if commodities are still stored on the farm for:

- outstanding loans
- outstanding loans and a market gain has been earned
- certified LDP's.

B Random Spot-Check Process

At the storage site, commodity inspector shall complete the spot check by measuring farm-stored quantities for all loans and LDP's **randomly** selected in APSS according to the following table.

Measurements are required even if commodity was previously measured for farm-stored regular loans.

Once a specific LDP has been selected for a spot check, that LDP is no longer subject to additional spot checks.

Step	Process	Action
1	Check CCC-683.	If applicable, replace CCC-683 if missing or incorrect loan data is shown. See Exhibit 18.
2	Inspect storage structure and determine commodity storability and sanitary conditions.	Annotate any structure, storability, or sanitary problems on reverse side of CCC-677-1, remarks section.
3	Measure commodity in all applicable structures that can be safely accessed.	Complete CCC-677-1 according to Exhibit 7.
4	• Obtain commodity sample from all storage structures applicable for the loan or certified LDP. • Use representative sample to determine test weight, and if applicable, moisture content.	

516 On-Farm Visits (Continued)

C Visually Inspecting Related Loans and LDP's

For **related** loans and LDP's selected in APSS, commodity inspector shall:

- visually inspect only those that are located at the same storage site as each random selection
- determine that quantity and quality are being maintained
- when visual inspection indicates a significant quantity shortage or a quality problem:
  - measure commodity and draw samples according to subparagraph B
  - record results on CCC-677-1.

D When to Sample and Measure Related Loans and LDP's

The commodity inspector shall sample and measure all **related** loans and LDP's at the same storage site as the **random** spot-check selection when any of the following conditions apply:

- county has very few loans and LDP's
- travel distance to the same site month-after-month is excessive
- several loans, LDP's, or both, are stored in the same storage structure.

If the related loans and LDP's are selected for spot check in 1 of 2 months following their sampling and measurement:

- a farm visit is not required
- record previously obtained spot-check results when compiling **current** month results, according to 12-PS, paragraph 1505.

516 On-Farm Visits (Continued)

E Reducing On-Farm Visits for LDP's

For LDP's only, County Offices, **with State Office concurrence**, may elect to forgo the farm visit by sending the producer a notification letter that includes all of the following:

- identification of LDP selected for spot check, as applicable
- options to the producer for quantities still on the farm to:
  - request measurement service within 7 calendar days at the expense of the producer and use the measurements as final production evidence
  - provide production evidence by the earlier of the following:
    - 15 calendar days after the commodity is sold
    - the last day of the 9th month after the month in which LDP was disbursed
- the following statement, "Failure to provide acceptable production evidence may result in repayment of the entire LDP amount plus applicable interest."

516 On-Farm Visits (Continued)

E Reducing On-Farm Visits for LDP's (Continued)

County Offices shall:

- consider the spot check complete when the producer:
  - does **not** respond within 7 calendar days, thus agreeing to provide required production evidence by the deadlines
  - agrees to provide required production evidence by the deadline
  - requests and pays for measurement service, and the measurement service is complete

  Note: Complete the monthly spot check report according to this paragraph and 12-PS. **Do not** leave the monthly spot check report open until production evidence is received.

- monitor all letters and determine when production evidence is due
- collect unearned LDP amounts, plus interest, according to paragraph 539.

State Offices shall:

- authorize County Offices to use the letter
- consult with DD's before authorizing the use of the letter
- provide a time limit when providing the authorization.

Do not use the letter for related LDP's that are on a same storage site as outstanding loans selected for random spot checks. For those related LDP's, complete a visual spot check according to subparagraph 516 C.

517 Completing Spot Checks

A Reviewing Documentation

Once the on-farm visit is complete or production evidence is submitted, County Offices shall:

- calculate the measured quantity or quantity provided on submitted documentation, as applicable

- review the documentation submitted to ensure that all production evidence requirements are met according to Section 3.

B Determining Quantity and Quality

County Offices shall determine the quantity of the loan collateral or the applicable LDP quantity from information provided by the:

- commodity inspector on CCC-677-1
- producer on other types of production evidence.

For loans, CCC is considered secured when a sufficient quantity of the commodity is found in any individual or number of structures designated on CCC-677 or CCC-687-1.

C Verifying Loan and LDP Quantity

County Offices shall:

- verify the quantity determined in subparagraph B
- compare the determined quantity to the:

  - outstanding loan quantity
  - market gain quantity
  - LDP quantity.

D Tolerance Level

The tolerance level for loans and LDP's is 10 percent.

For spot-check shortages **within** the tolerance level, CED's have the authority to determine whether a violation occurred according to Part 6.

518 Loan Quantity Determination and Action Required

A Outstanding Loans and No Market Gain Was Earned

When a spot check reveals the **measured** quantity is less than the certified or measured outstanding farm-stored loan quantity, take applicable action according to the following table.

IF the spot check reveals the...	THEN...
adjusted measured quantity is within tolerance **and** no violation has occurred	COC shall not take any action.
measured quantity is **both** of the following: • before adjustment, within tolerance • after adjustment, **not** within tolerance	notify the producer, using the notification letter in subparagraph 23 C, that repayment of the shortage at principal and charges plus interest is required. COC shall not consider the shortage incorrect certification. See Part 6 if another type of violation has occurred.
measured quantity is not within tolerance before or after adjustment	COC shall consider a violation has occurred. Follow Part 6 for notifying the producer of the violation.

518 Loan Quantity Determination and Action Required (Continued)

B Loans Repaid and Market Gain Was Earned

When a spot check reveals the quantity supported by **production evidence** is less than the quantity on which market gain was earned, take applicable action according to the following table.

IF the quantity verified is...	THEN...
greater than the market gain quantity	a **new** loan or LDP may be requested for any overage provided the producer still has beneficial interest in the commodity and it is before the final loan availability date. Additional market gain payments to the original loan disbursement **are not** available.
determined based on spot-check measurements and the producer does not pay the measurement service fee	no action at this time is necessary if: • commodity is still stored on the farm • measurement service fee has not been paid • the quantity has not been sold • other production evidence has not been submitted.
• based on paid measurements, or any other type of production evidence • less than the quantity on which market gain was earned • within tolerance	notify the producer, using the notification letter in subparagraph 23 C, that repayment of the unearned market gain is required. Good faith determinations are not necessary.

518 Loan Quantity Determination and Action Required (Continued)

B Loans Repaid and Market Gain Was Earned (Continued)

IF the quantity verified is...	THEN...
• based on paid measurement or any other type of production evidence • less than the market gain quantity amount • **not** within tolerance	COC shall: • consider a discrepancy has occurred • review discrepancies to determine whether a violation has occurred according to Part 6. If the discrepancy is the result of a County Office error and the producer did not have reason to know a violation has occurred, the County Office shall: • document in the COC minutes reasons why to the fullest extent possible • record the discrepancy as a shortage in APSS using the violations software • not assess liquidated damages • demand the shortage, plus interest, as applicable • not make good faith determinations • complete FSA-321 according to 7-CP. For all other violations, COC shall determine any of the following according to Part 6: • good faith • misrepresentation, scheme, or device.

When spot check verifications are complete, notify producers and record results according to paragraph 522.

518 Loan Quantity Determination and Action Required (Continued)

C Shortages of Commingled Commodities

Shortages determined by spot-checking commingled commodities must be prorated among the entire quantity stored in the designated storage structure, including quantity for other producers, whether or not under loan.

519 LDP Quantity Determination and Action Required

A LDP Spot Checks

Handle spot-check verifications according to the following table.

IF the quantity verified is...	THEN...
greater than the LDP quantity	a **new** LDP with a **new** LDP rate or new loan may be requested for any overage provided the producer still has beneficial interest in the commodity and it is before the final loan availability date. Additional LDP payments to the original loan disbursement are **no longer** available.
determined based on spot-check measurements and is less than the LDP amount and is within tolerance	no further action is necessary at this time if: • still stored on the farm • measurement service fee has not been paid • quantity has not been sold • other types of production evidence has not been submitted.
• based on measurements and the producer agrees and pays for the measurement service, or is based on any other type of production evidence submitted • less than the LDP quantity • within tolerance	record the shortage in APSS using the violation software. Do not assess liquidated damages and demand the shortage, as applicable, using the notification letter in subparagraph 23 C. Good faith determinations are not necessary.

519 LDP Quantity Determination and Action Required (Continued)

A LDP Spot Checks (Continued)

IF the quantity verified is...	THEN...
• based on paid measurement or any other type of production evidence • less than the LDP amount • **not** within tolerance • delivered on a date other than the delivery date certified	COC shall: • consider a discrepancy has occurred • review discrepancies to determine whether a violation has occurred according to Part 6. If the discrepancy is the result of a County Office error and the producer did not have reason to know a violation has occurred, the County Office shall: • document in the COC minutes reasons why to the fullest extent possible • record the discrepancy as a shortage in APSS using the violations software • not assess liquidated damages • demand the shortage, plus interest, as applicable • not make good faith determinations • complete FSA-321 according to 7-CP. For all other violations, COC shall determine any of the following according to Part 6: • good faith • misrepresentation, scheme, or device.

When spot check verifications are complete, notify producers and record results according to paragraph 522.

519 LDP Quantity Determination and Action Required (Continued)

B Shortages of Commingled Commodities

Shortages determined by spot-checking commingled commodities must be prorated among the entire quantity stored in the designated storage structures, including quantity for other producers, whether or not under LDP.

520 Loan Collateral Storability Questioned

A Producer's Responsibility

The producer is responsible for any loss in quantity and quality of the commodity placed under farm-stored nonrecourse or recourse loan.

CCC shall not assume any loss in quantity or quality for any reason.

B Action When Collateral Storability Is Questioned

When it is reported or determined the nonrecourse or recourse loan collateral storability is questioned, the County Office shall, as applicable:

- immediately spot-check the commodity
- draw samples of the commodity to verify the condition
- notify the producer of **all** of the following:
    - of the condition of the collateral, using the letter in this subparagraph
    - if the condition of the collateral can be corrected, to correct the problem within 30 calendar days
    - if the condition of the collateral **cannot** be corrected, the loan shall be called.

520 Loan Collateral Storability Questioned (Continued)

B Action When Storability Is Questioned (Continued)

The following is an example of notification to producer when loan collateral storability is questioned.

Dear _____:

The collateral securing your (**year**) crop (**commodity**) loan (**number**) was inspected on (**date of inspection**). The following conditions were found which require your immediate corrective action. If this condition is not corrected, your loan will be called.

Storage Structure	Quality Problem
_____	_____
_____	_____
_____	_____

Immediate action, on your part is required to correct the problems that were evident during the spotcheck. Please report the action you have taken, as well as your assessment of the result to this office by (**date**).

The County Office will spot check the loan collateral following your response, but no later than 30 calendar days from the date of this letter. Your loan will be called if we do not hear from you, or the problem is not corrected and your revised maturity date will be (**enter the 30th calendar day following the date of this letter**).

Interest will continue to accrue at the daily interest rate applicable to the loan note from the date of this letter until the loan is repaid or transferred to claim status. Delivery instructions on form CCC-691 will be issued on (**enter the 31st calendar day after the date of this letter**), if a reply is not received from you or the problem is not corrected by (**enter the 30th calendar day following the date of this letter**). The principal and charges plus interest will be recorded for offset and offset may be taken from any FSA or CCC payment due you.

If you wish to contest this determination or request reconsideration and an informal hearing you must file a written request including evidence to support your position with the County FSA Committee within 30 calendar days after the date of this letter. During these 30 days, you may also request and copy records that relate to this determination at the (**enter County name**) County FSA Office located at the above address.

Sincerely,

County Executive Director,
_____ County FSA Office

520 Loan Collateral Storability Questioned (Continued)

C Action When Corrective Action Is Taken

Send the producer the following letter when **both** of the following apply:

- the County Office is notified by the producer that corrective action has been taken and the commodity is ready for a followup spot check
- the followup spot check confirms the collateral appears to be in storable condition.

(**Date**)_____, 20__

Dear _____:

A recent inspection of the collateral for your (**year**)-crop (**commodity type**) loan (**number**) was completed on (**month, day, year**) to determine the result of corrective actions you have taken to resolve the storability problems.

The current inspection shows the following results:

Storage Structure	Condition
_____	_____
_____	_____
_____	_____
_____	_____

The collateral now appears to be in a storable condition. Thank you for your prompt action in correcting the situation. You should, however, continue periodic checks to see that the collateral remains in good condition.

Sincerely,

County Executive Director,
_____ County FSA Office

520 Loan Collateral Storability Questioned (Continued)

D Notification of Loan Call

For nonrecourse and recourse loans, the County Office shall send notification of loan call:

- using the notification letter in Exhibit 5, pages 5 and 6, when the producer does **not**:
  - respond to the notification of the condition of collateral according to subparagraph B
  - correct the problem within 30 calendar days
- giving the producer 30 calendar days to respond.

E Calling Loans

The County Office shall immediately call the loan using the demand letter in Exhibit 5, page 8, if the producer does **not** respond to the notification of loan call issued according to subparagraph D.

Follow subparagraph:

- F for nonrecourse loans
- G for recourse loans.

520 Loan Collateral Storability Questioned (Continued)

F Nonrecourse Loan Action

When the nonrecourse loan has been called according to subparagraph E, the County Office shall:

- include delivery instructions on CCC-691, according to paragraph 1001, with the applicable demand letter

- complete delivery according to this subparagraph and paragraph 1042

- when CCC is unable to accept delivery in a reasonable length of time:

  - obtain a representative sample and submit to GIPSA for grade determination

    Note: Quality determination fees shall be paid by CCC-184 according to 1-FI.

  - redetermine quality when final delivery is made

- base the settlement on the **higher** of the following:

  - quality determined at final delivery
  - initial quality determination by GIPSA.

    Note: When settlement is based on GIPSA's quality determination, enter the following on CCC-691:

    - Section 2, according to paragraph 1016, the quantity delivered

    - the rate for the quality on which settlement is based. See 12-PS, Part 9 for entering special settlement rate.

G Recourse Loan Action

Recourse loan collateral is ineligible for delivery to CCC. When the recourse loan has been called, according to subparagraph E, County Offices shall:

- issue the demand letter in Exhibit 5, page 8
- complete the local sale, if applicable, according to Part 10, Section 4
- **not** issue CCC-691.

521 Producer Requests for Redetermination of Quantity or Quality

A Requests for Redetermination

A producer may request redetermination of quantity or quality if the producer disagrees with the:

- quantity determined
- quality determined.

B Producer Action

The producer shall:

- make a written request that a redetermination be made for:
  - quantity measured
  - test weight and moisture
- pay for the measurement service.

521 Producer Requests for Redetermination of Quantity or Quality (Continued)

C County Office Action

When redetermination requests are received and producers have complied with subparagraph B, County Offices shall:

- remeasure and redetermine the quantity or quality, as applicable
- apply the test weight, combined test weight and pack factors, and moisture shrink, as applicable, on remeasurements.

D Results of Redetermination

County Office shall review results of redetermination.

When the remeasured quantity indicates the quantity or quality determined on the initial spot check was incorrect, the County Office shall:

- refund the producer's measurement service fee collected according to subparagraph B
- remove the producer's name from the list of loan and LDP violators, if a violation had previously been determined based on the initial spot check.

522 County Office Spot-Check Review

A Reviewing Spot Check Results

County Offices shall:

- notify the producer of any discrepancies using the applicable notification letter, according to:
  - paragraph 520 for:
    - storability problem
    - storage structure damage
  - Exhibit 5, pages 5 and 6, for:
    - quantity shortages
    - other conditions, as applicable
  - subparagraph 602 B for shortages resulting in loan or LDP **violation**
- record spot check results in APSS according to 12-PS, Part 15.

B Quality of Nonrecourse Loan

For nonrecourse loans, if the quality as determined from the sample indicates the commodity is **ineligible** for a nonrecourse loan at the full loan rate, notify the producer using the notification letter in Exhibit 5, pages 5 and 6, that the loan collateral is eligible **only** for an adjusted loan rate.

Within 30 calendar days, the producer shall do either of the following:

- agree to reduce the loan rate to 20 percent of the applicable county loan rate
- convert to recourse loan according to paragraph 462
- repay the entire loan at the lesser of the following:
  - principal plus interest
  - the market loan repayment rate in effect on the day the repayment is received.

If the producer does not respond within the 30-calendar-day notification period, the loan shall be called according to Part 6 and Exhibit 5, page 8.

522 County Office Spot-Check Review (Continued)

C Converting to a Recourse Loan

County Offices shall convert a nonrecourse loan to a recourse loan as follows:

- correct the nonrecourse loan according to 12-PS, Part 11
- re-record as a manual recourse farm-stored measured loan according to 12-PS, Part 3
- adjust the loan rate according to paragraph 464.

D Disposing of Samples

Dispose of samples accumulated in State and County Offices according to State Office instructions.

523 State Office Spot-Check Review

A Reviewing County Office Spot Checks

State Offices shall:

- establish controls to monitor County Office completion of spot checks
- annually review County Office spot-check folders to ensure that:
  - spot checks are being performed in a timely manner
  - appropriate followup action is taken to correct problems detected
- document the results of these reviews according to Exhibit 24
- provide applicable reports according to 12-PS.

B Reviewing Loans Open After Maturity

State Offices shall monthly review the List of Loans Open After Maturity to ensure that matured or unsettled loans are being properly handled and, when applicable, transferred to claims on a timely basis.

524-534 (Reserved)

Section 3 Production Evidence

535 Requirements

A Required Production Evidence

--[7 CFR 1421.12]** Production evidence **is required** for loan quantity or LDP **selected for spot check** as follows:**--

- any farm-stored loan repaid at a rate less than principal, plus interest, under the marketing loan provisions and only for the quantity repaid on which the producer earned a market gain

- certified:

  - basic LDP's
  - field direct LDP's.

B Production Evidence Not Required

Production evidence is **not** required to be submitted for any loan or LDP that is not selected for spot check.

Outstanding loans repaid under the CCC-681-1 provisions are not subject to spot check if delivery or production evidence was submitted at time of repayment.

LDP's are not subject to spot check if production evidence was submitted at time of request for:

- basic LDP's
- payment of field direct LDP's.

535 Requirements (Continued)

C Acceptable Types

Acceptable types of production evidence are:

- evidence of sales
- delivery evidence
- load summaries from warehouse, processor, or buyer
- warehouse receipts
- paid measurement service
- spot check measurements with paid measurement service
- cleaning tickets for seed
- scale tickets, if not issued by the producer for the producer's own production
- maximum eligible quantity determined according to paragraph 536 for commodities harvested as other than grain.

Note: For the 2003 crop year only, FSA-1007 may be considered acceptable production for *****--peanuts if the producer filed a completed CCC-709 and the peanuts are immediately--***** sold.

Production evidence may be handwritten, but is not acceptable for any type of production evidence submitted by the producer for the producer's own production.

535 Requirements (Continued)

D Requirements

All production evidence submitted including scale tickets, except for maximum eligible quantity determined, must show the following requirements:

- producer's name
- crop year may be certified or provided by the producer
- commodity
- ***--**net weight for grain sorghum, oilseeds, and peanuts except soybeans
- net bushels for barley, corn, oats, soybeans, and wheat
- class, if applicable
- segregation, if applicable**--***
- date of sale, if commodity was sold
- proof of payment from buyer, if commodity was sold.

Proof of payment can be settlement records or copy of the check.

Note: County Offices may convert the weighed quantity to the applicable unit of measure, with concurrence from the producer, using the unit equivalency according to 2-LP Grains and Oilseeds, as applicable.

E Production Evidence for Fed Quantities

Production evidence for fed quantities is any of the following:

- paid measurement service

- spot-checked production **and** measurement service performed until the spot-checked quantity is paid

- maximum quantity eligible determined according to paragraph 536.

535 Requirements (Continued)

F Unacceptable Production Evidence

Unacceptable production evidence may be documentation that:

- indicates someone other than the producer
- does **not** meet the requirements for acceptable production evidence.

If the producer submits production evidence with a different person/entity name, COC shall review the evidence thoroughly to verify whether the production is eligible. Different names on the production evidence should be reviewed to determine relationships to producer and other farming interests and to ensure that beneficial interest has been maintained.

These different person/entity names are, but not limited to, the following:

- spouse
- minor child
- church organizations
- other charitable entities
- owners.

G Production Evidence Voluntarily Submitted

County Offices shall accept production evidence when producers **voluntarily** provide production evidence and were not selected for spot check.

If the quantity supported by production evidence is less than the market gain or LDP quantity, record and collect the shortage according to paragraph 518 or 519, as applicable.

Good faith determinations are necessary for any quantity that is **not** within tolerance.

535 Requirements (Continued)

H Moisture Determination

Follow this table when moisture **is** indicated on the production evidence.

IF...	THEN...
moisture level is indicated on the production evidence and the net quantity has **not** been adjusted	adjust the quantity to the eligible moisture level according to paragraph 304 or 430, as applicable.
production evidence indicates the net quantity reflects the gross quantity has been adjusted for moisture	do **not** further reduce the quantity for moisture shrink. **Note:** Do **not** adjust the quantity upward if the evidence indicates the quantity was adjusted **below** the acceptable moisture level.
production evidence does **both** of the following: • shows the moisture exceeds the maximum moisture level for the applicable commodity • indicates that a quantity reduction was **not** made for moisture shrink **Note:** A monetary reduction for moisture in the form of a discounted sales price is **not** a quantity reduction.	reduce the quantity by applying the applicable shrink factor in Exhibit 4 to the maximum eligible moisture level.

535 Requirements (Continued)

I Measurements as Production Evidence

Quantities determined by measurement service may be used to determine whether **new** LDP's or refunds are applicable.

Use this table when measurements are used as production evidence for a requested loan or LDP.

IF the producer...	AND...	THEN...
requests and pays for measurement service for loan or LDP	the moisture content: • exceeds the standard moisture level for the applicable commodity • is equal to or less than the moisture level set by STC	• reduce the quantity by applying the applicable shrink factor • use the test weight to determine quantity, if applicable.
requested and pays for measurement service for loan or LDP, after disbursed and before spotcheck selection	the producer agrees to use the measured quantity as production evidence	the producer must: • request, at the County Office, to use the measured quantity as production evidence for the requested loan • initial and date CCC-677-1.
		other forms of acceptable production evidence, according to subparagraph C, will **not** be accepted.

535 Requirements (Continued)

I Measurements as Production Evidence (Continued)

IF the producer...	AND...	THEN...
requests and pays for measurement service for loan	the producer does **not** use the measured quantity as production evidence	other forms of acceptable production evidence, according to subparagraph C, shall be used. If the producer later requests to use the measurement service as production evidence, the producer must initial and date CCC-677-1.
does **not** request and pay for measurement service		other forms of acceptable production evidence shall be provided according to subparagraph C if selected for spot check.
will use part of the quantity measured as either of the following: • for seed • for feed		the producer must do **either** of the following: • agree to use the measured quantity as production evidence • pay for the commodity to be used for seed or feed to be measured separately from other production.
requests to use the measurements resulting from a spot check for loan or LDP	the producer agrees to use the measured quantity as production evidence	the producer must do **both** of the following: • pay the measurement service fee • initial and date CCC-677-1.

535 Requirements (Continued)

J Combinations of Production Evidence

To meet time requirements for submitting production evidence or for other reasons, producers may use a combination of measurement services and other forms of acceptable production evidence for each loan or LDP spot-checked.

COC must be satisfied that documentation submitted and quantities measured do not represent the **same** quantity. If questionable, COC may require the producer to submit documentation to account for **all** of the production.

K Evidence Shows Less Quantity

If the total quantity shown on production evidence provided is less than the original loan or LDP quantity, see paragraph 538 or 539 for determining repayment of unearned market gain or LDP amount.

Deficient production evidence, without other evidence that supports a violation, does **not** mean that a violation occurred. Accordingly, when shortages appear excessive, COC's must determine whether additional research is necessary to verify whether there is a violation according to Part 6.

535 Requirements (Continued)

L Maintaining Copies of Evidence Submitted

When production evidence is submitted, County Offices shall:

- make copies of the evidence submitted
- date-stamp and write the County Office name on the original evidence, except for warehouse receipts, before copying
- place copies in the loan or LDP folder
- carefully review production evidence to determine eligibility of:
  - the loan or LDP quantity
  - spot check verification according to Section 1
- return the originals to the producer.

See Sections 1 and 2 for:

- completing spot checks
- handling discrepancies.

536 Maximum Eligible Quantity

A Actual Production

LDP's for commodities harvested as other than grain will be made on actual production.

Maximum eligible quantity is considered production evidence for:

- commodities harvested as other than grain according to Part 3, Section 2
- silage and commodities harvested as hay
- HM commodities stored in structures that cannot be measured
- commodities immediately fed during harvest according to paragraph 305
- commodities fed or seed quantities planted after LDP is disbursed or market loan repayment with no paid measurement service:
    - before feeding
    - before seeding
    - after spot check.

Note: Complete CCC-633EW according to subparagraph F, as applicable.

B Quantity

Producers may request LDP, not to exceed maximum eligible quantity, on:

- **all** commodity harvested as other than grain, silage, or commodities harvested as hay
- number of acres harvested as other than grain
- percentage of production harvested as other than grain.

C STC and COC Responsibilities

STC and COC have a major role and responsibility in determining, reviewing, and approving certain determinations that affect many producers, such as determining whole kernel grain yields for producers who harvest crops as other than grain.

536 Maximum Eligible Quantity (Continued)

C STC and COC Responsibilities (Continued)

STC's should play an active role in providing guidance to COC's to ensure that responsible and equitable determinations are made. In turn, COC's are being given much greater responsibility to ensure that the actual production determinations fairly reflect what a producer's anticipated yield would have been had that actual crop been harvested as grain. For example, if the commodity is affected by any disaster, such as drought, hail, etc., the yield shall be adjusted to accurately reflect the actual yield if the crop was allowed to be harvested as grain. With this responsibility also comes the accountability to protect the program integrity by also ensuring that these determinations are not made in an unrealistic manner, but are well documented and can be supported when reviewed by auditors.

STC's and COC's are in the best position to know what production levels or practices are reasonable for their area. This responsibility is being entrusted to STC's and COC's to deliver the program in the most feasible, reasonable, and reliable manner possible. Adjoining County Offices that are divided by State boundaries are encouraged to work with both STC's when determining acceptable production levels and practices for those applicable counties.

STC's are required to spot check COC-determined yields in all counties per crop year to ensure accuracy of COC yield determinations. STC shall spot-check all county COC yield determinations as follows, for COC yield determinations of:

- 25 or less, STC must spot-check 1 out of every 5
- 26 or more, STC must spot-check 5 percent of the total yield determinations.

Each STC is responsible for determining the spot-check guidelines. Spot checks must be completed after the date of determination and no later than 3 months after the final loan availability date, as applicable.

STC may designate STC representative to complete spotchecks, as applicable.

536 Maximum Eligible Quantity (Continued)

D Determining Maximum Eligible Quantity

Determine the maximum eligible quantity of commodities harvested as other than grain according to the following table. All determinations must:

- be equivalent to the whole grain yield for that crop
- reflect disaster conditions, as applicable.

COC shall exercise judgment and rely on their knowledge of practices and growing conditions when:

- determining the maximum eligible quantity from any method
- adjusting the results of any method according to STC guidelines, as applicable.

Note: COC's must provide documentation in COC minutes to support any method determined on COC's judgment or knowledge. Except for method 1, establish a reasonable production yield from any order.

Method	Description
1	***--**Crop appraisals for disaster-affected acreage according to subparagraphs L and M. **Note:** No other method is applicable if subparagraph L applies.**--***
2	• The applicable crop's comparable, actual production harvested as grain on the same farm. • Set a yield based upon applicable crop comparable, actual production on 3 similar farms.

536 Maximum Eligible Quantity (Continued)

D Determining Maximum Eligible Quantity (Continued)

Method	Description
3	If actual production harvested as grain on the same farm, or comparable actual production on 3 similar farms is **not** available at the time of the LDP request, or no other method is applicable, COC's may establish a yield to determine maximum eligible quantity based on COC's judgment and knowledge of practices and growing conditions in the county. For this method only, STC shall be required to spot-check 5 percent of these determinations in addition to spot-check requirements provided in subparagraph C. If this method is already included in the spot-check percentage resulting from requirements in subparagraph C, do not include that LDP request in this required 5 percent selection.
4	Use a conversion factor to determine the bushel equivalent of silage weighed by ton. This is applicable **only** to weighed production. The conversion factors are: • 7.94 for corn • 4.08 for oats • 6.99 for wheat • 5.56 for grain sorghum • 6.47 for barley • 5.00 for soybeans. Multiply the applicable conversion factor times the ton to determine the bushels. Divide the bushels by the actual harvested acres to determine the bushel per acre for reasonableness. COC's may adjust the yield determined by using conversion factor based on COC's judgement and knowledge of practices and growing conditions in the County.

536 Maximum Eligible Quantity (Continued)

D Determining Maximum Eligible Quantity (Continued)

Method	Description
5	Except for method 1, if no other method is available to determine the bushels equivalent of hay per acre, the following yield is: • 64.50 for corn • 30.25 for oats • 19.85 for wheat • 34.75 for grain sorghum • 29.15 for barley • 19.50 for soybeans. Multiply the applicable yield times the acre to determine the maximum bushel. COC's may adjust the yield based on COC's judgement and knowledge of practices and growing conditions in the County.

Notes: Except for the conversion factor method, calculate maximum eligible quantity for commodities harvested as other than grain by multiplying acres harvested times the yield.

COC must approve all maximum eligible quantity determinations and document accordingly, including notifying the producer of the yield determination and providing appeal rights, as applicable.

536 Maximum Eligible Quantity (Continued)

E Using CCC-633EW

CCC-633EW is a:

- worksheet for determining maximum eligible quantity for all producers of a specific commodity per farm

- a ledger to account for each loan or LDP quantity.

Note: Do not allow a producer to receive loan or LDP on quantities exceeding 10 percent of the maximum eligible quantity.

County Offices shall complete one CCC-633EW if all of the following apply:

- there are multiple farms
- the producer is the same for all farms
- the production is commingled.

Note: Eligible acres of grain production obtained from FSA-578 must include all totals from all farms. The yield will be the same for the commodity from all farms regardless of which farm the commodity was actually produced.

536 Maximum Eligible Quantity (Continued)

F Completing CCC-633EW

Complete CCC-633EW for each request when maximum eligible quantity must be determined.

Item	Instructions
1 through 5	These items are self-explanatory.
6	**Complete item 6 to determine a whole grain yield if whole grain has been harvested**.
6 A	***--**Enter farm number if different from item 5.**--***
6 B	Enter the eligible acres of grain production from FSA-578.
6 C	Enter the actual production of grain.
6 D	Divide item C by item B to determine the actual whole grain yield.
7	**Complete items 7 and 8 to determine a reasonable production yield from 3 similar farms**.
7 A	Enter the farm number. Repeat this for each similar farm.
7 B	Enter the eligible acres of grain production from FSA-578, as applicable.
7 C	Enter the actual production, as applicable.
7 D	For each farm, divide item C by item B to determine the actual whole grain yield.
7 E	Enter the total of actual whole grain yield of all 3 farms.
7 F	Enter the result of item 7 E divided by 3 to determine the yield determination or COC determination from similar farms.
8	Check the boxes, as applicable, to identify the similar farm basis.

536 Maximum Eligible Quantity (Continued)

F Completing CCC-633EW (Continued)

Item	Instructions
9	**Complete item 9 to determine a COC-established yield, crop appraisal yield, or production determined by using conversion factors, as applicable**.
9 A	Enter the COC-established yield or other yields or production, as applicable.
9 B	Record COC justification when determining COC yield or other yields or production, as applicable.
10	Enter the yield from item 6 D, 7 F, or 9 A, as applicable.
11	Determine the maximum eligible quantity and maintain the ledger of the maximum quantity available as follows, in item 11: • A, enter the LDP or loan number • B, enter the applicable acreage from FSA-578 • C, leave blank • D, leave blank •*--E, enter the calculated yield from items 6 D, 7 F, or 10--* • F, multiply item B times item E • G, maintain a balance of the maximum quantity available. Apply the loan or LDP quantity against the maximum eligible quantity. Do not allow the producer to receive loan or LDP on quantities in excess of the maximum eligible quantity. If individual producers from joint operations apply on separate loan or LDP applications, create a separate ledger showing their share of the maximum quantity available.

536 Maximum Eligible Quantity (Continued)

F Completing CCC-633EW (Continued)

After item 11 has been completed to determine the maximum quantity available, complete item 11 according to the following table to maintain the balance of maximum quantity available.

<table>
<tr><th>Item</th><th colspan="2">Instructions</th></tr>
<tr><td>11 A</td><td colspan="2">Enter LDP or loan number, as applicable.</td></tr>
<tr><td>11 B</td><td colspan="2">Enter the acreage applicable to the quantity certified on CCC-633 LDP.</td></tr>
<tr><td>11 C</td><td colspan="2">Enter the share of the producer, as applicable.</td></tr>
<tr><td>11 D</td><td colspan="2">Enter the name of the producer, as applicable.</td></tr>
<tr><td>11 E</td><td colspan="2">No further action is necessary.</td></tr>
<tr><td>11 F</td><td colspan="2">No further action is necessary.</td></tr>
<tr><td rowspan="3">11 G</td><td>Step</td><td>Action</td></tr>
<tr><td>1</td><td>Enter the result of item B times item E in the left column. If multiple producers share the farm, determine the share, as applicable, by multiplying item B times item C, and enter the amount in the left column.

Enter the quantity, as applicable, on CCC-633 LDP.</td></tr>
<tr><td>2</td><td>Subtract the amount entered in item 11 G, step 1, to determine the balance of maximum quantity available.</td></tr>
</table>

536 Maximum Eligible Quantity (Continued)

G Example of CCC-633EW Using 3 Similar Farms

The following is an example of CCC-633EW using 3 similar farms.

This form is available electronically.

CCC-633EW (06-12-03) **U.S. Department of Agriculture** Commodity Credit Corporation

Loan and LDP Eligibility Worksheet Commodities Harvested As Other Than Grain Determining Maximum Eligible Quantity

1. Name and Address of Contact Producer
James A. Parker
P.O. Box 555
Anytown, IA 34567

2. Crop Year	3. Commodity	4. St. and Co. Code	5. Farm Number
2003	Corn	99/999	10

6. Whole Grain Yield on Actual Production:

A. Farm Number	B. Eligible Acres	C. Actual Production	D. Actual Whole Grain Yield *(Item C divided by Item B)*

7. Establish Reasonable Production Yield From 3 Similar Farms:

A. Farm Number	B. Eligible Acres	C. Actual Production	D. Actual Whole Grain Yield *(Item C divided by Item B)*
18	50	7650	153
45	30	4860	162
172	200	31,800	159
		E. Total Whole Grain Yield ▸	474
		F. Yield Determination ▸	158

8. The above 3 farms were selected as similar because of:

[X] Soils [X] Weather [X] Planting Dates [ ] Planting Practices [ ] Other *(Explain)*

9. COC Established Yield:

A. Established Yield	B. Justification

10. Commodity Other Than Grain Yield
158

11. Commodities Harvested As Other Than Grain Determination:

A. Loan/LDP Number	B. Acreage	C. Share %	D. Producer Name	E. Calculated Yield *(from Item 10)*	F. Maximum Eligible Quantity *(Item B X Item E)*	G. Maximum Quantity Available (1) Used	G. Maximum Quantity Available (2) Balance
278	50			158	7900	3160	4740
898					4740	3160	1580
1516					1580	1580	-0-

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536 Maximum Eligible Quantity (Continued)

H Example of CCC-633EW Using Actual Production

The following is an example of CCC-633EW using actual production.

This form is available electronically.

CCC-633EW
(06-12-03)

U.S. Department of Agriculture
Commodity Credit Corporation

Loan and LDP Eligibility Worksheet Commodities Harvested As Other Than Grain Determining Maximum Eligible Quantity

1. Name and Address of Contact Producer
James A. Parker
P.O. Box 555
Anytown, IA 45432

2. Crop Year	3. Commodity	4. St. and Co. Code	5. Farm Number
2003	Corn	99/999	10

6. Whole Grain Yield on Actual Production:

A. Farm Number	B. Eligible Acres	C. Actual Production	D. Actual Whole Grain Yield *(Item C divided by Item B)*
10	100	16,200	162 Bu/A

7. Establish Reasonable Production Yield From 3 Similar Farms:

A. Farm Number	B. Eligible Acres	C. Actual Production	D. Actual Whole Grain Yield *(Item C divided by Item B)*
		E. Total Whole Grain Yield ▸	
		F. Yield Determination ▸	

8. The above 3 farms were selected as similar because of:
☐ Soils ☐ Weather ☐ Planting Dates ☐ Planting Practices ☐ Other *(Explain)* _____

9. COC Established Yield:

A. Established Yield	B. Justification

10. Commodity Other Than Grain Yield
162

11. Commodities Harvested As Other Than Grain Determination:

A. Loan/LDP Number	B. Acreage	C. Share %	D. Producer Name	E. Calculated Yield *(from Item 10)*	F. Maximum Eligible Quantity *(Item B X Item E)*	G. Maximum Quantity Available (1) Used	G. Maximum Quantity Available (2) Balance
278	50			162	8100	8100	-0-

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536 Maximum Eligible Quantity (Continued)

I Example of CCC-633EW Using COC-Established Yield

The following is an example of CCC-633EW using COC-established yield.

This form is available electronically.

CCC-633EW (06-12-03) **U.S. Department of Agriculture** Commodity Credit Corporation

Loan and LDP Eligibility Worksheet Commodities Harvested As Other Than Grain Determining Maximum Eligible Quantity

1. Name and Address of Contact Producer
James A. Parker
P.O. Box 555
Anytown, IA 34567

2. Crop Year	3. Commodity	4. St. and Co. Code	5. Farm Number
2003	Corn	99/999	10

6. Whole Grain Yield on Actual Production:

A. Farm Number	B. Eligible Acres	C. Actual Production	D. Actual Whole Grain Yield *(Item C divided by Item B)*

7. Establish Reasonable Production Yield From 3 Similar Farms:

A. Farm Number	B. Eligible Acres	C. Actual Production	D. Actual Whole Grain Yield *(Item C divided by Item B)*
		E. Total Whole Grain Yield ▸	
		F. Yield Determination ▸	

8. The above 3 farms were selected as similar because of:

☐ Soils ☐ Weather ☐ Planting Dates ☐ Planting Practices ☐ Other *(Explain)*

9. COC Established Yield:

A. Established Yield	B. Justification
135 Bu/A	FCIC Crop Appraisal/Copy Attached

10. Commodity Other Than Grain Yield
135 Bu/A

11. Commodities Harvested As Other Than Grain Determination:

A. Loan/LDP Number	B. Acreage	C. Share %	D. Producer Name	E. Calculated Yield *(from Item 10)*	F. Maximum Eligible Quantity *(Item B X Item E)*	G. Maximum Quantity Available (1) Used	G. Maximum Quantity Available (2) Balance
278	50			135	6750	3375	3375
898					3375	3375	-0-

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536 Maximum Eligible Quantity (Continued)

J Determining Daily Delivery Quantities

Determine the percentage of each day's production according to Exhibit 25.

K Production Evidence

Required production evidence for basic LDP's for commodities harvested as other than grain is the maximum eligible quantity determined in subparagraph F.

For commodities harvested as whole grain, processed, and requested for LDP after processing, determine production evidence or maximum eligible quantity instead of whole grain.

No other production evidence is required.

L Using Crop Appraisals

The intent of using a crop appraised yield is to have the same yield established for LDP's and crop disaster related programs. Producers are eligible to receive marketing assistance loans and LDP's for commodities harvested as other than grain **only** if the commodity harvested as other than whole grain **could have been** harvested as whole grain. Therefore, marketing assistance loans and LDP's are not given on silage, haylage, etc., as such, but as whole grain represented in that crop.

If a producer has applied for crop insurance indemnity or NAP on the acreage related to the disaster, the crop appraisal on file **must** be used when determining the maximum eligible quantity for commodities harvested as other than grain for loan or LDP's.

536 Maximum Eligible Quantity (Continued)

M Exception For Using Crop Appraisals

COC's may determine maximum eligible quantity determinations according to subparagraph D by using other methods when a crop appraisal is on file only if either of the following apply:

- the appraisal has been completed on units that differ from the FSA farm that the marketing assistance loan or LDP has been requested

- the appraisal has been completed on multiple farms and the documentation does not differentiate between farms.

Before COC can make a determination, the producer must provide applicable documentation to COC to support that the LDP production is not from the crop appraised acreage.

Note: Producers are responsible for providing documentation, as applicable.

537 Dates for Submitting Evidence

A Final Dates to Submit Evidence

Producers must submit production evidence for:

- sold quantities within 15 calendar days from date of request
- commodities stored on the farm, the earlier of the following:
    - 15 calendar days of when the commodity has been sold
    - loan maturity date
    - the last day of the 9th calendar month after the month in which LDP was disbursed.

B Production Evidence Not Submitted

If producers have **not** submitted production evidence by the final date to submit evidence, County Offices shall notify applicable producers in writing that:

- production evidence must be submitted within 30 calendar days

- LDP's and market gains, plus interest, must be refunded to CCC if production evidence is not received in the County Office within 30 calendar days.

COC may accept production evidence **after** the deadline and rescind the demand for refund, if it is determined the delay in submitting production evidence resulted from circumstances beyond the producer's control.

538 Failure to Provide Acceptable Production Evidence

A Loan Provisions

County Offices shall follow the procedures in this table for market loan repayments when the producer receives a market gain and when:

- **no** acceptable production evidence is received in the County Office within 30 calendar days from date notified according to subparagraph 537 B
- the total loan quantity is determined ineligible.

See paragraph 536 if the producer reports the commodity was fed.

Step	Action
1	Record the entire loan quantity as a violation in APSS. An overdisbursement will be established. Liquidated damages may be waived if good faith has been determined.

2	Interest will begin to accrue:
	• at the interest rate in effect for loans for the month the loan was disbursed and subject to adjustment each January 1
	• from the date the loan was disbursed to the earlier of the following:
	  • date of repayment
	  • date a claim is established.

538 Failure to Provide Acceptable Production Evidence (Continued)

A Loan Provisions (Continued)

Step	Action	
3	Send the producer the initial notification letter for the amount due.	
4	**IF the repayment is...**	**THEN...**
	received during the 30-calendar-day notification	record the repayment of the overdisbursement according to 12-PS, Part 7, Section 6.
	not received during the 30-calendar-day notification	send the demand letter according to subparagraph 23 E for repayment. • If paid within 30 calendar days, record repayment according to 12-PS, Part 7, Section 6. • If **not** paid within 30 calendar days, establish a claim for the amount due according to 58-FI. **Exception:** The interest start date for the claim is the 31st calendar day after the date of the demand letter.

538 Failure to Provide Acceptable Production Evidence (Continued)

B LDP Provisions

County Offices shall follow the procedures in this table for **LDP's** when:

- **no** acceptable production evidence is received in the County Office within 30 calendar days from date notified according to subparagraph 537 B
- the total LDP quantity is determined ineligible.

See paragraph 536 if the producer reports the commodity was fed.

Step	Action
1	Record the entire LDP quantity as a violation in APSS and assess liquidated damages, as applicable. An overpayment will be established.
2	The interest on the LDP overpayment amount will be calculated from the date LDP was made to the earlier of the following: • date of refund • date a claim is established. **Notes:** Interest will begin to accrue: • at the interest rate applicable to CCC loans, excluding the additional 1 percent, for the month in which LDP was made • from the initial LDP date to the earlier of the following: • date of refund • date a claim is established. Interest is **not** subject to adjustment each January 1.

538 Failure to Provide Acceptable Production Evidence (Continued)

B LDP Provisions (Continued)

Step	Action	
3	Send the producer the initial notification letter for the amount due.	
4	**IF the refund is...**	**THEN...**
	received during the 30-calendar-day notification	record the refund of the overpayment according to 12-PS.
	not received during the 30-calendar-day notification	send the demand letter according to subparagraph 23 E for refund. • If paid within 30 calendar days, record refund according to 12-PS. • If **not** paid within 30 calendar days, establish a claim for the amount due according to 58-FI. **Exception:** The interest start date for the claim is the 31st calendar day after the date of the demand letter.

539 Insufficient Production Evidence

A Quantity Less Than Loan Quantity or Portion Determined Ineligible

Follow this table for market loan repayments when there is market gain earned if the quantity shown on the production evidence is **less than** the loan quantity or a portion of the loan quantity is determined ineligible.

Step	Action

1	Record the shortage in APSS using the violation software. If the quantity shown on the production evidence provided by the producer is:
	
	• less than the quantity repaid with market gain, and is:
	
	  • within tolerance or not within tolerance and determined to be a discrepancy, enter the shortage and do not assess liquidated damages
	
	  • not within tolerance, enter the violation and assess liquidated damages, as applicable
	
	• equal to or greater than the quantity repaid with market gain, no further action is necessary.

2	The unearned market gain for the ineligible quantity will be established as an overdisbursement.
	
	Note: Interest will begin to accrue:
	
	  • at the interest rate in effect for loans for the month the loan was disbursed and subject to adjustment each January 1
	
	  • from the date the loan was disbursed to the earlier of the following:
	
	  • date of repayment
	  • date a claim is established.

539 Insufficient Production Evidence (Continued)

A Quantity Less Than Loan Quantity or Portion Determined Ineligible (Continued)

Step	Action	
3	Send the producer the initial notification letter for the amount due.	
4	**IF the repayment is...**	**THEN...**
	received during the 30-calendar-day notification	record the repayment of the overdisbursement according to 12-PS, Part 7, Section 6.
	not received during the 30-calendar-day notification	send the demand letter according to subparagraph 23 E for repayment. • If paid within 30 calendar days, record repayment according to 12-PS, Part 7, Section 6. • If **not** paid within 30 calendar days, establish a claim for the amount due according to 58-FI. **Exception:** The interest start date for the claim is the 31st calendar day after the date of the demand letter.

539 Insufficient Production Evidence (Continued)

B Quantity Less Than LDP Quantity or Portion Determined Ineligible

Follow this table for **LDP's** if the quantity shown on the production evidence is **less than** the LDP quantity or a portion of the LDP quantity is determined ineligible.

Step	Action

1	Record the shortage in APSS using the violation software. If the quantity shown on the production evidence provided by the producer is:
	
	• less than the original LDP quantity and is:
	
	  • within tolerance or not within tolerance and determined to be a discrepancy, enter the shortage and do not assess liquidated damages
	
	  • not within tolerance and determined to be a violation, enter the violation and assess liquidated damages, as applicable
	
	• equal to the original LDP quantity, no further action is necessary.

2	The unearned LDP for the ineligible quantity will be established as an overpayment.
	
	Notes: Interest will begin to accrue:
	
	  • at the interest rate applicable to CCC loans, excluding the additional 1 percent, for the month in which LDP was made
	
	  • from the initial LDP date to the earlier of the following:
	
	  • date of refund
	  • date a claim is established.
	
	Interest is **not** subject to adjustment each January 1.

539 Insufficient Production Evidence (Continued)

B Quantity Less Than LDP Quantity or Portion Determined Ineligible (Continued)

Step	Action	
3	Send the producer the initial notification letter for the amount due.	
4	**IF the refund is...**	**THEN...**
	received during the 30-calendar-day notification	record the refund of the overpayment according to 12-PS.
	not received during the 30-calendar-day notification	send the demand letter according to subparagraph 23 E for refund. • If paid within 30 calendar days, record refund according to 12-PS. • If **not** paid within 30 calendar days, establish a claim for the amount due according to 58-FI. **Exception:** The interest start date for the claim is the 31st calendar day after the date of the demand letter.

540 Apportioning Commingled Production Evidence

A Commingled Production Evidence

If the producer provides production evidence, the production evidence is considered commingled if it represents:

- 1 or more loans, **and** different market gain rates were used for repayment
- more than one LDP, **and** different LDP rates were used
- a combination of loans and LDP's, **and** different market gain rates were used for repayment or to make LDP's.

540 Apportioning Commingled Production Evidence (Continued)

B Reviewing Production Evidence

County Offices shall follow this table to review production evidence when provided.

Step	Action
1	Determine whether the production evidence represents 1 of the following: • more than one LDP • more than 1 loan • a combination of LDP's and loans.
2	Determine whether: • more than one LDP or market gain rate applies • evidence represents a farm that does not have LDP or loan.
3	Review the production evidence submitted to determine loan eligibility based on grading factors, if shown.
4	Identify any ineligible quantity including quantities: • for which beneficial interest was lost before LDP or loan was approved • from ineligible acres. **Notes:** If commingled evidence includes a farm on which LDP or loan was not obtained, require the producer to provide total production for all farms commingled in the production. County Offices shall apportion the submitted production evidence based on each farm's acreage multiplied times the expected yield before proceeding.
5	Deduct the following from the total production evidence submitted: • the apportioned quantity from farms without a loan or LDP • ineligible quantity.

540 Apportioning Commingled Production Evidence (Continued)

C Apportioning Resulting Evidence to Each Loan and LDP

After the evidence is separated according to subparagraph B, the eligible evidence must be adjusted and apportioned to each LDP and loan repayment associated with the evidence.

Adjust and apportion the eligible production evidence using the following table. See Exhibit 26 for an example.

Step	Action	Result
1	Add the following for **farm-stored** LDP's and loans: • the quantity on which payment was made for each LDP • the loan quantity for each loan. **Exception:** Do **not** include LDP or loan quantities for which measurement service was used as production evidence for the entire LDP or loan.	The quantity that will be used to apportion the result of step 2.
2	From the total eligible production evidence determined according to subparagraph B, subtract: • total loan quantity for farm-stored and warehouse-stored loans • total LDP quantity for all LDP's.	The additional quantity for payment that shall be apportioned between LDP's and loan repayments.
3	Multiply the quantity determined in step 1 times 10 percent.	The maximum quantity that can be apportioned.
4	Divide the smaller of the result in step 2 or 3 by the result in step 1, and round to 4 decimal places. **Note:** This factor will not exceed .1000 if steps 1 through 4 are properly determined.	A factor for apportioning the additional quantity.

540 Apportioning Commingled Production Evidence (Continued)

C Apportioning Resulting Evidence to Each Loan and LDP (Continued)

Step	Action	Result
5	Multiply the factor determined in step 4 by each quantity determined in step 1, and round to 2 decimal places. When different market gain rates were used to repay an individual loan, multiply the factor times: • each repayment quantity to determine the additional quantity at each market gain rate for manual calculations • the total quantity repaid for automated transactions. **Note:** APSS will automatically prorate the market gain rate for the additional quantity based on the market gain on the respective repayments.	The additional quantity as prorated to each LDP or loan repayment.
6	Add the results of step 5 to each corresponding LDP or loan repayment quantity.	The quantity used to recalculate the LDP or loan amount for each applicable loan repayment.

541 New Loans or LDP's Based on Submitted Production Evidence

A Basic Provisions

There is no longer additional market gain payments or additional LDP's available when production evidence is submitted for 1999 and subsequent crop years. Any amount which exceeds the LDP quantity or the market gain amount must be requested on a new LDP or new loan.

B New Payments

New LDP's and new loans based on the quantity eligible for additional market gain may be requested when all of the following apply:

- when production evidence is provided
- loan and LDP is requested by the final loan availability date
- producer maintains beneficial interest in the commodity through the date of request according to paragraph 129.

C Applicable Rates

For:

- LDP's, the rate is the rate in effect on the date of the new LDP request, as applicable
- loans, the loan rate is applicable to the loan according to Part 4, Section 2 or 3.

542-600 (Reserved)

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Part 6 Violations

Section 1 General Provisions

601 Producer Liability

A Liability

When a producer obtains a commodity loan or requests an LDP, the producer agrees to the terms and conditions, when signing CCC-633 LDP, CCC-666, CCC-677, CCC-678, or CCC-709, and that the producer will **not**:

- provide an incorrect certification of the quantity or make any fraudulent representation, including misrepresentation of the eligibility of a commodity, for loan or LDP

- remove or dispose of a quantity of a commodity pledged as collateral for a CCC commodity farm-stored loan without prior approval of COC.

See Exhibit 2 for definitions of violations, as applicable.

B Violating Terms and Conditions

Any producer determined to have discrepancies not within tolerance and COC determines a violation occurred or have violated the terms and conditions of the applicable forms, identified in subparagraph A, shall be subject to:

- assessment of liquidated damages and other administrative actions, and shall be liable for monetary amounts as specified in the applicable regulations and terms and conditions of the applicable forms

- criminal prosecution under Federal law.

In cases of illegal activity, such as fraud, see 9-AO.

602 Loan and LDP Violations

A List of Loan and LDP Violators

County Offices shall:

- maintain a list of producers who have been determined to have an LDP discrepancy not within tolerance and COC determines a violation occurred, or violated the terms and conditions of the applicable forms identified in subparagraph 601 A

- keep producer's name on the list for 24 months after the date the discrepancy, as applicable, or when the violation is discovered.

This list of violators is:

- not considered an administrative action
- a method of determining whether the producer has had previous violations.

B Notifying Producer

When a violation is discovered, County Office shall:

- assume good faith cannot be determined when notifying the producer of the violation and the actions to be taken

- send the following notification letter to the producer

- determine what actions are to be taken and the amounts due according to subparagraph 613 D.

If the violation involves a COC member, refer the case to STC for determination.

STC shall follow this part when determining violations and assessing liquidated damages for all COC members considered to be involved in violations of loan or LDP.

602 Loan and LDP Violations (Continued)

B Notifying Producer (Continued)

County Offices shall send the following letter to notify producers of potential loan violations.

RE: (**enter the crop year, commodity, and loan or LDP number**)

Dear _____ :

(**Describe the circumstances that appear to involve a loan violation.**)

This is considered a violation of the loan note and security agreement or LDP provisions. The following actions are applicable to (**loan or LDP**) violations: (**Enter the items applicable to the loan or LDP violation**)

- the maturity date of the loan is accelerated to (**enter 30th day from date of this letter**)
- LDP must be refunded, plus applicable interest
- liquidated damage penalties are assess on (**enter the violation quantity**)
- to deny future farm-stored loans and LDP's without production evidence for __ months (**COC option**)
- (**enter violation quantity**) cannot be forfeited to CCC in settlement of the loan nor can the quantity be repaid at a rate less than principal and charges plus interest
- (**enter the remaining loan quantity, if nonrecourse loan**) may be forfeited to CCC, however because the loan has been called, any repayment of the loan collateral must be at principal plus interest
- (**enter the remaining loan quantity, if recourse loan**) must be repaid at principal and charges plus interest.

The following amounts are due. (**enter the amounts as applicable**)

- Loan Principal: $_____
- Interest: $_____
- Liquidated Damage Penalties: $_____ (at 25 percent)
- LDP Amount: $_____
- Market Gain: $_____
- Other Charges Paid by CCC: $____

602 Loan and LDP Violations (Continued)

B Notifying Producer (Continued)

Applicable interest will continue to accrue from the date of this letter until the amount due is repaid. The amounts stated above will be recorded for offset and offset may be taken from any FSA or CCC payment due you.

Please contact this office immediately to discuss (**enter the circumstances that caused the violation**). If you wish to contest this action you must file a written request the County Office Committee within 30 calendar days from the date of this letter and include:

- evidence for the missing quantity
- a request for remeasurement of the farm-stored quantity and payment of the measurement service fee.

During these 30 calendar days you may also inspect and copy records located at the above address.

Sincerely,

County Executive Director,
_____County FSA Office

602 Loan and LDP Violations (Continued)

C Actions To Be Taken After Notification

Determine what actions are required after the notification letter in subparagraph B has been sent to the producer according to the following.

<table>
<tr><th>IF the producer...</th><th colspan="2">THEN COC shall...</th></tr>
<tr><td>does not respond within the 30-calendar-day notification period</td><td colspan="2">follow subparagraph 613 D for assessing administrative actions for which the producer was notified, including administrative actions for no good faith.</td></tr>
<tr><td>appeals the determination</td><td colspan="2">follow paragraph 20.</td></tr>
<tr><td rowspan="3">responds within the 30-calendar-day notification period, but does not appeal</td><td colspan="2">determine, based on the evidence provided by the producer, whether the producer acted in good faith.</td></tr>
<tr><td>IF good faith...</td><td>THEN follow...</td></tr>
<tr><td>is determined and the producer has been involved in 2 or less violations in the previous 24 months</td><td>subparagraph 613 C and paragraph 616, using the good faith demand letter in subparagraph 613 F.</td></tr>
<tr><td></td><td>cannot be determined or the producer has already been involved in more than 2 violations in the previous 24 months</td><td>subparagraph 613 D for assessing administrative actions, as applicable, using the no good faith demand letter in subparagraph 613 G.</td></tr>
</table>

D Recording Violations

Record a violation in APSS after **either** of the following occurs:

- producer has responded within 30 calendar days and COC has made a determination according to paragraph 613
- producer has **not** responded within 30 calendar days.

603-612 (Reserved)

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Section 2 Administrative Action

613 Assessing Administrative Actions

A Types of Administrative Actions

The following administrative actions are possible for loan and LDP violations:

- assessing liquidated damages
- requiring repayment of the loan quantity involved in the violation
- calling the loan
- denying future farm-stored loans
- requiring repayment of the LDP quantity involved in the violation
- requiring repayment of the entire LDP quantity
- denying future certified LDP's.

Producers who remove or dispose of any commodity loan collateral without prior authorization or do not provide required production evidence:

- have violated the loan or LDP Program

- are subject to assessment of liquidated damages or other administrative actions, as applicable.

Note: For unauthorized disposition of loan collateral, see paragraph 618 before taking any ***--**additional administrative actions or making COC determinations.**--***

B COC Reminder

COC's shall review the spot check results when determining good faith on all violations.

For outstanding loans where the spot check revealed a shortage and the producer repaid the shortage before COC met to review the loan, COC shall document reasons for granting good faith, as applicable.

613 Assessing Administrative Actions (Continued)

C Good Faith Determinations

*--A producer is considered to have acted in "good faith" if 1 of the following apply:

- there is evidence to support that the producer made every effort to comply with the terms and conditions of CCC-601 and CCC's security interest was protected
- the violation was inadvertent, accidental, or unintentional
- the actions that resulted in a violation prevented the spoilage of the commodity or was necessary to protect CCC's security interest in the commodity.

The "good faith" determination does **not** negate the producer's responsibility for repayment of MAL and fulfilling the MAL terms and conditions.

If a producer can show the producer acted in good faith when the loan or LDP violation--* occurred, and the producer has had 2 or less loan or LDP violations in the previous 24 months, COC shall demand:

- as applicable, repayment of:
  - the loan principal and charges plus interest applicable to the loan quantity affected by *--the violation according to Part 9

    Note: For repayment of violations based on:

    - incorrect certifications, see paragraph 914 A
    - unauthorized disposition or removal, see paragraph 916.--*

  - LDP amount and charges plus interest applicable to the LDP quantity affected by the violation
- payment of liquidated damages assessed according to paragraph 614.

See subparagraph:

- 614 B for authority to waive liquidated damages
- 615 A for additional actions if amount due is not repaid within 30 calendar days of this demand.

613 Assessing Administrative Actions (Continued)

D Good Faith Not Determined or Multiple Violations Are Applicable

If COC cannot determine the producer acted in good faith when the violation occurred or if *--the producer has more than 2 loan or LDP violations in the previous 24 months, COC--* shall:

- demand payment of liquidated damages assessed according to paragraph 614
- for loans:
  - call the applicable loan involved in the violation
  - demand repayment of any market gain previously realized on the loan, plus interest according to paragraph 613

    Note: If the producer repays the previously realized market gain, interest and liquidated damages, then County Offices shall not send the demand letter.
- for LDP's, demand repayment of entire LDP amount plus interest.

613 Assessing Administrative Actions (Continued)

E Determining the Offense

The number of violations during a 24-month period is used in determining the applicable offense.

Example: To be considered as a first offense, the producer must not have had any loan or LDP violations in the 24 months previous to the current violation.

Notes: If 1 or more loan or LDP violations are determined for the same producer during the same spot-check selection, and only if production evidence is provided for all loans or LDP's spot-checked, consider only 1 offense to have occurred.

A second offense may be determined if a shortage exists for any loan or LDP spot-checked when production evidence is submitted at a later date.

613 Assessing Administrative Actions (Continued)

F Good Faith Demand Letter

If good faith is determined and the producer has been involved in 2 or less violations in the previous 24 months, use the following demand letter.

RE: (**Enter crop year, commodity, and loan/LDP number.**)

Dear _____ :

The County FSA Committee (COC) has determined that you acted in good faith concerning the violation of the (**loan agreement/LDP application**) of which COC had previously notified you. Based on this determination, and because this is your (**first/second**) violation in the previous 24 months, the following amounts are now due (enter as applicable):

- loan principal
- interest
- LDP amount
- liquidated damages
- market gain
- other charges.

Applicable interest will continue to accrue from the date of this letter until these amounts are repaid or transferred to claims. If these amounts are not repaid within 30 calendar days, the following actions will be taken (**enter as applicable**):

- entire loan will be immediately called
- foreclosure proceedings will begin on any ineligible commodity
- a claim will be established for the following amounts due (**enter as applicable**):
    - all market gain realized on the loan, plus interest
    - entire LDP amount
    - amount of liquidated damages
    - loan principal, plus accrued interest applicable to the ineligible commodity
    - other charges.

After the claim is established:

- the claim may be reported to other Federal Agencies for offset from any amounts that may be due you

- late payment interest, based on the rate established by the Department of the Treasury, will be applied to your debt on a daily basis from the date the claim is established until your debt is paid in full.

613 Assessing Administrative Actions (Continued)

F Good Faith Demand Letter (Continued)

An additional 3 percent will be assessed on the unpaid balance of the debt retroactively from the date the claim is established if payment in full is not made within 60 calendar days after the date the claim is established.

If this demand letter is a result of a producer's appeal and the appeal was not granted in full, this letter shall contain all the appeal options available according to 1-APP.

613 Assessing Administrative Actions (Continued)

G No Good Faith Demand Letter

If good faith **cannot** be determined **or** the producer has more than 2 violations in the previous 24 months, use this demand letter.

RE: (**Enter crop year, commodity, and loan/LDP number.**)

Dear _____ :

You were notified on (**enter date of notification of violation**) of the situation with respect to your (**loan or LDP**). The amount due has been recorded for offset from any FSA or CCC payment due you. You were given the opportunity to appeal this determination. (**Describe the situation, including the determinations made because of an appeal, reconsideration, or failure by the producer to taken any action.**)

Add paragraph in subparagraph H for nonrecourse farm-stored loans.

Add paragraph in subparagraph I for nonrecourse warehouse-stored loans.

Add paragraph in subparagraph J for recourse loans.

The following amounts are now due and payable (**enter as applicable**):

- loan principal (**applicable to violation quantity**)
- LDP amount
- interest (**applicable to violation quantity**)
- market gain
- other charges
- liquidated damages.

Applicable interest will continue to accrue from the date of this letter until these amounts are repaid or transferred to claims. If the above amounts are not repaid within 30 calendar days of this letter:

- a claim will be established
- foreclosure proceeding will begin on any ineligible commodity.

613 Assessing Administrative Actions (Continued)

G No Good Faith Demand Letter (Continued)

After the claim is established:

- the claim may be reported to other Federal Agencies for offset from any amounts that may be due you
- late payment interest, based on the rate established by the Department of the Treasury, will be applied to your debt on a daily basis from the date the claim is established until your debt is paid in full.

An additional 3 percent will be assessed on the unpaid balance of the debt retroactively from the date the claim is established if payment in full is not made within 60 calendar days after the date the claim is established.

If this demand letter is a result of a producer's appeal and the appeal was not granted in full, this letter shall contain all the appeal options available according to 1-APP.

H Nonrecourse Farm-Stored Loans

If the violation involves a nonrecourse farm-stored loan, use the following paragraph in the no good faith demand letter according to subparagraph G.

Based on this determination, the maturity date for your nonrecourse loan was accelerated to (**enter the 31st calendar day after the date of the notification letter**).

Because the loan has matured and the debt has not been repaid, the collateral not involved in the violation must be delivered to CCC. Follow the delivery instructions enclosed on CCC-691, Commodity Delivery Notice. If the principal and charges plus interest applicable to the quantity on CCC-691 are not repaid or delivery of the loan quantity shown on CCC-691 is not completed on or before the 30th calendar day after the date of the expiration, or extended expiration date of CCC-691, the following will apply:

- foreclosure proceeding will begin
- the amount due will be recorded for offset from any FSA or CCC payment due you
- a claim will be established.

613 Assessing Administrative Actions (Continued)

I Nonrecourse Warehouse-Stored Loans

If the violation involves a nonrecourse warehouse-stored loan, use the following paragraph in the no good faith demand letter according to subparagraph G.

> Based on this determination, the maturity date for your nonrecourse loan was accelerated to (**enter the 31st calendar day after the date of the notification letter**).
>
> Because the loan has matured and the debt has not been repaid, the loan collateral not involved in the violation has been forfeited to CCC.
>
> **Note:** If the producer has appealed or requested reconsideration, notify the producer that if the principal and charges, plus interest applicable to the quantity not involved in the violation, is not repaid within 30 calendar days of this letter, the loan collateral will be forfeited to CCC.

J Recourse Loans

If the violation involves a recourse loan, use the following paragraph in the no good faith demand letter according to subparagraph G.

> Based on this determination, the maturity date for your recourse loan was accelerated to (**enter the 31st calendar day after the date of the notification letter**).
>
> Because the loan has matured and the debt has not been repaid, foreclosure proceedings will begin on the loan collateral not involved in the violation. In addition, the amount of principal and charges, plus interest, is due and payable and has been recorded for offset from any FSA or CCC payment due you. If the amount due is not repaid within 30 calendar days of this letter, a claim will be established.

614 Assessing Liquidated Damages

A Calculating Liquidated Damages

For loan and LDP violations, calculate liquidated damages by multiplying the quantity involved in the violation times:

- 10 percent of the loan or LDP rate for a first offense, if COC determines that the producer acted in good faith when the violation occurred

- 25 percent of the loan or LDP rate for all other offenses.

B Authority to Waive Liquidated Damages

[7 CFR 1421.109] COC's may grant relief by waiving **any or all** of the liquidated damages ***--**determined according to subparagraph A if COC determines both of the following apply:

- the violation occurred inadvertently, accidentally, or unintentionally
- first or second offense and "good faith" determination was made.

COC's shall not consider the feeding of loan collateral inadvertent, accidental, or unintentional.**--***

STC's may grant relief on a case-by-case basis by waiving **any or all** of the liquidated damages determined according to subparagraph A for **any** offense.

C Canceling Liquidated Damages

Liquidated damages not waived cannot be canceled.

615 Amount Due Not Repaid Within 30 Calendar Days

A Additional Action for Good Faith First or Second Offense

If the amount due for a first offense or second offense, with a good faith determination according to subparagraph 613 C, is not paid within 30 calendar days of demand, the County Office shall:

- establish a claim, according to 58-FI, for:
  - the loan principal involved in the violation, plus accrued interest
  - entire LDP amount, plus interest
  - all market gain realized on the loan, plus interest
  - amount of liquidated damages, if applicable
  - loan amount, plus accrued interest applicable to any ineligible commodity
- for loans:
  - issue CCC-691 for outstanding nonrecourse farm-stored loan quantity, excluding any ineligible quantity or quantity involved in the violation
  - begin foreclosure or local sale proceedings on recourse loan or ineligible quantity
  - forfeit any remaining warehouse receipts on a warehouse-stored nonrecourse loan
- offset amount due from future FSA or CCC payments.

616 Other Administrative Actions

A Denial of Future Farm-Stored Loans and LDP's

[7 CFR 1421.109] COC's may, if CCC's interests are not or will not be protected, deny up to 24 months after the date the violation is discovered future:

- farm-stored loans
- LDP's requested without production evidence.

Note: Depending on the severity of the violation, COC may deny farm-stored loans and LDP's without production evidence for an additional period designated by COC.

B Calling Loans

COC's may, if CCC's interests are not or will not be protected, call any or all of the producer's farm-stored loans.

617 Waiving Administrative Actions

A COC Action

COC may request STC to waive any administrative action of loan or LDP violations that COC does not have the authority to waive.

For all requests for waivers, COC shall submit copies of the complete case file to STC.

B STC Action

STC may request DAFP to waive any administrative action that STC does not have the authority to waive, if **all** of the following apply:

- the violation:
  - occurred inadvertently, accidentally, or unintentionally, or the producer acted to prevent spoilage of the commodity
  - did not result in harm or damage to the rights of any person or Government agency
- the complete case file is submitted, including the request by COC for the waiver.

618 Special Provisions for Unauthorized Disposition Cases

A COC Action

For each violation for unauthorized disposition, COC shall:

- submit a memorandum to SED summarizing the situation that includes all of the following:

  - all actions COC has taken to date

    Note: COC shall notify producer of violation according to subparagraph 602 B.
    --**An appeal hearing may be held, but do not determine good faith or waive liquidated damages until notified by the SED or OIG action. COC shall notify producers of demand for payment according to subparagraphs 613 F or G when notification is received from SED.**--

  - copies of documents about the unauthorized disposition, as appropriate, including a **complete** copy of the loan file

- not make a good faith determination before receiving notification from the State Office indicating OIG action.

  Note: COC shall assume good faith cannot be determined when notifying the producer.

618 Special Provisions for Unauthorized Disposition Cases (Continued)

B State Office Action

DOJ attorneys may provide prosecutive guidelines to OIG for SED's to use in determining cases to be referred to OIG for investigation. State Offices shall follow this table.

IF DOJ prosecutive guidelines have...	THEN State Offices shall...

been received	• determine whether the unauthorized disposition should be referred to OIG for investigation by reviewing:
	  • DOJ prosecutive guidelines
	  • COC's memorandum
	• refer unauthorized disposition cases that meet DOJ prosecutive guidelines to OIG for investigation
	• for cases not referred to OIG, notify COC to take appropriate administrative actions according to paragraph 613.
	• keep complete files on all cases evaluated, but not referred to OIG, in the State Office for future review by OIG.

not been received	refer all unauthorized disposition cases to OIG for investigation with the following: • a memorandum summarizing the unauthorized disposition, including all actions COC has taken to date • a copy of the complete County Office loan file. For cases referred to OIG, include a statement that if no response is received by the State Office within 30 calendar days, SED will notify COC to take administrative actions, as applicable, according to paragraph 613 and 9-AO, subparagraph 50 C.

618 Special Provisions for Unauthorized Disposition Cases (Continued)

C No Response From OIG

Assume that OIG will not investigate the unauthorized disposition if OIG does not respond to the State Office within 30 calendar days.

D Action When Investigation Is Scheduled

When OIG schedules an investigation:

- County Office shall **not** take any administrative actions, unless OIG advises, in writing through the State Office, that actions can be taken without possible adverse effect on prosecution

- State Office shall immediately advise County Office of OIG determination

- County Office shall, through the State Office, coordinate any administrative actions with appropriate OIG regional office before initiating the actions.

619 Accepting Payments for Violations

A Accepting Payment From Producer

For any violation, including those referred to OIG, accept payments according to Part 9, offered by the producer. County Offices shall notify the producer that payment will **not**:

- release the producer from administrative or legal action
- relieve producer of additional administrative actions.

B Payments Not Acceptable

County Offices shall **not**:

- accept repayments with restrictive endorsements

  Examples: "Final payment" or "Payment in full".

- permit producers to repay loan quantity involved in violations at a repayment rate that is less than the principal and charges, plus interest.

620-699 (Reserved)

Part 7 Handling Notification of Warehouse Status

700 Notification of Warehouse Status

A Notification

KCCO shall notify State Offices of the following on KC-232:

- newly approved warehouses
- removed warehouses
- terminated warehouses
- reinstated warehouses.

Note: See subparagraph B for an example of KC-232.

State Offices shall notify the appropriate County Offices of the applicable warehouse status when notified by KCCO.

County Offices shall publicize newly approved warehouses shown on lists or updates received from State Offices.

700 Notification of Warehouse Status (Continued)

B Example of KC-232

The following is an example of KC-232.

See reverse side for Privacy Act, Public Burden, and Nondiscrimination Statements.

KC-232
(01-24-03)

U. S. DEPARTMENT OF AGRICULTURE
Farm Service Agency
Post Office Box 419205
Kansas City, Missouri 64141-6205

NOTICE OF APPROVAL OR CHANGE IN STATUS OF STORAGE AGREEMENT OR CONTRACT

Agrmt. Type: ☐ CSA ☐ PSA ☐ HSA ☐ SSA ☐ PCSA ☐ UGRSA

AGREEMENT NO. | NOTICE DATE

WAREHOUSE CODE | FEDERAL LICENSE NO. | INITIATOR'S REFERENCE LINE

NAME AND ADDRESS OF WAREHOUSE OPERATOR

WAREHOUSE LOCATION (City, County, State)

☐ **APPROVED** — Capacity
- ☐ New Agreement
- ☐ Addition - New Code
- ☐ Capacity Change - From: / To:

☐ **OTHER** (See explanation below.)

☐ **REMOVED FROM LIST**
The warehouse(s) described above is being removed from CCC's List of Approved Warehouses as of this date for conditions explained below. Until further notice, no additional CCC-owned or loan commodities, or commodities delivered to CCC for purchase under a price support program subject to the terms of the above agreement can be stored or handled through this warehouse(s).

☐ **TERMINATED**
The above Storage Agreement is being terminated as of this date, under conditions explained below, reserving to CCC and other interested parties all rights and privileges which may have accrued under the agreement.

☐ **DELETED**
The above warehouse(s) is being deleted from the above Storage Agreement as of this date, under conditions explained below, reserving to CCC and other interested parties all rights and privileges which may have accrued under the agreement.

☐ **REINSTATED**
The warehouse(s) described above is being reinstated to CCC's List of Approved Warehouses as of this date. CCC owned or loan commodities, or commodities delivered to CCC for purchase under a price support program subject to the terms of the above agreement can, until further notice be stored or handled through this warehouse(s).

EXPLANATION OF CHANGE

COMMODITY CREDIT CORPORATION: BY: _____
CONTRACTING OFFICER

TO: SED, State FSA Office
FROM: Director, Kansas City Commodity Office
COPIES TO:

PUBLIC ANNOUNCEMENT
- ☐ Should be made (please notify interested counties)
- ☐ Should NOT be made

DISTRIBUTION (Check all applicable designations)
- ☐ SED, State FSA Office
- ☐ State Licensing Authority
- ☐ Warehouse Licensing & Examination Division - EB and/or LB
- ☐ Contract Reconciliation Division - FRB
- ☐ Contract File Copy
- ☐ Reading File Copy
- ☐ KC-1117
- ☐
- ☐ GIMS:
- ☐ PCIMS:
- ☐ Other:

700 Notification of Warehouse Status (Continued)

B Example of KC-232 (Continued)

KC-232 (REVERSE)

PRIVACY ACT AND PUBLIC BURDEN STATEMENTS

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 15 U.S.C. 714b. The information will be used to inform the storing warehouse operator if there is a change in the contract status. This information may be provided to other agencies, Internal Revenue Service, 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 U.S.C. 286, 287, 371, 641, 651, 1001; 15 U.S.C 714m; and 31 U.S.C. 3729, may be applicable to the information provided.

The authority for collecting the following information is Public Law 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 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.

NONDISCRIMINATION STATEMENT

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.

701 Notification of Warehouse Removal

A Warehouse Removal

Follow this table when a warehouse has been removed from the approved list.

Step	Applicable Office	Action
1	KCCO	Inform the appropriate State Office when a particular warehouse has been removed from the approved list and include the following information: • reason for the removal • whether a public announcement should be made.
2	State Office	Notify the appropriate County Offices of the following: • the warehouse that has been removed from the approved list by sending a copy of KC-232 received from KCCO • based on the advice of KCCO, to issue a public press release announcing the removal. **Note:** See subparagraph B for suggested wording for press release.
		Advise County Offices to refer inquiries on the reasons for removal to either of the following: • KCCO • manager of the warehouse.
3	County Office	Send a copy of the published press release to **both** of the following: • State Office • KCCO, Storage Contract Division, Compliance Branch, through the State Office. **Note:** If the newspaper refuses to publish the press release, notify the following by memorandum of the refusal to publish: • State Office • KCCO, Storage Contract Division, Compliance Branch, through the State Office.

701 Notification of Warehouse Removal (Continued)

B Suggested Press Release

The following suggested wording may be used in a press release for publicizing a warehouse removal.

Any grains put into storage in the (**name of elevator or warehouse**) will not be eligible for loans during the period this facility is removed from the list of warehouses approved by the Commodity Credit Corporation, the (**State or County**) Farm Service Agency (FSA) Office said today.

Removal action was taken by the FSA Commodity Office at Kansas City, Missouri, (**reason for removal should be inserted, such as the following suggestions**):

- pending an investigation to determine whether the facility has failed to comply with provisions of the Uniform Grain and Rice Storage Agreement which controls the storage of Government-owned grains
- because the warehouse does not meet certain technical requirements of the Uniform Grain and Rice Storage Agreement which controls the storage of Government-owned grains
- because a recent fire damaged the plant and it currently does not meet requirements of the Uniform Grain and Rice Storage Agreement which controls the storage of Government-owned grains
- because the operator has requested cancellation of the Uniform Grain and Rice Storage Agreement which controls the storage of Government-owned grains
- because the warehouse has changed ownership.

Notes: Use any reason that fits the specific case. Exercise caution in using reasons not fully investigated and established.

Publicize other changes as directed by KCCO or the State Office.

702 Notification of Warehouse Termination

A Warehouse Termination

Follow this table when a warehouse is terminated for failure to comply with terms and conditions of UGRSA.

Step	Applicable Office	Action
1	KCCO	Inform the appropriate State Office when a particular warehouse is terminated. Provide instructions for identifying and calling all outstanding loans in the terminated warehouse.
2	State Office	Immediately: • identify County Offices with outstanding loans in the terminated warehouse according to 20-PS, paragraph 60 • notify County Offices of the termination and loan call.
3	County Office	Identify warehouse-stored loans in the terminated warehouse. If any outstanding loans in the county include commodities stored in the terminated warehouse, issue a press release announcing the termination of UGRSA for the warehouse. See subparagraph B for suggested wording for the press release.

		Call the loans according to instructions received from KCCO, except for producers who have filed bankruptcy.
		
		For producers who have filed bankruptcy, County Offices shall:
		
		• send a letter explaining the situation to **both** of the following:
		
		  • the Regional Attorney, through the State Office
		
		  • "LOAN CALL" USDA, KCCO, BULK COMMODITIES DIVISION
		  ATTN: IMB
		  STOP 8748
		  PO BOX 419205
		  KANSAS CITY MO 64141-6205
		
		• follow the Regional Attorney's advice.

702 Notification of Warehouse Termination (Continued)

B Suggested Press Release

The following suggested wording may be used in a press release for publicizing the termination of UGRSA warehouse.

Any grains put into storage in the (**name of elevator or warehouse**) will not be eligible for loans during the period this facility is terminated from the list of warehouses approved by the Commodity Credit Corporation, the (**State or County**) Farm Service Agency (FSA) Office said today.

Termination action was taken by the FSA Commodity Office at Kansas City, Missouri, (**reason for termination should be inserted, such as the following suggestions**):

- pending an investigation to determine whether the facility has failed to comply with provisions of the Uniform Grain and Rice Storage Agreement which controls the storage of Government-owned grains
- because the warehouse does not meet certain technical requirements of the Uniform Grain and Rice Storage Agreement which controls the storage of Government-owned grains
- because a recent fire damaged the plant and it currently does not meet requirements of the Uniform Grain and Rice Storage Agreement which controls the storage of Government-owned grains
- because the operator has requested cancellation of the Uniform Grain and Rice Storage Agreement which controls the storage of Government-owned grains
- because the warehouse has changed ownership.

Notes: Use any reason that fits the specific case. Bear in mind the need to exercise caution in using reasons not fully investigated and established.

Publicize other changes as directed by KCCO or the State Office.

703 Notification of Warehouse Reinstatement

A Warehouse Reinstatement

KCCO shall notify the State Office when a warehouse is reinstated.

State Office shall notify the County Office:

- of the warehouse that is reinstated
- to issue a press release announcing the reinstatement of the warehouse, if a press release was issued announcing the removal or termination.

B Suggested Press Release

The following suggested wording may be used in a press release for publicizing the reinstatement of UGRSA warehouse.

> Grains stored by farmers in the (**name of elevator or warehouse**) at (**town or city**) are again eligible for loans since the facility has been restored to the list of warehouses approved by the Commodity Credit Corporation, the (**State or County**) Farm Service Agency (FSA) Office said today.
>
> Suspension of the warehouse, dated _____, has been lifted by the FSA Commodity Office at Kansas City, Missouri, following an investigation which shows the facility is now fully complying with the provisions of the Uniform Grain and Rice Storage Agreement controlling the storage of Government-owned grains. During the suspension period, grains put into the warehouse for storage were not eligible for loans.

704 Violations and Suspected Violations by Warehouse Operator

A Necessary Action

When a violation of the storage agreement or loan and LDP regulations is indicated, the:

- County Office shall immediately notify the State Office of the circumstances
- State Office shall notify:

  USDA KCCO WLED
  STOP 9148
  PO BOX 419205
  KANSAS CITY MO 64141-6205.

705-799 (Reserved)

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Part 8 Relocating Loan Collateral

Section 1 Handling Farm-Stored Loans

800 Commingling and Commodity Movement on Farm

A General Provisions

Producers may, to efficiently use storage space and manage commodity inventory:

- move loan collateral from 1 farm storage structure to another
- commingle commodities, according to subparagraph B.

Note: County Offices shall ensure that CCC's liens are perfected for farm-stored loan collateral moved to another county or State.

B Commingled Commodities

Commingled commodities may:

- be **any** of the following:
  - eligible or ineligible
  - same or different crop years
  - for same or different producers
  - collateral for nonrecourse or recourse loans
  - LDP quantities
  - different classes, except for wheat
  - different quality
- **not** be:
  - processed and unprocessed commodities
  - different commodities, such as wheat with corn.

800 Commingling and Commodity Movement on Farm (Continued)

C Request to Move or Commingle Loan Collateral

Producers who have **not** previously designated additional storage structures, according to paragraph 428, on CCC-677 or CCC-687-1 shall request COC approval **before**:

- moving loan collateral from 1 storage structure to another storage structure
- commingling loan collateral.

See subparagraph D for completing CCC-687-1 to document and approve producer's request to move or commingle commodities.

When the request to move loan collateral to a specific structure is approved on CCC-687-1, the structure shall be considered designated.

Record movement of loan collateral as a bin-to-bin transfer in APSS according to 12-PS.

Measurement before and after moving or commingling the commodity is not necessary if the bin has been designated. However, if the producer requests measurement service to accurately determine the quantity before and after moving or commingling the commodity, the County Office shall charge the producer for services performed.

800 Commingling and Commodity Movement on Farm (Continued)

D Completing CCC-687-1

County Offices shall document and approve producer's request to move or commingle commodities on CCC-687-1. Complete CCC-687-1 according to the following table.

Item	Instructions
1	Enter commodity applicable to the loan.
2	Enter contact producer's name and address.
3	Enter the County Office's name, address, and telephone number.
4	Enter the seal number applicable to the commodity being moved or commingled.
5	Enter the same seal number as in item 4 for commingling. Enter the new seal number if the commodity is being moved.
6	Enter loan number.
7	Enter crop year applicable to seal number.
8	Enter loan quantity applicable to seal number.
	In the extra space on the form, document the activity that will be taken about the applicable seal numbers. If the request is received from the producer: • by telephone, indicate "received by telephone" and date of request • in person, obtain producer's signature and date of request. See the example shown in this subparagraph.
9	Enter information as applicable.
10	Obtain appropriate approval signature and date.

Maintain a copy of CCC-687-1 in the producer's loan folder and provide a copy to the producer.

800 Commingling and Commodity Movement on Farm (Continued)

E Example of CCC-687-1 (Continued)

The following example shows the mortgaged commodity being commingled with wheat of the same class and comparable quality. The quantity under loan had been measured previously.

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

CCC-687-1
(04-13-98)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

APPROVAL TO COMMINGLE OR MOVE LOAN COLLATERAL

1. COMMODITY: Wheat

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 Pub. L. 104-127 and the Commodity Credit Corporation Charter Act, as amended (15 USC 714 b & c) and 7 CFR Part 1421 authorizes collection of the following data. Furnishing the data is voluntary; however, without it assistance cannot be provided. 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 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.***

2. NAME AND MAILING ADDRESS OF APPLICANT
J.W. Parker
R.R. 3
Oakley, KS 67582

3. COUNTY FSA OFFICE ADDRESS AND TELEPHONE NO. *(Area code)*
Logan County FSA Office
P.O. Box 257
Oakley, KS 67502
913-682-4315

Permission has been requested and approval granted for the producer to move his/her grain under loan as shown below.

SEAL NUMBER		6. LOAN NO.	7. CROP YEAR	8. QUANTITY
4. PRESENT	5. NEW			
WHT-9X-12-4	WHT-9X-12-4	20-169-12	199X	596
About 1,800 bushels of 199X wheat not under loan to be commingled with Seal No. 4				

J.W. Parker
04-10-00

9A. REPORT OF COMMODITY INSPECTOR
Bin measured 3-14-20XX. No measurement required before commingling.

9B. SIGNATURE | DATE

10. APPROVED FOR COUNTY FSA COMMITTEE BY: */s/ Carl E. Davis* | DATE: *4-10-00*

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.

☐ County Office Copy ☐ Producer's Copy ☐ Loan Inspector's Copy

800 Commingling and Commodity Movement on Farm (Continued)

F Commingling Eligible and Ineligible Commodities

If eligible or ineligible commodities of the same or different crop years, including purchased commodities, are commingled **without** prior written approval, a loan may be disbursed on the **eligible** commodity if:

- the producer provided:
  - certification of the acreage for the current crop on all farms in all counties in which producer has an interest
  - acceptable production evidence, such as scale tickets or warehouse receipts, for all farms in which the producer has an interest

    Note: If a purchased commodity is involved, purchase invoices or scale tickets must be provided.
- COC determines that the eligible production claimed by the producer is reasonable in relation to the crop production practices on the respective farms.

Reminder: Do **not** accept the ineligible production in settlement of the loan.

800 Commingling and Commodity Movement on Farm (Continued)

G Commingling Commodities With Other Producer's Commodity

Producers whose commodities are stored commingled in a storage structure may obtain separate CCC loans if **all** producers sign CCC-665 according to paragraph 429.

H Initiating Movement on Nonworkday

Producers may initiate movement of farm-stored loan collateral to nondesignated structures on nonworkdays, without prior written approval, if **both** of the following apply:

- the producer files CCC-687-1 for approving this movement on the next workday
- the request meets current programs provisions.

I Commingling Additional Eligible Quantity With Mortgaged Quantity

A producer may add an additional eligible quantity to a designated structure that contains outstanding loan collateral.

If a request is made for a loan on the additional eligible quantity, the loan shall:

- be a new loan
- **not** be considered an additional disbursement to the original loan.

801-803 (Reserved)

804 Converting Certified Loan to Measured Loan

A When to Convert to Measured Loan

A certified loan shall be converted to a measured loan when either of the following occurs:

- measurement service is provided
- a spot check is completed.

Producers may obtain a separate loan or LDP for the additional quantity measured exceeding the certified quantity if the request is made before the final loan availability date.

B Determining Loan Quantity

Process the conversion in APSS according to 12-PS, Part 3, Section 5.

Determine the quantity for the measured loan according to the following.

IF...	THEN the quantity for the measured loan shall be...

both of the following apply:
• the measured quantity is:
  • less than the outstanding loan quantity
  • within tolerance
• COC determined there was no loan violation
	the outstanding loan quantity.

the measured quantity **exceeds** the outstanding loan quantity	
the measured quantity is **both** of the following: • less than the outstanding loan quantity • **not** within tolerance	the measured quantity. **Note:** An overdisbursement will be created in APSS during the conversion process.

805 Farm-Stored Loans Brought Under New or Existing UGRSA

A Converting to Warehouse Storage

Outstanding farm-stored commodities mortgaged to CCC and stored in bins that are either brought under an existing UGRSA or issued a new UGRSA shall be handled according to the following table.

Step	Action
1	Identify all affected loans immediately after being notified that a bin containing commodities pledged as collateral for outstanding CCC farm-stored loans has been brought under an existing or new UGRSA.
2	File, in each applicable producer's loan folder, written documentation of the date the commodities under loan identified in step 1 were brought under an existing or new UGRSA.
3	Immediately obtain warehouse receipts and transfer to warehouse-stored loan according to Section 2 and 12-PS, Part 5.
4	When warehouse receipts representing the original farm-stored collateral are forfeited and submitted to KCCO, include the memorandum in subparagraph B with the warehouse receipts for each applicable forfeited loan. **Note:** KCCO shall **not** pay in/receiving charges, because the commodity was already in-store when the storing bin was brought under a new or existing UGRSA.

805 Farm-Stored Loans Brought Under New or Existing UGRSA (Continued)

B Memorandum to KCCO at Forfeiture

When the applicable loans in subparagraph A are forfeited to CCC, prepare and submit this memorandum with the warehouse receipts to the following address:

FSA KCCO BCD IMB
STOP 8748
PO BOX 419205
KANSAS CITY MO 64141-6205.

(Date) _____, 20__

To: Kansas City Commodity Office, BCD

From: County Executive Director,
_____ County FSA Office

Subject:

The attached warehouse receipt(s) has been forfeited to Commodity Credit Corporation. The quantity represented on the warehouse receipt(s) represents a quantity of commodity that had originally been collateral for a farm-stored loan.

The storage structure storing the loan collateral was brought under the (**existing/new**) UGRSA of (**warehouse code and name**).

Because the quantity was acquired in-store, in/receiving charges shall not be assigned to Commodity Credit Corporation accounts.

806-812 (Reserved)

Section 2 Transfers

813 Transferring Commodities

A Availability of Transfer

Producers may maintain the quality of commodities under nonrecourse or recourse loans by transferring loan collateral from either of the existing storage locations:

- farm storage to warehouse storage
- warehouse storage to farm storage.

See Section 3 for reconcentration provisions.

B Transfer Provisions

For requests to transfer loan collateral from existing storage locations, County Offices shall follow paragraph:

- 814 for completing CCC-681
- 815 for farm storage to warehouse storage provisions
- 816 for remaining farm-stored loan quantity after partial transfer to warehouse storage
- 817 for additional quantity disbursement for partial transfer to warehouse storage
- 818 for warehouse storage to farm storage provisions.

814 Completing CCC-681 for Authorization to Move Loan Collateral for Transfer

A Using CCC-681

Use CCC-681 for physical transfer of loan collateral to alternate storage site. Items 1 through 5 are self-explanatory.

B Part B, Authorization for Transfer of Loan Collateral to Alternate Storage Site

Complete Part B, according to the following table, for all requests to move loan collateral from farm-to-warehouse or warehouse-to-farm storage.

Item	Instructions
11	Enter the location, as applicable, where commodity will be moved for storage as follows: • name and address of approved warehouse • location of the farm storage.
12	Enter seal numbers or warehouse receipt numbers to be transferred.
13	Enter the entire outstanding loan quantity or any portion of the entire outstanding loan quantity to be transferred. **Note:** For warehouse-to-farm transfers, the quantity entered shall **not** be less than the quantity for the warehouse receipt number entered in item 12.
14 and 15	Leave blank.

814 Completing CCC-681 for Authorization to Move Loan Collateral for Transfer (Continued)

C Example of CCC-681 to Transfer Loan Collateral

The following is an example of a completed CCC-681 to transfer farm-stored loan collateral to warehouse storage.

Form Approved - OMB No. 0560-0087

CCC-681 (04-13-98) U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

AUTHORIZATION TO MOVE LOAN COLLATERAL FOR ROTATION OR TRANSFER

1. **RETURN TO:** *(County FSA Office name, address and telephone no.)*
Hammond County FSA Office
502 Main Street
Anytown, VA 22720
703-642-5911

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 authorized by Pub. L. 104-127 and the Commodity Credit Corporation Charter Act, as amended (15 USC 714 b & c) and 7 CFR Part 1421. This information is required in order to monitor collateral placed under loan in the commodity loan program. Failure to provide the required information will result in denial to move loan collateral for rotation or transfer. 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 10 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.***

2A. FARM NO.: 1075

2B. NAME AND ADDRESS OF CONTACT PRODUCER:
John Doe
123 West Street
Anytown, VA 22720

3. ST. & CO. CODES AND LOAN NO.: 31 029 55

4. YEAR: XX

5A. COMMODITY: Wheat

5B. CLASS *(Wheat Only)*: HRW

PART A - AUTHORIZATION TO ROTATE LOAN COLLATERAL

6. TO: *(Name and Address of Buyer/Warehouse)*

7. SEAL/RECEIPT NO*(s)*.

8. ROTATION TYPE *(mark one)*
☐ Warehouse Storage
☐ Sell
☐ Feed → Qty.:

9. QUANTITY FOR ROTATION (Assessments paid on:)
Bushel ☐ CWT. ☐

10A. RESERVE ROTATION FUND
YES ☐ NO ☐ *If "Yes" complete the following statement below.*
This commodity is mortgaged to CCC. This authorization is subject to the condition that you remit $ _____ per bushel or cwt times the quantity to be removed to the County Office named in item 1. This amount is due upon completion of sale; or for feed, before removing the loan collateral.

10B. TOTAL
$

PART B - AUTHORIZATION FOR TRANSFER OF LOAN COLLATERAL TO ALTERNATE STORAGE SITE

11. TO: *(Name and Address of Approved Warehouse/Location of Farm Storage)*
Farmers Coop Elevator
Anytown, VA 22720

12. SEAL/RECEIPT NO*(s)*.
9X-55-2

13. QUANTITY FOR TRANSFER TO STORAGE →
QUANTITY: 16,750 bushels

14. FOR TRANSFER TO WAREHOUSE STORAGE:
Upon completion of delivery, forward warehouse receipt for quantity stored to County FSA Office.

15. FOR TRANSFER TO FARM STORAGE:
Warehouse receipt shall be released according to provisions of the producer's certification on the reverse.

PART C - PRODUCER'S STATEMENT AND APPROVAL FOR COC

16. **PRODUCER'S STATEMENT:** *I, the undersigned producer do hereby request authorization to move loan collateral according to Part A or Part B, above, as applicable. I understand that this request is subject to my compliance with the terms and conditions as stated in my certification on the reverse of this request.*

PRODUCER'S SIGNATURE: ***/s/ John Doe***
DATE: ***8-31-0X***

17. FOR THE COUNTY FSA COMMITTEE *(Signature)*: ***/s/ James Beck, CED***
DATE: ***8-31-0X***

18. AUTHORIZATION EXPIRES ON: ***9-14-0X***

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814 Completing CCC-681 for Authorization to Move Loan Collateral for Transfer (Continued)

D Part C, Producer's Statement and Approval for COC

Complete Part C, according to the following table, for producer's statement and approval for COC.

Item	Instructions
16	Producer shall read "**producer's statement**", "**producer's certification**" on reverse side, and sign and date the request **before** any loan collateral is moved.
17	Enter approval for COC and date of approval.
18	Enter date 15 calendar days from date of approval, but no later than the applicable loan maturity date.

815 Transferring Loans From Farm Storage to Warehouse Storage

A Authorization

County Offices may complete CCC-681 to authorize the transfer of farm-stored loan collateral to warehouse storage if **all** of the following can be accomplished by the maturity date:

- complete the movement of collateral to the warehouse
- return the warehouse receipts to the County Office
- provide all applicable signatures on new loan documents.

B Maturity Date

The loan maturity date for the warehouse-stored loan shall be the same date as the farm-stored loan maturity date.

C Warehouse Storage Charges

The producer must provide for warehouse storage charges, through the loan maturity date, according to Part 4, Section 3.

D Definition of Transferred Loan Quantity

For farm to warehouse transfers, the transferred loan quantity is the loan quantity liquidated from the farm-stored loan.

815 Transferring Loans From Farm Storage to Warehouse Storage (Continued)

E Maximum Transferred Quantity

Warehouse-stored loan quantities, resulting from farm-to-warehouse transfers, shall **not** exceed 110 percent of the **transferred** farm-stored loan quantity.

Note: If within the loan availability period, a **new** loan or LDP may be requested on the eligible quantity exceeding 110 percent of the transferred farm-stored loan quantity.

F Transferring Entire Loan Quantity

When the **entire** farm-stored loan quantity is transferred to warehouse storage, the transferred loan quantity is the outstanding farm-stored loan quantity **before** the transfer.

The warehouse-stored loan quantity is the quantity delivered to the warehouse, not to exceed 110 percent of the outstanding farm-stored loan quantity before the transfer.

815 Transferring Loans From Farm Storage to Warehouse Storage (Continued)

G Partial Transfer of the Loan Quantity

When **part** of the loan quantity is transferred, the transferred loan quantity is the quantity delivered to the warehouse. Accordingly:

- the farm-stored loan quantity **after** the transfer is the difference between the following:

  - the farm-stored loan quantity before the transfer
  - the quantity delivered to the warehouse

  Note: The remaining farm-stored loan quantity is subject to spot check. See subparagraph 517 D for tolerance levels when shortages are discovered after partial transfers were approved according to this subparagraph.

- the warehouse-stored loan will **not** result in an additional disbursement for additional quantity.

H Completing Transfer

Complete the farm-to-warehouse transfer through APSS:

- according to 12-PS, Part 5
- for the quantity and quality shown on the warehouse receipt and, if applicable, KC-350
- deducting loan service fees according to subparagraph 408 B.

All producers who signed CCC-677 shall sign CCC-678 generated through APSS on or before the loan maturity date.

815 Transferring Loans From Farm Storage to Warehouse Storage (Continued)

I Commodity Transferred

When the loan collateral is transferred to warehouse storage and the grading factors fall to the additional schedule of discounts, adjust the loan rate to 20 percent of the loan rate according to subparagraph 443 E.

Notify the producer that the loan can be converted to a recourse loan within 30 calendar days.

Complete the conversion to a recourse loan according to Part 4, Section 4 and the following:

- correct the nonrecourse loan according to 12-PS, Part 11
- re-record as a manual recourse farm-stored measured loan according to 12-PS, Part 3
- adjust the loan rate for **all** the quality factors recorded on the warehouse receipt using the appropriate discounts in the applicable 2-LP.

816 Remaining Farm-Stored Loan Quantity After Partial Transfer

A When Measured Quantity Is Less Than the Loan Quantity

The producer is liable for the remaining farm-stored loan quantity which is subject to spot check. When a spot check reveals the measured quantity is **less** than the remaining farm-stored loan quantity:

- do **not** require immediate repayment of the apparent quantity shortage, if the measured quantity is within 10 percent of the remaining farm-stored loan quantity

  Exception: County Offices shall demand immediate repayment if COC determines a violation occurred.

- COC shall **not** consider the loan quantity to be incorrectly certified if the total quantity, which is the sum of the warehouse-stored loan quantity and the measured quantity, is within 10 percent of the farm-stored loan quantity before the transfer.

COC shall consider a violation occurred if COC determines unauthorized removal or unauthorized disposition according to Part 6.

B Example of Measured Quantity Less Than Loan Quantity

Producer obtained a certified farm-stored loan on 10,000 bushels of 2002 wheat and later transferred 8,500 bushels to a warehouse-stored loan.

The remaining farm-stored loan quantity is 1,500 bushels. A current spot check reveals a measured quantity of 1,200 bushels, resulting in a quantity shortage of 300 bushels. COC determines that unauthorized removal or unauthorized disposition did not occur.

In this example, the producer:

- must immediately repay the apparent quantity shortage of 300 bushels, because the measured quantity is not within 10 percent of the farm-stored loan quantity (1,500 x 90 percent = 1,350)

- is **not** considered to be in violation, because the total quantity of 9,700 bushels (8,500 warehouse-stored plus 1,200 measured) is within 10 percent of the farm-stored loan quantity before the transfer (10,000 x 90 percent = 9,000).

817 Additional Quantity Disbursement for Partial Transfers

A Availability of Additional Disbursement

An additional quantity disbursement may be available on partial farm to warehouse transfers if **both** of the following apply:

- the producer requests and pays for the measurement of loan quantity remaining in farm storage
- the loan quantity remaining in farm storage is equal to or greater than the difference between the transferred loan quantity and the farm-stored loan quantity before the transfer.

B Transferred Quantity Based on Remaining Farm-Stored Quantity

When a producer wants the remaining measured farm-stored quantity to remain under the farm-stored loan, the **transferred loan quantity** shall be the difference between the farm-stored loan quantity before the transfer and the remaining farm-stored quantity after the transfer.

Reminder: The warehouse-stored loan quantity is limited to 110 percent of the **transferred loan quantity**.

Example	
The producer has a 10,000 bushel farm-stored loan before the transfer. The farm-stored quantity remaining after the transfer was measured to be 6,000 bushels. The **transferred loan quantity** is 4,000 bushels.	
IF the warehouse receipt quantity is...	**THEN...**
greater than 4,000 bushels	the warehouse-stored loan could include an additional quantity disbursement, not to exceed 400 bushels.
equal to or less than 4,000 bushels	no quantity disbursement is applicable.

817 Additional Quantity Disbursement for Partial Transfers (Continued)

C Transferred Quantity Based on Warehouse Receipt Quantity

When the producer wants the quantity shown on the warehouse receipt to be considered the collateral for the warehouse-stored loan, the **transferred loan quantity** is determined by dividing the quantity shown on the warehouse receipt by 1.1.

Note: If the measured farm-stored quantity remaining on the farm is **less** than the difference between the farm-stored loan quantity before the transfer and the **transferred loan quantity**, then the **transferred loan quantity** must be increased by the shortage.

Example	
The producer has a 10,000 bushel farm-stored loan before the transfer and presents a warehouse receipt for 4,000 bushels.	
IF the measured farm-stored loan quantity remaining on the farm is...	**THEN...**
equal to or greater than 6,364 bushels	the **transferred loan quantity** shall be 3,636 bushels (4,000 bushels ÷ 1.1) and the warehouse loan would have an additional quantity disbursement on 364 bushels (3,636 bushels x 10 percent).
less than 6,364 bushels but greater than 6,000 bushels	the **transferred loan quantity** is increased by the difference between 6,364 bushels and the measured quantity. **Note:** Because the warehouse receipt quantity will be the warehouse loan quantity, any additional disbursement is limited to the difference between the increased **transferred loan quantity** and the warehouse receipt quantity.
equal to or less than 6,000 bushels	no additional disbursement is applicable.

818 Transferring Loans From Warehouse Storage to Farm Storage

A Authorization

County Offices may authorize transfer of warehouse-stored loan collateral to farm storage **only**:

- after the following occur:
  - a lien search is completed
  - the producer provides the applicable lien waivers
  - the financing statement is filed
- if the following can be accomplished by the maturity date:
  - complete the movement and placement of collateral in eligible farm storage
  - provide all applicable signatures on the new loan document.

Complete and issue CCC-681, Part B according to paragraph 814.

B Releasing Warehouse Receipts

County Offices shall release warehouse receipts to the producer after:

- advising the warehouse of the pending transfer
- receiving written agreement from the producer that the:
  - receipt will be delivered to the warehouse
  - commodity will be moved to eligible farm storage
  - County Office will be notified as soon as the commodity is in place on the farm
  - producer will provide a copy of scale tickets from the warehouse.

818 Transferring Loans From Warehouse Storage to Farm Storage (Continued)

C Quantity Limitations

The farm-stored loan quantity **cannot exceed** the warehouse-stored loan quantity transferred, rounded to the next higher whole unit of measure.

See subparagraph E for measurement of the farm-stored collateral.

D Maturity Date

The loan maturity date for the farm-stored loan shall be the same date as the warehouse-stored loan maturity date.

E Measurement After Transfer

After the collateral has been moved to eligible farm storage:

- perform a measurement service at the producer's expense
- obtain a representative sample of the commodity and apply, as applicable, the combined test weight and pack factor, test weight, and moisture shrink
- use the warehouse receipt quantity if COC determines the weighed quantity on the warehouse receipt more accurately reflects the quantity in farm storage.

County Offices shall:

- review entries on CCC-677-1
- note any comments entered by the commodity inspector.

818 Transferring Loans From Warehouse Storage to Farm Storage (Continued)

F Completing Transfer

Complete the warehouse-to-farm transfer through APSS:

- if data is complete and accurate
- entering measurements or weighed quantity, as applicable
- according to 12-PS, Part 5
- deducting loan service fees according to Part 4.

All producers who signed CCC-678 shall sign CCC-677 generated through APSS.

If a storage deduction was made from the warehouse-stored loan, the transfer process will generate an additional money only disbursement for the storage deduction.

G Overdisbursement Created

An overdisbursement will be created in the transfer process when the outstanding loan amount exceeds the loan value of the measured quantity.

Use the notification and demand letters in paragraph 23 to require repayment of the overdisbursement and interest.

H When Measured Quantity Is Less Than Transferred Quantity

If the measured quantity is:

- 90 percent or more of the transferred warehouse-stored loan quantity, take no action unless COC determines a loan violation occurred

- less than 90 percent of the transferred warehouse-stored loan quantity, COC shall determine whether a loan violation has occurred according to Part 6.

819-826 (Reserved)

Section 3 Reconcentrating Warehouse-Stored Loans

827 Reconcentrating Loan Collateral

A Requesting Reconcentration

Producers may, with the warehouse operator's concurrence, request authorization from CCC to reconcentrate loan collateral between warehouses using CCC-699. See paragraph 828 for completing CCC-699.

B General Provisions

The following provisions apply to reconcentrating loan collateral.

- Reconcentration must be to an in-line location.

  Note: The commodity movement shall be considered "in-line" if the commodity is moved to a warehouse in the line of normal trade channels and commerce for the commodity.

- CCC shall not increase loan rates to reflect transportation and handling charges.

- County Offices shall **not** approve reconcentration requests when any of the following apply:

  - the movement is determined not to be in the best interest of CCC and the producer

  - movement is **not** "in-line"

  - requests are submitted within 30 calendar days of the loan maturity date.

- If producers have an approved CCC-697 locking in a repayment rate for the loan commodity, the same lock-in rate is applicable only to quantity reconcentrated within the county where the farm- or warehouse-stored commodity was stored.

828 Completing CCC-699

A Instructions for CCC-699

The appropriate office/official shall complete CCC-699 according to the following table.

Appropriate Office/Official	Item	Instructions
Warehouse Operator		Complete CCC-699 and deliver all copies to the County Office.
	Part A	Enter name of commodity to be reconcentrated.
		Enter the crop year of the commodity loan.
		Enter name of producer.
	3	Enter warehouse receipt number using a separate line for each warehouse receipt to be reconcentrated.
	4 through 6	Enter quantity, grade, and grading factors, as applicable, from copy of the warehouse receipt.
	*--7	Authorized warehouse official shall sign and date.--*
	8	Enter name of warehouse.
	* * *	* * *
	10	Obtain producer's signature and date.
County Office	Part B	Enter name and location of shipping warehouse.
		Enter name and location of receiving warehouse.
	2	Enter loan number applicable to the warehouse receipt pledged as collateral. **Reminder:** Before approval, verify all entries with County Office records to ensure the entries are correct and the commodity is eligible for reconcentration.
	9	Enter date warehouse receipts were received by warehouse operator.
	10 and 11	Obtain COC's signature of approval and date.

828 Completing CCC-699 (Continued)

A Instructions for CCC-699 (Continued)

The following is an example of CCC-699.

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

CCC-699 (04-13-98) **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation

RECONCENTRATION AGREEMENT AND TRUST RECEIPT

See Reverse for Privacy Act and Public Burden Statements.

1. NAME AND ADDRESS OF COUNTY FSA OFFICE

ABC County FSA Office
Box C
Wayside, NE 69501

TELEPHONE NO.: (308) 882-4795

PART A - RECONCENTRATION AGREEMENT

WHEREAS, certain Wheat *(the commodity)* of the XXXX crop year is in storage at a warehouse operated by the undersigned warehouse operator *(the shipping warehouse operator)* and has been pledged to Commodity Credit Corporation (CCC) by Joe Jones *(the producer)* as collateral for a CCC commodity loan;

WHEREAS, the warehouse receipt(s) issued by the shipping warehouse operator for the commodity, as listed in Part B below, are in the possession of CCC as collateral for the repayment of the loan made by CCC;

WHEREAS, the producer and the shipping warehouse operator desire to move the commodity evidenced by such warehouse receipt(s) from the present warehouse where the commodity is now stored to a subsequent warehouse that is in line for normal marketing without interfering with or abridging CCC's security interest in the collateral; and

WHEREAS, CCC has no objection to such movement of the commodity providing the move is without interference with or abridgement of CCC's interest therein;

NOW, THEREFORE, the shipping warehouse operator, the producer, and CCC agree to the Terms and Conditions set forth on the reverse of this document as follows:

PART B - TRUST RECEIPT

RECEIVED IN TRUST from CCC, the warehouse receipt(s) listed below held by CCC as collateral security for the repayment of the loan made by CCC to the producer named above on the commodity represented by such receipt(s) pursuant to the commodity loan program for the crop year specified above. In consideration thereof, the shipping warehouse operator agrees to hold the warehouse receipt(s) in trust for CCC and further agrees to return to CCC new warehouse receipt(s) issued by the subsequent warehouse listed below representing the commodity within 30 days after the date of the approval of the trust agreement by CCC, (or such extension of time as may be granted by CCC), unless the commodity has been redeemed.

The warehouse receipt(s) are being released to the shipping warehouse operator for the purpose of moving the commodity represented by such receipt(s) from the present warehouse operated by the shipping warehouse operator at Fowles Grain Co., Laddonia *(present warehouse name and location)* to Mo Pacific Ele., St. Louis, MO *(subsequent warehouse name and location)* and replacing such receipt(s) with new receipt(s) issued by the subsequent warehouse operator. It is agreed that the undersigned must not, under any circumstances whatsoever, repledge such warehouse receipt(s) or use or dispose of such receipt(s) other than as authorized herein. The subsequent warehouse must be listed on the list of approved warehouses under a Uniform Grain and Rice Storage Agreement with CCC.

CCC may, at any time before replacement by the undersigned of such warehouse receipt(s), cancel this trust and take possession of the receipt(s), the commodity represented thereby, or the proceeds therefrom.

The intention of this trust receipt is to protect and preserve unimpaired the lien of CCC on such warehouse receipt(s) as security for the obligations of the producer under the commodity loan regulations.

2. LOAN NUMBER	3. WAREHOUSE RECEIPT NUMBERS	4. QUANTITY	5. GRADE	6. GRADING FACTORS INCLUDING PROTEIN
29-007-165	484	2,777.53 bu.	No. 2	TW 58 Prot. 10

7. SIGNATURE OF SHIPPING WAREHOUSE OPERATOR	DATE	8. NAME OF PRESENT WAREHOUSE	9. DATE WAREHOUSE RECEIPTS RECEIVED
/s/ Bill Brown	*8-15-XX*	*Fowles Grain Co.*	*8-17-XX*

10. SIGNATURE OF PRODUCER	DATE	11. COMMODITY CREDIT CORPORATION	DATE
/s/ Joe Jones	*7-25-XX*	BY */s/ Mary Williams*	*8-17-XX*

☐ ORIGINAL COPY ☐ WAREHOUSE OPERATOR'S COPY ☐ PRODUCER'S COPY ☐ COUNTY OFFICE COPY

828 Completing CCC-699 (Continued)

B Reverse Side of CCC-699

The following is an example of CCC-699 (Reverse).

CCC-699 ***(Reverse)*** (04-13-98)

TERMS AND CONDITIONS

1. CCC agrees, upon execution by the warehouse operator of Part B on the front of this document, to surrender the warehouse receipt(s) listed in Part B and authorizes the shipping warehouse operator to move the commodity from the warehouse listed on the front of this document to the subsequent warehouse identified in Part B. The producer and the shipping warehouse operator request that such receipt(s) be released by CCC to the shipping warehouse operator to be held in trust for CCC. The shipping warehouse operator agrees that the commodity represented by such receipt(s) shall be held in trust for and subject to the security interest of CCC in such commodity and that the shipping warehouse operator's possession is solely for the purpose of prompt transportation of the commodity from the warehouse in which it is stored to the warehouse to which it is to be delivered.

2. The shipping warehouse operator agrees to obtain warehouse receipt(s) from the subsequent warehouse representing the same quantity and quality of the commodity and indicating storage has been paid or provided for to the same date as shown on the original receipt(s) or supplemental documents, issued to the order of the producer or CCC and agrees to furnish such warehouse receipt(s) to CCC within 30 days after the date of the approval of the trust agreement by CCC, (or such extension of time as may be granted in writing by CCC) unless the producer has redeemed the commodity. The producer must endorse such receipt(s) if they are not issued to the order of CCC.

3. The producer and the shipping warehouse operator agree that they will be liable to CCC as an insurer for any loss in quantity or quality (including protein content of wheat) of the commodity from the time it is loaded out of the present warehouse until it is deposited in the subsequent warehouse. Liability for any loss in quality or quantity will be resolved between the shipping warehouse operator and the producer. The shipping warehouse operator is responsible for filing claims against carriers for losses in transit.

4. The commodity may be redeemed by the producer by paying principal and charges, plus interest or, if applicable, at a CCC-determined rate with cash, to CCC before the time the new warehouse receipt(s) are furnished to CCC.

5. The shipping warehouse operator agrees that the commodity will be insured in the name of CCC or on its behalf, against the hazards for which insurance is required under the Uniform Grain and Rice Storage Agreement and for loss or damages from collision and related hazards while in transit, or obtain a bond or other security instrument which will protect the commodity against such loss or damages, from the time the commodity is loaded out of the present warehouse until it is deposited in the subsequent warehouse.

6. The movement and transportation of any commodity pledged as collateral for CCC commodity loans must be without cost to CCC.

7. CCC will issue and the producer agrees to execute any new loan documents which CCC may require. Applicable loan service fees will be charged to the producer. New loan values will be computed as follows.

   A. The loan rate established by CCC for the commodity for the county where the commodity is stored.

   B. The premiums and discounts for the quality shown on the new warehouse receipt(s) issued by the storing warehouse.

8. The producer and the shipping warehouse operator warrant and agree to keep the commodity free from adverse liens while in transit.

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 to be supplied on this form is authorized by Pub. L. 104-127 and the Commodity Credit Corporation Charter Act, as amended (15 USC 714 b & c) and 7 CFR Part 1421. This information is required in order to monitor collateral placed under loan in the CCC commodity loan program. Furnishing the requested information is voluntary; however, without it assistance cannot be provided. 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 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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829 Releasing Warehouse Receipts

A Warehouse Receipts

After CCC-699 is approved:

- make copies of warehouse receipts and attach to County Office copy of CCC-699
- attach original warehouse receipts to warehouse operator's copy of CCC-699.

B Distributing CCC-699

County Offices shall:

- keep original CCC-699 in County Office security file
- send warehouse operator's copy and original warehouse receipts to warehouse
- send producer's copy to producer
- file County Office copy with copies of applicable warehouse receipts in producer's loan folder and file folder in suspense file.

Follow up to ensure that:

- the commodity will be reconcentrated
- new receipts are received in the County Office within 30 calendar days from date of approval.

C Extending CCC-699

County Offices may extend CCC-699 **only** if the delay is beyond the warehouse operator's control.

CCC-699 shall **not** be extended beyond the loan maturity date.

830 Replacement Warehouse Receipts

A Reviewing Warehouse Receipts

After receiving replacement warehouse receipts and **before** processing reconcentration according to subparagraph B, County Offices shall:

- review warehouse receipts for completeness
- ensure that:
  - receipts are provided for those released in trust
  - quantities do not exceed quantities applicable to the original warehouse receipts on CCC-699
  - the producer has endorsed the replacement receipts to vest title in CCC
  - commodity is of the same class as the commodity that was released in trust
  - losses in quantity and quality have been resolved between warehouse operator and producer.

B Processing Transfer

County Offices shall:

- process a warehouse-to-warehouse transfer according to 12-PS, Part 5 for partial or full reconcentrations
- deduct loan service fees according to Part 4
- for amounts due CCC, see paragraph 23
- obtain applicable producer's signatures on new loan agreement.

831 Sale of Commodity During Reconcentration

A Repaying Commodity During Reconcentration

When part of the commodity covered by CCC-699 is repaid during the reconcentration, record repayment according to 12-PS, Part 7 **before** recording the warehouse-to-warehouse transfer.

832-899 (Reserved)

Part 9 Repayments and Releases

Section 1 General Provisions

900 General Repayment Information

A Types of Repayments

After the date of disbursement, farm-stored and warehouse-stored loans may be repaid at any time during the loan period.

The following types of repayments are available:

- principal and charges, plus interest
- the CCC-determined value, under the marketing loan provisions, according to Section 2.

Note: Marketing loan repayment provisions are **not** applicable to recourse loans.

900 General Repayment Information (Continued)

B Acceptable Forms of Payment

County Offices shall accept the following forms of payment from producers or buyers as repayment for loans:

- checks issued, at producer's request, payable:
  - solely to CCC
  - to CCC and other applicable lienholders
- checks made payable solely to CCC or the applicable County Office
- checks that include producer's name as 1 of the payees
- personal checks from producers or buyers

  Exception: See subparagraph C for guaranteed remittances.
- money orders
- cash
- wire transfers
- certified or cashier's checks.

C Guaranteed Remittances

To protect CCC's interest, STC may require guaranteed remittance:

- for **all** repayments
- on a countywide or Statewide basis.

If COC determines to require guaranteed remittances, the County Office shall:

- request authority from STC for a countywide policy
- if approved, apply the policy to **all** repayments
- continue to follow 3-FI for dishonored checks.

900 General Repayment Information (Continued)

D Repayment Date

The repayment date shall be the date the repayment is received in the County Office that disbursed the loan.

E Recording Repayments

Record repayments according to 12-PS, Part 7.

Before recording market loan repayments on warehouse-stored loans, make additional disbursements, if applicable, according to paragraph 413.

Give the producer CCC-500 as a receipt for the repayment and keep a copy in the loan folder.

Note: Do **not** send CCC-500 to FRB.

Prepare and deposit collections according to 3-FI and 6-FI.

F Repaying Matured Loans

Producers may repay matured loans at the outstanding loan principal plus accrued interest:

- before CCC acquires the commodity
- for farm-stored loans, **after** issuance of CCC-691, **but** before settlement is completed in APSS.

G Repaying Loans During Appeal Process

A producer may repay a loan, at the CCC-determined value under the marketing loan provisions, for which an appeal process is in effect.

901 Personal or Corporate Checks Offered for Release of Collateral

A Receipt of Uncertified Checks

If an **uncertified** personal or corporate check is offered for release of loan collateral and repayment of the loan, CED or designee shall use prudent judgment in releasing loan collateral.

B Restrictions

County Offices shall:

- **not** accept postdated checks or other checks that do not conform to proper business practice
- handle restrictive endorsements according to 3-FI.

902 Notice of Nonpayment or Dishonored Check Received From KCFO

A Action When Notified by KCFO

After receiving advice from KCFO that a check has been dishonored, County Offices shall immediately:

- take appropriate action according to 3-FI
- spot check the farm-stored commodity:
  - at the producer's expense
  - to determine whether the commodity has been removed.

B Action Following Spot Check

After the spot check has been completed, follow this table to determine the necessary action.

<table>
<tr><th>IF the commodity has...</th><th colspan="2">THEN...</th></tr>
<tr><td rowspan="4">been completely removed</td><td colspan="2">use the notification letter in subparagraph 23 C to notify the producer:

• of the nonpayment
• of the reason a replacement check must be submitted
• that a dishonored check fee is due
• of the amount of measurement service fee that is due.</td></tr>
<tr><td>IF the producer...</td><td>THEN...</td></tr>
<tr><td>submits a replacement check within 30 calendar days</td><td>process remittance, including dishonored check fee and measurement service fee, according to 3-FI.</td></tr>
<tr><td>does not submit a replacement check within 30 calendar days</td><td>• send the demand letter in subparagraph 23 E

• do not delete repayment through APSS.</td></tr>
<tr><td></td><td>does not repay the amount due by the 30th calendar day after the date of the demand letter</td><td>establish a claim for the amount of the dishonored check and dishonored check fee according to 3-FI.</td></tr>
</table>

902 Notice of Nonpayment or Dishonored Check Received From KCFO (Continued)

B Action Following Spot Check (Continued)

<table>
<tr><th>IF the commodity has...</th><th colspan="2">THEN...</th></tr>
<tr><td>not been removed and the producer does not submit a replacement check</td><td colspan="2">• delete repayment according to 12-PS, Part 11 and 3-FI, paragraph 168
• follow 3-FI for processing CCC-257 correction entry
• collect dishonored check fee and measurement service fee and deposit according to 3-FI.</td></tr>
<tr><td rowspan="3">been partially removed</td><td colspan="2">use the notification letter in subparagraph 23C to notify the producer:
• of the nonpayment
• that a replacement check must be submitted for the quantity removed
• that a dishonored check fee is due
• of the amount of measurement service fee that is due.</td></tr>
<tr><th>IF the producer...</th><th>THEN...</th></tr>
<tr><td>submits a replacement check within 30 calendar days</td><td>process remittance, including dishonored check fee and measurement service fee, according to 3-FI.</td></tr>
</table>

902 Notice of Nonpayment or Dishonored Check Received From KCFO (Continued)

B Action Following Spot Check (Continued)

IF the commodity has...	THEN...	
been partially removed (Continued)	**IF the producer...**	**THEN...**
	does **not** submit a replacement check within 30 calendar days	send the demand letter in subparagraph 23E for the quantity removed, the dishonored check fee, and the measurement service fee.

	does **not** repay the amount due by the 30th calendar day after the date of the demand letter	• delete the repayment according to 12-PS, Part 11 and 3-FI
		• follow 3-FI for processing CCC-257 correction entry
		• record a transfer to claims for the quantity removed, according to 12-PS, Part 12, Section 4
		• establish claims on the 31st calendar day according to 58-FI for the:
		  • quantity removed
		  • dishonored check fee
		  • measurement service.
		The interest start date for the claim is the 31st calendar day after the date of the demand letter.

903 Releasing CCC-677 and CCC-678 After Repayment

A Action After Full Repayment

After full liquidation of the loan through repayment or redemption, return the original copy of CCC-677 or CCC-678, marked "**PAID**", to the producer after 30 calendar days.

B Additional Action for Farm-Stored Loans

After CCC-677 is released to the producer, according to subparagraph A, prepare and file documents necessary to release financing statement, as applicable, at the producer's:

- request
- expense.

904-913 (Reserved)

Section 2 Types of Repayments

914 Principal Plus Interest Repayments

A Applicability of Repayment at Principal Plus Interest

Producers are required to repay loans at principal plus interest for the following reasons:

- after 15th calendar day after expiration of CCC-681-1 for the quantity delivered
- loans disbursed as recourse loans

  Note: Producers who have reached the payment limitation may repay the loan at a level that is the **lesser** of the following:

  - loan principal plus interest
  - the higher of the following:
    - loan principal
    - CCC-determined value.

- incorrect certification determination
- loan has been called
- for any quantity delivered on CCC-681-1 after maturity.

Refer to paragraph 916 for the repayment of quantities removed or disposed of without prior written authorization.

915 Marketing Loan Repayments

A Cash Marketing Loan Repayments

Market loan repayments with cash are at the **lesser** of the following:

- principal plus interest
- CCC-determined value.

The CCC-determined value, in some cases, may be higher than the loan rate, but less than the loan principal plus interest.

B Determining CCC-Determined Value

The CCC-determined value for the day the repayment is received in the County Office that disbursed the loan shall be used in determining the repayment rate.

Follow Section 7 to calculate the CCC-determined value using the terminal market prices posted on the "Daily Market Rates" for commodities that are downloaded from KCCO.

See paragraph 952 for locking-in repayment rates on CCC-697.

C Market Repayments on Loans With Storage Deduction

If a loan repayment for a warehouse-stored loan with a storage deduction is made using the CCC-determined value, process an additional disbursement for "**previously deducted storage**" according to 12-PS, Part 3, Section 5:

- **before** applying the market loan repayment

- by entering the loan maturity date as the storage paid through date for each warehouse receipt that will be included in the repayment.

D Payment Limitation

See paragraphs 104 and 105 for applicable payment limitation rules.

915 Marketing Loan Repayments (Continued)

E Production Evidence Required

For loans that are repaid under the marketing loan provisions **and** are selected for spot check, require the producer to submit production evidence to the County Office. See:

- Part 5 for:
  - determining acceptable production evidence
  - submitting production evidence
- paragraph 541 and 12-PS, Part 7, Section 4 for recording production evidence.

F Market Gain Reported to IRS

The market gain is the difference between the loan principal that is liquidated and the amount needed for the marketing loan repayment, when the marketing loan repayment amount is less than the loan principal amount that is liquidated.

The amount of market gain is reported to IRS.

G Denied Market Gains

Part or all of a producer's calculated market gain shall be denied if **any** of the following apply:

- payment limitation is reached
- percent of cropland factor is less than 1.0000
- permitted entity share is less than 100 percent.

Note: See paragraphs 104 and 105 for denied market gains.

--916 Repayment Rate Applicable to Loan Quantities Involved in a Violation--

A Determining Applicable Repayment Rate

Determine the repayment rate according to the following table for quantities involved in unauthorized:

- removal
- disposition.

COC determines...		THEN the repayment rate is...
good faith according to paragraph 613 C	**and** the producer has 2 or less violations	the lesser of: • principal and charges plus interest • the CCC determined value on the date the violation occurred **plus** 15 percent of the loan rate.
good faith **not** determined according to paragraph 613 D	**or** the producer has more than 2 violations	principal and charges plus interest.

***--Note:** For producers who repay a marketing assistance loan before being notified of a shortage or violation, County Offices shall manually insert the following statement in the remarks section of CCC-500:

"This repayment does not release the borrower from any administrative actions".**--***

917 Lump-Sum Repayments

A When to Manually Calculate Lump-Sum Repayments

County Offices shall manually calculate lump-sum repayments only when the following situations apply:

- computer is not working
- to explain to producers how lump-sum repayments are calculated by APSS and attributed to applicable bins under loan.

Note: Lump-sum repayments are not applicable to warehouse-stored loans.

B Applying Lump-Sum Repayment Amounts

Instructions in the following table provide how repayment amounts are determined and applied by bin, for **each** bin included on a loan for which a lump-sum repayment is made.

Determine the following amounts, as applicable:

- principal
- interest
- quantity redeemed when a lump-sum repayment is used to repay a partial bin.

Note: Repay receivables and overdisbursements first. Apply any remaining amount as a lump-sum repayment.

917 Lump-Sum Repayments (Continued)

B Applying Lump-Sum Repayment Amounts (Continued)

Step	Action		
1	Determine the number of days applicable at each interest rate for the bin being repaid.		
2	***--**Multiply the number of days at each interest rate times the interest rate times the outstanding principal amount for the selected bin divided by 365 calendar days.**--***		
3	Add outstanding principal and calculated interest amounts for the selected bin to determine the payoff amount for the selected bin.		
4	**IF the lump-sum amount received is...**	**AND any remaining amount will be...**	**THEN...**
	equal to or greater than the amount determined in step 3	refunded to the producer or buyer, as applicable	• complete the repayment using the amount determined in step 3 • prepare a refund CCC-184 according to 3-FI.
		applied to another bin	note the calculated bin repayment amount and go back to step 1 for the next selected bin.
	less than the amount determined in step 3		calculate a liquidation factor according to step 5.
5	***--**To determine a liquidation factor for the final selected bin, divide the balance of the lump-sum amount received by the amount determined in step 3. Round this factor to 9 decimal places.		
6	Multiply the liquidation factor determined in step 5 by the outstanding quantity for the selected bin. Round any partial unit up to the next whole unit.		
7	Multiply the quantity determined in step 6 by the loan rate for the selected bin to determine the principal amount to be repaid.		
8	Subtract the amount determined in step 7 from the balance of the lump-sum amount**--*** received. The difference is the interest amount for the lump-sum repayment.		
9	Complete the repayment and prepare a manual CCC-500 using the total repayment amounts calculated for all bins selected for the lump-sum repayment. See subparagraph C for an example.		

917 Lump-Sum Repayments (Continued)

C Example of Manual Calculations

The producer in this example has a farm-stored loan on 3,000 bushels of 20xx-crop wheat. The outstanding loan principal is $6,000. The repayment date is February 14, 20xx.

The lump-sum amount received from the producer is $4,500. The interest rate changed to 8.875 percent on January 1, 20xx.

Bin No.	Disbursement Date	Quantity	Principal (Dollars)	Interest Rate (Percent)
1	9-17-xx	1,000	2,000	8.000
2	9-17-xx	1,000	2,000	8.000
3	9-17-xx	500	1,000	8.000

917 Lump-Sum Repayments (Continued)

C Example of Manual Calculations (Continued)

In this example, a lump-sum repayment of $4,500 was made on February 14, 20xx. Compute the repayment according to the following table.

Step	Instructions	Bin No.	Action	Result
1	Calculate interest.	1	9-17-9x - 1-1-9x = 106 days x 8.0% x $2,000 ÷ 365 = 1-1-9x - 2-14-9x = 44 days x 8.875% x $2,000 ÷ 365 = Total accrued interest =	$46.46575 $21.39726 $67.86
		2	9-17-9x - 1-1-9x = 106 days x 8.0% x $2,000 ÷ 365 = 1-1-9x - 2-14-9x = 44 days x 8.875% x $2,000 ÷ 365 = Total accrued interest =	$46.46575 $21.39726 $67.86
		3	9-17-9x - 1-1-9x = 106 days x 8.0% x $1,000 ÷ 365 = 1-1-9x - 2-14-9x = 44 days x 8.875% x $1,000 ÷ 365 = Total accrued interest =	$23.23287 $10.69863 $33.93
2	Calculate the amount required to repay each bin under loan.	1	Principal = $2,000.00 Accrued interest = 67.86 Total due = Quantity =	$2,067.86 1,000 bushels
		2	Principal = $2,000.00 Accrued interest = 67.86 Total due = Quantity =	$2,067.86 1,000 bushels
		3	Principal = $1,000.00 Accrued interest = 33.93 Total due = Quantity =	$1,033.93 500 bushels

917 Lump-Sum Repayments (Continued)

C Example of Manual Calculations (Continued)

Step	Instructions	Bin No.	Action	Result
3	Use the lump-sum repayment to repay entire loan quantity in a bin.	3	In this example, bin 3 was selected for repayment first. $4,500 - $1,033.93 =	Amount remaining $3,466.07
		2	Bin 2 was selected for repayment. $3,466.07 - $2,067.86 =	Amount remaining $1,398.21
		1	The remaining lump-sum amount is insufficient to repay bin 1.	See step 4.
4	Divide the amount remaining by the amount needed to repay the last bin to determine a liquidation factor. Round the factor to 9 decimal places.	1	$1,398.21 ÷ $2,067.86 =	.676162796 (liquidation factor)
5	Multiply the liquidation factor determined in step 4 by the outstanding bin quantity to determine the quantity to be repaid. If the calculation results in a partial unit, round up to the next whole unit.	1	Multiply the calculated quantity to be repaid by the loan rate to determine the principal to be liquidated. Interest is the difference between the principal liquidated and the amount remaining to be applied. Quantity to repay rounded to next whole unit: 1,000 x .676162796 = 676.162796 Principal to be repaid = 677 x $2.00 = Interest = $1,398.21 - $1,354.00 = Total repayment =	677 bushels $1,354.00 44.21 $1,398.21

918-926 (Reserved)

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927 Applicable Interest Rates

A Interest Applicable to Loans

The interest rate:

- applicable to CCC loans shall be:
  - equal to the interest rate announced by CCC for the month in which the loan is disbursed
  - adjusted on January 1 to equal the interest rate announced for the month of January by CCC
- is assessed at the rate applicable to the loan, subject to January 1 adjustment, from the disbursement date to the **earlier** of the following:
  - second day before date of repayment for loans disbursed by EFT
  - repayment date for loans disbursed by CCC-184
  - settlement date.

--Note:** When calculating interest, the repayment date is **not** included. See subparagraph 928 A.**--

See 50-FI for applicable interest rates.

The monthly interest rate announced for 1996 and subsequent crop years includes the additional 1 percent applicable to loans as authorized by the Farm Security and Rural Investment Act of 2002. This additional 1 percent is **not** applicable to LDP's.

A loan deficiency resulting from the processing of a settlement becomes a **receivable** and will be handled according to subparagraph B.

927 Applicable Interest Rates (Continued)

B Interest Applicable to Receivable, Overpayment, and Over-disbursement Amounts

For receivable, overpayment, and overdisbursement amounts, follow this table to determine the following:

- applicable interest rate
- time period for interest assessment.

IF...	THEN interest is assessed...

a receivable was created	• at the rate applicable to CCC loans disbursed in the month that the receivable was created
	• from the date the receivable was created to the **earlier** of the following:
	  • date of repayment
	  • 31st calendar day after the date of demand letter.

an LDP overpayment occurred	• at the rate applicable to CCC loans, excluding the additional 1 percent, for the month in which LDP was made
	• from the date LDP was made to the **earlier** of the following:
	  • date of refund
	  • 31st calendar day after the date of demand letter.

an overdisbursement occurred	• at the interest rate applicable to the loan
	• from the loan disbursement date to the **earlier** of the following:
	  • date of repayment
	  • 31st calendar day after the date of demand letter.

Note: After an interest rate is established for a receivable, overpayment, or overdisbursement, the interest rate will:

- **not** change on January 1
- remain in effect until the amount due is repaid or a claim is established on the 31st calendar day.

927 Applicable Interest Rates (Continued)

C Interest Applicable to Violations

The interest rate for:

- loan violations is the interest rate applicable to the loan, according to subparagraph A
- LDP violations is the interest rate applicable to CCC loans, excluding the additional 1 percent, for the month in which LDP was made.

928 Manual Interest Calculations

A Manually Calculating Interest

Interest is calculated by APSS for transactions processed through APSS. When APSS is inoperable, interest may be manually computed.

For regular loan repayments for loans:

- disbursed by CCC-184, interest is computed on a daily basis from the date of disbursement to, but not including, the date of repayment
- disbursed by EFT, interest is computed on a daily basis from the date of disbursement to, but not including, the second day before the date of repayment
- when different interest rates apply, interest is computed from:
  - date of disbursement to, but not including, the effective date interest changed
  - date of interest change to, but not including, date of repayment, or another rate change occurs.

Note: If the interest period includes February 29, include February 29 in the number of days computed, **but** divide the total number of days by **365** when computing the interest.

B Total Aggregate Amount of $500,000 or More

Producers repaying a loan that has a total aggregate principal amount of **$500,000 or more**, by:

- other than a wire transfer, shall be assessed interest beginning on the loan disbursement date **through the day after** the date of repayment
- wire transfer, shall be assessed interest beginning on the loan disbursement date up to the **second day before** the date of repayment.

928 Manual Interest Calculations (Continued)

C Transferred Loans

For loans transferred according to Part 8, Section 2 and 12-PS, Part 5, and for which a repayment is to be made, compute interest on the:

- transferred loan quantity principal amount from the date of original loan disbursement to, but not including, the date of disbursement of the new loan, minus repayments made
- new loan principal amount from the date of disbursement to the date of repayment.

Note: If the new loan is insufficient to liquidate the original loan or part being transferred:

- interest is computed, according to subparagraph 927 B, on the overdisbursement and receivable created through the transfer process
- request repayment from the producer at the time the transfer is processed in APSS.

D Farm-Stored Nonrecourse Loan Deficiencies

For farm-stored nonrecourse loan deficiencies on settlements, determine applicable interest rate and time period for interest assessment as follows.

- Interest is assessed on the deficient principal amount:
  - at the interest rate applicable to the loan
  - for the period from the date of disbursement, subject to January 1 adjustment, up to the date the settlement is completed in APSS.
- The resulting receivable, created through the settlement process:
  - consists of deficient loan principal and applicable loan interest
  - shall be assessed interest, according to subparagraph 927 B, applicable to receivables.

928 Manual Interest Calculations (Continued)

E Farm-Stored Recourse Loan Deficiencies

For farm-stored recourse loan deficiencies on local sale settlements, interest is assessed on the outstanding loan principal amount:

- at the interest rate applicable to the loan
- for the period from the date of disbursement, subject to January 1 adjustment, up to the date the settlement is completed in APSS.

The resulting receivable, created through the settlement process:

- is the difference between the:
  - outstanding principal amount plus accrued interest and charges
  - sales proceeds
- shall be assessed interest according to subparagraph 927 B.

929-938 (Reserved)

Section 4 Farm-Stored Loan Repayments

939 Farm-Stored Repayments

A Payment Before Movement

A producer shall make repayment **before** the loan collateral is moved, unless prior arrangements have been made.

B Payment After Movement

A producer may request release of loan collateral for sale to a buyer and provide payment **after** movement of the commodity, according to CCC-681-1 provisions in Section 5.

C Repaying Loan Quantity

A producer may repay a farm-stored loan in full or in part by paying an amount representing the quantity redeemed.

940 Repayment Schedules

A Repayment Schedules

When the collateral will be fed to the producer's own livestock, COC shall establish a repayment schedule with the producer to ensure repayment before:

- removal of the commodity for feed
- loan maturity.

B Types of Loans

Repayment schedules shall be established with the producer for the following loans:

- HM or ATHM commodities
- commodities harvested as other than grain, except silage and hay.

Note: Repayment schedules may be established with the producer when the collateral of other recourse or nonrecourse loans will be fed to the producer's own livestock.

941-950 (Reserved)

Section 5 CCC-681-1 Provisions

951 Requesting Release of Farm-Stored Commodity Before Repayment

A Purpose of CCC-681-1

CCC-681-1 shall be used to:

- authorize the removal and delivery of the farm-stored loan collateral to a buyer for sale **if** the proceeds of the sale are used to immediately repay the loan
- notify the buyer that CCC:
  - has a perfected security interest in the specified quantity
  - will **not** release CCC's security interest in the collateral sold until repayment is received.

CCC-681-1 shall **not** be used for warehouse stored loans.

B When to Use CCC-681-1

Producer may request that a commodity pledged as collateral for CCC farm-stored loan be released for delivery to a buyer before repayment:

- on CCC-681-1, according to paragraph 955
- because the sales proceeds are needed to repay the loan.

CCC-681-1 shall be issued **only** when a producer needs to deliver and sell the commodity to repay the loan.

C Movement Initiated on Nonworkday

Producers may initiate movement of farm-stored loan collateral on nonworkdays, without prior written approval, if **both** of the following apply:

- the producer files a request for approving this movement on the next workday
- the request is according to program provisions.

See subparagraph 955 E for approving these requests.

951 Requesting Release of Farm-Stored Commodity Before Repayment (Continued)

D Requesting CCC-681-1

When producers request release of their commodity for sale on CCC-681-1, County Offices shall:

- inform producers and buyers:
  - of their responsibilities concerning use of CCC-681-1
  - that repayment of loan collateral purchased by a buyer must be received from the buyer; otherwise, the buyer is violating the clear title provisions
- inform producers when they request CCC-681-1, according to paragraph 955, that:
  - CCC **expects** payment for any quantities delivered
  - any quantity delivered and sold to a buyer after loan maturity **must** be repaid at principal, plus interest
  - the producer is responsible for repayment if the buyer does not comply with CCC-681-1 provisions
  - CCC-681-1 **cannot** be canceled
  - if a repayment rate is locked in on CCC-697, the repayment at the locked-in rate is due for the quantity delivered during the authorization period by the earlier of:
    - CCC-697 expiration date according to subparagraph 952 B
    - 15th calendar day after the CCC-681-1 expiration date

951 Requesting Release of Farm-Stored Commodity Before Repayment (Continued)

D Requesting CCC-681-1 (Continued)

- allow producers to request repayment checks made payable solely to CCC **only** if the producer will not be able to provide a properly endorsed multiparty check by the end of the grace period

- encourage producers to obtain another CCC-681-1, according to paragraph 956, when they cannot complete delivery by the expiration date of the existing CCC-681-1

- remind producers that they may be subject to administrative actions, according to Part 6, if any loan quantity is delivered to the buyer **after** CCC-681-1 expires.

If the producer does **not** deliver any quantity during the delivery period, CCC-681-1 expires on the date specified on CCC-681-1.

E Delivery Period

The producer is responsible for choosing the requested delivery period for each applicable CCC-681-1. The delivery period:

- may be either of the following:

  - 15 calendar days
  - 30 calendar days

- begins on the date CCC-681-1 is approved and continues for the selected number of *****--calendar days (15 or 30)--*****

- may be extended, according to subparagraph I.

If the CCC-681-1 expiration date falls on a nonworkday, the expiration date shall be the next workday.

The **entire** outstanding loan quantity shall be released for each CCC-681-1 requested.

If a delivery period does not expire until after loan maturity, advise the producer that any quantity delivered after loan maturity **must** be repaid at principal plus applicable interest or may be delivered to CCC.

951 Requesting Release of Farm-Stored Commodity Before Repayment (Continued)

F Different Buyers

Only one CCC-681-1 may be approved for the **same** loan to the **same** buyer for the same delivery period.

Two or more CCC-681-1's may be approved for the **same** loan to **different** buyers during the **same** delivery period. The **entire** outstanding loan quantity shall be released on **each** valid CCC-681-1 approved.

If the delivery period of the original CCC-681-1 has not expired and quantities have been delivered, an extension may be granted according to subparagraph I.

G CCC-681-1 Expiring or Requested After Maturity

County Offices shall use this table for applicable action for **either** of the following situations:

- CCC-681-1's with **grace** periods that expire **after** the loan maturity date
- CCC-681-1's requested **after** the loan maturity date.

IF...	THEN...
CCC-681-1's grace period expires **after** the loan maturity date	issue CCC-691 with the applicable demand letter for any quantity remaining on the farm **after** the grace period, or that has been delivered to the warehouse and the producer has not sold to the buyer.
CCC-681-1 is requested **after** the loan maturity date	repayment shall be made at **principal and charges, plus interest.**

951 Requesting Release of Farm-Stored Commodity Before Repayment (Continued)

G CCC-681-1 Expiring or Requested After Maturity (Continued)

IF...	THEN...
CCC-681-1 is requested **before** the loan is transferred to claims	• calculate the daily interest amount by multiplying the loan rate times the interest rate divided by 365 • enter the principal **and** interest, per bushel, hundredweight, or pound on CCC-681-1.
CCC-681-1 is requested **after** the loan is transferred to claims	• calculate the daily interest amount, per bushel, hundredweight, or pound, by dividing the claim amount by the loan quantity times the claim interest rate divided by 365 • calculate and enter the claim amount, plus interest, divided by the loan quantity when transferred to claims on CCC-681-1 • apply repayment as a repayment on the claim.

Notes: County Offices should use discretion when approving CCC-681-1 after the loan maturity date.

Before approving an additional CCC-681-1, County Offices should be satisfied that the producer is making a reasonable effort to deliver the loan quantity to the buyer within the delivery period.

951 Requesting Release of Farm-Stored Commodity Before Repayment (Continued)

H Issuing CCC-691 During Grace Periods

County Offices shall issue CCC-691 during the CCC-681-1 grace period if **all** of the following apply:

- CCC-681-1 has expired
- loan has matured
- producer does not want to repay, but deliver to CCC instead
- producer requests the County Office to issue CCC-691.

I CCC-681-1 Extensions

CCC-681-1's can be extended in 15 calendar day increments, not to exceed 60 calendar days including the original release period, to complete the delivery of the applicable commodity. CCC-681-1's can only be extended if deliveries are not completed with the 15 or 30 calendar day initial delivery period.

When CCC-681-1 extensions are approved by COC, County Offices shall:

- line through the expiration date on CCC-681-1, item 12 and enter the new expiration date

- extend the grace period for repayment to be 15 calendar days after the revised CCC-681-1 expiration date for all quantity delivered

- provide the producer and the buyer a revised coy of CCC-681-1.

Note: CCC-681-1 extensions are **only** authorized if the producer has begun delivery of the quantity to the buyer. Extensions shall not be approved if the producer is intentionally delaying delivery to avoid payment to CCC.

952 Locking-In Repayment Rates

A Locking-In on CCC-697

Producers may lock in a repayment rate for 60 calendar days.

Lock-in rates:

- can be requested on disbursed loans **only**
- cannot be requested within 14 calendar days of loan maturity.

Loans that have been requested but not disbursed are not eligible for lock-in repayment requests.

B Expiration

CCC-697 will expire on the earlier of:

- 60 calendar days from date of approval
- 14 calendar days before loan maturity.

If the expiration date falls on a nonworkday, the expiration date shall be the next workday.

C Applicability

CCC-697 is applicable to any farm-stored or warehouse-stored loan collateral.

D Requests

The requests to lock in a repayment rate may only be completed 1 time for a designated quantity. The designated quantity may be:

- all quantity under loan
- a specific loan quantity.

952 Locking-In Repayment Rates (Continued)

E Signatures and Initials

All signatures and initials must be obtained before approving CCC-697.

The contact producer must initial all blocks under CCC-697, Part B before approval.

F Effective Date

The locked-in rate is the rate in effect on the date CCC-697 is approved according to subparagraph H.

G Calculating CCC-Determined Value

See Section 7 to calculate the CCC-determined value used to determine the applicable repayment rate.

H Approving CCC-697

COC, or designee, shall approve CCC-697 when requests are complete.

Requests are complete when all initials and signatures have been obtained and CCC-697 has been received in the County Office.

If the County Office cannot approve CCC-697 on the date the completed CCC-697 is received in the County Office, County Office shall:

- date stamp CCC-697
- use the repayment rate in effect on the date CCC-697 is received in the County Office.

For CCC-697 FAXed requests, the repayment rate is the rate in effect when CCC-697 is received with the last signature, in the County Office, providing CCC-697 is completed correctly.

Example: If the rate is announced at 7 a.m. e.t., and the FAXed CCC-697 is received at 5 a.m. e.t., the repayment rate is the rate in effect on the previous day.

952 Locking-In Repayment Rates (Continued)

I Telephone Requests

All requests to lock in a repayment rate on CCC-697 must be received in person or by FAX.

Requests are not allowed by telephone.

J Repayments

County Offices shall follow this table for determining repayment rates when CCC-697 is requested.

IF the repayment is received...	THEN the repayment rate is the...
before CCC-697 expires	locked-in rate shown on CCC-697.
after CCC-697 expires	smaller of the following: • principal, plus interest • market repayment rate in effect on the date the repayment is received.

Any repayment received on a farm or warehouse-stored loan must be applied first to the oldest CCC-697 outstanding regardless of loan quantities **not** included on CCC-697.

See subparagraph 956 C for repayment rates under the CCC-681-1 provisions. The 15 calendar day grace period for receipt of the repayment is **only** applicable to quantities delivered under CCC-681-1 provisions according to subparagraph 957 A.

Any repayment received after maturity must be repaid at principal plus interest except according to subparagraph 957 C.

952 Locking-In Repayment Rates (Continued)

K Quantity Requests Not Repaid Under CCC-697

Loan quantities can be locked-in on CCC-697 only 1 time. If producers do not repay the quantity specified on CCC-697 on or before the expiration date, County Office shall:

- flag the loan folder to indicate quantity not eligible for further lock-in requests
- not include this quantity in any subsequent CCC-697 request.

L Terms and Conditions

The contact producer must initial the terms and conditions of CCC-697 for each request and ensure that all persons who sign CCC-697 are aware of all terms and conditions on CCC-697, Part B.

The terms and conditions are as follows:

- CCC-697 cannot be canceled, terminated, or changed after approval
- the "locked-in" rate for the quantity specified on CCC-697, Part A:
  - expires on the earlier of the date of repayment, 60 calendar days from date of approval, or 14 calendar days before the loan maturity date
  - is the rate in effect on the date CCC-697 is approved
  - is applicable to the specified quantity until the CCC-697 expires
- if the loan is repaid after the loan maturity date, repayments shall be at principal plus applicable interest
- all signatures from all producers who share in the loan quantity have been obtained
- multiple CCC-697's can be outstanding at the same time, but cannot be in effect for the same quantity

952 Locking-In Repayment Rates (Continued)

L Terms and Conditions (Continued)

- the repayment rate locked-in with this form is applicable to the entire quantity entered on CCC-697, Part A and cannot exceed the outstanding loan quantity

- only whole warehouse receipts can be locked in at 1 time

- all repayments on a loan with an outstanding CCC-697 will be applied in order according to the oldest outstanding CCC-697 on file for that loan, including warehouse-stored loan requests

- if sales proceeds are needed to repay the loan, CCC-681-1 must be requested

- ***--**a commodity certificate exchange cannot be applied to the quantity specified in CCC-697, Part A.**--***

M Warehouse Receipts

If CCC-697 is requested on a farm-stored loan that is later transferred to a warehouse-stored loan or a warehouse-stored loan reconcentration has been requested, the:

- warehouse receipts must be issued for the quantity requested on CCC-697

- locked-in rate transfers to the warehouse-stored loan with no changes if transferred within the same county where the loan commodities were stored.

Note: A subsequent CCC-697 shall not be approved on any loan resulting from a transfer where the original loan had an outstanding, expired, or canceled CCC-697. This includes any loan quantity that was not locked in on CCC-697 or the 110 percent overrun allowed under the farm-to-warehouse transfer process.

N Called Loans

The repayment rate locked in on CCC-697 is not applicable to called loans.

See Part 6 for procedure on loan violations.

953 Completing CCC-697

A Instructions for Completing CCC-697

When the computer is not operable, manually complete CCC-697 for each request to lock in a repayment rate according to the following table.

Item	Instructions
1	Enter the applicable State code.
2	Enter the applicable county code.
3	Enter the applicable crop year.
4	Enter the loan number.
5	Enter the applicable commodity.
6	Enter the loan maturity date.
7	Enter the expiration date, as applicable. The expiration date is the earlier of: • 14 calendar days before maturity • 60 calender days from date of approval. Leave blank if additional signatures must be obtained before approval. See Part A. If the expiration date falls on a nonworkday, enter the next workday, as applicable.
8	Enter the outstanding loan quantity.
9	Enter the name, address, and telephone number of the contact producer.
10	Enter the name, address, and telephone number of the applicable County Office.

953 Completing CCC-697 (Continued)

A Instructions for Completing CCC-697 (Continued)

Item	Instructions
Part A	Enter the repayment rate, date of approval, and the quantity to be repaid with the locked-in repayment rate, as applicable. The repayment rate must be the rate in effect on the date CCC-697 is approved. If there are more than one CCC-697 outstanding for farm-stored or warehouse-stored loans, inform the producer the oldest outstanding CCC-697 will be repaid first before **any** other repayment can be applied to the loan indicated in step 4. If additional signatures must be obtained, enter “to be determined” in the field for repayment rate and date of approval. When the completed CCC-697 is received in the County Office, cross out “to be determined” and record the repayment rate and date of approval, as applicable. County Offices shall enter the expiration date in item 7, initial and date the changes, and immediately provide a corrected copy to the contact producer.
Part B	The contact producer must read and initial all spaces provided in Part B to acknowledge understanding the locked-in repayment rate terms and conditions for all persons who sign CCC-697.
Part C	All producers who signed CCC-677 or CCC-678 must sign, provide their ID number, and date CCC-697. All signatures must be received in the applicable County Office before CCC-697 can be approved. The locked-in rate is not effective until the date CCC-697 is approved.

953 Completing CCC-697 (Continued)

A Instructions for Completing CCC-697 (Continued)

Item	Instructions
Part D	COC shall approve CCC-697 when all signatures have been received. If approval cannot be obtained on the date the completed request is received in the County Office, date stamp CCC-697 and use the date to lock-in the repayment rate. Approve CCC-697 as soon as possible. COC, or designee, shall sign, provide title, and date CCC-697.
Part E	Use this part when there are more than 3 producers requesting a lock in repayment rate. Obtain the signature, ID number, and date of signature, as applicable.
	Provide the contact producer with a copy of CCC-697 and file a copy in the loan folder, as applicable. **Instruct the producer to complete CCC-681-1 also, if the loan collateral will be delivered to a buyer to use the loan proceeds from the sale of the loan collateral to repay the loan. All terms and conditions of CCC-681-1 shall apply**.

953 Completing CCC-697 (Continued)

B Example of CCC-697, Page 1

The following is an example of CCC-697.

This form is available electronically. Form Approved - OMB No. 0560-0087

CCC-697 (06-16-03) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1. St. Code	2. Co. Code	3. Crop Year	4. Loan Number
REQUEST TO LOCK IN A MARKET LOAN REPAYMENT RATE	19	000	2002	500
(Privacy Act and Public Burden Statement on Page 2)	5. Commodity	6. Maturity Date *(MM-DD-YYYY)*	7. Expiration Date *(MM-DD-YYYY)*	8. Outstanding Loan Quantity
	Corn	09-30-2003	08-08-2003	10,000 Bu.

9A. Name and Address of Contact Producer	10A. Name, Address, and of County FSA Office *(Including Zip code)*
County Producer 2002 Agricultural Lane Anytown, IA 50000	Rural County FSA Office 600 Main Street Anytown, IA 50000
9B. Telephone Number *(Including Area code)*:	10B. Telephone Number *(Including Area code)*: 515-555-1000

Part A - Producer Request

The undersigned producer(s) ("Producer") hereby requests approval to lock in a market loan repayment rate of *(1)* $ 1.80 per *(bu., cwt., lbs.)*, which is the repayment rate in effect on *(2)* 06-10-2003 for the above crop year and commodity for the loan quantity of *(3)* 5,000 Bu.

(repayment rate) date of approval *(MM-DD-YYYY)* *(bu., cwt., lbs.)*

Part B - Producer Agreement

NOTE: The contact producer must initial all terms and conditions and ensure that all producers who sign the CCC-697 are aware of the Terms and Conditions stated below.

TERMS AND CONDITIONS	INITIALS
1. The CCC-697 can not be canceled, terminated, or changed after approval.	CP
2. The "locked-in" rate for the above quantity in Part A: • expires on the earlier of 14 calendar days before the loan maturity date or 60 calendar days from the date of approval • is the rate in effect on the date approved • is applicable to the quantity specified in Part A until the expiration date.	CP
3. If the loan is repaid after the loan maturity date, repayments shall be at principal plus applicable interest.	CP
4. All signatures from all producers who share in the above loan quantity have been obtained.	CP
5. Multiple CCC-697's can be outstanding at the same time but cannot be in effect for the same quantity. For any quantity repaid on the above loan, the oldest CCC-697 will be honored first when applying the repayment to the loan.	CP
6. The repayment rate locked-in with this form is applicable to the entire quantity entered in Part A and cannot exceed the quantity entered in Item 8. In addition, for warehouse-stored loans, the quantity entered in Part A shall only represent one or more whole warehouse receipts and cannot exceed the quantity entered in Item 8.	CP
7. All repayments must be received in the County FSA Office specified in item 10 on or before the date entered in Item 7. Upon expiration of the CCC-697, and before loan maturity, the repayment is the lower of principal plus interest or the rate in effect on the date of repayment.	CP
8. Form CCC-681-1, Authorization for Delivery of Loan Collateral for Sale is not required to be executed to lock in a repayment rate with this form. However, if the farm-stored quantity entered in Part A must be delivered and sold to a buyer before repayment can be made, then CCC-681-1 must also be requested before moving the quantity in Part A from farm storage to the buyer.	CP
9. A commodity certificate exchange can NOT be applied to the quantity specified in Part A.	CP

Part C -Producer Signature *(See Part E on Page 2 for additional producer signatures.)*

1. Producer's Signature	2. Producer's ID Number	3. Date *(MM-DD-YYYY)*
/s/ County Producer	*123-45-6789*	*06-10-2003*
/s/ Ag. Producer (wife)	*978-65-4321*	*06-10-2003*

Part D - COC or Designee Signature

1. Signature of COC or Designee	2. Title	3. Date Approved *(MM-DD-YYYY)*
/s/ Polly Program Technician	*PT*	*06-10-2003*

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.

Page 1 of 2

953 Completing CCC-697 (Continued)

C Example of CCC-697 (Reverse)

Complete CCC-697 (Reverse) only when there are more than 3 producers requesting a lock in repayment rate. CCC-697 (Reverse) is a continuation page for obtaining producers' signatures, as applicable. The following is an example of CCC-697 (Reverse).

CCC-697 (Page 2) (06-16-03)

Part E - Producer Signature (Continuation)

1. Producer's Signature	2. Producer's ID Number	3. Date *(MM-DD-YYYY)*

NOTE: *The above statements are made in accordance with the Privacy Act of 1974 (5 USC 552a) and Paperwork Reduction Act of 1995, as amended. 7 CFR Parts 1421, 1434, and 1435 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 collection 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. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

954 Delivery Evidence

A Required Delivery Evidence

Delivery evidence:

- **must** be submitted with **all** CCC-681-1 repayments for delivered quantities only
- is not required for any other type of repayment.

B Type of Delivery Evidence

Delivery evidence is any of the following:

- settlement sheet
- delivery statements
- other acceptable delivery evidence, as applicable.

C Delivery Evidence Requirements

Submitted delivery evidence can **become** production evidence for any loan repayment when market gain is earned as long as all production evidence requirements are met according to paragraph 535.

All delivery evidence requirements **must**:

- show dates of delivery
- quantity delivered.

Because delivery evidence now becomes production evidence for market gain purposes, loan quantities repaid in full under CCC-681-1 will not be subject to spot check as long as the delivery evidence meets all necessary requirements.

954 Delivery Evidence (Continued)

D Quantity Delivered Less Than Measured Quantity

Measured quantities can be used for production evidence if indicated on CCC-677-1. If delivery evidence is less than the production evidence and all loan quantities have been delivered, determine the repayment rate as follows.

IF the delivered quantity is less than the measured quantity and is...	THEN the repayment rate is...
within tolerance	the locked-in repayment rate or repayment rate in effect on the date the repayment is received, as applicable.
not within tolerance	based on the following COC violation determinations: • good faith • misrepresentation, scheme, or device. See Part 6.

955 Completing CCC-681-1

A Instructions for CCC-681-1

County Offices shall:

- initiate CCC-681-1 through APSS, according to 12-PS, Part 12, Section 15
- manually complete remaining entries of automated CCC-681-1 according to the following table.

Note: County Offices shall only prepare entire CCC-681-1 manually when the system is inoperable because of mechanical or safety reasons or extended power outage.

Reminder: CCC-681-1 shall **not** be submitted to a buyer without **all** the required information.

Item	Completed by APSS	Manual Instructions
1	Y	Enter names, addresses, and Social Security numbers of all producers who signed CCC-677.
2	Y	Enter crop year of collateral.
3	Y	Enter commodity.
4	Y	Enter **entire outstanding loan quantity** with unit designation (bushel, hundredweight, pound). **Note:** The entire outstanding loan quantity shall be approved for release, even if producer intends to deliver and repay only a portion of the outstanding loan quantity.
5	Y	Enter the loan number.
6	Y	Enter loan maturity date.
7	Y	Enter quantity for which excise tax, assessments, or promotion fee was withheld at loan disbursement, if applicable.

955 Completing CCC-681-1 (Continued)

A Instructions for CCC-681-1 (Continued)

Item	Completed by APSS	Manual Instructions
8	Y	Enter location where collateral is stored.
9	Y	Enter name, address, and telephone number of County Office.
10	Y	Enter name and address of initial buyer designated by the producer. **If buyer's name is not known, CCC-681-1 shall not be approved**. **Note:** For commodities sold through a broker, the broker shall be: • considered the buyer • subject to the terms and conditions of CCC-681-1 • required to submit the repayment.
11	N	**Before** CCC approval, producers requesting repayment check made payable solely to CCC, according to subparagraph 951 D, shall: • visit County Office to obtain copy of CCC-681-1 • agree to provide CCC-681-1 to buyer with first load **Note:** CCC-681-1 must contain **all** required signatures. See Part C. • initial and date the request.
12	N	Enter the expiration date, which is either the 15th or 30th calendar day, as requested by the producer, from the CCC approval date in item 17.

955 Completing CCC-681-1 (Continued)

A Instructions for CCC-681-1 (Continued)

Item	Completed by APSS	Manual Instructions	
13	Y, if CCC-681-1 A is applicable	Check the applicable box to indicate if either of the following has been completed: • CCC-681-1 A • CCC-697.	
14		No entry required. Buyers will be contacting the County Office for correct repayment rates once the commodity has been delivered and purchased.	
Part C	N	Obtain producer's signature and date, as applicable.	
		IF...	**THEN...**
		the authorization is requested by telephone or by FAX	• only the producer requesting CCC-681-1 is required to sign • producer may sign CCC-681-1 **after** CCC approval date.
		producer requests repayment check be made payable solely to CCC, according to subparagraph 930 D	**all** producers who signed CCC-677 shall be required to sign CCC-681-1 **before** CCC approval.
15	N	If the request was received by telephone or by FAX, the County Office employee receiving the request shall enter the date of the request and initial. See subparagraph G for distribution.	
16	N	Obtain appropriate signature for CCC approval and date.	

955 Completing CCC-681-1 (Continued)

A Instructions for CCC-681-1 (Continued)

The following is an example of CCC-681-1.

This form is available electronically. Form Approved - OMB No. 0560-0087

CCC-681-1
(09-17-99)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

AUTHORIZATION FOR DELIVERY OF LOAN COLLATERAL FOR SALE

(Privacy Act and Public Burden Statement on Page 2)

NOTIFICATION OF CCC'S SECURITY INTEREST

This notification is made pursuant to Section 1324 of the Food Security Act of 1985. Commodity Credit Corporation (CCC) has a perfected security interest in the entire quantity of the commodity specified in Part A, which has been pledged as collateral for the CCC loan number identified in Item 5. A copy of this loan agreement may be obtained at the address identified in Item 9. CCC's security interest has not lapsed and will not lapse until the earlier of the date specified in the financing statement executed by the producer or until written notification is given to the buyer by CCC that such interest has lapsed. CCC will waive it's security interest with respect to the buyer identified in Item 10 only if such buyer remits payment payable to the "Commodity Credit Corporation" at the address indicated in Item 9 by the final date to repay a shown in Item 12. The amount of such payment is calculated by multiplying the repayment rate per unit by the quantity of commodity purchased not to exceed the quantity identified in Item 4. The repayment rate must be obtained from the County FSA Office indicated in Item 9. Any amount in excess of the amount required to repay the quantity of commodity actually purchased or in excess of the quantity shown in Item 4 will be refunded to buyer if Item 11 has been completed by the producer.

CCC has previously obtained lien waivers from all prior lienholders who claim an interest in the commodity identified in Part A which were superior to CCC. In the event that CCC has failed to obtain a lien waiver from a superior lienholder and the buyer is obligated to make a payment to such lienholder for the purchase of the commodity, CCC agrees to be subject to the actual dollar value of such lien if: 1) payment was made solely to CCC because Item 11 is initialed and dated by one of the debtors; 2) the lien is established to be legally superior to CCC's interest; 3) the buyer fully cooperates with CCC's investigation of such other lien by supplying CCC with all requested information; and 4) the buyer lacks any affirmative defenses with respect to such lien, CCC will pay the actual dollar value of the lien, but not any collateral costs incurred by the buyer including, but not limited to, legal fees, court fees, interest, or penalties, unless otherwise authorized by law.

PART A - COLLATERAL IDENTIFICATION

1. NAME AND ADDRESS OF DEBTOR(S):

A. CONTACT PRODUCER	B. IDENTIFICATION NO.	C. PRODUCER	D. IDENTIFICATION NO.
County Producer 2002 Agricultural Lane Anytown, IA 50000	123-45-6789		
E. PRODUCER	**F. IDENTIFICATION NO.**	**G. PRODUCER**	**H. IDENTIFICATION NO.**

2. CROP YEAR	3. COMMODITY	4. LOAN QUANTITY	5. LOAN NUMBER	6. LOAN MATURITY	7. QUANTITY FOR WHICH EXCISE TAX, ASSESSMENT OR PROMOTION FEE PAID
2002	CORN	10,000 Bu.	500	09-30-03	-0-

8. STORAGE LOCATION	9. NAME, ADDRESS, TELEPHONE AND FAX NUMBER OF SECURED PARTY: COMMODITY CREDIT CORPORATION
NW1/4 NW1/4 Sec. 29 Grant TWP, #1- West 30' Steel Bin #2- East 30' Steel Bin	Rural County FSA Office 600 Main St. Anytown, IA 500C0 Telephone No. *(Include area code)*: 515-555-1000 Fax No. *(Include area code)*:
10. NAME AND ADDRESS OF BUYER	**11. MAKE CHECK PAYABLE SOLELY TO CCC, IF INITIALED**
Farmers Co-Op Elevator P.O. Box 900 Anytown, IA 50000	A. INITIALS *C.P.* B. DATE (MM-DD-YYYY) 06-10-2003
12. THIS AUTHORIZATION EXPIRES ON:	**13. Form CCC-681-1A provides additional debtors names, identification numbers, and addresses.** ☐
07-10-03	Form CCC-697 indicates a Lock-in Repayment Rate has been requested for this loan. ☒

955 Completing CCC-681-1 (Continued)

A Instructions for CCC-681-1 (Continued)

CCC-681-1 (Page 2) (09-17-99)

PART B - BUYER'S INSTRUCTIONS FOR CALCULATING REPAYMENT AMOUNT

14. METHOD OF CALCULATION:

THE BUYER SHALL CALCULATE THE AMOUNT due CCC by multiplying the repayment rate, per unit, times the quantity of commodity delivered and purchased, not to exceed the quantity identified in block 4. If the amount calculated exceeds the sales proceeds, the entire sales proceeds shall be submitted. A check payable to "Commodity Credit Corporation" shall be provided to the address shown in block 9, to be received on or before the fifteenth calendar day after the date shown in block 12. Documentation showing the quantity purchased on the date(s) such quantity was received must accompany the repayment.

The repayment rate can be based on the date of repayment, the "locked in" repayment rate, or principal plus applicable interest. Any quantity delivered after loan maturity must be repaid at principal plus interest only.

CONTACT THE FSA COUNTY OFFICE IDENTIFIED IN BLOCK 9 FOR THE EXACT REPAYMENT AMOUNT.

PART C - PRODUCER'S REQUEST AND AGREEMENT

The undersigned producer(s) ("Producer") requests authorization to sell a quantity of loan collateral identified in Part A. The collateral will be marketed and the proceeds used for payment of the loan indebtedness owed to CCC. The Producer agrees that this authorization will not release CCC's security interest in such collateral. Release of CCC's security interest will occur only if CCC receives payment at the FSA County Office identified in block 9 for the quantity of commodity delivered and sold to the buyer. The Producer agrees to pay the amount due if the designated buyer does not provide the applicable payment on or before the fifteenth calendar day after the date shown in block 12. The Producer further understands that this authorization expires on the date shown in block 12 and CCC has authorized the Producer to deliver only to the buyer identified in block 10.

15A. Debtor's or Producer's Signature	15B. Date (MM-DD-YYYY)	16A. Debtor's or Producer's Signature	16B. Date (MM-DD-YYYY)
/s/ County Producer	06-10-2003	***/s/ Ag. Producer (wife)***	06-10-2003
17A. Debtor's or Producer's Signature	17B. Date (MM-DD-YYYY)	18A. Debtor's or Producer's Signature	18B. Date (MM-DD-YYYY)

PART D - REMOVAL AUTHORIZED (FOR CCC USE ONLY)

19. Request Received by Telephone	20A. For CCC by:	20B. Date (MM-DD-YYYY)
YES ☐ Date Received (MM-DD-YYYY): _____ NO ☒	***/s/ Polly Program Technician***	06-10-20C3

NOTE: *The above statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. 7 CFR Parts 1421, 1434, and 1435 authorize collection of the above information. Providing the information is voluntary; however, without 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 collection 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. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

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955 Completing CCC-681-1 (Continued)

B CCC-681-1 A

CCC-681-1 A will be generated by APSS when more than 4 producers are on the loan. Items 1 through 10 will be completed by APSS.

County Offices shall manually complete item 11 with the same date as entered on CCC-681-1 in item 12.

Note: County Offices shall only prepare entire CCC-681-1 A manually when the system is inoperable because of mechanical or safety reasons or extended power outage.

Attach CCC-681-1 A to CCC-681-1.

955 Completing CCC-681-1 (Continued)

B CCC-681-1 A (Continued)

The following is an example of CCC-681-1 A.

(See CCC-681-1 page 2 for Privacy Act and Public Burden Statements) Form Approved - OMB No. 0560-0087

CCC-681-1 A
(04-11-96)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

CCC-681-1 CONTINUATION SHEET

PART A - COLLATERAL IDENTIFICATION

1. ADDITIONAL DEBTORS INFORMATION

Producer	Identification Number:	Producer	Identification Number:
Producer	Identification Number:	Producer	Identification Number:
Producer	Identification Number:	Producer	Identification Number:
Producer	Identification Number:	Producer	Identification Number:

2. Crop Year	3. Commodity	4. Loan Quantity	5. Loan Number	6. Loan Maturity	7. Quantity for which excise tax, assessment or promotion fee paid

8. STORAGE LOCATION	9. NAME AND ADDRESS OF SECURED PARTY: COMMODITY CREDIT CORPORATION
10. NAME AND ADDRESS OF BUYER	11. THIS AUTHORIZATION EXPIRES ON:

PART B - PRODUCER'S REQUEST AND AGREEMENT

The undersigned producer(s) agrees to all terms and conditions specified in Form CCC-681-1 with the same loan number, buyer, and expiration date stated in Part A of this CCC-681-1 A.

Debtor's/Producer's Signature	Date	Debtor's/Producer's Signature	Date
Debtor's/Producer's Signature	Date	Debtor's/Producer's Signature	Date
Debtor's/Producer's Signature	Date	Debtor's/Producer's Signature	Date
Debtor's/Producer's Signature	Date	Debtor's/Producer's Signature	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.

955 Completing CCC-681-1 (Continued)

C CCC-697

For producers who requested to lock in a repayment rate on CCC-697, County Offices shall:

- check box on page 1 indicating CCC-697 has been requested
- attach a copy of CCC-697 to CCC-681-1
- cross reference CCC-681-1 has been requested on CCC-697.

D Approving CCC-681-1

County Offices may approve CCC-681-1, as follows:

- after **all** applicable signatures have been obtained according to subparagraph A, Part C

- based on a telephone request by the producer, allowing delivery to begin immediately or on a date specified by the producer **before** producer's signature is obtained, if the producer does **not** request repayment check made payable solely to CCC

- for a delivery period that ends after the loan maturity date

- after the loan maturity date according to provisions in subparagraph 951 G.

E Approving Request for Movement Initiated on Nonworkday

For movement on loan collateral initiated on a nonworkday, according to subparagraph 951 C, County Offices shall:

- **not** backdate the approval date for this movement to match the date the producer began to move the collateral

- determine final dates for movement.

Example: A producer begins to move loan collateral for sale on Saturday, October 29, and requests approval on Monday, October 31. In this case, the:

- approval date of CCC-681-1 is October 31
- the delivery period is 15 or 30 calendar days, as applicable, from October 31.

Note: All necessary signatures on CCC-681-1 must be obtained on October 31.

955 Completing CCC-681-1 (Continued)

F Handling Requests Approved Before Obtaining Signatures

For requests approved **before** producer's signature is obtained, according to subparagraph D, County Offices shall:

- immediately, following CCC approval:
  - send a copy to the buyer
  - mail the original and a copy to the producer
- advise the producer to:
  - read Part C, **Producer's Request and Agreement**
  - sign and return CCC-681-1 and, if applicable, CCC-681-1 A, as soon as possible
- follow up to ensure that a signed copy is returned to the County Office
- when signed copy is returned by the producer, provide the buyer a photocopy containing the producer's signature.

955 Completing CCC-681-1 (Continued)

G Distributing CCC-681-1

County Offices shall distribute approved CCC-681-1 and, if applicable, CCC-681-1 A, as follows:

- file original in the loan folder, after producer has signed and returned CCC-681-1 and, if applicable, CCC-681-1 A, to County Office
- give a copy to the producer when approved
- provide the buyer a copy, with all applicable signatures, immediately after approval for CCC before the earlier of the loan maturity date or CCC-681-1 expiration date
- file a pending copy for follow up if repayment is not received by end of delivery period
- cross reference CCC-697 to indicate CCC-681-1 has been requested.

956 New CCC-681-1 for Additional Delivery Time

A New CCC-681-1's

Producer may request new CCC-681-1's after the expiration date if the commodity was not delivered during the original CCC-681-1.

For commodities that were delivered during the original CCC-681-1's authorized delivery period, repayments are due on the expiration date of the original CCC-681-1.

Note: Any quantity delivered after the expiration date of the current CCC-681-1 and before a new CCC-681-1 is approved, shall be subject to administrative actions for loan violation according to Part 6.

B Effective Date of New CCC-681-1

After approval, the **new** CCC-681-1 to the same buyer shall become effective on the day following the expiration of the current CCC-681-1.

957 Repayment for Quantity Delivered on CCC-681-1

A Repayment Due Date

Although a new CCC-681-1 to the same buyer may be approved to give the producer additional time to deliver, the repayment for the quantity delivered during the authorized delivery period on a specific CCC-681-1 is **due** on the expiration date of the specific CCC-681-1.

Example: Producer requested CCC-681-1 on 5,000 bushels of corn. CCC-681-1 expired on May 31, 20xx. The producer delivered 4,000 bushels on May 28, 20xx. The producer requested a new CCC-681-1 on May 30, 20xx, to deliver the remaining 1,000 bushels. The producer is responsible for repayment of 4,000 bushels within 15 calendar days of the May 31, 20xx, expiration date.

A grace period that allows County Offices to **accept any payment** on or before the 15th calendar day after the CCC-681-1 expiration date is authorized.

Note: The grace period shall not be extended to the next workday.

B Buyer's Responsibility

The buyer shall:

- contact the County Office to obtain the applicable repayment rate
- calculate the repayment based on the rate per unit times the quantity of loan collateral delivered applicable to the rate for multiple rate requests
- provide repayment made payable as approved by the County Office and according to subparagraph 900 B
- provide **delivery evidence**, according to paragraph 954, with the repayment
- provide repayment checks in sufficient time for producers to obtain all required endorsements.

957 Repayment for Quantity Delivered on CCC-681-1 (Continued)

C Determining Applicable Repayment Rate

County Offices shall follow this table for determining applicable repayment rate when **all** of the following apply:

- quantity is **delivered**:
  - **during** the authorized delivery period
  - **by the** maturity date
- payment is accompanied with delivery evidence
- payment is made by either buyer or producer.

IF the repayment is received...	AND the producer...	THEN the repayment rate is the...
• **during** the authorized delivery period • on or before the 15th calendar day after the CCC-681-1 expiration date	does **not** have an unexpired locked in repayment rate on CCC-697	**smaller** of the following: • principal, plus interest • the market repayment rate in effect on the date payment is received.
	has an unexpired locked in repayment rate on CCC-697	locked in rate shown on the applicable CCC-697.
after the 15th calendar day **after** the expiration date	did or did **not** lock in a repayment rate	principal, plus interest.

D Repayment Rate for Quantities Delivered After Maturity

Any quantity delivered **after** the loan maturity date, regardless if during an authorized delivery period or not, **must** be repaid at principal, plus interest.

957 Repayment for Quantity Delivered on CCC-681-1 (Continued)

E Delivery Evidence Not Provided With Repayment

County Offices shall follow this table when **both** of the following apply:

- 1 or more CCC-681-1's are in effect
- delivery evidence is **not** provided with the repayment according to paragraph 954.

IF delivery evidence is not provided with the repayment by the buyer or producer...	**THEN...**

for quantities delivered	the County Office shall:
	• contact the applicable buyer by telephone to obtain the:
	  • quantity delivered
	  • dates of delivery
	• based on the information provided, determine the repayment amount:
	  • according to subparagraph C
	  • for the quantity delivered
	• notate in the producer's loan folder the delivery information obtained by telephone
	• leave the loan subject to spot check until the loan is repaid to zero or delivery evidence has been submitted.

and no quantities have been delivered	the repayment for:
	• unexpired CCC-697's shall be the locked-in rate on the oldest outstanding CCC-697, as applicable
	• expired CCC-697's shall be the smaller of the following:
	  • principal, plus interest
	  • market repayment rate in effect on the date the repayment is received.

957 Repayment for Quantity Delivered on CCC-681-1 (Continued)

F Refunding Excess Money Received From Buyer

If the repayment amount exceeds the amount needed to repay the quantity delivered to the buyer, the excess amount received from the buyer may be subject to additional liens.

Refund the excess amount received according to the following table.

IF...	THEN the excess...
the repayment check was made payable solely to CCC per producer's request on CCC-681-1	shall be refunded to the applicable buyer. Prepare CCC-184 according to 1-FI and 3-FI.
the producer obtained endorsements of all other lienholders listed on a multiparty check	must be refunded to the producer. Prepare CCC-184 according to 1-FI and 3-FI.
both of the following apply: • the producer did **not** request a repayment check be made solely to CCC • the buyer submitted the check payable solely to CCC **Note:** CCC's indemnification provision is **not** applicable to buyers under these circumstances.	

County Offices shall immediately refund, as applicable, excess money received from buyers unless there is reason to believe CCC's interests are not protected. If CCC's interest are not protected, follow 3-FI.

957 Repayment for Quantity Delivered on CCC-681-1 (Continued)

G Accepting Repayments From Producer

After CCC-681-1 is issued, County Offices shall accept repayments provided by the producer:

- for loan collateral that:
  - has been or will be delivered to the buyer
  - will not be delivered to the buyer
- although the producer requested loan collateral to be released to a buyer.

See subparagraph C or E, as applicable.

County Offices shall **not** endorse any buyer's check to enable the producer to provide a personal check.

957 Repayment for Quantity Delivered on CCC-681-1 (Continued)

H Handling Producer's Check Before Receiving Buyer's Check

When producer provides repayment **before** the buyer's check is received in the County Office, the County Office shall:

- question the producer to determine whether the repayment is for a quantity delivered to a buyer approved on the pending CCC-681-1
- process the repayment from the producer according to the following table.

<table>
<tr><th>IF the repayment...</th><th colspan="2">THEN...</th></tr>
<tr><td rowspan="4">is both of the following:

• for a quantity already delivered to a buyer

• not a guaranteed remittance</td><td colspan="2">• process the producer's repayment in the normal manner
• hold the buyer's check, when received.</td></tr>
<tr><td>IF notification of insufficient funds is...</td><td>THEN...</td></tr>
<tr><td>not received on or before the eighth calendar day following processing of the producer's loan repayment</td><td>return the check to the buyer.</td></tr>
<tr><td>received on or before the eighth calendar day following processing of the producer's loan repayment

Note: If notification of insufficient funds is received after buyer's check is returned, see paragraph 902 and 3-FI for other provisions about insufficient fund checks.</td><td>• correct the repayment, according to 12-PS, Part 11, applicable for the producer's check

• using the buyer's check, re-record the repayment according to 12-PS, Part 7:

• as a manual repayment

• using the date the buyer's check was received in the County Office as the applicable repayment date

• if applicable, notify the producer of receivable due, using the notification letter in subparagraph 23 C.</td></tr>
</table>

957 Repayment for Quantity Delivered on CCC-681-1 (Continued)

H Handling Producer's Check Before Receiving Buyer's Check (Continued)

IF the repayment...	THEN...
is **not** for a quantity delivered under provisions of CCC-681-1	process the repayment in the normal manner. **Note:** See subparagraph E to determine the repayment amount.
is for the **entire** outstanding loan balance	the County Office shall provide the buyer notice of release of CCC's security interest by sending the letter in subparagraph J, according to **either** of the following, as applicable: • immediately when repayment is by guaranteed remittance • on the ninth workday following the date of repayment by any other type of remittance.

I Quantity Delivered Not Loan Collateral

If the producer notifies the County Office that part of the quantity delivered to the buyer was **not** loan collateral **and** repayment has been processed, the County Office shall:

- make a farm visit, at the producer's expense, to determine the quantity remaining in designated farm storage
- allow the producer to reinstate a portion of the liquidated loan quantity, limited to a quantity determined by measurement, that will protect CCC's security interest
- correct and re-record the repayment in APSS, according to 12-PS, Parts 7 and 11
- refund any excess repayment amount to the buyer or producer, as applicable, according to subparagraph F.

After the repayment is corrected and re-recorded, the outstanding loan quantity shall not exceed the eligible measured quantity in farm storage.

957 Repayment for Quantity Delivered on CCC-681-1 (Continued)

J Notification to Buyer Releasing CCC's Security Interest

Send the following letter to the buyer, according to subparagraph H, when the **entire** outstanding loan balance has been repaid.

(**Date**) _____

Dear _____:

Based on a request by (**producer's name**), you were provided with CCC-681-1, Authorization for Delivery of Loan Collateral for Sale, which notified you of CCC's security interest in a quantity of (**commodity type**) for loan (**number**). This form provided instructions to you for submitting the proceeds of the sale of the commodity to CCC.

CCC no longer has an interest in that quantity of the (**commodity type**) because the entire loan has been repaid. Accordingly, you are no longer obligated to remit repayment for this loan to CCC.

If you have any questions, please contact this office.

Sincerely,

County Executive Director,
_____ County FSA Office

958 Payment Not Timely Received

A Action When Payment Not Timely Received

When payment is **not** timely received for quantities delivered and sold, County Offices shall take applicable action according to this table.

In addition to sending the buyer a copy of the letter in subparagraph B, County Offices may contact the buyer directly if it is evident the clear title provisions have been violated by the buyer.

<table>
<tr><th>IF payment is not received...</th><th colspan="2">THEN...</th></tr>
<tr><td>on or before the expiration date of CCC-681-1</td><td colspan="2">send the letter in subparagraph B to the producer with a copy to the applicable buyer.

Note: This letter notifies the producer:

• that the buyer has not made any payment for any quantity that may have been delivered

• of the consequences if repayment is not received during the succeeding 15-calendar-day grace period

• to immediately notify the County Office if no quantity has been delivered.</td></tr>
<tr><td rowspan="3">during the 15-calendar-day grace period</td><td colspan="2">the County Office shall immediately perform a farm visit to verify the amount of loan collateral removed, if any.</td></tr>
<tr><td>IF the measured quantity is...</td><td>THEN...</td></tr>
<tr><td>equal to or greater than the outstanding loan quantity</td><td>no additional action is required.</td></tr>
<tr><td></td><td>less than the loan quantity</td><td>notify the producer according to subparagraph 602 B.</td></tr>
</table>

Note: Take no additional action and continue to spot-check in the normal manner, if either of the following applies **before** the farm visit occurs:

- repayment is provided to the County Office
- the producer notifies the County Office that **no** loan collateral was removed during the authorized delivery period.

958 Payment Not Timely Received (Continued)

B Notification of Nonreceipt of Repayment

County Offices shall send the following letter to the producer, with a copy to the applicable buyer, the day after expiration of CCC-681-1, which is the first day of the 15-calendar-day grace period.

(**Date**) _____, 20__

Dear _____:

On (**enter approval date of CCC-681-1**), you were provided with CCC-681-1 which notified (**buyer's name**) of CCC's security interest in the loan collateral and authorized you to deliver (**commodity type**) for sale to the buyer. You agreed to instruct (**buyer's name**) to submit the proceeds of the sale to the County Office named below. We have not received the loan repayment.

(**Enter the following paragraph if a market loan repayment is applicable**.)

The market loan repayment amount for the quantity delivered during the authorized delivery period, and before the loan maturity date, is effective only through (**enter the 15th calendar day after expiration of CCC-681-1**). The repayment must be received in the County Office on or before that date. Accordingly, repayments received after this date must be calculated as principal, plus interest.

Contact this office immediately if you have not removed any loan collateral from the storage location.

A representative of this office will visit the storage location if we do not hear from you or receive the required repayment by (**enter the 15th calendar day after expiration of CCC-681-1**). Your loan will be called if any quantity was removed. Interest will continue until the amount due is repaid.

The amount due will be recorded for offset from any FSA or CCC payment due you.

958 Payment Not Timely Received (Continued)

B Notification of Nonreceipt of Repayment (Continued)

File a written request, including evidence to support your position with the County FSA Committee, within 30 calendar days after the date of this letter:

- if you want to contest this determination, including:
  - the amount due
  - administrative actions applicable to the loan maturity date
- to obtain a reconsideration and an informal hearing.

During these 30 calendar days, you may also inspect and copy records located at the above address that relate to this determination.

Sincerely,

County Executive Director,
_____ County FSA Office

cc: (**buyer designated on CCC-681-1**)

959 Notification Letter to Buyer Designated on CCC-681-1

A Buyer's Check Returned for Insufficient Funds

Notify the applicable buyer, with respect to CCC-681-1, with a copy of the letter to the producer, if the buyer submits an insufficient funds check.

Notes: Follow 3-FI for accepting replacement check and collecting fee for these remittances.

When a buyer, representing a warehouse approved to store CCC loan collateral, submits an insufficient funds check, **immediately** notify PSD, through the State Office.

960-969 (Reserved)

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Section 6 Warehouse-Stored Repayments and Releases

970 Repayments and Releases

A Repaying Loan Quantity

A producer may repay a warehouse-stored loan in full or in part; however, the quantity repaid may **not** be less than an entire receipt.

Exception: See paragraph 971 when warehouse receipts may be split.

B Authorizing Release of Warehouse Receipts

A producer may request authorization for CCC to release warehouse receipts to a buyer, agent, or warehouse representative after repayment of the applicable loan quantity. County Offices shall complete CCC-685:

- **before** repayment
- according to subparagraph C.

Note: If the producer has designated the buyer, agent, or warehouse representative on FSA-211, do **not** complete CCC-685.

970 Repayments and Releases (Continued)

C Completing CCC-685

County Offices shall complete CCC-685 according to the following table.

Note: Items 1 through 5 are self-explanatory.

Item	Instructions
6	Enter date the producer or representative expects to complete the repayment transaction.
7	Enter loan principal and charges, plus interest for the loan.
8	Compute daily amount of interest for the loan or quantity to be redeemed and round to the nearest cent.
9	Enter date authorization is issued.
10	Obtain producer's signature.
11	CED must sign before issuing to producer.
12	Enter a date that is 15 calendar days after date authorization is issued, but no later than the maturity date.

970 Repayments and Releases (Continued)

D Example of CCC-685

The following is an example of CCC-685.

This form is available electronically. Form Approved - OMB No. 0560-0087

CCC-685
(04-13-98)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

AUTHORIZATION TO RELEASE WAREHOUSE RECEIPTS

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 Pub. L. 104-127 and the Commodity Credit Corporation Charter Act, as amended (15 USC 714 b & c). 7 CFR Part 1421 authorizes collection of the following to release the warehouse receipts to a second party repaying the loan. Furnishing the requested information is voluntary; however, without it assistance cannot be provided. 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 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. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

I hereby authorize the County FSA Office to release the warehouse receipts identified below to the person or firm shown below. Release to be after payment of the loan obligations secured by such receipts.

1. COUNTY FSA OFFICE HOLDING WAREHOUSE RECEIPTS	WAREHOUSE RECEIPTS TO BE RELEASED		5. RELEASE TO *(Name and Address)*
	2. COMMODITY WHT	4. WAREHOUSE RECEIPT NO'S. 484	Fowles Grain Co. Laddonia, MO 63352
	3. LOAN NO. 165		

Loan Repayment Information: Make draft payable to CCC and deliver to County FSA Office shown above.

6. If repayment is received on: DATE (MM-DD-YYYY) 11-16-0X	7. Repayment is: AMOUNT $ 6,388.14	8. If repayment is made after date shown, add the following for each additional day beyond such date: AMOUNT $ 1.94

9. EFFECTIVE DATE (MM-DD-YYYY)	10. PRODUCER *(Signature)*	12. AUTHORIZATION VOID AFTER (MM-DD-YYYY)
11-15-20XX	*/s/ Joe Jones* 11. FOR THE COUNTY FSA COMMITTEE BY */s/ Mary Williams*	11-30-20XX

Form ***NOT VALID*** *unless signed by both producer and representative of the 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.

970 Repayments and Releases (Continued)

E Distributing CCC-685

Distribute copies of CCC-685 as follows:

- provide producer with **2** copies
- keep a copy in pending file
- file a copy in loan folder when submitted by the purchaser for redemption of receipts.

Note: Beginning with the 2003 crop, CCC-685 shall be accessed electronically at **http://165.221.16.90/DAM/ffasforms/forms.html**.

971 Splitting Warehouse Receipt

A Authorizing Splitting of Warehouse Receipt

County Offices shall **only** permit a producer to request to split a warehouse receipt and repay less than the entire warehouse receipt when **all** of the following apply:

- the producer is repaying the warehouse-stored loan under the marketing loan provisions

- the market gain resulting from the repayment of the entire warehouse receipt will cause the producer to exceed the payment limitation

- the producer does **not** want to repay the entire warehouse receipt quantity

- the producer did **not** lock in a repayment rate on CCC-697.

Note: Inform the producer that the cost of issuing replacement warehouse receipts and, if applicable, KC-350's is the producer's responsibility.

B Repayment Required Before Splitting Receipts

Require the producer to remit a check to CCC for the amount eligible to be repaid, using the market repayment rate as of the date of the repayment request, according to subparagraph A.

Note: Deposit the producer's check on a manual CCC-257 and record the repayment according to subparagraph E, step 4.

971 Splitting Warehouse Receipt (Continued)

C Obtaining Replacement Receipts

When the request to split a warehouse receipt has been approved, according to subparagraph A, County Offices shall follow obtain replacement warehouse receipts according to the following.

Step	Action
1	Make a copy of the applicable original warehouse receipt, and keep in the producer's loan folder.
2	Use the letter in subparagraph D to request that the warehouse operator provide replacement warehouse receipts. **Note:** Only authorize a warehouse receipt to be split into 2 receipts.

3	Attach the following to the letter prepared in step 2:
	
	• original warehouse receipt
	• a list showing:
	
	  • warehouse receipt number
	  • producer's name and address
	  • quantity of the commodity to be shown on **each** replacement receipt.

4	If the warehouse is located: • in the county, hand-carry the letter, with attachments, to the warehouse • outside the county, mail the letter, with attachments, to the warehouse.

971 Splitting Warehouse Receipt (Continued)

D Example of Letter to Warehouse Operator

Use the following letter when it is necessary to split a warehouse receipt according to subparagraph A.

Date:_____

Dear Warehouse Operator:

The quantity on the attached warehouse receipt, which has been offered as security for a (**commodity**) CCC price support loan, is greater than the quantity being redeemed; therefore, we are requesting that:

- 2 warehouse receipts be provided to replace the warehouse receipt released to you
- the data on the replacement warehouse receipts should be exactly the same as the released warehouse receipt, except for the net weight, net quantity, and issue date

  Note: The new quantity and the net weight entered on the 2 replacement warehouse receipts must equal the net quantity and net weight shown on the warehouse receipt being replaced.

- both receipts should be issued in the name or names that appear on the warehouse receipt being replaced.

A list showing the warehouse receipt number, producer's name and address, and the quantity to be shown on each receipt is provided. Any charges for the issuance of the replacement receipts, or KC-350's, should be billed to the producer listed on the warehouse receipt.

The new receipts should be returned to the _____ County FSA Office as soon as possible.

Thank you for your assistance. If you have any questions, please call _____.

Sincerely,

County Executive Director
_____ County FSA Office

971 Splitting Warehouse Receipt (Continued)

E Action When Replacement Receipts Are Obtained

County Offices shall follow the steps in this table after replacement receipts are obtained.

Step	Action
1	Compare the replacement warehouse receipts to the photocopy of the original warehouse receipt to ensure that the replacement receipts show the same grade, grading factors, class, and special grade data as the original receipt.
2	Record the replacement receipts according to 12-PS, Part 12, Section 9.

3	Update CCC-678 as follows:
	
	• cross through the original warehouse receipt number, loan quantity, and loan amount
	
	• enter the following for each replacement warehouse receipt:
	
	  • warehouse receipt number
	  • loan quantity
	  • loan amount.
	
	Note: County Office employee and producer shall initial and date the change.

4	Record the repayment, received and deposited according to subparagraph B, as a manual repayment in APSS according to 12-PS, Part 7.

972-982 (Reserved)

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Section 7 Calculating CCC-Determined Values

983 General Information

A CCC-Determined Value

The CCC-determined value is the amount used to determine:

- LDP rates
- market loan repayment rates.

B LDP Rate

The LDP rate is determined by the amount the applicable commodity loan rate exceeds the CCC-determined value where the:

- commodity is stored for basic LDP's
- farm records are maintained for field direct LDP's.

See Part 3 for LDP's.

C Market Loan Repayment Rate

Market loan repayment rates are at the lesser of the following:

- principal plus interest
- the CCC-determined value.

Complete market loan repayments according to paragraph 915 and Section 5.

984 Terminal Market Rates and County Differentials

A Terminal Market Rates

County Offices are assigned 1 or 2 terminal markets for each commodity by KCCO. The terminal market rates are used to determine the CCC-determined value.

B Rate Announcement

The terminal market rates are announced:

- daily at 7 a.m. e.t. for wheat, feed grains, and soybeans
- Friday at 7 a.m. e.t. for oilseeds except soybeans.

All terminal market rates are in effect until the next rate change is announced.

Example: The rate announced on Friday for wheat will be used for all nonworkdays until the next announcement of the rates on the first workday, as applicable.

C "Daily Market Rates"

The terminal market rates are downloaded from KCCO and are posted to the "Daily Market Rates":

- **daily** for wheat, feed grains, and soybeans
- **weekly** for oilseeds, peanuts, and pulse crops.

Note: Pulse crops include lentils, dry peas, and small chickpeas.

County Offices shall keep the computer-generated printout for the previous 12-month period.

These printouts show all of the following:

- date for which the listed terminal market prices apply
- individual terminal market prices
- commodity
- daily terminal market prices for each terminal
- footnotes for adjusting terminal market prices for certain commodities.

See Exhibit 38 for an example of the "Daily Market Rates".

984 Terminal Market Rates and County Differentials (Continued)

D County Average Location Differentials

KCCO shall:

- provide a terminal market price to State Offices showing:
  - terminal markets assigned to each county for each commodity
  - county average location differential for each terminal market per commodity
- determine the terminal market price for each commodity at each terminal market
- maintain the daily market rates to make terminal market prices available to State and County Offices
- by telephone, immediately advise State Offices of terminal or differential changes and the effective date as they occur.

See Exhibit 39 for abbreviations for commodity, class, and terminal markets.

State Offices shall:

- inform County Offices of:
  - the assigned terminal markets for each commodity
  - the county average location differential for each commodity
  - any changes KCCO makes to assigned terminals or differentials
- contact KCCO:
  - for requests to changes in differentials
  - questions about the “Daily Market Rates” downloaded each day.

985 Calculating CCC-Determined Value

A PCP

PCP is the price used to determine the CCC-determined value for all commodities except oilseeds.

PCP is:

- adjusted for premiums and discounts when determining the market repayment rate
- **not** adjusted for premiums and discounts when determining the LDP rate
- **not** adjusted when loan rates are discounted to a set percentage for nonrecourse loans on:
  - commodities harvested as other than grain
  - contaminated commodities
  - low quality commodities
  - seg 2 and seg 3 peanuts
- calculated for each terminal assigned to the County Office for the commodity, as applicable
- calculated by class for wheat only.

Note: To determine PCP for Hard White Wheat or Hard Winter Wheat, use the loan rate and differential applicable to Hard Red Winter Wheat.

985 Calculating CCC-Determined Value (Continued)

B RCP

RCP is the price used to determine the CCC-determined value for oilseeds only.

RCP is:

- adjusted for premiums and discounts when determining the market repayment rate
- **not** adjusted for premiums and discounts when determining the LDP rate
- **not** adjusted when loan rates are discounted to a set percentage for nonrecourse loans on:
  - commodities harvested as other than grain
  - contaminated commodities
  - low quality commodities
- calculated for each terminal assigned to the County Office for the commodity, as applicable.

C Calculating the CCC-Determined Value

Calculate the CCC-determined value:

- daily for wheat, feed grains, and soybeans
- every Friday for oilseeds except soybeans
- every Friday for lentils, dry peas, and small chickpeas
- every Tuesday for peanuts
- using the terminal markets assigned for each commodity, as applicable.

Use the highest CCC-determined value to calculate LDP and market loan repayment rates.

985 Calculating CCC-Determined Value (Continued)

C Calculating the CCC-Determined Value (Continued)

Determine the:

- LDP rate by subtracting the highest CCC-determined value from the county loan rate, as applicable

- market gain by adding or subtracting the adjusted CCC-determined value to or from the adjusted county loan rate, as applicable.

If the highest CCC-determined value is higher than the applicable county loan rate, there is no:

- LDP in effect for that day and requests are not applicable
- market gain earned but producer may obtain forgiven interest, as applicable.

For loans, always use the county loan rate, terminal markets, and location differentials applicable to the county used to disburse the loan when determining the CCC-determined value.

D Grade Discounts for Durum Wheat

To determine the CCC-determined value for durum 2003 and subsequent crop year wheat loans or LDP's, subtract from the applicable terminal price the discount for Durum as shown on the "Daily Market Rates".

If the CCC-determined value is determined on quality using the schedule of premiums and discounts:

- disregard the subclass discount
- apply the grade discount.

Note: Do not apply this subparagraph to 2002 crop.

985 Calculating CCC-Determined Value (Continued)

E Using CCC-694-1

Use CCC-694-1, or other available methods according to subparagraph F, for calculating the CCC-determined value. For loan repayments, apply premiums and discounts that applied to the loan disbursement to PCP or RCP to compute the CCC-determined value for each market applicable to the county.

County Offices shall:

- complete CCC-694-1 daily or weekly, as applicable
- file CCC-694-1 or other available method used to determine the CCC-determined value in the loan folder, as applicable, for market loan repayments.

F Other Available Methods

County Offices, with State Office concurrence, may use other available methods instead of CCC-694-1 for calculating the CCC-determined value when determining the LDP rates.

All filing requirements according to subparagraph E are applicable.

Spread-sheet calculators, intranet printouts, or other printouts are acceptable as other available methods as long as all CCC-694-1 requirements are met.

Note: PCP must be adjusted for premiums or discounts when determining the CCC-adjusted determined value for market loan repayments.

985 Calculating CCC-Determined Value (Continued)

G Completing CCC-694-1

Complete CCC-694-1 for each market loan repayment or LDP according to the following.

Item	Instructions
1-13	These items are self-explanatory. Complete items: • 6 through 9, as applicable, for market loan repayments • 10 through 13, as applicable, for LDP's not filed in the master file.
14	Enter the terminal markets assigned to the county.
15	Enter the terminal market prices and date.
16	Enter the county average location differential for the county, adjusted for any differential adjustments shown on the daily market rates.
17	Check the applicable box and enter the result of: • adding item 16 to item 15, if item 16 is a positive amount • subtracting item 16 from item 15, if item 16 is a negative amount.
18	Enter any premiums for quality that were added to the loan rate when the loan was disbursed. Leave blank for LDP's.
19	Enter any discounts for quality that were subtracted from the loan rate when the loan was disbursed. Leave blank for LDP's.
20	Enter the CCC-determined value. This is determined by adding or subtracting, as applicable, item 18 or 19 from item 17. Use the highest CCC-determined value for determining the market loan repayment rate and LDP rate, as applicable.

In the remarks section, complete the calculation to determine the LDP rate and market loan repayment rate, as applicable.

985 Calculating CCC-Determined Value (Continued)

H Example of CCC-694-1

The following is an example of CCC-694-1.

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

CCC-694-1
(02-15-00)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

CCC-DETERMINED VALUE AND COMMODITY CERTIFICATE WORKSHEET

PART A - CCC-DETERMINED VALUE

1. Name and Address of Producer	2. St. & Co. Code	3. Crop Year	4. Commodity	5. Class
	99-999	XXXX	WHT	HRW
Any Producer Anytown, USA	6. Loan No.-Type	7. Bin/Receipt No.	8. Repayment Date	9. CCC-697 Approval Date
	10. LDP No.-Type	11. CCC-666 LDP Request Date	12. Delivery Date	13. Harvest Date
	1 - F/S	9-12-XX		

	A.	B.
14. Terminal Market	AMA	GLF
15. Terminal Market Price (Date X-XX-XX)	2.52	2.96
16. County Average Location Differential (+ or -) (Plus or Minus any Adjustments) *(Round to 2 decimal places.)*	-.75	-84
17. Posted County Price (PCP) [X] Regionally Calculated Price (RCP) *(for oilseeds only)* [ ]	177	2.12
18. Premiums (Applicable to Loan)	–	–
19. Discounts (Applicable to Loan)	–	–
20. CCC-Determined Value	177	2.12

21. REMARKS

LR 2.54 - 2.12 = .42

22. Signature of Person Who Completed Worksheet	Title	Date
/s/ Susan Green	***CED***	***X-X-XX***

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986-989 (Reserved)

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Section 8 Commodity Certificate for Commodity Exchanges

990 General Information

A Availability

The commodity certificate exchange provision for loan collateral is applicable to outstanding loans.

B Process

The following table describes the process to exchange commodity certificates for loan collateral.

Step	Function
1	Producer or producer's agent requests to acquire loan collateral using commodity certificates.
2	County Office identifies loan and loan quantity, and determines exchange value using CCC-694-1 (Reverse).
3	Producer purchases commodity certificate for the exact dollar value needed to acquire the loan collateral from the County Office.
4	Producer signs for the commodity certificate and uses it to acquire the loan collateral.
5	County Offices release the loan collateral.

C Eligible Producer

Eligible producers must:

- have an outstanding commodity loan, not past maturity, to purchase commodity certificates
- immediately exchange commodity certificates for loan collateral.

990 General Information (Continued)

D Eligible Commodities

See paragraph 126 for eligible commodities.

E Exchange Rate

The commodity certificate exchange rate is the CCC-determined value calculated according to Section 7.

If the CCC-determined value is equal to or greater than the applicable county loan rate, there will be no commodity certificate exchange available on that day.

F Not Applicable to Commodity Certificate Exchanges

The following table explains the specific topics that are not applicable to commodity certificate exchanges.

Topic	Explanation
Lock in repayment rates	A commodity certificate exchange must not be applied to any outstanding loan quantity when CCC-697 exists for any loan.
Payment limitation	Commodity certificate exchanges are not applicable to payment limitation.
IRS reporting	Market gain earned from commodity certificate exchanges for loan collateral will not be reported by FSA to IRS on CCC-1099, as applicable. However, producers should be reminded that any market gain earned is income and must be reported as required by IRS.
FAXed signatures	FAX forms or signatures are not authorized for purchasing commodity certificates or exchanging the certificate for a commodity.
Repledged commodities	Loan collateral exchanged with a commodity certificate is not eligible to be repledged.
Purchasing CCC-owned inventories	Commodity certificates may not be exchanged for CCC-owned inventory. Commodity certificates may only be exchanged for CCC immediately acquired loan collateral.

991 Determining Commodity Certificate Exchange Value

A CCC-694-1 (Reverse) Objective

Use CCC-694-1, or other attached methods described in Section 7, to calculate the:

- certificate exchange rate using commodity certificates
- dollar value needed to purchase commodity certificates.

Because the exchange rate is the CCC-determined value, determine the CCC-determined value according to Section 7.

Use the reverse side of CCC-694-1 to calculate the dollar value needed to purchase commodity certificates.

B Manually Assigning Transaction ID Number

Each commodity certificate transaction shall be identified by a unique transaction number. For commodity certificate exchanges **not** immediately recorded through APSS, manually assign the commodity certificate transaction number as a digit number comprised of the crop year, loan number, and a 4-digit number.

Example: 00-00210-0001.

Note: When the commodity certificate exchange is recorded in APSS, the system will generate a commodity certificate exchange number and will print that number on CCC-500.

991 Determining Commodity Certificate Exchange Value (Continued)

B Manually Assigning Transaction ID Number (Continued)

County Offices shall:

- use CCC-676 to maintain a register of commodity certificate transaction ID numbers
- assign numbers sequentially by crop year for **each** loan being redeemed with commodity certificates, starting with 0001
- complete CCC-676 according to the following table.

Item	Instruction
1	Enter the State and county codes.
3	Enter the: • crop year • loan number • sequentially assigned number.
4	Enter the producer's name.
5	Enter the commodity.
6 and 7	Leave blank.
8	Enter the loan quantity to be exchanged with commodity certificates.
9	Enter the dollar value of the commodity certificate.
10	Enter information, as applicable.

Notes: See paragraph 491 for an example of CCC-676.

Change CCC-676 headers, as applicable.

Use **only** if a manual transaction ID number is needed.

991 Determining Commodity Certificate Exchange Value (Continued)

C Completing CCC-694-1 (Reverse)

Manually complete CCC-694-1 (Reverse) according to the following table.

Complete items:

- 23 through 28 and items 34 through 41 to determine the commodity certificate value needed
- 29 through 32 to complete the loan exchange.

If items 34 through 41 are completed, forward totals to items 24, 25, and 30, as applicable.

Item	Instruction
23 and 34	Enter crop year, loan number, and commodity certificate transaction ID number determined from the transaction number register according to subparagraph B. For multiple loan exchanges, enter this information in item 34, as applicable. If multiple loan exchanges are applicable, ENTER, “See Item 34” in item 23, as applicable.
24	Enter the total commodity certificate value determined by multiplying item 25 times item 28.
25	Enter the total loan quantity to be exchanged. For multiple or partial loan exchanges, include item 39 in the total entered in item 25, as applicable.
26	Enter the loan rate, as applicable.
27	Enter the exchange date. This is the date the commodity certificate is purchased from CCC.
28	Enter the exchange rate. This is the market loan repayment rate in effect on the date the commodity certificate is purchased according to paragraph 4.

991 Determining Commodity Certificate Exchange Value (Continued)

C Completing CCC-694-1 (Reverse) (Continued)

Item	Instruction
29	Enter the loan quantity to be redeemed from item 25.
30	Enter the loan principal to be repaid by multiplying item 26 times item 29. For multiple loan exchanges, include the total loan principal from item 40.
31 and 32	Leave blank.
33	Enter remarks, as applicable.
34 through 41	Complete as necessary. Carry all totals to items 24, 25, and 30, as applicable.
42	Sign, date, and provide title, as applicable. County Offices shall file CCC-694-1 and CCC-694-2 in the loan folder. Provide a copy of CCC-694-1 to the producer, as applicable.

Note: If other methods are used to calculate the commodity exchange, attach a copy of the spreadsheet to CCC-694-1, as applicable. CCC-694-1 must always be filed in the producer's loan folder.

991 Determining Commodity Certificate Exchange Value (Continued)

D Example of CCC-694-1 (Reverse)

The following is an example of a completed CCC-694-1 (Reverse).

*--

CCC-694-1 *(REVERSE)* *(02-15-00)*

PART B - COMMODITY CERTIFICATE CALCULATION

23. Transaction Number *(cy-Ln-No.-ID No.)*	24. Total Commodity Certificate Value	25. Loan Quantity	26. Loan Rate	27. Exchange Date	28. Exchange Rate
See Item 34	$ 9,500	5,000	$ 2.00	2-22-XX	$ 1.90

COMPLETING EXCHANGE FOR PLEDGED COLLATERAL:

29. Exchange Quantity *(Item 24 ÷ Item 28)*	30. Loan Principal Repaid *(Item 26 X Item 29)*
5,000	$ 10,000
31. Certificate Value Used *(Item 29 X Item 28)*	32. Certificate Value Remaining *(Item 24 - Item 31)*
$	$

33. REMARKS

34. Transaction Number *(cy-Ln No. - ID No.)*	35. Loan Quantity	36. Loan Principal	37. Exchange Rate	38. Certificate Value Needed
99-00210-0001	2,000	$ 4,000	$ 1.90	$ 2,900
99-00256-0002	3,000	$ 6,000	$ 1.90	$ 5,700
		$	$	$
		$	$	$
		$	$	$
		$	$	$
		$	$	$
	39. TOTAL LOAN QUANTITY *(Item 25)* 5,000	40. TOTAL LOAN PRINCIPAL *(Item 30)* $ 10,000		41. TOTAL CERTIFICATE VALUE NEEDED *(Item 24)* $ 9,500

42. Signature of Person Who Completed Worksheet	Title	Date
/s/ Lena Olson	CED	2/22/XX

--*

992 Purchasing Commodity Certificates

A CCC-694-2 Objective

CCC-694-2 is the acknowledgment between CCC and the producer of commodity certificate purchase to exchange for loan collateral.

B CCC-694-2 Process

County Offices shall:

- prepare one CCC-694-2 for all loans being exchanged at 1 time by the producer
- include all commodity certificate transaction codes for all loans on one CCC-694-2.

C Who May Purchase CCC-694-2

The following may purchase a commodity certificate and exchange it for commodities previously pledged as collateral for a loan:

- any producer who signed CCC-677 or CCC-678, as applicable

- a person with a valid FSA-211 for a producer who signed CCC-677, as applicable

- only the signature of the producer purchasing the commodity certificate is required for joint loans.

D Retaining CCC-694-2

CCC-694-2 **must never**:

- leave the County Office
- be photocopied
- be FAXed.

County Offices must file CCC-694-2 in the producer's loan folder, as applicable.

992 Purchasing Commodity Certificates (Continued)

E Completing CCC-694-2

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

Item	Instruction
1	Enter the crop year.
2A	Enter name and address of the producer requesting to purchase commodity certificate for loan exchange.
2B	Enter ID number of the producer requesting to purchase commodity certificate for loan exchange.
3	No entry is required.
4	Enter check number of the check received from the producer.
5	Enter the date of the check received from the producer.
6	Enter the check amount received from the producer that was determined on CCC-694-1, item 24.
7	Enter the commodity certificate transaction number(s). This number is any or both of the following: • the manually assigned number according to subparagraph 991 B • the APSS-assigned transaction number printed on CCC-500.
Part B	After the producer has read the Agreement, obtain the signature of the producer purchasing the commodity certificate and the date of signature. Place CCC-694-2 and CCC-694-1 (Reverse) in the producer's loan folder for which the commodity was exchanged, as applicable.

992 Purchasing Commodity Certificates (Continued)

F Example of CCC-694-2

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

This form is available electronically.

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: 20XX

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

2B. Producer ID Number:

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-XX	$ 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-XX		
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.
RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.

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993 Exchanging Commodity Certificate for Loan Collateral

A When to Exchange Loan Collateral

When the producer has signed CCC-694-2 and the check has been submitted to purchase the commodity certificate, **immediately** complete the exchange of commodity certificates for CCC immediately acquired loan collateral.

B Completing the Exchange

County Offices shall:

- determine loan quantity to be exchanged according to paragraph 991
- release loan quantity in the normal manner
- record the commodity certificate exchange according to 12-PS, Part 7, Section 3.

C Completing Commodity Certificate Exchanges With CCC-681-1 or CCC-685

If a producer wants to complete CCC-694-2 and use the buyer's check to purchase the commodity certificate, the producer may sign CCC-694-2 to acknowledge the commodity certificate exchange for loan collateral when CCC-681-1 or CCC-685 is requested.

When the buyer's check is received, County Offices shall:

- use the buyer's check to purchase the commodity certificate applicable to CCC-681-1 or CCC-685
- use the exchange rate in effect on the date the buyer's check is received in the County Office
- complete CCC-694-1 and CCC-694-2, as applicable
- complete the commodity certificate purchase
- repay the loan in the normal manner
- release the commodity or warehouse receipts in the normal manner.

If CCC-681-1 is requested by telephone, inform the producer to visit the County Office before the CCC-681-1 expiration date to complete CCC-694-2, as applicable.

994-999 (Reserved)

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Part 10 Farm-Stored Loan Settlement

Section 1 Preparing for Deliveries of Nonrecourse Loans

1000 Preparing for Deliveries

A Preparing for Anticipated Deliveries

Immediately **before** loan maturity, CED or designee shall contact each approved warehouse to determine whether local storage space is available.

See subparagraphs B and C for County and State Office action when storage space is unavailable or limited.

B Unavailable or Limited Storage Space

When it is determined that storage space is unavailable or limited for handling deliveries in the local area, County Offices shall contact the State Office for assistance in:

- locating available storage space
- planning deliveries in the following order of priority:
  - to approved warehouses for shipment on a handling only basis
  - to trackload
  - for local sale for isolated farm-stored lots
- considering which of the following is to CCC's advantage:
  - paying excess haul to nearby storage, according to subparagraph 1017 E
  - consolidating loading orders at another location in the county or nearby county.

1000 Preparing for Deliveries (Continued)

C State Office Action

When contacted by a County Office, the State Office shall:

- contact KCCO, BCD, IMB
  - by telephone
  - for assistance in making storage space available
- document and maintain records of these contacts.

D Scheduling Deliveries

County Offices shall:

- work out a schedule of deliveries to approved warehouses for storage with the warehouse operator
- if possible, direct deliveries to warehouses at customary delivery points with the lowest handling and storage rates.

After the loading order is received from KCCO, schedule deliveries:

- to approved warehouses for **handling only** according to subparagraph 1004 B
- to **trackload only** according to paragraph 1005.

1000 Preparing for Deliveries (Continued)

E Notification From KCCO

KCCO shall advise State Office of specific warehouses that have excessive handling or storage charges.

When notified by KCCO, the State Office shall advise affected County Offices:

- of warehouses, in the area designated by KCCO, with excessive handling or storage charges
- of available alternate delivery locations
- to direct deliveries to other warehouses, if possible.

Only as a last alternative, direct deliveries to warehouses with excessive handling or storage charges.

F Producer Storing Commodity for CCC

When CCC is unable to take delivery of the commodity, CCC may require producers to retain and store the commodity for a 60-calendar-day period after maturity at **no** expense to CCC.

If storage space is unavailable, request loading orders immediately after maturity so that delivery instructions are issued promptly after maturity.

1000 Preparing for Deliveries (Continued)

G Storage Credit

The County Office shall try to have deliveries completed within the 60-calendar-day period.

Storage credit:

- will begin on the 61st day, according to subparagraph 1017 C, if CCC cannot take delivery during the 60-calendar-day period

- shall **not** be allowed to the producer at settlement if **any** of the following apply:

  - the delayed delivery is for the producer's convenience
  - the commodity is redeemed
  - CCC-691 is issued within the 60-day period.

1001 Issuing CCC-691

A When to Issue CCC-691

For **nonrecourse** loans, County Offices shall complete CCC-691 and prepare demand letter, according to subparagraphs B and D, and issue CCC-691:

- the next workday after the loan maturity date
- when any of the following occurs **after** the producer receives the maturity notice in paragraph 22:
  - the producer notifies the County Office that the commodity will be delivered to CCC when the loan matures
  - the producer does **not** notify the County Office of the option that will be taken to settle the loan
  - the producer notifies the County Office that the loan will be repaid at maturity, but the producer has taken **no** action to settle the loan by the maturity date
  - the producer does **not** repay the loan by the maturity date.

For recourse loans after maturity, and repayment has not been received, see Section 4 for completing local sales.

1001 Issuing CCC-691 (Continued)

B Completing CCC-691

County Offices shall complete:

- a separate CCC-691 for each loan and for different delivery points
- the producer and loan identification items and Part A according to the following table and example.

Item	Instructions
1 through 6	Enter information applicable to the loan.
7 and 8	Leave blank.
9	Enter the outstanding loan quantity to be delivered.
10	Enter the outstanding loan amount applicable to the loan quantity.
11	Enter the disbursement date of the loan.
12	Check box, as applicable, for the commodity.
13	Enter maximum quantity for delivery according to paragraph 1013.
14	Enter name, warehouse code number, and location of shipping or storing warehouse. **Note:** For trackload, enter delivery point and railroad.
15	If location is same as item 14, ENTER “Same”. **Note:** For trackload, enter scale location.
16	Allow sufficient time for delivery, depending on quantity involved. **Note:** Usually, this is not more than 15 calendar days.
17	Obtain appropriate signature for CCC approval and date.
18	Enter name and address of County Office.

1001 Issuing CCC-691 (Continued)

B Completing CCC-691 (Continued)

The following is an example of a completed CCC-691.

Form Approved - OMB No. 0560-0087

CCC-691
(04-23-98)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation
COMMODITY DELIVERY NOTICE

1. Farm Number	2. Name and Mailing Address	3. Crop Year	4. Commodity	5. ST. & CO. Code	6. Loan No.
253	V. Paige Route 1 Anywhere, NE 68501	2002	Corn	56-015	1193
		7. Weed Control Discount is Applicable: [ ]		8. Voluntary Early Delivery Subject to Storage Deduction: [ ]	
		9. Outstanding Loan Quantity: 10,000 Bu	10. Balance To Be Settled: $ 18,600.00	11. Disbursement Date: 8-20-2002	

PART A - DELIVERY INSTRUCTIONS

If you have an outstanding CCC commodity loan, you must deliver to the storage point specified below, by the date specified below, a quantity of the eligible commodity specified above having a loan value equivalent to the amount specified above as "Balance to be Settled".

12. Maximum Quantity for Delivery:	13. Quantity
[ ] Pounds [X] Bushels [ ] CWT [ ] Bales [ ] Other (specify):	11,000 Bu

14. Deliver to *(Name, code number, and location of warehouse or other approved storage)*	15. Weighing Location	16. Final Date To Deliver
XYZ Warehouse 80129 Motown, NE 68501	Same	6-10-2003

17. Commodity Credit Corporation	Date	18. Name and Address of County FSA Office
By: */s/ Polly Program Technician*	6-3-2003	ABC County FSA Office Box C Wayside, NE 68501

C Distributing Initial CCC-691

County Offices shall initially distribute CCC-691 as follows:

- send to the producer:
  - the original CCC-691
  - the demand letter, according to subparagraph D
- keep County Office pending copy in applicable loan folder
- send remaining copies of CCC-691 to:
  - warehouse, for warehouse storage and handling only deliveries
  - County Office representative at delivery point if for trackload or local sale.

Note: Warehouses shall return all copies of CCC-691, except warehouse file copy, to County Office with applicable warehouse receipts.

1001 Issuing CCC-691 (Continued)

D Issuing Demand Letter With CCC-691

County Offices shall issue the following demand letter with CCC-691.

(Date) _____, 20__

Dear _____:

You were notified on (**date of notification letter**) that your (**year**)-crop (**commodity type**) loan (**number**) was due and payable on or before (**maturity date**). You were given the opportunity to appeal the administrative actions applicable if the loan was not repaid by maturity. The loan has matured and the debt has not been repaid. CCC-691, Commodity Delivery Notice, which includes delivery instructions, is enclosed. Delivery of the commodity must be completed by the final date to deliver shown on CCC-691. Contact this office if the delivery will be delayed. In limited circumstances, an extension of time may be approved. Interest will continue to accrue until the amount due is repaid.

The following apply if the principal and charges plus interest, $_____ as of the date of this letter, are not repaid or delivery of the loan collateral is not completed on or before the 30th calendar day after the expiration or extended expiration date of CCC-691:

- foreclosure proceedings will begin
- the amount due will be recorded for offset from any FSA or CCC payment due you
- a claim will be established.

If the value of the commodity delivered does not liquidate the outstanding balance, you will be expected to remit the deficiency promptly upon notification by CCC.

After the claim is established:

- the claim may be reported to other Federal Agencies for offset from any amounts that may be due you

- late payment interest, based on the rate established by the Department of the Treasury, will be applied to your debt on a daily basis from the date the claim is established until the debt is paid in full.

An additional 3 percent interest shall be assessed on the unpaid balance of the debt retroactively from the date the claim is established, if payment in full is not made within 60 calendar days after the date the claim is established.

Sincerely,

County Executive Director
_____ County FSA Office

1002 Issuing CCC-681-1 After CCC-691 Issued

A Issuing CCC-681-1

After CCC-691 has been issued, County Offices may:

- issue CCC-681-1, according to paragraph 951, if the settlement has **not** been processed through APSS
- accept repayment for principal and charges, plus interest.

B Remaining Loan Quantity

County Offices shall issue another CCC-691 for any loan quantity remaining after expiration of the CCC-681-1 grace period.

1003 Nondelivery of Loan Collateral

A Nondelivery by Expiration Date

If the loan collateral is **not** delivered by the 30th calendar day after the expiration or extended expiration date of CCC-691, County Offices shall initiate foreclosure proceedings:

- on the 31st calendar day after the expiration or extended expiration date of CCC-691
- according to paragraph 1043.

Handle loan deficiencies resulting from foreclosure proceedings according to paragraph 1022.

B Establishing Claim for Nondelivery

If the loan collateral is **not** delivered, County Offices shall establish a claim on the 31st calendar day after the expiration or extended expiration date of CCC-691.

Before initiating transfer to claims in APSS:

- determine the interest amount on the outstanding loan amount from the date of disbursement through the maturity date of the loan in APSS

- screen print the screen that contains the interest calculation and file in the applicable loan folder if the collateral is delivered after the claim is established.

On the 31st calendar day after the expiration or extended expiration date of CCC-691:

- transfer the outstanding loan balance, including interest, to claims according to 12-PS, Part 12, Section 4

- establish the claim according to 58-FI.

C Deliveries After Claim Established

For nonrecourse loan commodities delivered **after** the claim has been established, see paragraph 1044 and Exhibit 42.

1004 Deliveries to Approved Warehouse

A Delivery for Storage

For deliveries to approved warehouse for storage, County Offices shall schedule deliveries as rapidly as the warehouse can receive the commodity.

B Delivery for Handling Only

For deliveries to approved warehouse for handling only, complete CCC-643 according to paragraph 1006.

Reminder: Shipping instructions must be available **before** warehouse operator begins to receive the commodity.

For deliveries on an identity preserved basis, a County Office representative shall:

- supervise the delivery
- take a representative sample and submit for a grade determination for use in settling with the producer.

1005 Deliveries for Trackloading

A General Provisions

For deliveries for trackloading, complete CCC-643 according to paragraph 1006.

Upon approval, KCCO shall provide the County Office with loading and billing instructions.

A County Office representative shall:

- supervise trackloading and be responsible for the day-to-day scheduling of producer's deliveries
- make necessary arrangements in advance for needed facilities and equipment
- order railcars and prepare the bill of lading
- work closely with producers and railroad operators to expedite operations.

B Origin Weights

When adequate weighing facilities are available, use "origin weights" for settlement purposes, not to exceed the limitation on quantity eligible for delivery according to paragraph 1013.

Weigh **each** load received and obtain scale tickets for each load. Cross-reference scale tickets with car identification and send scale tickets to KCCO with bill of lading, or any other available documentation.

1005 Deliveries for Trackloading (Continued)

C Destination Weights

"Destination weights" may be used for settlement purposes when **either** of the following applies:

- weighing facilities are not readily available
- requested by producers.

When "destination weights" are used:

- **all** producers loading into the same car must sign an agreement that states the percentage share to be credited to each producer

- apply the percentages to the total weight of the commodity in the car to determine each producer's quantity

- KCCO shall send weight certificate to County Office.

D Origin Grade

Obtain a representative sample of each producer's commodity to be:

- submitted to a licensed grading laboratory for grade determination

  Notes: The "origin grade" determination will be used for settlement purposes.

  Issue CCC-184, according to 1-FI, to pay for grade determination costs.

- used in case of an appeal. See paragraph 1012.

1005 Deliveries for Trackloading (Continued)

E Destination Grade

The "destination grade" determination may be used for settlement purposes upon producer's request **before** delivery.

Reminder: When settlement is made on the basis of grade determination at destination, the grade determination applies to **all** producers:

- who loaded a commodity commingled into the same car
- regardless of the quality of the commodity loaded into the car.

KCCO shall send the grade certificate to the County Office.

F Completing Loading Order

County Offices shall notify KCCO, through the State Office, when all of the commodity that will be shipped on the loading order is delivered.

If the amount of commodity shipped is less than the order called for, indicate the reason.

1006 Requesting Shipping Instructions

A Completing CCC-643

When a request for shipping instructions has been made, complete CCC-643 according to the following table and examples shown in subparagraphs B and C.

Item	Instructions
	Example for Commingled
2	The State Office shall number all requests. Establish a continuous series of numbers of all commodities for all crop years.
7	Request separate shipping instructions for different classes of commodity; such as, Hard Red Spring and Durum Wheat. If grade, subclass, and moisture are not known, enter approximate information.
8	Complete when delivery is to an approved warehouse for **handling only**. Advise KCCO when the quantity delivered to a warehouse is over or under the quantity shown on the loading order by the following, as applicable: • 1,700 bushels for wheat, corn, flax, and soybeans • 2,000 bushels for barley • 3,100 bushels for oats • 1,000 hundredweight for grain sorghum. **Note:** Forms for reporting may be obtained from KCCO.
9	Enter protein for wheat, if known.
10	Complete when delivery is for **trackloading**, whether by producer or through a warehouse.
11	Enter the correct railroad. This is particularly important if more than 1 line serves the shipping point.
	Example for Identity Preserved
12	Enter 75 percent of the KCCO-approved commingled handling rate, but no less than 8 cents. If the commingled rate is 8 cents or less, use the commingled rate. Advise warehouse operator of the applicable rate for handling loading orders.

1006 Requesting Shipping Instructions (Continued)

B Example for Commingled

The following example shows CCC-643 completed for commingled deliveries.

This form is available electronically.

CCC-643 (06-16-03) **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation

REQUEST FOR SHIPPING INSTRUCTIONS

1. STATE: KANSAS
2. STATE REQUEST NO.: 21
3. NAME AND ADDRESS OF COUNTY OFFICE *(Include Zip Code)*: Logan County FSA Office, P.O. Box 257, Oakley, KS 67582
4. TO: Kansas City FSA Commodity Office
5. Shipping instructions are hereby requested for the transaction indicated herein. Shipment to be made: BULK ☑ BAGS ☐
6. KIND OF COMMODITY: Wheat
7. GRADE, CLASS, SUB-CLASS & MOISTURE: No. 1 HRW M 12.0
8. QUANTITY *(Cars, Bu., Cwt.)*: 1,898
9. PROTEIN *(if applicable)*: 12.0

10A. ☐ **TRACK LOAD** *(Deliveries from producers)*

11A. ☑ **HANDLING ONLY** *(Deliveries from producers)*

10B. SHIPPING POINT AND RAILROAD

11B. NAME, LOCATION, CODE NO. OF SHIPPING WAREHOUSE AND RAILROAD: XYZ Warehouse, Oakley, KS 67582, 8-8002 UP

10C. TYPE OF DELIVERY: LOAN ☐ PURCHASE ☐ *(Application numbers may be listed in 'Remarks')*

11C. P.O. ADDRESS IF DIFFERENT THAN LOCATION *(Include Zip Code)*

10D. BASIS OF SETTLEMENT WITH PRODUCER

(1) GRADE: ORIGIN ☐ DESIGNATION ☐

(2) WEIGHT: ORIGIN ☐ DESIGNATION ☐

11D. HOW TO BE HANDLED BY WAREHOUSE: COMMINGLED ☑ MODIFIED COMMINGLED ☐ IDENTITY PRESERVED ☐

12. REMARKS *(State and county offices)*

13. For County Office

A. SIGNATURE: /s/ Clark E. Davis

B. DATE *(MM-DD-YYYY)*: 04-05-XXXX

14. For State Office

A. SIGNATURE: /s/ Pat Kelley

B. DATE *(MM-DD-YYYY)*: 04-07-XXXX

15. For Use by FSA Commodity Office

A. ROUTE

B. CONSIGNEE AND LOADING ORDER NUMBER

C. COMMODITY CODE

D. SHIPMENTS TO BE MADE *(Date(s))* *(MM-DD-YYYY)*

E. STORAGE STOP DATE *(MM-DD-YYYY)*

F. PERMIT NO.

G. STOP CARS FOR INSPECTION AT

H. FREIGHT TO BE PAID BY FSA OFFICE AT

I. SETTLEMENT BASIS

(1) OFFICIAL GRADE: ORIGIN ☐ INTERMEDIATE ☐ DESIGNATION ☐

(2) OFFICIAL WEIGHT: ORIGIN ☐ DESIGNATION ☐

J. SPECIAL INSTRUCTIONS

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.

☐ COUNTY OFFICE COPY ☐ STATE OFFICE COPY ☐ KCCO OFFICE COPY

1006 Requesting Shipping Instructions (Continued)

C Example for Identity Preserved

The following example shows CCC-643 completed for identity preserved deliveries.

10C. TYPE OF DELIVERY LOAN ☐ PURCHASE ☐ *(Application numbers may be listed in 'Remarks')*	11C. P.O. ADDRESS IF DIFFERENT THAN LOCATION *(Include Zip Code)*
10D. BASIS OF SETTLEMENT WITH PRODUCER (1) GRADE: ORIGIN ☐ DESIGNATION ☐ (2) WEIGHT: ORIGIN ☐ DESIGNATION ☐	11D. HOW TO BE HANDLED BY WAREHOUSE COMMINGLED ☐ MODIFIED COMMINGLED ☐ IDENTITY PRESERVED ☑
12. REMARKS *(State and county offices)* "IP Handling Only Rate $_____"	
13. For County Office	**14. For State Office**
A. SIGNATURE: */s/ Clark E. Davis* B. DATE *(MM-DD-YYYY)*: 04-05-XXXX	A. SIGNATURE: */s/ Pat Kelly* B. DATE *(MM-DD-YYYY)*: 04-07-XXXX
15. For Use by FSA Commodity Office	
A. ROUTE	B. CONSIGNEE AND LOADING ORDER NUMBER C. COMMODITY CODE

1006 Requesting Shipping Instructions (Continued)

D Distributing CCC-643

For County Office-prepared CCC-643, distribute as follows:

- County Office shall:
  - send yellow and pink copies to State Office
  - keep blue copy
- State Office shall:
  - send yellow copy to KCCO
  - keep pink copy.

For State Office-prepared CCC-643, distribute as follows:

- send yellow copy to KCCO
- send blue copy to County Office
- keep pink copy.

E Changes in Completion Date

County Office shall advise KCCO, through the State Office, of any changes in the completion date of a loading order.

1007-1011 (Reserved)

Section 2 Completing Deliveries of Nonrecourse Loans

1012 Producer, Warehouse Operator, and County Office Responsibilities

A Agreeing to Quality and Quantity Delivered

Producers shall be informed of the producer's and warehouse operator's mutual obligation to agree on grade and quantity of the commodity, shown on CCC-691, Part B, that is delivered for settlement purposes.

Refer to this table for applicable types of deliveries.

IF delivery is...	THEN the producer and...
to approved warehouse for storage	warehouse operator must agree on the grade and quantity determined upon delivery to the storing warehouse. **Note:** Includes deliveries immediately purchased by warehouse operator according to Part 12.
for handling only	warehouse operator must agree on the grade and quantity determined upon delivery to the shipping warehouse.
for identity preserved handling only	County Office representative must agree on: • the grade determined from a representative sample drawn by a County Office representative • the quantity determined upon delivery to the shipping warehouse.
for trackloading	County Office representative must agree on the grade and quantity determined according to paragraph 1005.

1012 Producer, Warehouse Operator, and County Office Responsibilities (Continued)

B Grade Appeal Rights

Each producer shall get a fair and representative grade for the commodity delivered. Inform producers:

- of their rights and responsibilities **before** deliveries are started
- that they must request appeal samples to be drawn at the time of delivery
- that they are responsible for **all** appeal expenses
- if an appeal is anticipated for a “destination grade” of a trackload commodity:

  - that necessary arrangements must be made **before** the railcar moves

    Note: County Office shall contact KCCO, through the State Office, to arrange for appeal grade.

  - because the grade is an official grade, that the appeal will be through regular GIPSA procedures and at the producer's expense.

1012 Producer, Warehouse Operator, and County Office Responsibilities (Continued)

C Appealing Grade Determinations

Appeal grade determinations according to the following table.

<table>
<tr><th>IF the grade and quality was determined by...</th><th colspan="2">THEN the...</th></tr>
<tr><td>a Federally licensed inspector on quantities delivered</td><td colspan="2">• determination may be appealed through the regular GIPSA procedures
• producer is responsible for all appeal expenses
• grade and quality determination resulting from the appeal shall serve as the basis for settlement.</td></tr>
<tr><td rowspan="3">other than a Federally licensed inspector on quantities delivered</td><td colspan="2">producer may appeal and shall assume the cost of tests.</td></tr>
<tr><td>IF delivery was to...</td><td>THEN the...</td></tr>
<tr><td>an approved warehouse</td><td>• representative sample of lots in disagreement shall be sent to the County Office with producer’s remittance to cover cost of tests
• County Office will forward the sample to a Federally licensed grain inspector for a determination, which shall serve as the basis for settlement.</td></tr>
<tr><td></td><td>other than an approved warehouse</td><td>County Office will send a portion of the representative sample of lots in disagreement to a Federally licensed inspector for a determination, which shall serve as the basis for settlement.</td></tr>
</table>

1012 Producer, Warehouse Operator, and County Office Responsibilities (Continued)

D Certifying to Authenticity of Quantity

Producers and warehouse operators shall be reminded that by signing CCC-691 they are certifying that the quantity reported on CCC-691:

- was delivered to the receiving warehouse
- does **not** include any quantity of the commodity that was purchased or already in store at the receiving warehouse
- does **not** exceed the maximum quantity eligible for delivery according to paragraph 1013.

1013 Maximum Quantity Eligible for Delivery

A Maximum Quantity

The maximum quantity for delivery to CCC under a farm-stored loan is 110 percent of the **lower** of the following:

- quantity eligible for loan
- outstanding loan quantity.

B Ineligible Quantity

Quantity delivered to CCC shall not be any quantity:

- applicable to unauthorized disposition
- made as LDP.

C Amounts Exceeding Maximum

Follow paragraph 1019 for handling delivered amounts exceeding the maximum eligible quantity.

1014 Questionable Deliveries

A Questioning Eligibility

If the County Office has reason to question the eligibility of a commodity delivered to CCC, review the case immediately.

The extent of the review should be directly related to the seriousness of the matter.

B Action When Wrongdoing Discovered

If wrongdoing is discovered, the:

- County Office shall report the case and circumstances to the State Office immediately
- State Office shall:
    - determine the steps to be taken after consulting with the County Office
    - refer the case to OIG if further investigation is necessary, according to 9-AO
    - refer the case to the regional attorney when advice is needed.

C Determining Delivery Is Proper

If delivery is determined to be proper, process settlement in the normal manner.

1015 Insect-Damaged Wheat

A Settling Insect-Damaged Wheat

According to grain standards, wheat with 32 or more insect-damaged kernels per 100 grams shall be graded “sample grade”.

***--**To determine the settlement value for wheat grading “sample grade” because of insect-damage kernels and is received for delivery on a loan, contact PSD as applicable:

- County Offices shall contact PSD through the State Office only
- State Offices shall contact PSD at 202-720-9154.**--***

B Action When Reported by Warehouse Operator

When delivered insect-damaged wheat is reported by the receiving warehouse operator, County Offices shall advise the:

- local FDA office in writing of the following:
  - producer's name and address
  - name and address of the warehouse where the wheat was delivered
  - delivery date
  - crop year and loan number
  - quantity delivered
  - number of insect-damaged kernels per 100 grams as reported by the warehouse operator
  - name and address of the reporting County Office
- warehouse operator that CCC will:
  - **not** take insect-damaged wheat into inventory
  - sell the wheat to the warehouse operator according to the contract sale provisions in Part 12.

1015 Insect-Damaged Wheat (Continued)

C Maintaining Written Correspondence

County Offices shall:

- place a copy of the letter to FDA in the producer's loan folder
- maintain separate copies of the letters in a separate folder for future reference.

1016 Completing CCC-691, Part B

A Completing Part B

Complete CCC-691, Part B according to the type of delivery. Determine proper completion according to the following.

Item	Type of Delivery	Instructions
19 A	• Approved warehouse storage with warehouse receipts issued • Handling only, commingled • Approved warehouse storage with warehouse operator immediately purchasing commodity according to Part 12	The warehouse operator enters the following, as applicable: • commingled lot identification • grade and grading factors • weights • storage start date for warehouse storage • date delivery completed, item 20 • type of delivery, item 21.
	Local sales	The County Office enters the following: • lot identification • grade and grading factors • weights • date delivery completed, item 20 • "sale" for type of delivery, item 21.
	• Handling only, identity-preserved • Trackload	The County Office enters the following, as applicable: • lot identification • grade • grading factors • weights • date delivery completed, item 20 • type of delivery, item 21.

1016 Completing CCC-691, Part B (Continued)

A Completing Part B (Continued)

Item	Type of Delivery	Instructions
22	• Handling only, commingled • Handling only, identity-preserved • Trackload	The County Office enters the: • loading order number from CCC-156 issued by KCCO • railroad car number or truck number, as applicable.
--23 and 24--	All types of deliveries	Producer and warehouse operator, or, if applicable, County Office representative, shall sign and date agreeing to weights and grades delivered. **Note:** If producer's signature cannot be obtained within 30 calendar days, show "unable to obtain" in applicable space and proceed with settlement.

1016 Completing CCC-691, Part B (Continued)

B Example for Warehouse Storage

The following is an example of Part B completed for **warehouse storage**.

PART B - GRADE AND QUANTITY DETERMINATION (If additional space needed, use Form CCC-691-1)

19. The undersigned hereby certify (1) that a representative sample was secured from each lot of the commodity described above at the time it was delivered, and (2) that it is mutually agreed such commodity is of the quantity, grade and quality delivered in the schedule below and on continuation sheets thereto. The undersigned warehouse operator further certifies (1) that they have received in their warehouse from the undersigned producer the quantity, grade(s) and quality of the commodity described in the schedule below and on continuation sheets thereto and, in the case of deliveries for local storage, that they will issue acceptable warehouse receipt(s) and; when requested, scale tickets for each commodity and (2) that the quantity of the commodity listed below was, in fact, delivered to the receiving warehouse, and does not include any quantities purchased from or already in store at the receiving warehouse and substituted without prior approval.1/ The undersigned producer further certifies that (1) the commodity delivered by them is the commodity described in the schedule below and is free and clear of all liens and encumbrances, including landlord's liens except in favor of lienholders from whom waivers have been secured and that the commodity delivered is eligible for delivery by him/her under the applicable program regulations, (2) for all commodities, the quantity delivered does not exceed the quantity that was produced on the farm(s) listed on the original commodity loan agreement entered into with CCC. 1/ The warehouse operator further certifies that all services invoiced including handling, weighing, grading, storage, or servicing were actually performed. The parties signing this certification understand that the making of any fraudulent representations shall render the parties subject to criminal prosecution under Federal law and may render the entire quantity ineligible for any loan benefits (see Part F on reverse of this document).

1/ If there is a disagreement as to grade or quality, the certification shall nonetheless be signed but the items as to which there is a disagreement in Part B shall be lined through. A representative sample of the lot as to which there is disagreement shall be submitted for an appeal determination in accordance with Part E (on reverse hereof). Such determinations shall be binding on all signators to this part.

A. Warehouse Receipt Number 2/	B. Grade, Class & Sub-Class	C. Test Weight (lb.)	D. Moisture %	E. F.M. (%) 3/	F. Other Applicable Factors	G. Gross Weight (lb.)	H. Dock (%)	I. Net Weight (bu., cwt., lb.)	J. Storage Start Date
281	No. 1 HRW	60.0	13.0		PROTEIN 10.6	111,240		1,854	6-20-XXXX

2/ If undesirable wheat variety, place an "" following applicable lot identity. 3/ For corn, includes also B.C.*

20. Date Delivery Completed	21. Type of Delivery:	22. Loading Order Number
6-20-XXXX	Whse. Stge. [X] Hand. Only [ ] Sale [ ] Bins [ ] Track Load [ ]	

23. Signature of Producer	Date	24. Signature of Warehouse Representative	Date
▸ /s/ V. Paige	6-20-XXXX	▸ /s/ John Smith	6-20-XXXX

C Example for Trackload

The following is an example of Part B completed for **trackload**.

1/ If there is a disagreement as to grade or quality, the certification shall nonetheless be signed but the items as to which there is a disagreement in Part B shall be lined through. A representative sample of the lot as to which there is disagreement shall be submitted for an appeal determination in accordance with Part E (on reverse hereof). Such determinations shall be binding on all signators to this part.

A. Warehouse Receipt Number 2/	B. Grade, Class & Sub-Class	C. Test Weight (lb.)	D. Moisture %	E. F.M. (%) 3/	F. Other Applicable Factors	G. Gross Weight (lb.)	H. Dock (%)	I. Net Weight (bu., cwt., lb.)	J. Storage Start Date
3	No. 1 HRW	60.0	13.0		PROTEIN 10.6	111,240		1,854	

2/ If undesirable wheat variety, place an "" following applicable lot identity. 3/ For corn, includes also B.C.*

20. Date Delivery Completed	21. Type of Delivery:	22. Loading Order Number
6-20-XXXX	Whse. Stge. [ ] Hand. Only [ ] Sale [ ] Bins [ ] Track Load [X]	27-155-1801

23. Signature of Producer	Date	24. Signature of Warehouse Representative	Date
▸ /s/ V. Paige	6-20-XXXX	▸ /s/ Joe Doe	6-20-XXXX

1017 Completing CCC-691, Part C

A Completing Part C

Itemize all charges or credits, as applicable, on CCC-691, Part C according to this paragraph. See example in subparagraph G.

If more than one CCC-691 is issued for a loan, itemize charges and credits only on CCC-691 that shows the outstanding quantity and balance to be settled.

B Charges

Enter all charges incurred by CCC during delivery, such as shelling, hauling, weighing, and grading, in item 26.

Attach copies of bills to producer and County Office copies of CCC-691.

If warehouse storage charges will be deducted for early delivery, according to paragraph 1042:

- check the "Voluntary Early Delivery Subject to Storage Deduction" box on CCC-691, item 8

- write the following information under the entries provided by the warehouse on CCC-691, Part B:

  "Storage adj. _____ bu. times _____ cents = $_____."

1017 Completing CCC-691, Part C (Continued)

C Credit for Storage Beyond 60 Calendar Days

CCC shall credit the producer for storage, when CCC required the producer to retain the commodity beyond 60 calendar days after maturity, according to subparagraph 1000 F.

The period for earning storage starts on the 61st day after maturity and ends the **earlier** of:

- final date of delivery
- final date for delivery as shown on CCC-691.

APSS will calculate the storage credit using the CCC-approved storage rates applicable:

- to the storing warehouse for deliveries for warehouse storage
- to the closest approved warehouse for trackload and handling only loading orders.

If there is a question about which storage rate to use, refer the matter to the State Office for rate determination.

Storage credit is limited to the **lower** of the following:

- quantity delivered
- 110 percent of the outstanding loan quantity.

D Trackloading Credit

Producers delivering a commodity to CCC on track at a country point will be given a trackloading credit, as applicable, of:

- 10 cents per bushel
- 16.67 cents per hundredweight for grain sorghum and rice.

APSS will calculate the trackloading credit.

1017 Completing CCC-691, Part C (Continued)

E Excess Haul Credit

If a producer is directed to deliver a commodity to a location beyond the producer's customary delivery point, credit may be earned for excess haul.

If the producer:

- hauls the commodity, use the STC-established rate
- hires someone to haul the commodity, use the **smaller** of the following:
  - the STC-established rate
  - actual cost of hauling the commodity.

The mileage for which credit is earned shall:

- be the additional distance to the delivery point from the customary delivery point
- **not** exceed the distance by direct route from the delivery point, minus the distance from the farm to the producer's customary delivery point.

Record the following as separate items on CCC-691, Part C:

- miles on which the excess haul credit was based
- rate that was used for calculating the excess haul credit (cents per bushel or hundredweight)
- number of bushels or hundredweight
- total excess haul credit.

1017 Completing CCC-691, Part C (Continued)

F Rate Basis

Enter State and county codes of normal delivery point in item 30.

G Example of Part C

The following is an example of Part C.

PART C - SETTLEMENT DATA						
Itemize Charges *(storage, etc.)*			Itemize Credits *(hauling, trackload, etc.)*			
25. Reserve Storage Refund $			27. Excess Haul Total Miles			
26. CCC Incurred Costs $ = @	Bu.	Cents	28. Excess Hauling $ = @	Bu.	Cents	
			29. Reserve Storage Payment $	30. Rate Basis *(ST.&CO. Code or terminal pt.)*		
LOCAL SALES	31. Authorization Number *(if any)*	32. Quantity Sold *(bu., cwt., lb.)*	33. Rate $	34. Amount $	35. CCC-257 Number	
PART D - CERTIFICATION AND APPROVAL FOR COUNTY FSA COMMITTEE						
36. Delivery of commodity in Part B has been completed subject to final settlement.					Date	

Note: CCC-691, item 36 provides for CCC approval and date.

H Distributing Final CCC-691

County Offices shall distribute final approved CCC-691 as follows:

- keep County Office copy in producer's loan folder
- attach KCFO copy to applicable settlement documents and send to KCFO according to paragraph 1026
- return warehouse operator's settlement copy to warehouse
- provide producer's copy to producer.

For trackloading deliveries, send the copy to KCCO.

1018 Reviewing Delivery Documents

A Reviewing Documents Before APSS Processing

Before processing and approving the delivery and settlement documents, County Offices shall review the applicable documents, associated with the delivery of the commodity, for accuracy and eligibility.

If discrepancies are noted, have the discrepancies corrected:

- by the applicable party responsible for the entries on the applicable document
- **before** completing the settlement.

B Verifying Quantity Data

Before approving the quantity for settlement, County Offices shall ensure the quantity delivered:

- is eligible for loan according to paragraph 126

- does **not** exceed the maximum quantity eligible for delivery according to paragraph 1013

- shown on CCC-691, Part B agrees with quantities shown on warehouse receipt, and, if applicable, KC-350 for commodities delivered to warehouse storage.

  Note: Commodities delivered for storage and immediately purchased by the warehouse operator will not be issued a warehouse receipt.

1018 Reviewing Delivery Documents (Continued)

C Verifying Quality Data

County Offices shall:

- review the following, as applicable, for accuracy of quality data:
  - warehouse receipts
  - KC-350's
  - inspection certificates
- ensure that the quality factors support the grade for the commodity according to the applicable 2-LP
- verify that entries shown on CCC-691, Part B agree with quality data shown on warehouse receipt, and if applicable, KC-350 for commodities delivered to warehouse for storage
- verify the approved warehouse code
- obtain, if necessary, proper endorsements on the warehouse receipts
- enter State and county codes and loan number on upper right-hand corner of receipt.

D Questionable Deliveries

If a delivery appears to be questionable, see paragraph 1014 for proper action.

1019 Delivered Quantities Exceeding Maximum Eligible Quantity

A Handling Excess Quantities

CCC shall have **no** obligation to settle with producers on delivered quantities exceeding the maximum eligible quantity for delivery.

If the total quantity delivered exceeds the maximum eligible quantity, notify the producer and the warehouse operator:

- in writing, using the letter in subparagraph B
- of the following:
  - the warehouse receipt and CCC-691 must be corrected to show only the eligible quantity
  - the documents must be corrected and returned to the County Office within 15 calendar days from the date of notification
  - the producer must bear the costs, if any, for correcting the documents and splitting the warehouse receipt.

1019 Delivered Quantities Exceeding Maximum Eligible Quantity (Continued)

B Sample Letter to Producer

Use the following letter when it is necessary to split a warehouse receipt according to subparagraph A.

(Date) _____, 20__

Dear _____:

The quantity for (**year**)-crop (**commodity type**) loan (**number**) was recently delivered to (**warehouse name**). You delivered (**quantity**). The maximum quantity for delivery shown on CCC-691, Commodity Delivery Notice, was (**quantity**). Accordingly, you must return the receipt to the warehouse. The receipt(s) must be split and CCC-691 corrected to show only the maximum quantity eligible for delivery to CCC.

The warehouse operator must issue a replacement warehouse receipt and corrected CCC-691 to CCC, which represents only the quantity eligible for delivery to CCC. The quantity exceeding the quantity eligible for delivery to CCC will be available to you.

The corrected documents must be returned to the County Office named above on or before the 15th calendar day following the date of this letter.

Note: CCC is not responsible for charges, if any, for correcting the documents and splitting the warehouse receipt(s).

If you obtain the documents from the County Office and fail to return them by (**enter the 30th calendar day after the date of this letter**), a claim will be established for the principal and charges, plus interest, due on the loan.

CCC will obtain the corrected documents if you have not obtained the receipts for correction on or before the 30th calendar day after the date of this letter. Any cost incurred by CCC will be offset from the settlement of your loan.

Your delivery will be processed after the documents are corrected. Copies of the final loan settlement will be forwarded to you.

If you have any questions, please contact this office.

Sincerely,

County Executive Director,
_____ County FSA Office

cc: (**warehouse operator issuing warehouse receipt**)

1019 Delivered Quantities Exceeding Maximum Eligible Quantity (Continued)

C Additional County Office Action

Follow this table when additional action is necessary to obtain corrected documents.

IF the producer...	THEN the County Office shall...
fails to obtain the warehouse receipt and CCC-691 from the County Office for correction	• obtain corrected warehouse receipts • consider the cost for splitting warehouse receipts as a cost incurred by CCC • enter the cost on CCC-691, item 26 • complete the settlement process.
obtains the warehouse receipt and CCC-691 from the County Office **but fails** to return the corrected documents	establish a claim: • on the 31st calendar day, if the amount due is **not** repaid by the 30th calendar day after the expiration or extended expiration date of CCC-691 • according to 58-FI. **Exception:** The interest start date for the claim shall be the 31st calendar day after the expiration or extended expiration date of CCC-691.
returns the corrected documents **after** the claim has been established	follow paragraph 1044 and 12-PS, Part 9 for processing settlement of the loan in claim status.

Note: If the loan collateral is sold by local sale, process settlement in APSS according to 12-PS, Part 9.

1020 Determining Loan Settlement Values

A Base Loan Rates

If the commodity is delivered to CCC from farm storage, settlement shall be made by CCC on the basis of the base loan rate:

- applicable to the crop year for the commodity
- for the county where the producer's customary delivery point is located
- adjusted for applicable premiums and discounts.

B Determining Settlement Values

The settlement of farm-stored loans is based on the quantity and quality of the commodity delivered to CCC.

Determine farm-stored settlement rates on eligible commodities, as determined in applicable 2-LP, using the:

- specific crop year schedule of loan premiums and discounts for the:
  - crop year of the commodity delivered
  - factors or percent of factors shown on the warehouse receipts or inspection certificates
- additional schedule of discounts in effect on the date delivery was completed by the producer.

C Weight Basis for Premiums and Discounts

See applicable 2-LP for applicable weight basis.

1020 Determining Loan Settlement Values (Continued)

D Using Appropriate Schedule

Follow this table when a discount factor is **not** included in the applicable specific crop year schedule of premiums and discounts for the applicable commodity.

IF a discount factor or percentage of a factor is not included in...	THEN...
the applicable specific crop year schedule of premiums and discounts for the commodity	apply the applicable additional schedule of discounts: • in effect on the date delivery is completed as shown on CCC-691 • in 2-LP applicable to the commodity. **Note:** Schedules for previous years' delivery periods not found in 2-LP may be obtained from the State Office, if needed.
the applicable additional schedule of discounts for the commodity	contact PSD, as applicable: • County Offices shall contact PSD through the State Office, only • State Offices shall contact PSD at 202-720-9154. **Note:** Do **not** contact KCCO, KCAO, or KCFO.

1020 Determining Loan Settlement Values (Continued)

E Reasons for Additional Discounts

The schedules of CCC additional discounts are:

- provided for those qualities, factors, or percentages of factors for which no discounts have been established in the specific crop year schedule of loan premiums and discounts
- applicable for commodities delivered to CCC
- applicable to all States
- to be used to determine farm-stored loan settlement rates, if applicable.

F Applicability of Additional Discounts

Quantities of farm-stored commodities are subject to the additional discounts for loan settlements in the applicable 2-LP when the quantities are **both** of the following:

- ineligible for warehouse-stored loan
- delivered to satisfy farm-stored loan obligations.

The additional discounts:

- are for factors not shown in specific crop year schedule of premiums and discounts
- shall be used in addition to any applicable discounts in the specific crop year schedule of premiums and discounts.

Example: If the warehouse receipt or inspection certificate shows that the corn has 3.5 percent broken corn and foreign material and 15.9 percent moisture, use the discount in:

- specific crop year schedule for 3.5 percent broken corn and foreign material
- additional schedule of discounts for 15.9 percent moisture.

1020 Determining Loan Settlement Values (Continued)

G Using the Additional Schedule of Discounts

The additional schedule of discounts are:

- cumulative discounts
- **not** to be added to any discount **if** the **same factor** is listed in the specific crop year schedule of loan premiums and discounts.

Use the discount shown in the specific crop year schedule of loan premiums and discounts to determine the settlement rate **if** a factor or percentage of a factor, applicable to the commodity, is listed in **both** of the following:

- specific crop year schedule of loan premiums and discounts for the crop year of the commodity delivered
- additional schedule discounts.

H Settlement Value of Zero or Less Than Zero

Discounts applied during a settlement may result in the commodity having a value of zero or less than zero. If this situation occurs, use zero for the settlement value of the commodity.

I Discount for Contaminated Grain

Grain found to contain substances poisonous to human or animals, such as mercurial compounds and toxin-producing molds, will receive a discount equal to the settlement value determined after applying all other premiums and discounts. See the additional discount schedule applicable to the commodity.

Exceptions: For grain delivered to CCC and the warehouse receipt indicates a vomitoxin level of:

- 5 parts per million or less, determine the settlement rate in the normal manner
- more than 5 parts per million, the grain shall have a settlement value of **zero**.

1021 Completing Settlement

A Processing Settlement

County Offices shall:

- organize their work so that settlements are processed promptly when delivery of the commodity is completed
- process settlements in APSS according to 12-PS, Part 9
- close out the producer's loan promptly by paying amounts due or collecting any deficiencies.

B Handling National Soybean Assessment

When processing farm-stored **soybean** loan settlements, enter the national soybean assessment equal to 0.5 percent of the settlement value in the "assessment" field according to 12-PS, Part 9.

C Distributing CCC-692

County Offices shall distribute CCC-692 as follows:

- place a copy in the producer's loan folder
- attach a copy to the KCFO copy of CCC-691
- provide a copy to the producer.

1021 Completing Settlement (Continued)

D Submitting Documents to KCCO

County Offices shall submit, according to paragraph 1026, the following documents to KCCO:

- KCFO copy of CCC-691
- warehouse receipt, if applicable
- supplemental certificates, if applicable
- copy of CCC-692
- any additional documents necessary to support the settlement.

E Releasing CCC-677 After Settlement

After the commodity has been delivered, settlement completed, and documents transmitted to KCCO, County Offices shall:

- mark the original CCC-677 "**DELIVERED**"
- return CCC-677 to the producer.

If **any** of the following apply, do **not** release CCC-677 to the producer:

- a loan deficiency exists and has not been satisfied
- the loan amount has been transferred to claims and has not been paid.

1022 Loan Deficiencies

A Notifying Producer

When there is a deficiency due CCC resulting from a loan settlement, County Offices shall:

- notify the producer using the notification letter in paragraph 23, requesting repayment of the amount due on CCC-692, item 22
- send copies of CCC-691 and CCC-692 with the letter
- handle the loan deficiency as a receivable.

B Applying Repayment

Record repayment of receivable in APSS according to 12-PS, Part 7.

C Additional Action for Nonpayment

If the receivable is **not** repaid or appealed within 30 calendar days of the date of the notification letter, see paragraph 23 for issuing the demand letter and additional necessary collection action.

D Excessive Loan Deficiency

If an excessive loan deficiency occurs as a result of a settlement, COC shall:

- review the applicable loan folder and documents for possible program violation
- document results of the review in COC minutes
- if applicable:
  - submit information to OIG, through the State Office
  - take administrative actions according to Part 6.

1023-1025 (Reserved)

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1026 Transmittal Control Document

A Generating Transmittal Control Document

A transmittal control document will be generated automatically:

- when the price support and accounting files are balanced and queued in APSS, if the files are not out-of-balance and were successfully queued
- for farm-stored loan settlement transactions completed in APSS since the last balance and queue process
- and will include a document number that:
  - is assigned and recorded in the transmission file
  - will be used by KCCO to cross-reference transmittal control documents and transmission files.

B Reviewing Documents

County Offices shall:

- review the transmittal control document for accuracy by comparing the information on the transmittal control document with the applicable settlement documents
- obtain CED's, or designee's, signature on the transmittal control document.

1026 Transmittal Control Document (Continued)

C Incorrect Information Is Discovered

If incorrect information is discovered, County Offices shall:

- delete the settlement of the applicable loan, according to 12-PS, Part 11, by entering “7”, “Correct A Loan/LDP”, on Price Support Main Menu PCA005

- document on the transmittal control document:

  - an explanation of the reversal

  - if applicable, the fact that the warehouse receipt was already sent to KCCO with a previous transmittal control document

    Note: If the settlement being deleted was listed on a previous transmittal control document, attach a copy of the transmittal control document that accompanied the submitted warehouse receipt.

- change the session date and re-enter corrected settlements according to 12-PS, Part 9

- submit any additional documents, as necessary, according to subparagraph E.

D Preparing Documents for Submission

County Offices shall:

- sort warehouse receipts, if applicable, in the same order as the transactions are listed on the applicable transmittal control document

- attach warehouse receipts and, if applicable, supplemental certificates to the transmittal control document.

1026 Transmittal Control Document (Continued)

E Submitting Documents

County Offices shall submit all documents **weekly**, on the same day transmittal control documents are generated. Submit settlement documents to:

FSA KCCO BCD IMB
STOP 8748
PO BOX 419205
KANSAS CITY MO 64141-6205.

F Maintaining Copies

County Offices shall maintain a copy of transmittal control documents and applicable attachments:

- by document number
- in a separate file for settlements and local sales, as applicable.

1027-1041 (Reserved)

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Section 3 Uncommon Liquidation Situations

1042 Loans Called Before Maturity

A Calling Loans Before Maturity

--**COC may authorize and call farm-stored loans accelerating the maturity date on--**
an individual basis **before** the established maturity date, when necessary, to protect CCC's interest or in emergency situations.

Examples: Insect infestation that cannot be controlled.

Danger of flood or fire.

Damage to the structure or other condition that makes it unsafe to continue storage on the farm.

Involuntary loss of control of the storage structure.

B Notifying Producer

Notify producers using the notification letter, according to Exhibit 5, that:

- the loan, or part of it, if applicable, is immediately due and payable because CCC's interest is not protected

- ***--**amounts due must be paid with cash on or before the accelerated maturity date--*****

- commodities for nonrecourse loans may be delivered to CCC

- commodities for recourse loans, if not repaid, will be sold.

1042 Loans Called Before Maturity (Continued)

C Action When Producer Does Not Repay

If the producer fails to make the requested repayment by the accelerated maturity date, the County Office shall, **immediately** after the accelerated maturity date, for a:

- nonrecourse loan:
  - authorize delivery on CCC-691 and issue demand letter according to paragraph 1001
  - handle delivery in the normal manner
  - deduct storage charges according to subparagraph D
  - record settlement according to 12-PS, Part 9
- recourse loan:
  - follow local sale procedures according to Part 10
  - issue announcement of sale according to paragraph 1058
  - record as local sale settlement according to 12-PS, Part 9.

D Deducting Storage Charges

When a nonrecourse loan is called before maturity, make a storage deduction as a separate item instead of reducing the settlement rate.

APSS will determine storage charges:

- through the loan maturity date
- when "Y" is entered in response to "Are storage charges for early delivery applicable?"
- from the appropriate offer shipping rate table.

Exception: County Offices shall **not** make a storage deduction when deliveries of farm-stored commodities are called by CCC under general acceleration of the loan maturity date for a particular geographic area.

E Additional Action

If the loan has not been liquidated by repayment or delivered by the specified final date, County Offices shall take steps to acquire the commodity by foreclosure according to paragraph 1043.

If the producer appeals the loan call, follow paragraph 20.

1043 Foreclosure

A Nonrecourse Loans

In cases where no repayment, delivery, or liquidation is made by the producer by the 30th calendar day after the expiration, or extended expiration, date of CCC-691, COC shall notify the producer on the 31st calendar day, using the letter in subparagraph C, that:

- CCC may, to the extent permitted by law, repossess the collateral by:

  - entering the premises
  - removing the entire loan quantity

  Note: CED shall obtain a court order from regional attorney, through the State Office, if necessary.

- the producer shall bear all expenses incurred for the delivery.

When the delivery has been completed, handle CCC-691 in the normal manner, according to Section 2.

Notes: Enter the expenses, incurred by the County Office in the delivery of the commodity, on CCC-691, Part C.

The producer's signature is **not** required.

B Recourse Loans

Foreclosure of farm-stored recourse loans shall be handled as a local sale, according to Section 4, on the 31st calendar day after the date of the demand letter.

The producer shall bear all expenses incurred for the sale.

1043 Foreclosure (Continued)

C Notifying Producer of Removal

Use the following letter to notify the producer, according to subparagraph A, when collateral will be removed from the farm.

Note: County Office shall notify the producer of all the applicable appeal options available as determined by the decision-making authority.

(Date)_____, 20__

Dear _____:

This concerns 20__ crop _____ loan which matured on _____. You have not liquidated this loan by repayment or delivery of the collateral as instructed in our letter to you dated _____.

Because settlement has not been completed, Commodity Credit Corporation (CCC) will start foreclosure action. CCC may, to the extent permitted by law, enter your farm premises and remove the entire loan quantity. We will arrange for trucks to haul the grain. The settlement will be based on the loan rate adjusted for premiums and discounts, not the market value of the commodity. You will be charged for all expenses associated with the taking possession of and delivery of the commodity.

If you do not settle the loan promptly, you may also be jeopardizing your right to future farm stored loans.

Please contact this office immediately for the current repayment amount.

Sincerely,

County Executive Director,
_____ County FSA Office

1043 Foreclosure (Continued)

D Missing Loan Collateral

If foreclosure action is taken according to subparagraph A or B, and all or part of the commodity is **not** in the designated storage structures indicated on the loan documents, follow this table for additional action.

IF the missing quantity of loan collateral is...	THEN...
still owned and in the possession of the producer	follow Part 6 for: • determining whether a violation occurred • applying administrative actions, if applicable.
either of the following: • no longer owned • no longer in the producer's possession	• apply applicable administrative actions according to Part 6 • establish the claim according to 58-FI, as applicable. **Exception:** The interest start date for the claim is the 31st calendar day after the date of the demand letter.

1044 Delivery After Claim Is Established

A Accepting Delivery After Claim Is Established

CCC may accept delivery of nonrecourse loan collateral after a claim has been established.

The producer shall bear all expenses incurred for nonrecourse loan collateral that is delivered or acquired by CCC after a claim has been established.

When requested by the producer, issue a new CCC-691, as applicable.

B Processing Settlement

Process the settlement in APSS according to 12-PS.

C Adjusting Applicable Loan Interest

County Offices shall:

- waive interest applicable to the loan from the date of disbursement through the maturity date of the loan in proportion to the loan amount liquidated on delivery
- **not** waive interest applicable to the loan from the day after the maturity date of the loan to the interest start date of the claim
- reduce the claim amount according to 58-FI.

1045 Abandonment Cases

A Action When Collateral Abandoned

If the commodity securing a farm-stored loan is abandoned, call the loan immediately.

If collateral is acquired in satisfaction of the loan, handle the delivery or local sale, as applicable.

B Expenses Incurred

The expenses incurred by the County Office in the delivery of the commodity shall be charged against the loan settlement on CCC-691 or the local sale, as applicable.

1046-1055 (Reserved)

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Section 4 Local Sales

1056 Local Sale Eligibility

A Eligible Sales

Commodities eligible for local sale, according to this section, include:

- loan collateral that is required to be disposed of through local sales, including collateral for recourse loans

  Examples: HM and ATHM commodities, including acquired grain for HM loan purposes.

  Commodities under a distress loan.

- isolated farm-stored lots

- commodities ineligible, as applicable

- commodities ineligible because of sanitation requirements or containing poisonous substances

- damaged and salvaged collateral

- wheat grading “sample grade” because of insect-damaged kernels, according to paragraph 1015

- commodities for settlement of nonrecourse loans that are refused for storage by approved warehouses located where it is practical to deliver commodities to be placed in CCC inventory

  Note: Warehouse operators may refuse to accept and store commodities for any reason.

- commodities for settlement of farm-stored nonrecourse loans that producers refuse to deliver.

1056 Local Sale Eligibility (Continued)

B Ineligible Sales

The following commodities are **ineligible** for disposal through local sales provisions:

- commodities not specified in subparagraph A
- any commodity that a warehouse operator:

  - accepted for CCC's account
  - placed in storage in the warehouse following delivery under CCC-691.

1057 Authorization

A Authorizing Local Sales

County Offices shall request authorization of a local sale from the State Office:

- **after** a claim has been established according to 58-FI
- **before** announcing the sale.

B State Office Action

The State Office shall:

- authorize all local sales **before** the County Office announces the sale
- maintain a register of assigned authorization numbers
- notify the County Office of the authorization number.

Note: The County Office shall enter the authorization number on:

- CCC-639
- CCC-638
- CCC-691, item 31.

C Sales to Employees

FSA employees may purchase commodities offered for local sale **only** when the sale of this commodity is based on competitive bids.

No purchase may be made, either directly or indirectly, by:

- the employee who was formerly accountable for the commodity or who was in any way connected with its condemnation or sale

- State Office employees without prior approval of SED

- County Office employees without prior approval of the State Office representative.

1057 Authorization (Continued)

D Sales to Warehouse Operators

A warehouse operator who refuses to accept a commodity being delivered in settlement of a farm-stored loan may submit a bid for the commodity, if the commodity is later disposed of through local sales.

Once a warehouse operator has accepted delivery and placed the commodity in the warehouse, the warehouse operator may purchase the commodity if any of the following apply:

- the commodity is of low quality
- the warehouse operator contacts KCCO, BCD about purchasing the commodity under the provisions for sales of farm-stored loan and purchase deliveries, according to Part 12
- under special provisions, as applicable.

Warehouse operator may also purchase warehouse receipts for recourse loans under provisions of this part.

1058 Announcement of Sale

A Announcing the Sale

A formal announcement of sale is not required, but an informal announcement should be provided to as many of the known buyers in the area as possible.

For an example of an informal announcement of sale, see subparagraph B.

Any other format must contain at least the information contained in the applicable examples.

Paid advertisements to publicize sale may be used, if authorized by SED.

Post a copy of the announcement in a prominent place in the County Office.

1058 Announcement of Sale (Continued)

B Example

The following is an example of an informal announcement of sale.

Reproduce locally.

Announcement of Sale and Invitation to Bid on Commodity Credit Corporation Loan Collateral

Logan County FSA Office
P.O. Box 257
Oakley, KS 67582
Telephone 913-447-2315

Offer No. *1* Kind of Commodity *WHEAT*

The *Logan* County FSA Office at *Oakley, KS* hereby announces the sale of commodity and invites bids on the following lots of grain subject to the terms and conditions of this Invitation to Bid. Such disposition will be for domestic unrestricted use unless otherwise indicated below. Bids will be opened on *January 27*, 20*0X* at *2:00* p.m. Bids will be considered only if received before such opening time.

1. Quantity and Location of Commodity

Loan No.	Lot No.	Approximate Quantity	Location of Commodity
20-109-12	*1*	*457 bushels*	*2 miles south of Oakley, KS on Highway 6*

2. All bids must be submitted in writing, signed by the bidder, and specify the price per unit (such as bushel, hundredweight, pound) and "as is" and "where is" basis.
3. Alternate or tie-in bids will not be accepted.
4. CCC reserves the right to accept or reject, in whole or part of, any or all bids, and in considering bids to take into account the financial responsibility of the bidder.
5. CCC does not warrant the grade/or quality of any commodity in this lot(s) or the fitness of this commodity for any particular use. The buyers may make arrangements to inspect any lots offered before bidding by making arrangements with the CED at the above named County FSA Office.
6. Quantities in the lots indicated are approximate. Buyer is responsible for all accrued charges not paid or provided for.
7. The sales proceeds due CCC shall be paid based on the **net** weight of the commodity received by the buyer. Payment shall be cash, postal money order, certified check, or draft guaranteed by the banking institution on which shown, or if approved by the CED, uncertified personal or firm check.
8. Payment must be made at the time of delivery of the commodity and **not** later than 15 business days after the date of the sale.
9. Delivery basis is by buyer's conveyance at the storage site.
10. Use restriction, if applicable:

    A Lot No.(s)_____ shall be used **only for animal feed (other than human); and/or industrial use (other than human food or beverage).**

    B Lot No.(s)_____ shall be used only for industrial use (other than human food or beverage).

January 10, 200X — Date

/s/ Carl E. Davis — For CCC

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 of TDD). USDA ia an equal opportunity provider and employer.

1059 Handling Bids

A Receiving Bids

Bids must be in writing and signed by the bidder.

County Office shall:

- time and date-stamp bids upon receipt in the County Office
- keep bids in a locked file until bid opening time.

B Opening Bids

County Offices shall allow at least 15 calendar days, but no more than 30 calendar days, after the date of the announcement before opening bids, unless the State Office specifically waives this requirement.

Record bids on CCC-639 at the time bids are opened. See subparagraph C for completing CCC-639.

1059 Handling Bids (Continued)

C Completing CCC-639

Complete original CCC-639 only, according to this table, and keep in the County Office.

Note: Items not listed are self-explanatory.

Item	Instructions
1	Number serially by calendar year.
8	Use loan number. If sold in more than 1 lot, add the suffix 1, 2, etc. Show bin, seal, or warehouse receipt number, as applicable.
11	Bid price will be on an “as is” and “where is” basis as provided for in the informal announcement.
12	Enter F.O.B. buyer and location of commodity.
17	Leave blank.
22	Give local market price.
23	Enter information pertinent to the sale.

1059 Handling Bids (Continued)

C Completing CCC-639 (Continued)

The following is an example of CCC-639.

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

CCC-639 (09-12-90) **U.S. DEPARTMENT OF AGRICULTURE**
Commodity Credit Corporation

COMPETITIVE BID PRICING WORKSHEET

1. ANNOUNCEMENT NO.	2. SALES NO.(S)	3. DATE
2	5	1-14-0X

4. LOCATION OF COMMODITY	5. COUNTY
J.W. Parker Farm Oakley, KS	Logan, KS

6. COMMODITY	7. TYPE OF SALE
Wheat	AS IS [X] GRADE BASIS [ ]

PART A - BIDS RECEIVED *(If additional space is needed, use reverse side.)*

8. LOT NO. *(Include Loan No. or Bin No.)*	9. NAME AND ADDRESS OF BIDDER *(Check successful bidder(s))*	"✓"	10. TIME AND DATE	11. BID PRICE *(Per Unit)*	12. DELIVERY BASIS *(Location of Commodity)*
20-109-12 Seal No. 17	XYZ Warehouse Oakley, KS 67582		10:31 a.m. 1-21-0X	$2.75	FOB Buyer Parker Farm
20-109-12 Seal No. 17	Hayes Milling Co. Oakley, KS 67582		12:15 a.m. 1-21-0X	$2.65	
20-109-12 Seal No. 17	Jackson Poultry Farm Oakley, KS 67582		2:30 p.m. 1-25-0X	$2.75	
20-109-12 Seal No. 17	Donald Phillips R.R. 2 Oakley, KS 67582	✓	9:20 a.m. 1-26-0X	$2.80	
20-109-43 WR No. 17	James Jones Rt. 1 Oakley, KS 67582		8:15 a.m. 1-25-0X	$2.765	FOB Buyer Warehouse
20-109-43 WR No. 17	Joseph Anderson Rt. 2 Oakley, KS 67582		10:30 a.m. 1-26-0X	$2.765	

PART B - ADJUSTED TERMINAL PRICE(S)

13. Terminal Market					
14. Grade and Quality					
15. Terminal Market Price					
16. Terminal Marketing Charges and Weighing and Inspection 1/					
17. Freight					
18. UGRSA Load Out Charge					
19. Constructed Cost (if applicable)					
20. Other *(specify)*					
21. Adjusted Terminal Price					

22. LOCAL MARKET INFORMATION

Local market price for wheat of the quality being offered is about $2.82 per bushel.

23. REMARKS

The Jackson Poultry Farm bid requires grain to be delivered to their storage bin so the bid was determined to be ineligible.

1/ Do not deduct these charges if not borne by CCC in the commodity office area.

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.

1060 Accepting Final Bids

A State Office Approval

State Office verbal approval is required before accepting final bid.

Note: State Office shall follow up with written approval within 3 calendar days after verbal approval is given.

B Notifying Successful Bidder

County Offices shall:

- complete CCC-638 according to this table
- mail copy of CCC-638, or a similar letter, to the successful bidder on the opening date
- keep original CCC-638 in County Office.

Item	Instructions
1	Number as shown on CCC-639, item 2.
2	All sales will be on an informal basis.
5	All sales will be F.O.B. buyer where stored.
10 C	Enter F.O.B. buyer and location of commodity.
10 F	Enter price shown on applicable CCC-639, item 11.
11	Enter any information pertinent to the delivery of the commodity.
16	CED or designee shall sign.

1060 Accepting Final Bid (Continued)

C Example of CCC-638

The following is an example of CCC-638.

This form is available electronically.

Form Approved - OMB No. 0560-0087

CCC-638 (04-13-98) **U.S. DEPARTMENT OF AGRICULTURE**
Commodity Credit Corporation

CONFIRMATION OF SALE

(See Privacy Act and Public Burden Statements on Page 2)

1. SALES NUMBER: 5
2. TYPE OF SALE: Informal
3. STATE AND COUNTY CODES: 20 109
4. DATE ISSUED (MM-DD-YYYY): 02-14-20XX
5. DELIVERY POINT *(Include bin site or warehouse number & location or name)*: J. W. Parker Farm, Oakley, KS
6. NAME AND ADDRESS OF BUYER:
Donald Phillips
RR2
Oakley, KS 67852
7. WEIGH POINT *(If other than delivery point)*: XYZ Warehouse, Oakley, KS
8. UNIT OF MEASURE: BU. [X] CWT. [ ] Other *(Specify)*:
9. COMMODITY: Wheat

10. CCC agrees to sell the lot(s) described below to the buyer subject to the terms and conditions specified herein and any applicable regulations or announcements governing such sales.

A. LOT IDENTITY	B. ESTIMATED QUANTITY	C. DELIVERY BASIS	D. QUALITY BASIS	E. DELIVERY DATE	F. CONTRACT PRICE	G. ADVANCE PAYMENT
20 109 22 4	383	FOB Buyer Parker Farm	"As Is"		$2.80	
					H. TOTAL ➡	$1,072.40

11. REMARKS
Contact this office at your earliest convenience for delivery arrangements.

12. BUYER TO SIGN ORIGINAL AND RETURN TO COUNTY OFFICE [X] 13. BUYER SIGNATURE NOT REQUIRED [ ]

14. NAME AND ADDRESS OF FSA COUNTY OFFICE
Logan County FSA Committee
P.O. Box 257
Oakley, KS 67582

15. SIGNATURE OF BUYER: */s/ Donald Phillips* DATE (MM-DD-YYYY): *02-14-20XX*
16. FOR THE FSA COUNTY COMMITTEE *(Signature)*: */s/ Carl E. Davis* DATE (MM-DD-YYYY): *02-15-20XX*

17. SETTLEMENT INFORMATION

A. REFERENCE NUMBER	B. NET PREMIUM OR DISCOUNT PER UNIT	C. BIN EMPTYING CREDITS PER UNIT *(Bin Sale Only)*	D. NET PRICE PER UNIT	E. DOCK-AGE	F. NET QUANTITY *(In Units)*	G. NET PROCEEDS *(In Dollars)*	H. FORM CCC-257 *(Numbers and Amounts)*
			I. TOTALS ➡				

18. FORM 55 NO. *(Bin sales only)*	19. REFUND CHECK NUMBER	20. AMOUNT OF REFUND	21. TOTAL NET PROCEEDS ADJUSTED FOR DAMAGES
		$	$

22. FOR THE OFFICE MANAGER — DATE (MM-DD-YYYY)

1060 Accepting Final Bid (Continued)

D Posting Bids

When a sale is made, prepare a list showing the name of the bidders, bid, and successful bidder.

Post the list in the County Office on the date that CCC-638 is mailed and leave posted for at least 5 calendar days.

1061 Completing Sales

A Making Payment for Sales

Payment for the sale of the commodity must be:

- made before or at the time of delivery
- in cash or other acceptable remittance
- received in the County Office within 15 calendar days after notification of the successful bid.

B Applicable Charges

The producer is responsible for applicable charges incurred as necessary to complete the sale of loan collateral.

Examples: Weighing, sampling, grading.

Document all charges for:

- nonrecourse loans on CCC-691, Part C
- recourse loans in the loan folder.

These charges shall be recorded as other charges when processing the local sale settlement in APSS.

C Restrictive Use Certification

For commodities that do not meet sanitation requirements or that contain poisonous substances, the purchaser must sign a restrictive use certification that:

- is the same as was stated in the announcement
- will restrict the use of the commodity according to Federal or State laws governing the particular condition of the commodity.

1061 Completing Sales (Continued)

D Sales for Warehouse Receipts

Buyers are responsible for any warehouse charges.

County Offices shall provide warehouse receipts to the successful bidder upon payment for the sale.

E Applying Sales Proceeds

Sales proceeds:

- from **nonrecourse** loans shall be for the account of CCC

  Notes: Settlement with producer shall be based on premiums and discounts applicable to the commodity sold.

  Do **not** apply the sales proceeds to the loan principal plus interest.

- from **recourse** loans, including HM and ATHM loans, shall be applied toward principal and charges, plus interest during the local sale process

  Note: Any excess amount shall be paid to the producer.

- shall be deposited according to 3-FI, using program code “COMMLOSA”.

See subparagraph 1062 C for amounts, if any, due after completing local sale settlement.

1062 Delivery for Local Sale

A Scheduling Delivery to Purchaser

Delivery to the purchaser should be scheduled after the sale has been completed according to this part.

For **nonrecourse** loans, issue CCC-691 to the **borrower**, directing delivery to the **purchaser** F.O.B. purchaser's conveyance at the storage location.

Reminder: CCC-691 shall **not** be issued for **recourse** loans for:

- low quality commodities
- HM or ATHM corn and grain sorghum, including commodities acquired for HM loans
- commodities determined ineligible.

B Supervising Delivery

County Office representative shall supervise the delivery, including weighing and sampling, when applicable.

Handle nonrecourse and recourse loans according to the following table.

IF the loan is a...	THEN...

farm-stored **nonrecourse** loan	• draw a representative sample for:
	  • initial grade determination
	  Note: A licensed grading laboratory shall make the initial grade determination.
	  • use in case of appeal according to paragraph 1012
	  • issue payment, as applicable.

• **recourse** loan • loan determined ineligible according to paragraph 126	• do **not** draw a sample • issue payment, as applicable.

1062 Delivery for Local Sale (Continued)

C Completing Local Sale Processing

County Offices shall process local sale settlements through APSS according to 12-PS, Part 9.

Handle nonrecourse and recourse loans according to the following table.

IF the loan is a...	THEN...

farm-stored **nonrecourse** loan	• enter weight and grade information on CCC-691, Part B according to paragraph 1016
	
	• record local sales information, as applicable, on CCC-691, items 31 through 35 according to paragraph 1017
	
	• follow paragraphs 1018 and 1021, and complete settlement with the producer:
	
	  • based on weights and grades delivered
	  • **without** regard to the sales price received from the buyer
	
	  Note: Sales proceeds shall be retained by CCC.
	
	• if premiums and discounts, according to the applicable 2-LP, applied during the settlement result in the commodity having a settlement rate of zero or less than zero, the settlement rate shall be zero when CCC-692 is completed.
	
	Reminder: Do **not** do **either** of the following:
	
	  • reduce the settlement rate to less than zero
	
	  • use the sales proceeds as the settlement value of the commodity.
	
	Note: For **nonrecourse** loans settled after transferred to claims:
	
	  • adjust the applicable loan interest according to subparagraph 1044 C
	  • reduce the claim amount according to 58-FI
	  • apply payment issued through the settlement process, to the claim.

1062 Delivery for Local Sale (Continued)

IF the loan is a...	THEN...
• **recourse** loan • loan determined ineligible according to paragraph 126	• the entire outstanding loan quantity shall be liquidated • the **total** amount of the sales proceeds shall be applied to the total principal, interest, and charges as the settlement value for the commodity. **Notes:** For **recourse** loans settled after transferred to claims: • apply payment issued through the settlement process to the claim • do **not** adjust the loan interest. Any excess amount shall be refunded to the producer.

D Local Sale Documents

County Offices shall maintain local sale documentation in the applicable loan folder. Local sale documentation shall not be submitted to KCCO.

1063-1099 (Reserved)

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Part 11 Warehouse-Stored Loan Forfeitures

1100 Loan Forfeitures

A When to Process Forfeiture

Complete warehouse-stored loan forfeitures when producers do not repay warehouse-stored loans by the loan maturity date.

County Offices shall:

- hold forfeited warehouse receipts for 10 workdays after loan maturity
- process forfeiture of the warehouse-stored loan on the 11th workday after the loan maturity date.

B Verifying Documents

Before processing the forfeiture in APSS according to 12-PS, Part 10, County Offices shall:

- review the loan documents, each warehouse receipt, and, if applicable, KC-350 for accuracy of data

  Note: If the review of loan documents and warehouse receipts reveals an overdisbursement of the loan, handle according to paragraph 23.

- ensure that warehouse receipts:
  - issued to the producer have been endorsed by the producer
  - contain proper approved warehouse code and crop year
- verify weights and bushels and check against quantity shown on CCC-678
- enter the following in the upper-right corner of the warehouse receipt:
  - State and county codes
  - loan number
  - CCC storage start date according to subparagraph D.

The quantity eligible for forfeiture to CCC under a warehouse-stored loan is limited to the loan quantity specified on the warehouse receipt.

1100 Loan Forfeitures

C Receipts Purchased by Warehouse Operator

The warehouse operator:

- must purchase the entire quantity shown on a forfeited warehouse receipt
- shall provide to the County Office:
    - the contract sales number for the corresponding warehouse receipt
    - payment to obtain the warehouse receipt, as applicable.

County Offices shall:

- deposit sales proceeds according to paragraph 1204
- complete loan forfeiture in the normal manner.

1100 Loan Forfeitures (Continued)

D Determining CCC Storage Start Date

Determine the storage start date for CCC according to the following table.

IF...	THEN the storage start date for CCC is...
storage was paid or provided for through the maturity date	the day following the loan maturity date.
either of the following applies: • warehouse-stored loan is called **before** maturity at the direction of KCCO because warehouse has been suspended or canceled and storage is refunded according to subparagraph E • storage was prepaid **beyond** loan maturity	the day following the date through which storage had been prepaid or provided.
storage charges through the maturity date of the loan were deducted from the loan rate	the latest of the following: • the day following the storage paid through date recorded on the warehouse receipt or other documentation provided • the storage start date recorded on the warehouse receipt or other documentation provided, if **no** storage paid through date is entered • the date the commodity was received or deposited in the warehouse, if **no** storage was paid or provided.

1100 Loan Forfeitures (Continued)

E Applicability of Prepaid Storage Refund

A storage refund will be calculated by APSS, through the forfeiture process according to 12-PS, Part 10, when **either** of the following applies:

- loan is called by KCCO and the loan is forfeited **before** loan maturity
- storage has been paid beyond loan maturity.

The storage refund, made to the producer, is calculated:

- for called loans for the period corresponding to the date the loan was called through loan maturity

- for loans with excess storage paid from the date CCC acquires the commodity through the date warehouse storage charges have been paid or provided for

- at the **smaller** of the UGRSA-approved storage rate or the storage rate actually paid by the producer.

F Verifying Prepaid Receiving Charges

County Offices shall verify any prepayment of warehouse receiving or in-charges at the storing warehouse shown on the warehouse receipts.

Any entry other than zero will be interpreted as a prepaid charge.

Notes: Farm-stored nonrecourse commodity loans that are brought under an existing UGRSA or stored in storage structures that are issued a new UGRSA are **ineligible** for receiving or in-charges.

When these loans are forfeited to CCC, County Offices shall:

- enter the statement, "Farm-stored loan converted in-store. No in/receiving charges", on the warehouse receipt

- direct KCCO **not** to pay receiving or in-charges.

1100 Loan Forfeitures (Continued)

G Applicability of Prepaid Receiving Charges Refund

A refund of prepaid receiving or in-charges will be calculated by APSS, through the forfeiture process according to 12-PS, Part 10, when **either** of the following applies:

- warehouse receipt indicates receiving charges have been prepaid
- producer provides written evidence that receiving charges were paid to the storing warehouse.

The refund, if applicable, will be made to the producer for the amount prepaid, not exceeding the approved rate in effect on the date the commodity was deposited in the warehouse.

H Handling National Soybean Assessment

When processing warehouse-stored **soybean** loan forfeitures, enter the national soybean assessment equal to 0.5 percent of the settlement value in the “assessment” field according to 12-PS, Part 10.

I Submitting Documents to KCCO

County Offices shall send all forfeited warehouse receipts and KC-350’s, if applicable, to KCCO according to paragraph 1101.

J Releasing CCC-678 After Forfeiture

After the warehouse receipts have been forfeited and transmitted to KCCO, County Offices shall:

- mark the original CCC-678 “FORFEITED”
- return CCC-678 to the producer.

1101 Transmittal Control Document

A Generating Transmittal Control Document

A transmittal control document will be generated automatically:

- when the price support and accounting files are balanced and queued in APSS, if the files are not out-of-balance and were successfully queued
- for all warehouse-stored loan forfeitures, **except local sales**, processed in APSS since the last successful end-of-day queue.

The transmittal control document will include a document number that:

- is assigned and recorded in the transmission file
- will be used by KCCO to cross-reference transmittal control documents and transmission files.

Before submitting the transmittal control document, County Offices shall enter the sales contract number for corresponding warehouse receipts purchased by warehousemen.

B Reviewing Documents

County Offices shall:

- review the transmittal control document for accuracy by comparing the information on the transmittal control document with the forfeiture documents
- obtain CED's, or designee's, signature on the transmittal control document.

1101 Transmittal Control Document (Continued)

C Incorrect Information Is Discovered

If incorrect information is discovered, County Offices shall:

- delete the forfeiture of the applicable loan, according to 12-PS, Part 11, by entering "7", "Correct A Loan/LDP", on the Price Support Main Menu PCA005
- document on the transmittal control document:
  - an explanation of the reversal
  - if applicable, the fact that the warehouse receipt was already sent to KCCO with a previous transmittal control document

    Note: If the forfeiture being deleted was listed on a previous transmittal control document, attach a copy of the transmittal control document that accompanied the submitted warehouse receipt.
- change the session date and re-enter corrected forfeitures according to 12-PS, Part 10
- submit any additional documents, as necessary, according to subparagraph E.

D Preparing Documents for Submission

County Offices shall:

- sort warehouse receipts in the same order as the transactions are listed on the applicable transmittal control document
- attach warehouse receipts and KC-350's, if applicable, to the transmittal control document.

1101 Transmittal Control Document (Continued)

E Submitting Documents

County Offices shall submit all documents on the same day transmittal control documents are generated, for forfeitures as follows:

FSA KCCO BCD IMB
STOP 8748
PO BOX 419205
KANSAS CITY MO 64141-6205.

F Maintaining Copies

County Offices shall maintain a copy of transmittal control documents and applicable attachments:

- by document number
- in a separate file for forfeitures.

1102-1199 (Reserved)

Part 12 Sales of Farm-Stored Loan Deliveries

1200 Authorization

A Sale of Certain Farm-Stored Commodities

CCC has authorized the cash sale of farm-stored nonrecourse loan *** * *** deliveries to warehouse operators accepting delivery of eligible commodities.

B Eligible Commodities

Warehouse operators may purchase eligible commodities delivered or forfeited into CCC inventory.

C Acceptable Payment

The commodities may be purchased by warehouse operators by:

- cash
- money orders
- the following types of checks:
    - cashier's
    - certified
    - warehouse company check.

1201 Warehouse Operator Responsibilities

A Notifying KCCO

If the warehouse operator wants to purchase the commodity, the warehouse operator shall:

- **not** issue warehouse receipt to CCC
- purchase the entire eligible quantity on CCC-691, Part B, column I
- absorb any accrued receiving and storage charges on the commodity
- contact KCCO by telephone and inform them of the following:

  - commodity delivered
  - farm-stored loan number
  - crop year
  - State and county codes
  - eligible quantity
  - grade and grading factors
  - moisture
  - date CCC-691 was signed by the producer.

Note: A warehouse operator may:

  - present 1 check or money order for several purchases
  - purchase collateral from up to 9 loans under 1 contract.

B Completing CCC-691

Warehouse operators shall complete CCC-691 in the normal manner for purchased quantities, except enter:

- contract sales number in Part B, column A, instead of the warehouse receipt number
- “NA” in Part B, column J, instead of the storage start date
- total sales proceeds for the total quantity purchased on a separate line.

1201 Warehouse Operator Responsibilities (Continued)

C Deteriorated Quality of Commodity

When a warehouse operator and KCCO transact a sale and agree that the quality of the commodity has deteriorated to the point that it is only suitable for animal feed or industrial use, the warehouse operator must certify:

- that the commodity will be used only for these purposes
- on CCC-691-2. See subparagraph E.

D Presenting Documents to County Office

The warehouse operator shall present the following to the County Office:

- CCC-691

- CCC-691-2, if purchasing commodity for restricted use according to subparagraph C

- acceptable payment, according to subparagraph 1200 C, within 5 workdays of the contract date.

  Note: KCCO will compute and collect interest on payments that are not received in the County Office within 5 workdays of the contract date.

1201 Warehouse Operator Responsibilities (Continued)

E Example of CCC-691-2

The following is an example of CCC-691-2 which shall be completed by the warehouse operator when subparagraph C is applicable.

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

CCC-691-2
(08-09-95)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

Warehouse Operator's Certification
LOW QUALITY GRAIN

NAME AND ADDRESS OF WAREHOUSE OPERATOR

WAREHOUSE OPERATOR'S CERTIFICATION

The buyer certifies that _____ bushels of low quality grain purchased from the Commodity Credit Corporation (CCC) under contract sales number c- _____ dated _____ will be used only for animal feed or industrial use.

CCC may periodically monitor the disposition of the low quality grain. Therefore, the buyer agrees to maintain adequate documentation to evidence to the required disposition of the grain.

BUYER'S SIGNATURE	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.

1202 KCCO Responsibilities

A Initiating Contract

When contacted by a warehouse operator wanting to purchase a commodity, KCCO shall:

- determine the value of the commodity
- if the warehouse operator agrees to the value, assign a contract number to the lot of the commodity
- transmit contract documents to KCFO, FOD, CMB.

B Action for Deteriorated Quality

When the quality of the commodity warrants the restrictive use of the commodity to animal feed or industrial uses, according to subparagraph 1201 C, KCCO shall:

- advise the purchasing warehouse operator that CCC-691-2 must be signed and submitted to the County Office with the payment
- add the prefix “C” to the contract number assigned to the lot of commodity sold
- footnote the weekly farm-stored commodities sales list to denote restricted sales requiring certifications from purchasing warehouse operators.

1202 KCCO Responsibilities (Continued)

C Providing Payment Instructions

KCCO shall:

- advise the warehouse operator that interest will be assessed on payments that are not received in the County Office within 5 workdays of the contract date

  Note: KCCO will compute and collect interest on late payments, when applicable.

- instruct the warehouse operator to submit late payments, plus interest, to KCCO.

D Weekly Farm-Stored Commodities Sales List

KCCO shall send, under separate cover, the weekly farm-stored commodities sales list to applicable State Offices.

1203 State Office Responsibilities

A Informing County Offices

State Offices shall inform the applicable County Offices of the information on the weekly farm-stored commodities sales list.

B Contacting KCCO

If contacted by the County Office about delinquent payments by warehouse operators or other discrepancies, the State Office shall contact KCCO at 1 of the telephone numbers listed in the following table.

Telephone Number	States
816-926-3401	Arizona, California, Colorado, Idaho, Minnesota, Montana, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wisconsin, and Wyoming
816-926-3816	Arkansas, Iowa, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma, and Texas
816-926-3491	All States east of the Mississippi River, **except** Wisconsin

1204 County Office Responsibilities

A Verifying Documents

After CCC-691 is received from warehouse operator, County Offices shall use the weekly farm-stored commodities list to verify the following:

- warehouse operator completed CCC-691:
  - according to subparagraph 1201 B
  - Part 10.
- commodity is eligible for sale according to paragraph 1200.

Note: If the contract number on CCC-691, Part B, column A, is preceded by "C", the warehouse operator shall provide CCC-691-2 with the payment. See subparagraph C.

B Handling Purchases as Local Sale

County Offices shall:

- handle purchases as a local sale
- process as a local sale in APSS according to 12-PS, paragraph 920
- determine settlement value with the producer using quantity and quality of commodity delivered
- complete CCC-691 by:
  - **not** filling out Part C, items 30 through 34
  - entering CCC-257 number in Part B, item 20.

1204 County Office Responsibilities (Continued)

C Obtaining CCC-691-2

The storing warehouse operator shall provide CCC-691-2 to the County Office with the payment when:

- a certification is required according to subparagraphs 1201 C and 1202 B
- the contract number is preceded by “C”.

Note: The County Office may reproduce CCC-691-2 to obtain required certification, if not provided by the warehouse operator. See subparagraph 1201 E for an example.

Attach CCC-691-2 to CCC-691, and file the forms in the producer's loan folder.

D Submitting Documents to KCFO

County Offices shall submit applicable local sale documentation and a copy of the Local Sale Report, generated by APSS during the balance and queue process, to KCFO according to paragraph 1026.

E Assisting KCCO

County Offices shall:

- assist KCCO by collecting sales proceeds from warehouse operator
- if requested by KCCO, assist in monitoring disposition of the commodity.

1204 County Office Responsibilities (Continued)

F Collecting Sales Proceeds

When payment for a purchased commodity is received from warehouse operator:

- prepare CCC-257, according to 3-FI, using program code “COMMLOSA”
- deposit payment according to 3-FI.

G Action When Payment Not Received Timely

If the warehouse operator has **not** submitted payment for a purchased commodity within 5 workdays of the contract date shown on the weekly farm-stored commodities sales list, or if there are any other discrepancies found:

- inform the State Office by telephone
- continue to direct deliveries to the warehouse operator in the normal manner.

1205-1299 (Reserved)

Part 13 Corrections of Incorrect Rates or Quantity

1300 Incorrect Loan Rate or Incorrect Quantity Used

A Incorrect Rate or Quantity Used

If an incorrect loan rate or quantity was used because of a data entry error, use the following.

IF an incorrect loan rate or quantity for loan was used that results in money due...	THEN...
CCC	• correct the loan • re-record the loan with the correct loan rate or quantity, which will result in an overdisbursement of the loan **Note:** Follow 12-PS: • Part 11 for correcting the loan • Part 3, 4, or 5, as applicable, for re-recording the loan • Part 7, Section 5 for repaying the receivable, if applicable, resulting from the correction. • send the producer the notification letter, in subparagraph 23 C, for the amount due. **Notes:** Interest on the overdisbursement will begin to accrue from the date of disbursement at the rate applicable to the loan, subject to adjustment each January 1 to the earlier of the following: • date of repayment • date a claim is established. Interest is **not** subject to adjustment each January 1 once the overdisbursement is established.

1300 Incorrect Loan Rate or Incorrect Quantity Used (Continued)

A Incorrect Rate or Quantity Used (Continued)

IF an incorrect loan rate or quantity for loan was used that results in money due...	THEN...	
CCC (Continued)	**IF repayment is...**	**THEN...**
	received during the 30-day notification	record the overdisbursement repayment according to 12-PS, Part 11.
	not received during the 30-day notification	send the demand letter, in subparagraph 23 E, for repayment.
	received within the 30-day demand period	record the overdisbursement repayment according to 12-PS, Part 11.
	not received within the 30-day demand period	• transfer the 12-PS, Part 12 • establish a claim for the amount due according to 58-FI. **Exception:** The interest start date for the claim is the 31st calendar day after the date of the demand letter.

1300 Incorrect Loan Rate or Incorrect Quantity Used (Continued)

A Incorrect Rate or Quantity Used (Continued)

IF an incorrect loan rate or quantity for loan was used that results in money due...	THEN...
producer **and** the loan has been repaid to zero	**if** all of the repayments, principal plus interest, were repaid, **no** additional action is necessary.
	if 1 or more of the repayments were repaid as a market repayment: • correct the loan • re-record the loan with the correct loan rate or quantity, which will result in an underdisbursement of the loan **Note:** Follow 12-PS: • Part 11 for correcting the loan • Part 3, 4, or 5, as applicable, for re-recording the loan • Part 7, Section 5 for repaying the receivable, if applicable, resulting from the correction. • process an additional disbursement through APSS for the underdisbursement according to 12-PS, Part 3 or 4, as applicable • re-record the repayments, according to 12-PS, Part 7, that were removed when the loan was corrected.

1300 Incorrect Loan Rate or Incorrect Quantity Used (Continued)

A Incorrect Rate or Quantity Used (Continued)

IF an incorrect loan rate or quantity for loan was used that results in money due...	THEN...

producer **and** the loan has an outstanding balance	• correct the loan
	• re-record the loan with the correct loan rate or quantity, which will result in an underdisbursement of the loan
	Note: Follow 12-PS:
	  • Part 11 for correcting the loan
	  • Part 3, 4, or 5, as applicable, for re-recording the loan
	  • Part 7, Section 5 for repaying the receivable, if applicable, resulting from the correction.
	• notify the producer of the underdisbursement
	• if the producer requests the additional disbursement in writing, process an additional disbursement through APSS for the underdisbursement according to 12-PS, Part 3 or 4, as applicable
	• if the additional disbursement is **not** requested and the loan is later repaid:
	  • in full and **all** payments were paid principal and interest, **no** additional action is necessary
	  • as a market gain repayment, process the additional disbursement for the underdisbursement **before** recording the repayment
	• re-record any repayments, according to 12-PS, Part 7, that may have been removed when the loan was corrected.

1301 Incorrect LDP Rate or Incorrect Quantity Used

A Incorrect Rate or Quantity Used

If an incorrect LDP rate or quantity was used because of a data entry error, use the following.

IF an incorrect LDP rate or quantity for LDP was used that results in money due...	THEN...
CCC	• correct LDP • re-record LDP with the correct LDP rate or quantity, which will result in an overpayment of LDP **Note:** Follow 12-PS: • Part 11 for correcting LDP • Part 19 for re-recording LDP and repaying the receivable, if applicable, resulting from the correction. • send the producer the notification letter, in subparagraph 23 C, for the amount due. **Notes:** The interest on the overpayment will begin to accrue from the date LDP was made at the interest rate in effect for loans, excluding the additional 1 percent, made that day to the earlier of the following: • date of refund • date a claim is established. Interest is **not** subject to adjustment each January 1.

1301 Incorrect LDP Rate or Incorrect Quantity Used (Continued)

A Incorrect Rate or Quantity Used (Continued)

IF an incorrect LDP rate or quantity for LDP was used that results in money due...	THEN...	
CCC (Continued)	**IF refund is...**	**THEN...**
	received during the 30-day notification	record the overpayment refund according to 12-PS, Part 19.
	not received during the 30-day notification	send the demand letter, in subparagraph 23 E, for refund.
	received during the 30-day demand period	record the overpayment refund according to 12-PS, Part 19.
	not received within the 30-day demand period	• transfer the overpayment to claims according to 12-PS, Part 12 • establish a claim for the amount due according to 58-FI. **Exception:** The interest start date for the claim is the 31st calendar day after the date of the demand letter.

1301 Incorrect LDP Rate or Incorrect Quantity Used (Continued)

A Incorrect Rate or Quantity Used (Continued)

IF an incorrect LDP rate or quantity for LDP was used that results in money due...	THEN...
producer	• correct LDP • re-record LDP with the correct LDP rate or quantity, which will result in an underpayment of LDP. **Notes:** Follow 12-PS: • Part 11 for correcting LDP • Part 19 for re-recording LDP and repaying the receivable, if applicable, resulting from the correction. A check for the underpayment will be issued to the producer when LDP is re-recorded in APSS.

1302-1399 (Reserved)

Part 14 Unusual Cases

1400 Returning Unnegotiated CCC-184

A Returning Unnegotiated Loan CCC-184's

If unnegotiated CCC-184's for a loan disbursement are returned to the County Office, follow this table for proper action.

IF all unnegotiated CCC-184's for a loan disbursement are...	THEN...
returned to the County Office and no repayments have been made on the loan	cancel the loan as follows: • use the correct a loan process, according to 12-PS, Part 11, to remove the loanmaking transaction • cancel CCC-184's during the loan cancellation process. **Note:** LDP may be made on the quantity originally requested on the canceled loan, if eligibility requirements are met.
not returned to the County Office	• use the correct a loan process, according to 12-PS, Part 11, to remove the loanmaking transaction • a receivable will be created • notify producer of the receivable amount due CCC • do **not** release any collateral until receivable is repaid.

1400 Returning Unnegotiated CCC-184 (Continued)

B Returning Unnegotiated LDP CCC-184's

If unnegotiated CCC-184's for an LDP are returned to the County Office, follow this table for proper action.

IF all unnegotiated CCC-184's issued for LDP are...	THEN...
returned to the County Office	use the correction process to cancel LDP. **Notes:** The same LDP quantity may **not** be pledged as collateral for a loan. However, if the producer later requests another LDP for the same LDP quantity, an LDP would be made: • for the original LDP quantity • at the same LDP rate in effect for the date the original LDP was requested.
not returned to the County Office	• use the correction process to cancel LDP • a receivable will be created • notify the producer of the receivable amount due CCC.

1401 Dissolved Corporations and Partnerships

A Assumption of Loans

If a corporation or partnership is dissolved and an individual stockholder or group of stockholders, or an individual partner or group of partners, wants to assume the commodity loan or loans held by the corporation or partnership, they may do so if **all** stockholders in the corporation or partners in the partnership agree to the assumption on CCC-664. See subparagraph C for an example of CCC-664.

B Basic Provisions for Assumptions

The loan may only be assumed by the stockholders in the corporation or partners in the partnership.

Collateral mortgaged for a single loan shall **not** be split among the stockholders or partners.

All stockholders, or partners, shall sign CCC-664.

Note: If all stockholders or partners do **not** sign CCC-664:

- call the loan according to paragraph 1042
- contact the regional attorney through the State Office.

Follow 12-PS, Part 11, Section 1 to correct the names of the producers on the loan agreement.

1401 Dissolved Corporations and Partnerships (Continued)

C Example of CCC-664

The following is an example of CCC-664.

This form is available electronically.

Form Approved - OMB No. 0560-0087

CCC-664 (06-12-03)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1. STATE OFFICE Iowa
	AGREEMENT TO PERMIT ASSUMPTION OF A COMMODITY CREDIT CORPORATION (CCC) LOAN	2. COUNTY OFFICE ABC

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 Part 1421. The information will be used to monitor the assumption of CCC loan. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in immediate action to call loans. 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.***

3. STOCKHOLDER/PARTNER AGREEMENT

The following individuals whose signatures appear in paragraph (c) were stockholders or partners in *(a)* Jones Brothers Partnership.

As the entity is no longer in existence, each of the individuals in paragraph (c) agrees that the CCC commodity loan, number *(b)* 590, originally issued to the entity may be assumed by *(enter the name of the individual(s) assuming the loan): (c)*

Robert A. Jones	William B. Jones

4. LIABILITY

It is understood that the individuals listed in paragraph 3(c), who are assuming the loan, shall be jointly and severally liable to CCC for the repayment of the loan identified in paragraph 3(b).

5. SIGNATURES (Sign)	**Date**
/s/ Robert A. Jones	*6-2-03*
/s/ William B. Jones	*6-2-03*

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.

1402 Deceased Producers

A Notification to Heirs

When the County Office learns that a producer is deceased and has outstanding loans, the County Office shall:

- send a certified letter, drafted on the advice of the regional attorney, to the fiduciary representative, heirs, or other persons in charge of settling the estate that notifies them:
  - 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 County Office.

B Application for Loan or LDP by Heirs

CCC-686 shall be completed for a deceased producer when:

- heirs want to obtain or continue a loan or request LDP
- there will be no administrator
- probate of the estate is closed.

If CCC-686 has **not** been executed by the appropriate party for a deceased producer who has outstanding loans, the:

- County Office shall immediately notify the State Office
- State Office shall forward notification of deceased producers to the regional attorney for appropriate action.

1402 Deceased Producers (Continued)

C Completing CCC-686

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

Note: Items not listed on this table are self-explanatory.

Item	Instructions
3	Enter current loan number, if applicable.
9 and 10	Enter name, address, and relationship of all persons inheriting the commodity, even though the persons are not related to the deceased.
11 and 12	Enter names and relationship of all persons assuming farming unit, even though the persons are not related to the deceased.
13 through 16	Enter name of any heir who is a minor or an incompetent. Enter name and address and capacity of the representative of this person.
17	Heirs, or representative of heirs, who have inherited the commodity and who are requesting a loan or LDP, must sign CCC-686.

D Distributing CCC-686

Distribute CCC-686 as follows:

- file the original in the County Office
- provide a copy to each person signing CCC-686.

1402 Deceased Producers (Continued)

E Example of CCC-686

The following is an example of CCC-686.

This form is available electronically. Form Approved - OMB No. 0560-0087

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

TELEPHONE NO. *(Including Area Code)*:

2. ST. & CO. CODE	3. APPLICATION NO.
20-109	33
4. CROP YEAR	**5. COMMODITY**
19XX	Wheat

6. NAME OF DECEASED PERSON	7. DATE OF DEATH *(MM-DD-YYYY)*	8. DEATH OCCURRED
John Clay	08-29-0X	BEFORE HARVEST ☐ AFTER HARVEST ☒

9. PERSONS INHERITING COMMODITY *(Name and address)*	10. RELATIONSHIP TO DECEASED
Sally E. Clay RR 1, Oakley, KS 67582	Wife
Richard J. Clay RR 1, Oakley, KS 67582	Son
Mary R. Clay RR1, Oakley, KS 67582	Daughter

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
Sally E. Clay	Wife
Richard J. Clay	Son
Mary R. Clay	Daughter

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.)*
Mary R. Clay	Minor	Sally E. Clay RR 1, Oakley, KS 67582	Natural Guardian

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 ☒ *(If "YES", provide details):*

SIGNATURE	DATE *(MM-DD-YYYY)*	SIGNATURE	DATE *(MM-DD-YYYY)*
/s/ Sally E. Clay	01-10-0X		
SIGNATURE	DATE *(MM-DD-YYYY)*	SIGNATURE	DATE *(MM-DD-YYYY)*
/s/ Richard J. Clay	01-10-0X		
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 DATE *(MM-DD-YYYY)*

BY /s/ Carl E. Davis 01-10-0X

1/ Section 15 (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.

1403-1499 (Reserved)

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*--Part 15 Mohair, Unshorn Pelt, and Wool Provisions

1500 General Information

A Purpose

This Part provides general instructions for administering loans and LDP's for the following commodities:

- mohair
- unshorn pelts
- wool
    - graded
    - ungraded.

Use this Part with the existing policy in this handbook, as applicable.

B Source of Authority

Authority for the policies in this Part is Subtitle B, Marketing Assistance Loans and Loan Deficiency Payments, Sections 1201 through 1205 of the Farm Security and Rural Investment Act of 2002.

C Regulations

Regulations applicable to nonrecourse MAL's and LDP's are provided at 7 CFR Part 1421.

D Applicable Crop Years

The legislative source of authority in subparagraph B authorizes nonrecourse MAL's and LDP's for mohair, unshorn pelts, and wool be made available to eligible producers from the 2002 through the 2007 crop years.--*

*--1501 Loan and LDP Common Provisions

A General Provisions References

Except as otherwise noted in this Part, general MAL and LDP policies and requirements not specifically mentioned in this Part remain in effect according to provisions in this handbook.**--***

1502-1504 (Reserved)

*--Section 1 Eligibility Requirements

1505 Producer Eligibility

A Eligible Mohair and Wool Producers

To be eligible for a nonrecourse MAL or LDP for mohair and wool, producers must:

- meet the definition of an eligible producer according to paragraph 100
- have beneficial interest in the commodity according to paragraph 129
- produce and shear eligible mohair and wool in the U.S. during the applicable crop year
- own, other than through a security interest mortgage, or lien, the sheep and goats that produced the mohair and wool for a period of not less than 30 calendar days before shearing
- report all cropland acreage on applicable farms where the eligible commodity is produced according to paragraph 1516.

Note: See paragraph 103 about CMA's eligible to receive MAL or LDP.

B Eligible Unshorn Pelt Producers

To be eligible for an LDP for unshorn pelts, producers must:

- meet the definition of an eligible producer according to paragraph 100
- have beneficial interest in the commodity according to paragraph 129
- own the unshorn lamb for at least 30 calendar days before the:
  - date of slaughter
  - LDP request is submitted to the County Office
- sell the unshorn lamb for immediate slaughter or slaughter the unshorn lamb for personal use
- report all cropland acreage on applicable farms where the eligible commodity is produced according to paragraph 1516
- submit acceptable production evidence, according to paragraph 1558, to the County Office at the time of the LDP request.--*

*--1506 Ineligible Producers

A Ineligibility

Ineligible producers are producers who:

- have cropland and have not reported acreage on FSA-578 for the current crop year according to the following:
  - 2-CP
  - paragraph 1516

Note: Acreage reports are **not** required before a loan or LDP is disbursed to a producer of mohair, unshorn pelts, and wool.

- violate WC and HELC provisions according to 6-CP
- have a delinquent non-tax debt to the Federal Government
- are convicted under Federal or State law of a controlled substance violation according to 1-CM, Part 38.

B Ineligible Unshorn Pelt Producers

In addition to ineligibility factors provided in subparagraph A, the following producers are ineligible to request benefits on unshorn pelts produced from unshorn lambs purchased from eligible producers:

- lamb slaughter companies
- order buyers representing lamb slaughter companies
- processors.

Note: Producers who sell feeder lambs to a feeder lamb buyer are ineligible for LDP on the unshorn pelt. However, the feeder lamb buyer is eligible if the feeder lamb buyer is an eligible producer according to subparagraph 1505 B.

Producers are ineligible for LDP if unshorn lambs are **not** either of the following:

- sold for immediate slaughter
- slaughtered immediately for personal use.**--***

*--1507 Commodity Eligibility

A Commodities Eligible for Loan and LDP

The commodities eligible for loan and LDP under this Part are as follows:

- mohair (net weight)
- wool (net weight)
    - graded
    - ungraded.

Unshorn pelts are **only** eligible for LDP.

B Eligible Mohair and Wool

To be eligible for a nonrecourse MAL or LDP, the mohair and wool must be:

- produced and sheared by the eligible producer
- in existence and in storable condition
- of merchantable quality suitable for loan
- produced and shorn in the U.S.
- produced and shorn from live animals of domestic origin and located in the U.S.

C Eligible Offsorts

The following offsorts from skirting fleece wool are eligible for loan or LDP at the ungraded rate:

- tags
- crutchings
- bellies
- pieces.

Note: Applicable ungraded wool CCC discounts for offsorts will apply to wool forfeited or settled to CCC, according to paragraph 1575 and Exhibit 61.--*

***--1507 Commodity Eligibility (Continued)**

D Eligible Unshorn Pelts

To be eligible for LDP, the unshorn pelts must:

- have been produced by an eligible producer according to subparagraph 1505 B
- be produced from a live unshorn lamb sold for immediate slaughter or slaughtered for personal use
- be produced from a live unshorn lamb of domestic origin in the U.S. at the time beneficial interest is lost.**--***

*--1508 Ineligible Commodities

A Commodity Ineligibility

Commodities covered under this Part are ineligible for a nonrecourse MAL or LDP, if the commodity is:

- purchased
- substituted
- gifted
- traded or bartered.

B Destroyed Commodities

Mohair and wool are ineligible for a nonrecourse MAL or LDP if the commodity is:

- burned
- buried
- destroyed by any other means.

Note: LDP must be disbursed and final production evidence must be obtained before a commodity can be destroyed.

C Ineligible Unshorn Pelts

Unshorn lambs killed by predators are ineligible for an unshorn pelt LDP.**--***

*--1509 Graded Wool

A Eligible Graded Wool

To obtain a loan 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 a graded wool MAL or LDP, the producer must provide a copy of the core test report or core test certificate from the CCC-approved testing facility containing the results of the laboratory analysis to the FSA County Office before benefits will be disbursed. See Exhibit 64 for examples of core test reports.

Note: The core test report results shall **not** be averaged for purposes of determining a micron and yield for ungraded quantities commingled with graded quantities.

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, Colorado 80216-1823
  303-294-0582

- New Zealand Wool Testing Authority Ltd.
  Cnr Bridge Street and Lever Street
  P.O. Box 12065
  Ahuriri, Napier, New Zealand
  06-835-1086.--*

***--1509 Graded Wool (Continued)**

C Approving CCC Testing Facilities

Testing laboratories or facilities who want to be considered for CCC approval must:

- objectively measure through laboratory analysis the fiber diameter and yield of wool fibers
- use IWTO testing methods and procedures
- be an accredited IWTO licensed laboratory
- submit CCC-631 to the National Office according to paragraph 1510.

D Core Sampling

Sampling for the determination of micron and yield requires a core sample to be obtained from each bale in the lot. Core samples must represent the entire wool lot for the integrity of testing and the confidence of using objective measurement in the wool industry. Wool core sampling must be done according to the requirements provided by the CCC-approved testing facility.

Many testing facilities employ core testing agents or sampling officers that core sample lots of wool stored on the farm or at a stored location according to IWTO requirements on behalf of the CCC-approved testing facility. Producers must check with the CCC-approved testing facility about the availability of this service.**--***

***--1509 Graded Wool (Continued)**

E Individual Animal Reports

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

F Yield Conversion to Eligible Graded Wool Quantity

Graded wool is weighed on a greasy basis and must be converted to a clean basis to determine the quantity eligible for loan or LDP. The net quantity of wool must be converted using the Schlumberger Yield obtained from the core test report to determine the eligible loan or LDP quantity for graded wool.

To process a graded wool loan or LDP, the Schlumberger Yield must be entered into APSS according to the following:

- Notice PS-467
- 12-PS.

G Graded Quantities

Graded quantities for multiple core test reports may be submitted on 1 loan or LDP request form. However, the graded quantities must be entered in APSS as separate loans or LDP's per core test report according to the applicable micron and yield for the graded quantity.

Use the remarks section on the applicable LDP request form to record varying LDP rates and CCC-determined values.**--***

*--1510 CCC-631, CCC Wool Testing Facility Certification and Application

A Completing CCC-631

Fiber testing laboratories or facilities of graded wool who want to be considered for CCC approval shall complete CCC-631 to:

- certify to CCC requirements for approved facilities according to subparagraph 1509 C
- request consideration from CCC to become an approved facility for purposes of grading wool and providing test results for graded wool loans and LDP's.

Complete CCC-631 according to the following.

Item	Instructions
1	Enter the name, address, and telephone number of the wool testing facility or laboratory.
2	Enter the name and telephone number of a person that may be contacted for additional information if necessary.
3	Enter the title of the contact person.
4	Enter a check (√) in the appropriate box in response to the question, "Is your testing facility/laboratory licensed by the International Wool Textile Organization (IWTO) to issue IWTO test certificates?". **Note:** If yes, a sample copy of the IWTO test certificate is required with the application.
5	Enter a check (√) in the appropriate box in response to the question, "Does your facility/laboratory employ sampling officers or core testing agents located in the U.S., to core sample lots of U.S., produced wool in accordance with IWTO requirements?".
6A	Enter the name(s) of U.S. sampling officers or core testing agents who core sample lots of wool produced in the U.S.
6B	Enter the address of the U.S. warehouse the U.S. sampling officer or core testing agent is affiliated.
6C	Enter the telephone number of the U.S. warehouse the U.S. sampling officer or core testing agent is affiliated.
7	Applicants must read the certification statement.

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*--1510 CCC-631, CCC Wool Testing Facility Certification and Application (Continued)

A Completing CCC-631 (Continued)

Item	Instructions
8A through 8C	After reading the certification statement, enter the signature and title of the authorized representative of the testing facility/laboratory, and the date of signature.
9	CCC representative shall sign for CCC if the application request is approved.
10	CCC representative shall sign for CCC if the application request is disapproved.
11	CCC representative shall enter the date of approval or disapproval.
12	CCC representative shall enter any remarks and reasons for disapproval, if applicable.

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*--1510 CCC-631, CCC Wool Testing Facility Certification and Application

B Example of CCC-631

The following is an example of CCC-631.

This form is available electronically.

CCC-631
(05-07-03)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

CCC WOOL TESTING FACILITY CERTIFICATION AND APPLICATION

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 10 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 Farm Security and Rural Investment Act of 2002, (Pub. L. 107-171), the Commodity Credit Corporation Charter Act, as amended, and the regulations at 7 CFR Part 1421. The information will be used to determine eligibility and request approval from CCC to become an approved testing facility under the nonrecourse loan and loan deficiency payment programs. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a disapproval of the request to become a CCC approved testing facility. This information may also 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. ***RETURN THIS COMPLETED FORM TO USDA FSA DAFP PSD, STOP 0512, ROOM 4095-S, 1400 INDEPENDENCE AVE., S.W., WASHINGTON, D.C. 20250-0512.***

PART A - GENERAL INFORMATION

1. Name and Address of Wool Testing Facility/Laboratory	2. Name of Contact Person
ACME Testing Labs, Inc. 123 Main Street Anytown, CO 12345	John B. Tester Telephone No. of Contact Person *(Include Area Code)*: (012) 345-6789
Telephone No. of Facility *(Include Area Code)*:	3. Title of Contact Person Lab Supervisor

PART B - TEST FACILITY INFORMATION

	YES	NO
4. Is your testing facility/laboratory licensed by the International Wool Textile Organization (IWTO) to issue IWTO test certificates? (If "YES", a sample copy of the IWTO test certificate your facility issues to customers is required with application).	✓	
5. Does your facility/laboratory employ sampling officers or core testing agents located in the U.S., to core sample lots of U.S. produced wool in accordance to IWTO requirements?	✓	

6. Indicate the name(s) of U.S. sampling officers or core testing agents who core sample lots or wool produced in the U.S. and the name and address of their associated U.S. warehouse:

A. Sampling Officer/Core Testing Agent	B. Name and Address of Associated U.S. Warehouse	C. Telephone Number *(Include Area Code)*
Fred Smith	ABC Wool Warehouse 567 Elm Street, Anytown, TX	(917) 123-4567

PART C - TEST FACILITY CERTIFICATION

7. The undersigned person, on behalf of the facility identified in Item 1, hereby makes application to become a CCC approved testing facility to grade wool and issue core test reports or test certificates containing the graded wool's fiber diameter (micron) and yield to eligible producers of wool participating in the nonrecourse marketing assistance loan and loan deficiency payment programs for graded wool. The undersigned person also certifies on behalf of the above named facility indicated in Item 1 that all information entered on this form is true and correct.

8A. Signature of Facility/Laboratory Representative	8B. Title	8C. Date *(MM-DD-YYYY)*:
/s/ John B. Tester	Lab Supervisor	08-05-2003

PART D - CCC's DETERMINATION

9. Approved for CCC by:	12. Remarks and Reasons for Disapproval, as applicable:
10. Disapproved for CCC by:	
11. 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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1511-1514 (Reserved)

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*--Section 2 General Provisions

1515 Basic Provisions

A Statutory Loan Rates

The national statutory loan rates provided in the Farm Security and Rural Investment Act of 2002, for mohair and wool produced during the 2002 through 2007 crop year are as follows.

Commodity	Loan Rate
Graded Wool	$1.00 per pound
Mohair	$4.20 per pound
Ungraded Wool	$0.40 per pound

Note: Crop year specific loan rates will be announced each crop year by press release and an LP notice.

Loan rates for graded wool are announced by regions according to 8 micron ranges. Regional differentials also apply to nongraded wool. There will be no regional differentials for mohair. See:

- Exhibit 66 for regional categories
- Exhibit 67 for the most current crop year specific loan rates.

B Final Availability Date

The final availability date to request:

- a mohair or wool loan or LDP is **January 31** of the year following the year in which the applicable commodity is sheared

- an LDP for unshorn pelts is **January 31** of the year following the year in which the unshorn lamb is slaughtered.**--***

***--1515 Basic Provisions (Continued)**

C Announcing Posted Prices

The national posted price for mohair and the regional posted prices for ungraded (greasy) and graded (clean) wool will be announced each Tuesday at 3:00 p.m., e.t until further notice. The posted prices will become effective Wednesday at 12:01 a.m. e.t.

D Availability

Loans and LDP's are available to eligible producers in any area in the U.S. and Puerto Rico where the applicable commodity is produced.

E Requesting Loans and LDP's

Requests for loans and LDP's shall be made on or before the final availability date for requesting loans and LDP's.

F Final Disbursement Date

The disbursement date shall not be later than 30 calendar days after the final loan availability date. When the final loan availability date falls on a nonworkday, the final date shall be extended to the next workday.

State Offices may grant extensions in 15-day increments, as applicable.

G Crop Year

The crop year applicable to mohair, unshorn pelts, and wool is the calendar year beginning January 1 and ending December 31.--*****

*--1516 Acreage Reports

A Producers Associated With a Farm

To be eligible for a nonrecourse MAL or LDP producers who are associated with a farm that has cropland are required to complete and submit an acreage report of all those cropland acres on FSA-578 on applicable farms where an eligible commodity is produced according to 2-CP.

B Producers Not Associated With a Farm

Eligible producers who are not associated with a farm and do not have cropland are **not** required to complete an acreage report on FSA-578.

C Disbursing Benefits

Acreage report deadlines for different commodities vary throughout the crop year. Certain commodities are produced all year long and planting intentions may not be known for the cropland at the time of the loan or LDP request. Therefore, producers are not required to file an acreage report before a loan or LDP is approved and disbursed for the following:

- mohair
- unshorn pelts
- wool.

Producers are required to file an accurate acreage report of their cropland acres with the appropriate County Office by the deadline date applicable to the planted crop. Producers who do not accurately certify acreage according to 2-CP will be required to repay any market loan gain realized for mohair, unshorn pelts, or wool or refund any LDP received.

Note: County Offices must perform end-of-year file reviews on each producer to ensure that producers with cropland acres have filed an acreage report as required. For multi-county producers, the administrative county shall contact all other counties to ensure all applicable cropland has been reported.--*

*--1517 Market Loan Gain and LDP Payment Limitation

A Applicability

Market loan gains from cash loan repayments at a rate less than the principal, plus interest and LDP's received by a producer are subject to one $75,000 payment limitation per crop year, per person for the following commodities:

- honey
- mohair
- peanuts
- unshorn pelts
- wool.

See 1-PL, Part 2 for payment limitation procedures.

B Filing Applicable Forms

For payment limitation, the applicable CCC-502 must be filed according to 1-PL, and a determination made for:

- market loan repayments, before:
  - locking-in a repayment rate
  - repaying at a rate less than principal and charges, plus interest
- LDP's, before approving the payment.

Encourage producers who do not have an applicable CCC-502, approved according to 1-PL, to complete the appropriate forms before applying for loan or LDP to allow sufficient time for a determination to be made.

C Monitoring Payment Limitation

See paragraph 105 for procedure for monitoring payment limitation.**--***

*--1518 Beneficial Interest

A Applicability

General beneficial interest provisions provided in paragraphs 129 through 132 apply to the following:

- mohair
- unshorn pelts
- wool.

B Retaining Beneficial Interest

For a producer to retain eligibility to obtain a loan or LDP, any contract signed by a producer must conform to all provisions for beneficial interest according to paragraph 129.

For mohair and wool, beneficial interest must be retained by a producer from shearing continuously through:

- for LDP, the date LDP is requested
- for loan, the earlier of the following date:
    - the loan is repaid
    - CCC takes title to the commodity.

See subparagraph 1543 A for unshorn pelts if beneficial interest will be maintained.--*

***--1518 Beneficial Interest (Continued)**

C When to Use CCC-633 LDP or CCC-633 PELT

If beneficial interest is not lost immediately after shearing, producers must, before the loss of beneficial interest, submit an LDP request on:

- CCC-633 LDP for mohair or shorn wool
- CCC-633 PELT for unshorn pelts.

Complete:

- CCC-633 LDP according to paragraph 307
- CCC-633 PELT according to paragraph 1543.

D When to Use CCC-709 or CCC-709 PELT

LDP request:

- **CCC-709** shall be used if beneficial interest will be lost immediately upon delivery after the mohair or wool has been shorn from the live animal

  Note: LDP will be based on the rate in effect on the date of delivery using the rate in effect for the County Office where the farm records are maintained. Producers must submit the LDP request on CCC-709 to the County Office **before** shearing the mohair or wool from the live animal.

- **CCC-709 PELT** shall be used if beneficial interest will be lost immediately upon delivering the live unshorn sheep or slaughter of the live unshorn sheep for personal use.

  Note: LDP will be based on the rate in effect on the date of delivery or slaughter for personal use using the rate in effect for the FSA county service center where the farm records are maintained. Producers must submit the LDP request on CCC-709 PELT to the County Office **before**:

  - delivery
  - slaughter for personal use.

Complete:

- CCC-709 according to paragraph 305
- CCC-709 PELT according to paragraph 1544.**--***

***--1518 Beneficial Interest (Continued)**

E Wool Pool Delivery

Beneficial interest in a commodity delivered to a wool pool, broker, or intermediary is lost upon the earlier of the following:

- delivery to the wool pool
- delivery to an agent of the wool pool, broker, or intermediary.

1519-1524 (Reserved)

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1525 Loan Provisions

A Availability of Loans

Eligible producers may obtain loans by placing the eligible commodity in approved:

- farm storage, according to paragraph 1530, and obtaining a loan on the eligible quantity

- warehouse storage, according to paragraph 1531, and obtaining a loan on 100 percent of the net quantity shown on the warehouse receipt.

Eligible producers may obtain LDP's instead of a loan. See Section 4 for mohair and wool LDP provisions.

B Obtaining Loans

Eligible producers may obtain a loan only from either of the following:

- the County Office that keeps the farm records for the farm on which the mohair or wool was produced (the administrative county)

- an approved CMA according to the following:

  - subparagraph 400 C
  - 1-CMA, Exhibit 4.

Multi-county producers shall request loans according to subparagraph 401 A.

C Loan Rates

For each crop year, County Offices shall record the loan rates for their applicable region on the loan rate table in APSS according to Exhibits 66 and 67. The applicable loan rate will be used to process loanmaking transactions for mohair and wool.**--***

*--1525 Loan Provisions (Continued)

D Joint Loans and LDP's

Loans and LDP's must be disbursed jointly if the mohair or wool is either of the following:

- jointly owned
- stored/commingled in the same bag or lot.

Producers with commingled production must all agree to take either the loan or LDP.

Note: Producers with production commingled in a lot may obtain a separate loan or LDP if the mohair or wool is individually bagged and identified.

E Base Loan Rates

Base loan rates for farm-stored and warehouse-stored commodities will be:

- based on the county and region where the commodity is stored
- adjusted for premiums and discounts, according to Exhibits 61 and 70:
    - at loanmaking for warehouse-stored loans
    - at settlement for certified farm-stored loans.

F Premiums and Discounts

Loan rates will be adjusted for applicable premiums and discounts, according to the crop year specific schedule provided in Exhibits 61 and 70, at either of the following:

- settlement for farm-stored loans
- forfeiture for warehouse-stored loans.

G Commodity Ineligible for Loan

Nongraded wool in the form of unshorn pelts is **not** eligible for a nonrecourse MAL.--*

*--1526 Requesting Loans

A When to Request Loans

Requests for loans:

- may be received by letter, filed in person, or by FAX
- shall be requested no later than the final loan availability date

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

- shall be processed and disbursed through APSS as soon as possible according to 12-PS
- shall be handled according to the Prompt Payment Act requirements in paragraph 16 and 61-FI

  Note: County Offices shall **not** honor requests from producers to delay disbursements on completed applications.

- shall be requested **before** beneficial interest is considered lost.

  Note: See paragraphs 129 and 1518.

B How to Request Loans

When requesting a loan for mohair or wool, producers must complete CCC-633WM according to paragraph 1527. Separate CCC-633WM's must be completed for graded and ungraded loan quantities.

C Lien Searches

After the loan request is filed, a lien search must be performed and lien waiver obtained if applicable, according to paragraphs 403 and 404, before the loan is approved.

D Denying Loan Requests

When the producer is denied loan benefits, County Offices shall proceed according to paragraph 402.--*

*--1527 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet

A Completing CCC-633WM

Producers of mohair and wool shall complete CCC-633WM to certify the type, quantity, and identification of production pledged to secure a CCC MAL from FSA. Complete CCC-633WM according to the following.

Item	Instructions
1	Enter County Office name, address, and telephone number.
2	Enter the name and mailing address of the individual producer, entity, partnership, joint venture, trust, estate, or corporation that is requesting a loan on farm-stored mohair or wool.
3	Enter location or legal description where commodity is stored.
4	Enter the crop year of the commodity.
5	Enter a check (√) in the appropriate box to identify the applicable commodity.
6	Enter State and county codes and loan number applicable to the County Office disbursing the loan.
7	Ask producer if there are liens on the commodity. If: • lien holders, enter lien holder's name and address for each producer • no lien holders, producers shall ENTER "none" and initial the entry.
8	Enter the number of animals that make up the current size of the herd.
9	Enter the lot and/or bag number assigned to loan collateral.
10	Enter the year the loan collateral was shorn in the U.S.
11	Enter the micron and yield from the core test results. **Note:** This entry is only required if "graded wool" was selected in item 5.
12	Enter the number of head of shorn animals eligible for loan.
13	Enter the number of bags that contain the loan collateral.
14	Enter the total quantity of the commodity for loan in pounds.
15	Enter the total from column 14.
16	Producers must read the certification statement. Enter a check (√) in the appropriate box to the question, "Are you or any co-applicant delinquent on any federal non tax debt?".

--*

*--1527 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet (Continued)

A Completing CCC-633WM (Continued)

Item	Instructions
17A through 17H	After reading the producer certification statement, all producers must sign and date.
18	Representatives or commissioned agents storing the eligible loan quantity must read the storing facility certification statement.
19A through 20B	After reading the storing facility certification, the commissioned agent or representative of the facility storing the loan collateral must sign and date.
21	Enter date the lien search was completed as indicated on documentation in the County Office.
22	Enter date the County Office forwarded UCC-1 or UCC-1F to the applicable recording official to be recorded.
23A	County Office shall sign for CCC.
23B	County Office shall date for CCC.
24	Enter the following: • farm number or numbers where the commodity for the loan was produced • additional information from other items if necessary.

--*

*--1527 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet (Continued)

B Example of CCC-633WM

The following is an example of CCC-633WM.

This form is available electronically.

CCC-633WM
(06-02-03)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

WOOL AND MOHAIR LOAN QUANTITY CERTIFICATION AND WORKSHEET

See Page 2 for the Privacy Act and Public Burden Statement.

1. COUNTY FSA OFFICE NAME AND ADDRESS
Tom Green County FSA Office
3514 Devonian Dr., Suite A
San Angelo, TX

Telephone No. *(Area Code)*: (915) 653-1246

NOTE: *The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of this information without prior approval mandated by the Paperwork Reduction Act of 1995.*

2. NAME AND MAILING ADDRESS OF PRODUCER
John Smith
123 Main Street
Anytown, TX 77856

Telephone No. *(Area Code)*:

3. STORING FACILITY NAME AND ADDRESS OR LOCATION OF FARM WHERE STORED
ABC Wool Warehouse
Route 4
San Angelo, TX 76903

6. ST. & CO. CODE & LOAN NO.
48/451

7. LIENHOLDERS *(If no liens, enter "NONE" and initial)*
None

4. CROP YEAR
2003

5. COMMODITY *(If Wool grade is checked, complete Item 11)*
☑ Wool *(graded)* ☐ Wool *(non-graded)* ☐ Mohair

8. CURRENT HERD SIZE
300 hd.

9. LOT NUMBER	10. YEAR SHORN	11. TYPE *(For Wool grade only, enter the micron and yield obtained from the core test result)*	12. NUMBER OF HEAD SHORN	13. NUMBER OF BAGS	14. TOTAL QUANTITY FOR LOAN *(LBS.)*	9. LOT NUMBER	10. YEAR SHORN	11. TYPE *(For Wool grade, enter the micron and yield obtained from the core test result)*	12. NUMBER OF HEAD SHORN	13. NUMBER OF BAGS	14. TOTAL QUANTITY FOR LOAN *(LBS.)*
54	2003	19.6 mic/ 53.7 yields	200	2	1,200						
										15. GRAND TOTAL QUANTITY:	1,200

16. PRODUCER'S CERTIFICATION

The undersigned producer(s) ("Producer") requests a farm-stored Commodity Credit Corporation (CCC) loan on the commodity identified in Item 5 with respect to the quantity specified in Item 14. The Producer certifies that, (1) the Producer has beneficial interest in the quantity of the commodity shown in Item 14; (2) the commodity is eligible to be pledged as collateral for a CCC loan; (3) the Producer has retained control of the commodity at all times; (4) the quantity of the commodity shown in Item 14 above was produced and shorn in the year indicated in Item 10; (5) the quantity of the commodity shown in Item 14 above is in existence and is stored as noted in Item 3 above; (6) the commodity is in storable condition and such condition will be maintained; (7) the structure will safely store the commodity through the loan period; and (8) the commodity on which the loan is requested or which serves as collateral for a loan made to the producer is free and clear of all liens, security interest, and encumbrances, except as shown above. The Producer further agrees that upon request from CCC, to supply CCC with a list of all wool and mohair in which the producer has an interest and where it is currently located. The Producer further agrees to (1) maintain the identity of any wool and mohair which serves as collateral for the loan; and (2) not move or commingle any wool or mohair which serves as collateral for the loan with any other quantity without prior written approval of CCC; and (3) provide a core test to CCC from a CCC approved testing facility for a loan on graded wool.

Additionally I certify this commodity (1) is not purchased wool or mohair; and (2) was produced and sheared from live sheep and goats of domestic origin in the United States for a period of not less than 30 days prior to shearing.

Are you or any co-applicant delinquent on any federal non tax debt? (If "YES", provide details in the remarks on Page 2) ☐ *YES* ☑ *NO*

17A. PRODUCER'S SIGNATURE
/s/ John B. Smith

17B. DATE *(MM-DD-YYYY)*
08-03-2003

17C. PRODUCER'S SIGNATURE

17D. DATE *(MM-DD-YYYY)*

17E. PRODUCER'S SIGNATURE

17F. DATE *(MM-DD-YYYY)*

17G. PRODUCER'S SIGNATURE

17H. DATE *(MM-DD-YYYY)*

18. STORING FACILITY CERTIFICATION

The undersigned commissioned agent or representative of the storing facility certifies that: (1) the above listed commodity is stored on behalf of the producer requesting the loan, (2) the commodity is in a storable condition and such condition shall be maintained, (3) the structure will safely store the commodity through the loan period. The storing facility representative further understands that before the commodity is sold to a buyer, approval must be obtained from CCC.

19A. REPRESENTATIVE SIGNATURE
/s/ Jerry Parker

19B. DATE *(MM-DD-YYYY)*
08-03-2003

20A. REPRESENTATIVE SIGNATURE

20B. DATE *(MM-DD-YYYY)*

FOR OFFICIAL USE ONLY

21. LIEN SEARCH DATE *(MM-DD-YYYY)*

22. DATE UCC-1/UCC-1F FILED *(MM-DD-YYYY)*

23A. APPROVED FOR CCC BY:

23B. DATE *(MM-DD-YYYY)*

--*

*--1527 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet (Continued)

B Example of CCC-633WM (Continued)

CCC-633WM (06-02-03) Page 2

24. REMARKS

NOTE: *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 determine eligibility and the amount of program benefits. Furnishing the requested information is voluntary. Failure to furnish the requested 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. 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.

--*

*--1527 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet (Continued)

C Applicable Form

The producer shall certify to the quantity of the commodity and the eligibility for MAL. County Offices shall accept the producers certification on CCC-633WM, according to this paragraph. Mohair and wool, for which a producer certifies and provides no production evidence, is subject to spot check for any quantity placed under loan or any quantity for which LDP is requested. The producer is responsible for any loss in quantity and quality of the commodity placed under loan.

D Producer Certification for Loan

The producer shall sign CCC-633WM certifying the following:

- having beneficial interest in the mohair or wool
- quantity in the bags and how the determination was made
- quantity on which to base the loan
- storability of the mohair or wool
- location of the commodity and, if applicable, designated storage structures
- number of head of sheep or goat shorn to produce the applicable mohair or wool
- year the mohair or wool was shorn
- CCC-683 and labeling requirements, according to subparagraph 1528 B, will be posted by the producer or commissioned agent on the bags containing the loan collateral as instructed when the loan is disbursed
- whether there are lienholders having an interest in the mohair or wool that will secure the loan--*

*--1527 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet (Continued)

D Producer Certification for Loan (Continued)

- applicable type (micron/yield from core test report for graded wool or type of mohair, i.e., fine kid, good kid, fine young goat, etc.)

- the identity of the commodity securing the farm-stored loan will remain unchanged

- mohair or wool securing the farm-stored loan will not be moved or commingled with any other commodity without prior written approval of the County Office.

  Note: If producers designate additional storage structures according to paragraph 428, loan collateral may be moved without prior County Office approval.

Remind producers of the administrative actions applicable for incorrect certification.

E Storing Facility Certification

If the commodity is stored in the facility of a commissioned agent, according to subparagraph 1528 B and 1528 C, the storing facility shall also certify the following on CCC-633WM:

- the pledged commodity is stored on behalf of the producer requesting the loan

- the commodity is in storable condition and such condition will be maintained

- the structure will safely store the commodity through the loan period

- it is understood that before the commodity can be sold to a buyer, approval must be obtained from CCC.--*

*--1528 Storage and Packing Requirements

A Approved Storage Bags

Mohair and wool pledged for loan collateral shall be stored in any of the following types of bags specifically designed for storing mohair and wool:

- standard jute burlap bags or packs
- polyethylene plastic film packs
- high density polyethylene packs
- nylon packs.

B Labeling Requirements

Each bag of mohair or wool pledged for loan collateral shall be identified with a label containing the following information:

- producer's name
- lot/bale/bag number
- commodity
- date of shearing
- type, for mohair only (i.e., kid, adult, yearling, etc.)
- net weight, if available in the case of farm-stored commodities.

Note: CCC-683 must be affixed to each lot under loan identifying the number of bags in the lot.**--***

*--1529 Loss or Damage to Loan Collateral

A Producer Responsibility

The producer is responsible for any loss in quantity or quality of the commodity pledged as collateral for a CCC loan, including but not limited to damages from the following:

- fire
- flood
- storm
- other acts of nature or extenuating circumstances.

When loss or damage to CCC loan collateral occurs, the producer is responsible for immediately notifying the applicable County Office of the following:

- date of loss
- location of loss
- full extent of the loss.

Note: Each producer signing for the CCC loan is jointly and severally liable for repayment of the amount due.

B County Office Responsibility

After a County Office is notified by a producer of damaged or destroyed loan collateral, according to subparagraph 1529 A, the County Office shall:

- identify applicable loan numbers involved
- immediately notify the State Office
- notify the producer of the following:
    - loan is being called
    - affected collateral from loan must be redeemed
    - loan must be repaid at principal plus interest.

Note: Settlement of the affected loan collateral to CCC is not an option.--*

*--1529 Loss or Damage to Loan Collateral (Continued)

C Example of Notification Letter to Producer

The following is an example of a demand letter informing a producer with damaged or destroyed collateral of action required.

UNITED STATES DEPARTMENT OF AGRICULTURE
Somecounty, FSA Office
Sometown, USA 12345-1234
TEL:123-456-7890

John A. Producer
123 Highway 456
Sometown, USA 12345-1234

Dear Mr. Producer:

On September 16, 2003, we were notified by you that 5 bags of your 2003 wool loan number 25 and 2 bags of your 2003 mohair loan number 5 were either damaged or destroyed by fire at the Storage Packer Warehouse.

We are notifying you that your loan has been called and you must redeem the affected loan collateral at principal plus interest.

You have 30 calendar days from the date of this letter to redeem the affected loan collateral identified by the aforementioned loan numbers and repay the loan at principal plus interest. If you take no action, we will establish a claim against you for the amount due in the settlement of your loan. The interest start date for the claim is the 31st calendar day from the date of this letter.

Please contact this office if you have any questions regarding this matter.

Sincerely,

County Executive Director

--*

*--1530 Farm-Stored Loans

A Approved Farm Storage

Approved farm storage shall consist of a storage structure located on or off the farm, including the storage facility of a commissioned agent, according to subparagraph 1530 B, that provides safe storage for the commodity through the maturity date for the loan.

Commodities stored according to the packaging requirements in paragraph 1528 may be eligible for loan if both of the following apply:

- COC determines CCC's interests are not at risk and that the bags provide safe storage

- the method of storage and the size of bags are normal for the commodity **and** in that county.

  Note: COC, with STC concurrence, may waive this requirement on a case-by-case basis.

Commodities stored outside in an open area or temporary structure that does not protect the mohair or wool from natural elements will not be considered stored in eligible storage, even though the packaging requirements are met.

B Warehouse Commissioned Agents

Storing mohair and wool in a storage facility that receives payment for the storage of the mohair and wool at the time of sale to a buyer is:

- considered storage with a commissioned agent
- approved farm storage for a farm-stored loan
- not considered a warehouse.

Producers requesting certified farm-stored loans for mohair and wool stored with a commissioned agent will be required to obtain the following from the commissioned agent and provide to the County Office:

- mohair or wool weight ticket

- core test for graded wool

- name, address, and county of producers associated with commingled lot, if applicable.**--***

*--1530 Farm-Stored Loans (Continued)

C Commissioned Agent Requirements

A storage facility of mohair and wool is considered a commissioned agent if all of the following apply.

- The agent operates a facility that stores mohair, wool, and/or other fibers.
- The fibers stored at the facility are insured at its current market value.
- The facility charges the producer a per pound commission from the sale of the wool to a buyer that includes storage fees, core sampling charges, or other marketing charges.
- The producer storing mohair or wool at the facility retains all rights to the commodity and can remove any portion of the stored commodity at any time.
- The producer has the right to accept or refuse bids for the mohair or wool.
- The commodity is identity preserved and labeled with CCC-683 according to subparagraph 1527 D.
- Weight/scale tickets are issued by the facility on company letterhead.

D Measurement Service

Measurement service is not available for farm-stored mohair and wool placed under loan.

E Maximum Quantity

The loan quantity for certified farm-stored loans shall not exceed 100 percent of the eligible quantity certified by the producer.

The mortgaged quantity for mohair and wool shall be the loan quantity.--*

*--1530 Farm-Stored Loans (Continued)

F Conducting Pre-Loan Inspections

County Offices must visually conduct pre-loan inspections on all farm-stored loans, excluding loan collateral stored in the storage facility of a commissioned agent. Pre-loan inspections are performed to ensure that producers who applied for loans have:

- mohair or wool packaged in acceptable bags according to subparagraph 1528 A
- bags properly labeled according to subparagraph 1528 B
- loan collateral segregated from non-loan collateral.

All pre-loan inspections must be conducted:

- before loan disbursements
- documented on CCC-633WM, item 24.--*

*--1531 Warehouse-Stored Loans

A Approved Warehouse Storage

Warehouse-stored loans are available only on commodities stored in warehouses that are CCC-approved and operating under an approved UGRSA at the time either of the following occurs:

- a warehouse-stored loan is requested
- farm-stored collateral is transferred to warehouse storage.

See paragraph 1530 for warehouse commissioned agent provisions.

B Availability

At this time, there are no warehouses approved for mohair and wool storage that meet the requirements of an approved UGRSA warehouse. Therefore, warehouse-stored loans are not available.**--***

*--1532 Loan Maturity

A Loan Maturity Date

Loans mature on demand, but no later than the last day of the ninth calendar month after the month in which CCC-677 or CCC-678 is approved, according to paragraph 409.

B Maturity Notification to Producers

Refer to paragraph 23 for provisions on notifying producers of loan maturity.

C Producer Options

Producers with maturing mohair or wool crop loans may select either of the following options:

- redeem the loan collateral by repaying the loan
- settle the CCC mohair or wool loan at maturity.

D Settlement Letter

Send the letter in subparagraph E to producers with 2002 and subsequent crop loans:

- who have indicated they want to settle the mohair or wool to CCC
- who have **not** responded to the loan maturity notification letter
- not less than 15 calendar days before the loan maturity date.**--***

*--1532 Loan Maturity (Continued)

E Producer Notification Letter

The following is an example of the producer notification letter for mohair or wool.

Dear _____:

According to our records, you have a 20___ crop year (commodity type) loan. The loan maturity date for your loan is (month/day/year). If you have not already notified the FSA office of your intentions, please do so at once. If you intend to settle the (commodity type) to the Commodity Credit Corporation (CCC), the following provisions will apply:

- you will be notified of the local sale and date to deliver (commodity type) to the purchaser
- settlement is limited to the quantity of (commodity type) originally certified on the loan less the quantity of any repaid portion
- you or your authorized agents must be at the storage location at the time of commodity inspection to sign the necessary documents
- even though your loan collateral may have been previously inspected, the USDA representative will determine final eligibility and quality factors
- your (commodity type) may be weighed and inspected by an FSA representative to determine the quantity delivered and the quality factors for applicable premiums and discounts
- title to the loan collateral passes to the highest bidder at the time of delivery
- you are responsible for weighing, testing, and inspection fees, or any additional charges incurred by CCC to obtain quantity or quality grading factors to apply associated premiums and discounts for mohair or wool delivered to CCC.

***--1532 Loan Maturity (Continued)**

E Producer Notification Letter (Continued)

Quantity and quality determinations will be made by an AMS representative for FSA. The value of the settlement of your mohair or wool shall be the loan rate for the quality times the quantity to be settled adjusted by the applicable premiums and discounts. The following provisions will apply:

- you will be given 5 workdays after the date of notification to appeal the quantity or quality determination made by AMS, and you must pay for any expenses resulting from the appeal

- if the settlement value of the mohair or wool is less than the amount due on the loan, the amount of any deficiency and charges plus interest thereon shall be paid to CCC by you

- if the settlement value of the mohair or wool exceeds the amount due, CCC will provide you a check for the excess amount.

If you have any questions about any of the above provisions, please contact this office for more information.

Sincerely,

County Executive Director

--*

1533-1534 (Reserved)

--

*--Section 4 LDP Provisions

1535 LDP Requirements

A General LDP Provisions

LDP requirements provided in this section are subject to the general provisions provided in Part 3, Section 1.

B Producer Eligibility Requirements

Producers applying for LDP must:

- meet eligibility requirements in Section 1, as applicable
- with the exception of unshorn pelts, agree to forgo obtaining a loan for the quantity on which LDP is requested.

C Types of LDP's

The following are the 2 types of LDP's available to eligible producers:

- **basic LDP's** which are requested for any stored quantity the producer maintains beneficial interest in on the date of request
- **field direct LDP's** which are requested when:
  - producers will lose beneficial interest in the commodity at shearing when the commodity is delivered directly from the field to a processor, buyer, wool pool, warehouse, or cooperative
  - producers want to receive LDP on commodity based on the date delivered directly from the field to a processor, buyer, wool pool, warehouse, or cooperative
  - producer loses beneficial interest at the time of slaughter for personal use, if the pelt is **not** going to be retained according to subparagraph 1543 A.--*

*--1535 LDP Requirements (Continued)

D Eligible Quantity

To be eligible for LDP, the quantity of commodity must:

- meet eligibility requirements in Section 1
- have been produced by an eligible producer
- not have been previously pledged as collateral for a loan and repaid with cash at a rate less than the principal, plus interest
- not have been previously requested or paid for LDP.

A quantity of a commodity eligible to be repledged for a nonrecourse loan is eligible for LDP.

E LDP Common Provisions

The following provisions are common to nonrecourse MAL's and are also common to LDP's:

- payment limitation
- beneficial interest
- final availability date
- assignments
- administrative offsets
- spot checks
- eligibility requirements

F Nonapplicable LDP Provisions

The following provisions common for loans are **not** required for LDP:

- lien searches
- lien waivers
- approved storage
- premiums and discounts
- State commodity assessments.**--***

***--1535 LDP Requirements (Continued)**

G Measurement Service

Measurement service is **not** available for farm-stored quantities of mohair and wool.

H Certified Quantity

Producers may request LDP by certifying the quantity. All certified LDP's are subject to spot check according to paragraph 1551.

I Quantity Supported by Production Evidence

If producers do not wish to certify to the quantity or date delivered, requests can be completed by providing production evidence according to paragraph 1558. If production evidence is provided at time of payment request, LDP will not be subject to spot check. Record this function using option 4 in APSS according to 12-PS.

J Determining Maximum Eligible Quantities

Before an LDP is disbursed, COC or designee, as applicable, shall make a determination of reasonableness based on the maximum eligible quantity according to paragraph 1559.

The certified production records of producers who participated in previous WAMLAP's, who are currently requesting a certified farm-stored LDP, may also be used to further verify certified quantities for reasonableness.

Quantities **not** determined reasonable shall **not** be approved for LDP, **unless** production evidence is provided to substantiate the certified quantity on the LDP request.

K Deferred Payments

Payments **cannot** be deferred or delayed at any time. All payments must be made as soon as possible after the date of request.

L Prompt Payment

See paragraph 16 for prompt payment provisions.**--***

*--1536 Requests for LDP's

A Where to Request LDP's

Eligible producers may request LDP from either of the following:

- the County Office where the farm records are maintained for the farm on which the commodity was produced (the administrative county)
- a CMA-service County Office for CMA's according to 1-CMA.

Multi-county producers shall request LDP's according to subparagraph 301 A.

B When to Request LDP's

LDP's must be requested:

- before the loss of beneficial interest according to paragraph 1518
- on or before the final availability date for the crop year of the commodity
- on the applicable form according to subparagraph C, in person, by FAX, or by electronic submission through USDA WebCAAF

  Note: See paragraph 302 for FAX requirements.

C How to Request LDP's

When requesting LDP for a commodity, producers must complete 1 of the following, as applicable:

- CCC-709 for field direct LDP's, according to paragraph 305
- CCC-633 LDP for basic LDP's, according to paragraph 307
- CCC-709 PELT for field direct LDP's for unshorn pelts, according to paragraph 1544
- CCC-633 PELT for basic LDP's for unshorn pelts, according to paragraph 1543.

Note: Separate LDP request forms must be completed for graded and ungraded LDP quantities.**--***

*--1536 Requests for LDP's (Continued)

D Complete LDP Requests

LDP requests are complete when a County Office receives a completed and signed request on the applicable LDP request form according to subparagraph C.

Note: FSA-237's must be completed according to 1-CM for FAXed LDP requests. If FSA-237 is not on file, the LDP rate cannot be established until the request is complete, including receiving FSA-237.

LDP requests must be:

- approved when all eligibility requirements are met
- date-stamped when applicable CCC-633 LDP or CCC-633 PELT is received in the County Office to indicate the request date.

E Denying LDP Requests

When the producer is denied LDP benefits, County Offices shall proceed according to paragraph 402.

F Quantity Requested

Eligible producers may request LDP quantities by:

- certifying the quantity
- providing verifiable quantity evidence.

G Herd Characteristics

County Offices shall obtain the following herd characteristics from eligible producers requesting benefits and record the information accordingly in the remarks section on the applicable LDP request form, CCC-633, or CCC-709:

- flock size
- date of shearing
- breed of animals in herd.

Producers must initial and date the information provided in the remarks section of the applicable LDP request form, CCC-633, or CCC-709.--*

*--1537 LDP Rates

A Effective LDP Rate

The LDP rate is the rate in effect on the day of:

- the request, if beneficial interest is maintained
- delivery:
    - for field direct LDP's
    - if sold directly from the farm/ranch/feedlot location to a buyer
    - if beneficial interest is lost immediately upon shearing
- slaughter, if slaughtered for personal use for unshorn pelts only.

B Request Date

The request date is the date the applicable CCC-633 LDP or CCC-633 PELT is received in the County Office . County Offices shall date stamp the applicable request form to verify the date the request is received.

C Delivery Date

The delivery date is the date the commodity is delivered to a buyer, warehouse, processor, wool pool, or cooperative for field direct LDP's. Applicable CCC-709's or CCC-709 PELTS must be submitted by the producer before delivery or loss of beneficial interest in the commodity.

Note: Unshorn lambs for slaughter must be live at time of delivery.--*

*--1537 LDP Rates (Continued)

D Slaughter Date

For unshorn lamb pelts only, the slaughter date is the date the unshorn lamb is slaughtered for personal use. CCC-709 PELT must be submitted to the County Office before slaughtering the unshorn lamb. The producer must complete CCC-709 PELT, Part D within 60 calendar days after slaughtering the unshorn lamb, but not later than the final availability date.

Note: If the pelt is to be retained according to subparagraph 1543 A, producer may file a CCC-633 LDP according to subparagraph 1536 B.

E Basic LDP Rate

The LDP rate for basic LDP's is the rate in effect:

- for the county where the commodity is stored
- on the date of request.

F Field Direct LDP Rate

The LDP rate for field direct LDP's is:

- based on the rate in effect for the administrative county for the farm (county where the farm records are kept)

  Note: FAX the LDP request to the administrative county for completing LDP request according to subparagraph 301 A and paragraph 1536.

- the rate in effect on date of delivery, for mohair or wool immediately delivered

- the rate in effect on date of slaughter for unshorn lamb LDP's when the unshorn lamb is slaughtered for personal use.

G CCC-Determined Value

See Part 9, Section 7 for determining CCC-determined value.

H Additional Provisions on LDP Rates

See paragraph 303 for additional LDP rate provisions.**--***

*--1538 Basic LDP's for Mohair and Wool

A Types of Basic LDP's

Basic LDP's are requested for any stored quantity the producer maintains beneficial interest in on the date of request and can be either:

- farm-stored quantities
- warehouse-stored quantities.

B Requesting Basic LDP's

Basic LDP's shall be requested on CCC-633 LDP:

- after shearing
- before beneficial interest is lost
- for each commodity
- according to paragraph 307.

C Canceling CCC-633 LDP Requests

Basic LDP's requested on CCC-633 LDP **cannot** be canceled at any time. Once the producer signs CCC-633 LDP, LDP is obligated to be paid by CCC to the producer.

D Certifying Graded or Ungraded

At the time a nonrecourse MAL or LDP request is submitted to the County Office, the producer must certify that they are requesting a graded or nongraded rate. Once the producer makes this certification and submits the LDP request to the County Office, it **cannot** be changed.

Note: It is the producers option to select graded or ungraded. However, if the producer certifies to graded wool, a copy of the core test report must be provided to the County Office before benefits will be disbursed.**--***

*--1538 Basic LDP's for Mohair and Wool (Continued)

E Additional Disbursements

For basic LDP's **only**, an LDP disbursement in addition to the total quantity requested on the CCC-633 LDP may be available after delivery of the mohair or wool if the producer provides acceptable documentation in the form of a net weight receipt or settlement sheet to support the additional quantity sold or delivered.

The LDP rate for additional disbursements will be based on the date of the initial LDP request. Producers requesting additional disbursements on quantities exceeding the total quantity requested on the initial CCC-633 LDP must submit documentation before the final availability date to receive the additional disbursement.

Additional LDP disbursements will not apply to quantities over the total quantity requested when:

- not requested by the producer before the final availability date
- discovered through a spot check by the County Office.--*

*--1539 Field Direct LDP's for Mohair and Wool

A Availability

A field direct LDP is available for producers who:

- will lose beneficial interest in the commodity at shearing when the commodity is delivered directly from the field to a processor, buyer, warehouse, wool pool, or cooperative

- want to receive LDP on commodity based on the date delivered directly from the field to a processor, buyer, warehouse, wool pool, or cooperative.

See subparagraph 1544 C for field direct LDP's available for producers who immediately slaughter unshorn lambs for personal use.

B When to Complete CCC-709 for Mohair and Wool

CCC-709 must be completed:

- on or before the date of shearing and delivery of the applicable commodity
- for all or a portion of the expected production.

C Commodity Delivered From Field to Farm Storage

Mohair or wool delivered to farm storage are not eligible for field direct LDP's **except** for mohair or wool put in temporary farm storage for immediate delivery to a processor, buyer, wool pool, warehouse, or cooperative.

Mohair or wool stored on the farm for any other reason are not eligible for a field direct LDP and must complete CCC-633 LDP before beneficial interest is lost. COC shall determine the timeframe for "immediate", and document in COC minutes.

Note: STC shall ensure COC's are consistent in determining the timeframe for "immediate".--*

*--1539 Field Direct LDP's for Mohair and Wool (Continued)

D Applicable Production Unit Options for Mohair and Wool

Producers of mohair and wool shall indicate production units when completing CCC-709, Part B for field direct LDP's as follows.

- "Specific quantity" means only a specific quantity is requested for LDP. Producers must enter a specific quantity in pounds.

  Note: The core test report for graded wool indicating the **net** graded quantity must be provided before any portion of the LDP will be disbursed.

- "All" means all quantity delivered to a buyer, warehouse, wool pool, processor, or cooperative is eligible for LDP. If "all" is indicated, no other production unit applies for the same farm.

- "All quantity delivered to a specific location" means only quantities delivered to this location are eligible for LDP. Producers must enter the location.

- "Any quantities delivered for immediate sales. Any quantity delivered for storage must be covered by CCC-633 LDP before loss of beneficial interest". This statement means the producer is eligible for field direct LDP on quantities delivered for immediate sale, for example, at shearing, a producer pays for shearing services with the wool shorn from the sheep. Producers must request a basic LDP before beneficial interest is lost in the commodity delivered for storage and not immediately sold on the same date as delivered.

- "Other" means any other delivery method of production units.

E Revising CCC-709

CCC-709 can be revised **before** the sheep or goats are shorn. All producers who signed CCC-709 must initial and date all revisions.

F Terminating CCC-709

CCC-709 can be terminated if the producer has not shorn any of the animals producing the commodity covered by CCC-709. Once shearing has begun, producers cannot terminate CCC-709.**--***

*--1539 Field Direct LDP's for Mohair and Wool (Continued)

G Requesting Payment

When quantities have been delivered or shorn, producers may request payment by:

- certifying to the quantity delivered or shorn and certifying to the date of delivery or date of shearing on CCC-709, Part E

- providing production evidence.

Producers are subject to spot check for any certified:

- quantity
- delivery date
- shearing date.

All payment requests and production evidence must be received in the County Office by the final availability date of January 31 of the year following the year in which the mohair or wool is shorn.

H Certifying Graded or Ungraded

At the time a nonrecourse MAL or LDP request is submitted to the County Office, the producer must certify that a graded **or** nongraded rate is being requested. Once the producer makes this certification and submits the LDP request to the County Office it **cannot** be changed.

Note: It is the producers option to select graded or ungraded. However, if the producer certifies to graded wool, a copy of the core test report must be provided to the County Office before benefits will be disbursed.

Separate applications must be filed for graded and ungraded quantities.**--***

*--1540 Unshorn Pelt LDP Provisions

A General

Ungraded wool in the form of unshorn pelts that meet eligibility requirements according to subparagraph 1507 D, are only eligible for LDP.

B Unshorn Pelt Definition

An unshorn pelt is the removed skin and attached wool from a slaughtered lamb that has never been shorn.

C Requesting LDP's for Unshorn Pelts

LDP's for unshorn pelts shall be requested:

- according to paragraph 1536
- on applicable LDP request form:
    - CCC-633 PELT according to paragraph 1543
    - CCC-709 PELT according to paragraph 1544.

D Unshorn Pelt Eligibility Clarification

To be eligible for LDP for unshorn pelts, the producer must sell the unshorn lambs for either of the following:

- immediate slaughter according to subparagraph E
- slaughter the unshorn lamb for personal use according to subparagraph F.**--***

*--1540 Unshorn Pelt LDP Provisions (Continued)

E Immediate Slaughter

Immediate slaughter is considered slaughter of the lamb within a 7 to 10 calendar day period after loss of beneficial interest.

F Personal Use

Personal use is considered slaughter of the unshorn lamb for use of the pelt as any of the following:

- clothing
- shelter
- pet beds
- mittens
- rugs
- automobile seat covers
- sheepskin footwear
- sheepskin coats
- other personal uses determined acceptable by COC.--*

*--1541 LDP Rates for Unshorn Pelts

A Unshorn Pelt LDP Rate

The LDP rate is determined by the amount the ungraded wool loan rate exceeds the CCC-determined value in the applicable region where the farm records are maintained.

See Part 9, Section 7 for determining the CCC-determined value.

B Calculating LDP's for Unshorn Pelts

LDP is calculated by multiplying the LDP rate times the LDP quantity of unshorn pelts requested.

See paragraph 1537 to determine the applicable dates of effective LDP rates.

C Standard Weight

LDP's for unshorn pelts will be based on a standard weight of 6.865 pounds per pelt.

D Unshorn Pelt Computation

LDP for unshorn lamb pelts will by calculated by multiplying the effective LDP rate times the standard weight for an unshorn pelt of 6.865 pounds. The result of that computation is then multiplied by the quantity of unshorn pelts.

Example:	$0.29	(effective LDP rate)
	x 6.865	(standard weight)
	$1.99	(payment per pelt)

Payment per unshorn pelt	$1.99
Quantity of unshorn pelts	x 10
Payment	$19.90

E Announcing Posted Prices

The regional posted prices for nongraded (greasy) wool that are used to calculate the CCC-determined value to determine the LDP rate for unshorn pelts will be announced according to subparagraph 1515 C.--*

*--1542 Additional Beneficial Interest Provisions for Unshorn Pelts

A Direct Sell to Lamb Slaughter Companies

Eligible producers who sell unshorn lambs directly to a slaughter lamb company for immediate slaughter or have the unshorn lambs processed for meat, will lose beneficial interest the earlier of the following:

- delivery to the slaughter lamb company
- receiving any payment for the unshorn lambs.

Note: This determination should be used as a general business rule and should not take precedence over the terms of a contract between the buyer and seller that would cause beneficial interest to be lost at an earlier time.

B Lamb Auction Sells

Eligible producers who sell unshorn lambs through an auction or sell to an order buyer representing a slaughter lamb company, will lose beneficial interest the earlier of the following:

- invoicing of the unshorn lambs
- delivering the unshorn lambs to the order buyer
- receiving any payment for the unshorn lambs.

Note: This determination should be used as a general business rule and should not take precedence over the terms of a contract between the buyer and seller that would cause beneficial interest to be lost at an earlier time.

C Butcher Sells

Eligible producers who sell unshorn lambs directly to a butcher for immediate slaughter, will lose beneficial interest the earlier of the following:

- invoicing of the unshorn lambs
- delivering the unshorn lambs to the butcher
- receiving any payment for the unshorn lambs.

Note: This determination should be used as a general business rule and should not take precedence over the terms of a contract between the buyer and seller that would cause beneficial interest to be lost at an earlier time.**--***

*--1543 Requesting LDP Using CCC-633 PELT

A Retained Unshorn Pelts

Producers who retain beneficial interest in an unshorn pelt produced from a slaughtered lamb may request LDP on CCC-633 PELT, based on the date of request, if the unshorn pelt retained is:

- preserved
- maintained

stored for future marketing or processing.

Note: See paragraph 1551 for spot check provisions.

B Completing CCC-633 PELT

Producers of unshorn pelts who retain beneficial interest shall complete CCC-633 PELT according the following table.

The producer shall complete:

- items 1 through 3
- Part A, items 11 through 17
- Part B, items 18 through 22
- Part C, items 23 through 28.

All producers sharing in the quantity for this LDP must sign, initial, and date CCC-633 PELT, as applicable.

If the producer is requesting LDP in person, the County Office may assist the producer with the applicable items in Part B. The producer must complete Parts A and C.

Item	Instructions
1A	Enter the contact producer's name, address, and telephone number.
1B	Enter the contact producer's ID number.
2	Enter the crop year of the commodity for which the LDP is requested.

--*

*--1543 Requesting LDP Using CCC-633 PELT (Continued)

B Completing CCC-633 PELT (Continued)

Item	Instructions
3	Enter the county where the unshorn pelts are stored.
4	County Office shall enter the name and address of the FSA County Office.
5	County Office shall enter the telephone number of the FSA County Office.
6	County Office shall enter the State and county codes for the administrative County Office.
7	County Office shall enter the producer's farm numbers, if applicable. Producer may enter farm number, if known. County Offices must verify, as applicable.
8	County Office shall enter the APSS-assigned LDP number.
9	County Office shall enter the LDP rate based on date the correctly completed CCC-633 PELT is received in the County Office. This date becomes the request date.
10	County Office shall enter the applicable CCC-determined value used to determine the LDP rate.
Part A - Producer's Terms and Conditions	
11 through 17	All producers requesting this LDP shall: • check (√) the applicable box to select either "YES" or "NO" in response to Part A, items 11 through 17 • enter initials in the applicable box for each of the items. All producers, or their representative, signing CCC-633 PELT must ensure that the information in Part A, items 11 through 17 is correct. If the response to items 11, 13, or 15 is "NO", the producer may not be eligible for LDP. County Offices shall verify responses before disapproving the request, as applicable. All other responses are self-explanatory.
Part B - Producer Payment Information	
18	Producers, or their representative, shall enter the number of unshorn pelts for this LDP.

--*

*--1543 Requesting LDP Using CCC-633 PELT (Continued)

B Completing CCC-633 PELT (Continued)

Item	Instructions
19	The number of pelts can be certified if the unshorn lamb was slaughtered for personal use. All other quantities of pelts can be certified, or based on production evidence. Enter a check (√) in the applicable box for the verification type used ("certified" or "production evidence") for the pelts entered in item 18. If "certified" is checked, this LDP request is subject to spotcheck for future reference, as applicable.
20	Enter the location where the unshorn pelts are being stored, preserved, and maintained within the same county identified in item 3. For example, address, barn/shed location, and or land description. If the unshorn pelts are stored in a different county than identified in item 3 and the LDP rate is different, a separate LDP request must be completed.
21	Enter the date of the LDP request. The date of the request is the date the correctly completed CCC-633 PELT is received in the County Office.
22	Enter the total number of unshorn pelts for the LDP request. **Note:** This should be the total number of unshorn pelts in item 18.
Part C – Producer's Certification	
23	Enter the number of head of unshorn live lambs in the current herd or flock.
24 through 28	Producers must read the certification statement. All producers requesting LDP must agree to the certification and sign, enter their ID number, enter their share of the number of unshorn lambs, and date of signature.
Part D – CCC's Determination	
29	CCC representative shall enter signature if the LDP request is approved.
30	CCC representative shall enter signature if the LDP request is disapproved.
31	CCC representative shall enter the date.
32	CCC representative shall enter title.
33	CCC representative shall enter a check (√) in the applicable box to select either "YES" or "NO" in response to question.
34	CCC representative shall enter any remarks and reasons for disapproval, if applicable.

--*

*--1543 Requesting LDP Using CCC-633 PELT (Continued)

C Example of CCC-633 PELT

The following is an example of CCC-633 PELT.

This form is available electronically.

CCC-633 PELT (06-27-03)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

UNSHORN PELT LOAN DEFICIENCY PAYMENT (LDP) CERTIFICATION AND APPLICATION

1A. CONTACT PRODUCER'S NAME AND ADDRESS *(Including Zip Code)*
Joe Smith
Route 6
Old Town, KS 12345

TELEPHONE NO. *(Area Code)*:

1B. CONTACT PRODUCER'S ID NUMBER
012-34-5678

2. CROP YEAR: 200X

3. COUNTY WHERE STORED: Old Town

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 30 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.

This form may only be completed **AFTER** slaughter of an unshorn lamb and **BEFORE** losing title, control, and risk of loss in the number of unshorn pelts included in this request.

FOR COUNTY FSA OFFICE USE ONLY *(ITEMS 4 THROUGH 10)*

4. Name and Address of County FSA Office *(Including Zip Code)*	5. Telephone No. *(Including Area Code)*	6. ST. & CO. Code	7. Applicable Farm Number(s)
Grant County FSA Office	(301) 555-1234		1001

8. LDP Number	9. LDP Rate	10. CCC Determined Value
	$	$

PART A - PRODUCER'S TERMS AND CONDITIONS: ***(Please check applicable "YES" or "NO" boxes below and Producer must initial for each response in Items 11 through 17).***

	YES	NO	INITIALS
11. Does more than one producer have an interest in the quantity for this request? *(If "YES", all producers must sign this request.)*		✔	JS
12. Do all producers requesting this LDP have title, control, and risk of loss (beneficial interest) in accordance with 7 CFR Part 1421 at the time of this LDP request? *(This excludes any applicable beneficial interest waiver for LDP's).*	✔		JS
13. Has any producer requesting this LDP entered into a contract or option to purchase either verbally or in writing?		✔	JS
14. Was the quantity of this request produced by all producers requesting this LDP?	✔		JS
15. Is this the only LDP requested for this quantity?	✔		JS
16. Are the unshorn pelts being preserved, maintained, and stored for future marketing or processing?		✔	JS
17. Are you or any co-applicant delinquent on any federal non tax debt? (If "YES", provide details:)		✔	JS

PART B - PRODUCER PAYMENT INFORMATION

18. Number of Unshorn Pelts Requested	19. Check Verification Type: Certified	19. Check Verification Type: Production Evidence	20. Stored Location	21. Date Requested *(MM-DD-YYYY)*
100		✔	El Rancho Slaughter House	08-03-2003
				22. Total Number of Unshorn Pelts Requested
				100

The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting the following information is Section 1205(a)(2) of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171). The information will be used to determine eligibility and the amount of program benefits. Furnishing the requested information is voluntary. Failure to furnish the requested 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. ***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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*--1543 Requesting LDP Using CCC-633 PELT (Continued)

C Example of CCC-633 PELT (Continued)

CCC-633 PELT (02-13-03) Page 2

PART C - PRODUCER'S CERTIFICATION

23. Current Herd / Flock Size: _____

24. ***I certify that all information entered on this form is true and correct. By completing and reviewing Part A and Part B, and by signing this form the producer(s) ("Producer"), hereby makes a claim for payment from the Commodity Credit Corporation (CCC) with respect to the commodity described in Part B and agrees to accept the loan deficiency payment (LDP) rate in effect for the unshorn pelt for the county where the unshorn pelts are stored and the rate in effect as of the date of this LDP request when all signatures are obtained. The producer further understands that with respect to the commodity described in Part B: (a) to receive payment for the unshorn lamb pelt, a request for payment must be made at the County FSA Office where the farm records are maintained; (b) the unshorn lamb that produced the unshorn pelt must have been alive and unshorn at the time beneficial interest was lost; (c) the payment will be based on a standard weight of 6.865 pounds per pelt; (d) any false claim or statement made may lead to civil liability or criminal prosecution; (e) this LDP may be selected for spot check and the producer will be required to provide supplemental documents to determine program eligibility; (f) that slaughter lamb companies are ineligible for this benefit and this LDP request is not being submitted on behalf of a slaughter lamb company; (g) CCC may require copies of sales contracts for the production represented by this application; (h) this application is subject to determination by CCC of the producer's eligibility to receive LDP, and this application and CCC's determination are subject to 7 CFR Part 1421, as applicable; (i) 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 (j) CCC shall assess liquidated damages in accordance with 7 CFR Part 1421 if the producer misrepresented the eligible commodity indicated above. I also understand that if the Producer sold unshorn lambs to a feeder lamb buyer for further feeding before slaughter that the feeder lamb buyer and NOT the producer who sold the unshorn lambs to the feeder lamb buyer is eligible to receive an LDP for the unshorn lamb pelts.***

25. SIGNATURE OF PRODUCER(S)	26. SHARE (%)	27. DATE *(MM-DD-YYYY)*	28. PRODUCER'S ID NUMBER
/s/ Joe Smith	100	08-03-2003	012-34-5678

PART D - CCC'S DETERMINATION

29. APPROVED FOR CCC BY:	30. DISAPPROVED FOR CCC BY:	31. DATE *(MM-DD-YYYY)*

32. TITLE	33. IS THE QUANTITY FOR THIS LDP REASONABLE?
	☐ YES ☐ NO

34. REMARKS AND REASONS FOR DISAPPROVAL, AS APPLICABLE:

--*

*--1544 Requesting LDP Using CCC-709 PELT

A Completing CCC-709 PELT

Producers of unshorn pelts shall complete CCC-709 PELT according to the following.

Notes: The producer must complete items 1 through 24.

If the producer is requesting LDP in person, the County Office may assist the producer, as applicable.

Only producers sharing in the quantity requested for LDP must sign and initial as applicable.

Producers must complete one CCC-709 PELT per marketing.

Item	Instructions
1	Enter the contact producer's name, address, and telephone number.
2	Enter the contact producer's ID number.
3	Enter the crop year of the commodity for which the LDP is requested.
Part A – Producer's Terms and Conditions	
4 through 13	All producers requesting this LDP shall: • check (√) the applicable box to select either "YES" or "NO" in response to Part A, items 4 through 13 • enter initials in the applicable box for each of the items. **Note:** All producers signing CCC-709 PELT must ensure that the information in Part A, items 4 through 13 is correct. If the response to items 6 through 8, and 10 is "NO", or if the response to item 12 is "YES", the producer may not be eligible for LDP. County Offices shall verify responses before disapproving the LDP request, as applicable.
Part B - Herd Certification	
14	Enter the number of head of unshorn lambs in the current herd or flock.

--*

*--1544 Requesting LDP Using CCC-709 PELT (Continued)

A Completing CCC-709 PELT (Continued)

Item	Instructions
Part C – Producer's Certification	
15 through 19	Producers must read the certification statement. All producers requesting LDP must agree to the certification and sign, enter the percent share of the quantity requested in Part D, date of signature, and producer ID number.
Part D - Payment Request	
20	If the producer requests payment and provides production evidence, check (√) box and attach production evidence to CCC-709 PELT. If the producer requests payment and production evidence is not provided, skip item 20 and proceed to items 21A and 21C.
21A	Producers must certify the dates of delivery, sale, or slaughter.
21B	Enter the LDP rate for the unshorn pelt based on the nongraded loan rate for the date in item 21A. **Note:** This item is for County Office use only.
21C	Producers must certify the number of unshorn pelts for which LDP is requested based on the date of delivery, sale, or slaughter certified in item 21A.
22	CCC representative shall sign for CCC if the LDP request is approved.
23	CCC representative shall sign for CCC if the LDP request is disapproved.
24	CCC representative shall enter the date of approval or disapproval.
25A	CCC representative shall enter the name, address, and zip code of the FSA County Office.
25B	CCC representative shall enter the telephone number of the FSA County Office.
26	CCC representative shall enter any remarks and reasons for disapproval, if applicable.

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*--1544 Requesting LDP Using CCC-709 PELT (Continued)

B Example of CCC-709 PELT

The following is an example of CCC-709 PELT.

This form is available electronically.

CCC-709 PELT (06-27-03) **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation

DIRECT UNSHORN PELT LOAN DEFICIENCY PAYMENT (LDP) CERTIFICATION AND APPLICATION

1. CONTACT PRODUCER'S NAME AND ADDRESS *(Including Zip Code)*

R.L. Smith
Route 6
Old Town, KS 12345

TELEPHONE NO. *(Area Code)*: (305) 555-1212

2. CONTACT PRODUCER'S ID NUMBER: 012-34-5678

3. CROP YEAR: 200X

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 30 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 Section 1205(a)(2) of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171). The information will be used to determine eligibility and the amount of program benefits. Furnishing the requested information is voluntary. Failure to furnish the requested 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. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

Use this form **BEFORE** slaughter of unshorn lambs for personal use or delivery of unshorn lambs for slaughter to a lamb slaughter company or order buyer at a lamb sale representing a lamb slaughter company when you will lose title, control, and risk of loss *(beneficial interest)* at the time of the delivery or slaughter.

PART A - PRODUCER'S TERMS AND CONDITIONS: ***(Please check applicable "YES" or "NO" boxes below and Producer must initial for each response in Items 4 through 13).***

	YES	NO	INITIALS
4. Will the unshorn pelts be stored on the farm that is not temporary storage for drying and preservation purposes? *(If "YES", this agreement becomes null and void for that quantity only and you must request LDP on CCC-633 PELT before you lose beneficial interest.)*		✔	RLS
5. Does more than one producer have an interest in the quantity for this request? *(If "YES", all producers must sign this request.)*		✔	RLS
6. Will all producers requesting this LDP have title, control, and risk of the loss *(beneficial interest)* in accordance with 7 CFR Part 1421 (1) at the time of delivery of the unshorn lamb for slaughter to a lamb slaughter company, (2) at the time of delivery of the unshorn lambs to an order buyer at a lamb sale or (3) at the time of slaughter for personal use?	✔		RLS
7. Will the unshorn pelts be produced by all producers requesting this LDP?	✔		RLS
8. Were the unshorn lambs that produced the unshorn pelts retained for at least 30 days before the date of slaughter?	✔		RLS
9. With regards to the unshorn lambs, indicate which type of owner you are by checking the appropriate box below: ☑ Original / first owner ☐ Second owner ☐ Other owner _____			RLS
10. Will the unshorn lambs be sold for immediate slaughter to a slaughter lamb company or an order buyer representing a slaughter lamb company at a lamb sale?	✔		RLS
11. Will the unshorn lambs be slaughtered for personal use?		✔	RLS
12. Will the unshorn lambs be sold as feeder lambs to a feeder lamb buyer?		✔	RLS
13. Are you or any co-applicant delinquent on any federal non tax debt? (If "YES", provide details:)		✔	RLS

PART B - HERD CERTIFICATION

14. CURRENT HERD / FLOCK SIZE *(Enter the number of head:)* 200

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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*--1544 Requesting LDP Using CCC-709 PELT (Continued)

B Example of CCC-709 PELT (Continued)

CCC-709 PELT (06-27-03) Page 2

PART C - PRODUCER'S CERTIFICATION

15. I certify that all information entered on this form is true and correct. By completing and reviewing Part A and Part B, 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 this Part and agrees that the loan deficiency payment (LDP) rate in effect for the unshorn lamb pelt on the date of delivery of the unshorn lambs to the processor, buyer, warehouse, or cooperative if the unshorn lambs are delivered directly from the farm / feed lot / ranch location to the processor, buyer, warehouse, or cooperative or agrees to the rate in effect on the date of slaughter if slaughtered for personal use. The producer further understands that with respect the commodity described in this Part: (a) to receive payment for the unshorn lamb pelt, a request for payment must be made at the County FSA Office where the farm records are maintained; (b) the unshorn lamb that produced the unshorn pelt must have been alive and unshorn at the time beneficial interest was lost; (c) the payment will be based on a standard weight of 6.865 pounds per pelt; (d) 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 PELT for unshorn pelts must be requested before the producer loses beneficial interest in the commodity; (e) any false claim or statement made may lead to civil liability or criminal prosecution; (f) this LDP may be selected for spot check and the producer will be required to provide supplemental documents to determine program eligibility; (g) that slaughter lamb companies are ineligible for this benefit and this LDP request is not being submitted on behalf of a slaughter lamb company; (h) this agreement remains in force until such time it is revised or terminated on or before the earlier of the date of delivery or sale of the unshorn lambs for slaughter; (i) CCC may require copies of sales contracts for the production represented by this application; (j) 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 (k) CCC shall assess liquidated damages in accordance with 7 CFR Part 1421 if the producer misrepresented the eligible commodity indicated above. I also understand that if the Producer sold unshorn lambs to a feeder lamb buyer for further feeding before slaughter that the feeder lamb buyer and NOT the producer who sold the unshorn lambs to the feeder lamb buyer is eligible to receive an LDP for the unshorn lamb pelts.

16. SIGNATURE OF PRODUCER(S)	17. SHARE (%)	18. DATE *(MM-DD-YYYY)*	19. PRODUCER'S ID NUMBER
/s/ R. L. Smith	100	08-03-2003	012-34-5678

PART D - PAYMENT REQUEST

20. ☑ CHECK THIS BOX AND ATTACH THE PRODUCTION EVIDENCE TO THIS FORM IF THE PRODUCER PROVIDES PRODUCTION EVIDENCE WHEN PAYMENT IS REQUESTED.

21. IF A CERTIFIED LDP REQUEST FOR PAYMENT AND PRODUCTION EVIDENCE IS NOT ATTACHED, COMPLETE ITEMS A AND C BELOW: NOTE: ITEM B IS COMPLETED BY CCC.

A. DATE DELIVERED, SOLD, OR SLAUGHTERED *(MM-DD-YYYY)*	B. CCC - DETERMINED VALUE - LDP RATE *(COUNTY FSA OFFICE USE)*	C. NUMBER OF UNSHORN PELTS REQUESTED	A. DATE DELIVERED, SOLD, OR SLAUGHTERED *(MM-DD-YYYY)*	B. CCC - DETERMINED VALUE - LDP RATE *(COUNTY FSA OFFICE USE)*	C. NUMBER OF UNSHORN PELTS REQUESTED
	$			$	
	$			$	
	$			$	
	$			$	
	$			$	
	$			$	

PART E - CCC'S DETERMINATION

22. APPROVED FOR CCC BY:	25A. COUNTY FSA OFFICE NAME AND ADDRESS *(Including Zip Code)*	25B. COUNTY FSA OFFICE TELEPHONE NO. *(Area Code)*
23. DISAPPROVED FOR CCC BY:		
24. DATE *(MM-DD-YYYY)*		

26. REMARKS AND REASONS FOR DISAPPROVAL, AS APPLICABLE:

--*

*--1544 Requesting LDP Using CCC-709 PELT (Continued)

C Unshorn Lambs Slaughtered for Personal Use

Eligible producers who slaughter unshorn lambs for personal use will lose beneficial interest on the date the unshorn lamb is slaughtered. For unshorn pelts slaughtered for personal use, the producer must complete CCC-709 PELT, Part D, **the earlier of 60 calendar days after the date of slaughter or the final availability date**.

COC must determine reasonableness based on any of the following:

- herd certification on CCC-709 PELT, Part B
- production evidence
- feeding records/receipts
- normal business practices of the producer
- general COC knowledge.

D Revising CCC-709 PELT

CCC-709 PELT can be revised **before** the loss of beneficial interest according to subparagraph 1518 D.

All producers who signed CCC-709 PELT must initial and date all revisions.

E Terminating CCC-709 PELT

CCC-709 PELT can be terminated if the producer has **not** delivered or slaughtered for personal use any of the sheep producing the unshorn pelt covered by CCC-709 PELT.**--***

1545-1549 (Reserved)

*--Section 5 Compliance Provisions

1550 Spot Checking Farm-Stored Loans

A Spot Check Policy for Farm-Stored Loans

Farm-stored loans are subject to spot check:

- during and after the loan availability period
- for up to 9 months from date of disbursement.

County Offices shall using the automated random selection process in APSS according to 12-PS, Part 15, make onsite spot checks of outstanding farm-stored loans according to paragraph 500.

B On-Farm Spot-Check Process for Farm-Stored Loans

All loans randomly selected by APSS and stored in approved farm storage shall be visually inspected by a County Office commodity inspector to:

- verify the commodity is in existence and in storable condition
- verify that the storage structure will safely store and protect the commodity from natural elements
- verify the commodity is stored in approved bags according to subparagraph 1528 A
- verify the commodity is properly labeled according to subparagraph 1528 B
- verify that CCC-683 is affixed to bags as required by subparagraph 1527 D
- confirm that loan collateral is properly identified
- confirm that CCC's interest is adequately protected
- verify the quantity for reasonableness based on a maximum eligible quantity determination according to paragraph 1559.**--***

*--1550 Spot Checking Farm-Stored Loans (Continued)

B On-Farm Spot-Check Process for Farm-Stored Loans (Continued)

County Office commodity inspectors and COC may use their own discretion to determine a reasonable quantity based on various known conditions. When visual inspection indicates a significant quantity shortage or if there is reason to believe there is a quantity shortage, the County Office and COC may require the producer to provide acceptable production evidence by the earlier of the following:

- 15 calendar days after the commodity has been sold
- within 30 days after notification by the County Office.

If the mohair or wool has been sold, request delivery, sales, or other types of production evidence to verify the quantity and delivery dates of loan repayments when market gain was earned.

If production evidence has not been submitted by the due date, the producer must do either of the following:

- at the expense of the producer, have the loan collateral weighed by a CCC-approved third party that provides acceptable documentation of the net quantity of the loan collateral in pounds

- refund the market gain.

If the loan is not repaid, review the loan for violation according to Part 6.

Note: If the producer refuses to permit entry, contact the State Office for guidance.

C Spot-Check Process for Loan Collateral Stored with a Commissioned Agent

In addition to subparagraph B, if the loan collateral is stored in the facility of a commissioned agent, arrange for the producer or a representative to be present at the storage facility during the spot check. The CCC representative may spot-check the mohair or wool at any reasonable time.

D Recording Spot-Check Results

Record spot check results in CCC-633 WM, item 24 and address all items in subparagraph B.**--***

*--1550 Spot Checking Farm-Stored Loans (Continued)

E Improperly Stored Loan Collateral

If the mohair or wool is not properly labeled or stored in approved bags when a spot check is performed, give producers an opportunity to properly label the loan collateral and/or transfer the commodity into approved bags before continuing with the spot check.

Notify the producer that the loan collateral must be transferred into approved bags and properly labeled within 15 calendar days from notification and follow this table.

IF...	THEN...
the producer does not transfer the loan collateral into approved bags within 15 calendar days from notification	call the loan according to Part 6.
the producer does not properly label the loan collateral within 15 calendar days from notification	
the producer properly labels and/or transfers the loan collateral into approved bags within 15 calendar days from notification	continue with spot check to verify all other eligibility.

Reject severely torn or damaged bags of the mohair or wool that may affect the storability and quality of the commodity.

Advise the producer that accepting mohair or wool for loan does not alleviate the responsibility of delivering acceptable mohair or wool in approved and properly labeled bags if the mohair or wool under loan is delivered to CCC.

F Loans Delivered to CCC

County Offices shall spot check mohair or wool loans delivered to CCC according to paragraph 502.--*

*--1551 Spot Checking Certified LDP's

A Spot Check Policy for Certified LDP's

LDP's are subject to spot check for up to 9 months from date of disbursement.

County Offices shall, using the automated random selection process in APSS, according to 12-PS, Part 15, spot check all certified LDP's according to paragraph 501.

B On-Farm Spot-Check Process for Certified LDP's

All certified LDP's randomly selected by APSS and stored on the farm shall be visually inspected by a County Office commodity inspector to verify the:

- commodity is in existence, if the commodity has not been sold
- herd characteristics, (i.e., total number in herd, breed, etc.)

When visual inspection indicates a significant quantity shortage or if there is reason to believe there is a quantity shortage, the County Office and COC may require the producer to provide acceptable production evidence by the earlier of the following:

- 15 calendar days after the commodity has been sold
- 30 calendar days after notification by the County Office.

If the mohair or wool has **not** been sold and the County Office commodity inspector determines the quantity to:

- be reasonable based on the herd characteristics of quantity certified under the basic LDP or field direct LDP request, then that will serve as final production evidence and no further documentation will be required

- **not** be reasonable based on the herd characteristics with the quantity certified under the basic LDP or field direct LDP request, then at the expense of the producer, have the certified quantity weighed by a CCC-approved third party that provides acceptable documentation of the certified quantity in pounds.

If the mohair or wool has been sold, request delivery, sales, or other types of production evidence to verify the quantity and delivery dates of certified LDP's.

Require the producer to submit evidence on commodities sold within 15 calendar days from the date of request. If the production evidence has not been submitted by the due date, the producer must refund the LDP plus applicable interest.

Note: If the producer refuses to permit entry, contact the State Office for guidance.--*

*--1551 Spot Checking Certified LDP's (Continued)

C Spot-Check Process for Certified LDP's Stored with a Commissioned Agent

If the production for a certified mohair or wool LDP is stored in the facility of a commissioned agent, require the producer to provide a scale ticket or weight certificate from the facility that verifies the quantity of the LDP request. This will serve as final production evidence and no further documentation will be required.

D Recording Spot-Check Results

Record spot check results in the remarks section on the applicable basic LDP or field direct LDP request form and address all items in subparagraph B.**--***

*--1552 Spot Check Process

A Contacting Producers

When loans and LDP's have been selected for spot check according to Part 5, Section 1, County Offices shall:

- notify the contact producer by telephone or memorandum, as applicable
- inquire if the mohair or wool has:
  - been sold
  - is still at the farm-stored location.

B Initiating Loans and LDP's Selected for Spot Check

Determine how to proceed with the spot check according to the following.

IF the mohair or wool...	THEN...
is still on the farm and a spot check has not been performed	complete a farm visit according to paragraph 1553. If the visual inspection reveals discrepancies in the certified quantity, request the producer to provide production evidence by the earlier of the following: • 15 calendar days after the commodity has been sold • 30 calendar days after notification by the County Office. If the visual inspection revels no discrepancies in the certified quantity, no further production evidence is required. If production evidence has not been submitted by the due date the producer must refund the market gain or LDP amount.

--*

*--1552 Spot Check Process (Continued)

B Initiating Loans and LDP's Selected for Spot Check (Continued)

IF the mohair or wool...	THEN...
has been previously spot checked and the producer requests to use the spot checked quantity for production evidence	no farm visit is required except for outstanding loans, as applicable.
has been sold	request delivery, sales, or other types of production evidence to verify the quantity and delivery dates of : • certified LDP's • loan repayments when market gain was earned. Review the loan for a violation according to Part 6 if loan is not repaid. Determine maximum eligible quantity if necessary.

Note: If unshorn lambs have been slaughtered for personal use in the case of unshorn pelts, request delivery, sales, or other types of production evidence to verify the quantity and delivery dates of certified LDP's.

Require the producer to submit evidence on mohair or wool sold within 15 calendar days from date of request.**--***

*--1553 On-Farm Visits

A When to Complete On-Site Visits

Complete on-site visits if the mohair or wool is still stored at the farm-storage location for:

- outstanding loans
- outstanding loans and a market gain has been earned
- certified LDP's.

Note: If the mohair or wool is stored at the facility of a commissioned agent, proceed according to subparagraph 1551 C, and no visit is necessary. Commissioned agents may also be contacted by telephone to verify quantities.

B Random Spot-Check Process

At the storage site, commodity inspectors shall complete the spot check by visually inspecting the farm-stored quantities and performing maximum eligibility determinations for all loans and LDP's randomly selected in APSS according to the following.

Note: Measurement service is not available.

Once a specific LDP has been selected for a spot check, that LDP is no longer subject to additional spot checks.

Step	Process	Action
1	Check CCC-683 for loans.	If applicable, replace CCC-683 if missing or incorrect loan data is shown. See Exhibit 18.
2	Inspect storage structure and determine commodity storability.	Annotate any structure, storability, or other noticeable problems on reverse side of applicable LDP request form.
3	Visually inspect all applicable structures that can be safely accessed, if not stored with a commissioned agent.	Complete remarks section of applicable LDP request form with required information according to subparagraph 1551 B for LDP's and subparagraph 1550 D for loans.

C Reducing On-Farm Visits for LDP's

Excluding any references to providing measurement services to producers, County Offices shall reduce on-farm visits for LDP's according to subparagraph 516 E.--*

*--1554 Commodity Inspector Spot Check Review

A County Office Responsibility

See subparagraph 503 A for County Office responsibilities concerning spot check reviews.

B State Office Responsibility

State Office representatives shall annually spot check commodity inspectors' work in each County Office according to the following.

Single and combined County Offices shall be handled in the same manner.

Step	Action
1	Check at least 1 loan and one LDP for each commodity inspector. Check more loans and LDP's for an inspector if the State Office representative believes that additional checks are warranted.
2	To determine accuracy of employee's work, for each loan or LDP spot-checked: • visually inspect the quality of the stored commodity • verify the quantity for reasonableness based on a maximum eligible quantity determination.
3	Complete a new CCC-677-1 to record spot check results. Do **not** use the same CCC-677-1 completed by the commodity inspector.
4	Compare spot check results with information recorded by the commodity inspector and resolve any differences.
5	Record the quantity determined in step 2 on CCC-677-1, item 42 F.

--*

*--1555 Completing Spot Check

A Reviewing Documentation

Once the site visit is complete or production evidence is submitted, County Offices shall:

- calculate the quantity provided on submitted documentation, as applicable
- review the documentation submitted to ensure that all production evidence requirements are met according to Section 3 and paragraph 1558.

B Other Applicable Provisions

See paragraph 517 for all other provisions applicable to completing spot checks.--*

*--1556 Loan Quantity Determination and Action Required

A Outstanding Loans and No Market Gain Was Earned

When a spot check reveals the quantity verified for reasonableness based on a maximum eligible quantity is less than the certified outstanding farm-stored loan quantity, take applicable action according to the following.

IF the spot check reveals...	THEN...
no discrepancies in the certified quantity and no violation has occurred	COC shall not take any action.
discrepancies in the certified quantity	COC shall consider a violation has occurred **unless** supporting evidence is provided to account for the discrepancy. See Part 6 for notifying the producer of the violation.

B Loans Repaid and Market Gain Was Earned

When a spot check reveals the quantity supported by **production evidence** is less than the quantity on which market gain was earned, take applicable action according to the following.

IF the quantity verified is...	THEN...
greater than the market gain quantity	a new loan or LDP may be requested for any overage provided the producer: • still has beneficial interest in the mohair or wool • provides production evidence to the County Office to support the overage by the final loan availability date. Additional market gain payments to the original loan disbursement are **not** available.
• based on production evidence • less than the quantity on which market gain was earned • within tolerance	using the notification letter in subparagraph 23 C, notify the producer that repayment of the unearned market gain is required. Good faith determinations are not necessary.

--*

*--1556 Loan Quantity Determination and Action Required

B Loans Repaid and Market Gain Was Earned (Continued)

IF the quantity verified is...	THEN...
• based on production evidence • less than the market gain quantity amount • **not** within tolerance	COC shall: • consider a discrepancy has occurred • review discrepancies to determine whether a violation has occurred according to Part 6. If the discrepancy is the result of a County Office error and the producer did not have reason to know a violation has occurred, the County Office shall: • document the reasons why to the fullest extent possible in the COC minutes • record the discrepancy as a shortage in APSS using the violations software • not assess liquidated damages • demand the shortage, plus interest, as applicable • not make good faith determinations • complete FSA-321 according to 7-CP. For all other violations, COC shall determine any of the following according to Part 6: • good faith • misrepresentation, scheme, or device.

When spot check verifications are complete, notify producers and record results according to paragraph 522.--*

*--1557 LDP Quantity Determination and Action Required

A LDP Spot Checks

Spot-check verifications shall be completed according to the following.

IF the quantity verified is...	THEN...
greater than the LDP quantity	a new LDP with a new LDP rate or new loan may be requested for any overage provided the producer still has beneficial interest in the commodity and it is before the final availability date.
determined reasonable and within tolerance and there is no reason to believe there is a quantity shortage	no action at this time is necessary if: • commodity is still stored at the farm location • the quantity has not been sold • other production evidence has not been submitted.
not determined reasonable and is **not** within tolerance or there is reason to believe there is a quantity shortage	require the producer to provide acceptable production evidence.
• based on production evidence submitted • less than the LDP quantity • within tolerance	record the shortage in APSS using the violation software. Do **not** assess liquidated damages and demand the shortage, as applicable, using the notification letter in subparagraph 23 C. Good faith determinations are not necessary.

--*

*--1557 LDP Quantity Determination and Action Required (Continued)

A LDP Spot Checks (Continued)

IF the quantity verified is...	THEN...
• based on production evidence • less than the LDP quantity • not within tolerance • delivered on a date other than the delivery date certified	COC shall: • consider a discrepancy has occurred • review discrepancies to determine whether a violation has occurred according to Part 6. If the discrepancy is the result of a County Office error and the producer did not have reason to know a violation has occurred, the County Office shall: • document the reasons why to the fullest extent possible in the COC minutes • record the discrepancy as a shortage in APSS using the violation software • not assess liquidated damages • demand the shortage, plus interest, as applicable • not make good faith determinations • complete FSA-321 according to 7-CP. For all other violations, COC shall determine any of the following according to Part 6: • good faith • misrepresentation, scheme, or device.

When spot check verifications are complete, notify producers and record results according to paragraph 522.--*

*--1558 Production Evidence

A Requirements

See paragraph 535 for all other production evidence requirements.

B Acceptable Types of Evidence

Determine acceptable of evidence according to the following.

Types of Evidence	Requirement
Acceptable evidence shall be any 1 of the following: • copies of sales documents that include the name and address of the processor, buyer, or broker who is purchasing the mohair, unshorn lambs, or wool • weight or scale tickets from a commissioned agent or CCC-approved third party • delivery evidence • core test reports or certificates • settlement sheets • invoices or kill sheets from the lamb slaughter company for unshorn pelt LDP's.	The documentation **must** include enough information to provide County Offices with the following: • an accurate record of eligible quantity of mohair, unshorn pelts, or wool • net quantity • date of sales transaction • proof of payment from buyer, if commodity was sold • price received for quantity marketed • commodity • producer's name • crop year may be certified or provided by the producer.

--*

*--1558 Production Evidence (Continued)

B Acceptable Types of Evidence (Continued)

Types of Evidence	Requirement
The following types of evidence must be used in combination to verify quantities if the above evidence is not available: • farm management records kept through normal production practices • reasonable quantity determination based on maximum eligible quantity according to subparagraph 1559 • receipts for feed • veterinary records • IRS inventory records • farm credit balance sheets • private insurance documents.	Proof of payment can be settlement records or copy of the check. **Note:** Production evidence may be handwritten, but is not acceptable for any type of production evidence submitted by the producer for the producer's own production. COC must be satisfied with the documentation submitted. If questionable, COC may require certified documentation of actual net weight of the production pounds from a local CCC-approved scale, at the expense of the producer.

--*

*--1558 Production Evidence (Continued)

C Unacceptable Production Evidence

See subparagraph 535 F for production evidence that is considered unacceptable documentation.

D Production Evidence Voluntarily Submitted

County Offices shall accept production evidence when producers voluntarily provide production evidence and were not selected for spot check.

If the quantity supported by production evidence is less than the market gain or LDP quantity, record and collect the shortage according to paragraph 1556 or 1557, as applicable.

Good faith determinations are necessary for any quantity that is **not** within tolerance.

E Other Verifications

County Offices shall ensure that the quantity recorded on the documentation is consistent with crop year production levels for the animal characteristics, such as, number of animals in the herd, breed, gender, and weight of the animal shorn in the producers herd.

Note: County Offices may require certified production weights from a local CCC-approved scale, if practical.

F References

See:

- paragraph 537 for dates for submitting production evidence
- paragraph 538 for failure to provide acceptable production evidence
- paragraph 539 for insufficient production evidence
- paragraph 540 for apportioning commingled production evidence
- subparagraph 1538 E for additional basic LDP disbursements.**--***

*--1559 Maximum Eligible Quantity

A Determining Reasonableness

County Offices shall verify all loan and LDP quantities for reasonableness before disbursement. Determining reasonableness shall be based on maximum eligible quantities provided in Exhibit 72. The average grease fleece weights of pounds produced used to determine maximum eligible quantities are based on the following characteristics of the animals in the herd:

- quantity
- breed
- gender type
- mature body weight
- shearing date.

Benefits will **not** be disbursed on quantities **not** determined reasonable **unless** supporting evidence is provided to substantiate the quantity.

B STC and COC Responsibilities

STC's shall play an active role in providing guidance to COC's to ensure that responsible and equitable determinations are made. COC may use their own discretion to determine a reasonable quantity based on various known conditions that may have affected the commodities production levels during the crop year. STC's and COC's are in the best position to know what production levels or practices are reasonable for their area. Any loan or LDP quantities verified by the County Office according to subparagraph A, that are determined to be unreasonable or exceed the acceptable production ranges in Exhibit 72, shall be referred to COC.

This responsibility is being entrusted to STC's and COC's to deliver the program in the most feasible, reasonable, and reliable manner possible. Therefore, COC has the authority to adjust the average production ranges of the applicable breeds provided in Exhibit 72 based on the following:

- personal knowledge of the producers operation
- mature animal body weights of the applicable breed in excess of the average.

Production levels exceeding the weight ranges in Exhibit 72 shall be documented accordingly in COC minutes. If the producer is not satisfied with the maximum quantity determination by COC, provide producer appeal rights to COC.--*

*--1559 Maximum Eligible Quantity (Continued)

C Reasonable Quantities

Reasonableness for certified farm-stored loan or LDP quantities shall be determined by multiplying the total number of head in the producers current herd or flock times the applicable average grease weight fleece pounds produced for each breed, as provided in Exhibit 72, that will determine:

- a production range applicable to the breeds certified
- maximum eligible quantity.

COC shall exercise judgement and rely on their knowledge of practices and applicable conditions when determining reasonableness for loan or LDP quantities exceeding the production ranges provided in Exhibit 72.

D Example of Determining Reasonableness

Producer has 10 dorset ewes that produce an average of 5 to 8 pounds of grease weight fleece pounds. The producer requests LDP on 60 pounds of wool. Multiplying 10 times 5 to 8 pounds of average production a maximum eligible quantity for this breed averages 50 to 80 pounds. The midpoint average pounds produced would be 50 to 65 pounds for ewes and 65 to 80 pounds for rams. The quantity of the producers LDP request is reasonable and a maximum eligible quantity has been determined by COC. The loan or LDP request may be approved if all other eligibility criteria have been met.--*

***--1559 Maximum Eligible Quantity (Continued)**

E Determining the Maximum Eligible Quantity

The maximum eligible quantity is determined by multiplying the total number of head in the producers current herd or flock times the applicable average pounds for each breed according to Exhibit 72, to determine a low to high range of average pounds produced by each applicable breed. Mature body weight and gender of the breed are also considered to determine the maximum eligible quantity. Determine the midpoint of average grease weight pounds. Ewes would have an average of the low to the midpoint, whereas, rams would range from the midpoint to the determined high. County Offices shall maintain a ledger of the maximum quantity available.

F Example of Calculating the Maximum Eligible Quantity

Producer has 100 suffolk ewes that he maintains on average in his herd at an average mature ewe body weight of 250 pounds. According to the established average grease weight this particular breed produces an average of 4 to 8 pounds. The number of head times the average grease weight fleece pounds produced equals an average low of 400 pounds to a high of 800 pounds that can be produced in a year. The average range ewes can produce in that year will be 400 to 600 pounds and for rams the average range will be 600 to 800 pounds.**--***

1560-1569 (Reserved)

*--Section 6 Repayments

1570 Principal Plus Interest Repayments

A General Repayment Provisions

See Part 9, Section 1 for general repayment provisions.

B CCC-Determined Value

The CCC-determined value for the day the repayment is received in the County Office that disbursed the loan shall be used in determining the repayment rate.

See paragraph 952 for locking-in-repayment rates on CCC-697.

C Payment Limitation

See paragraphs 105 and 1517 for applicable payment limitation rules.--*

1571-1574 (Reserved)

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*--Section 7 Basic Loan Settlements

1575 Final Settlement Procedures

A Basic Provisions

Because there are no approved CCC warehouses for mohair or wool, all nonrecourse MAL's not repaid by the loan maturity date must be disposed through local sales at the farm storage location within a 60-calendar-day period after maturity at **no** storage expense to CCC.

County Offices shall try to have local sales completed with the 60-calendar-day period.

B Premiums and Discounts

See Exhibits 61 and 70 for the schedule of premiums and discounts applicable to mohair and wool applied in final settlement. The settlement value will be based on the following:

- for graded wool, according to applicable region:
  - micron range
  - offsorts
  - preparation (applicable to fleece wool only, not applicable to offsorts)
  - length (applicable to fleece wool only, not applicable to offsorts)
  - vegetable matter
  - damage/stain/mud/wet
  - non-merchantability
  - polypropylene contamination
- for ungraded wool, according to applicable region:
  - offsorts
  - length
  - polypropylene contamination
  - non-merchantability--*

***--1575 Final Settlement Procedures (Continued)**

B Premiums and Discounts (Continued)

- for mohair:

  - micron range
  - length
  - vegetable matter
  - kemp.

Note: Producers who elect to settle the mohair loan collateral to CCC in satisfaction of the loan amount due will be required, at the producers expense, to obtain a core test report indicating the applicable micron and yield of the quantity offered for settlement.

C Mohair or Wool Inspection

Applicable premiums and discounts will be applied at loan settlement and based on the following:

- inspection of the delivered commodity by an AMS agent or other CCC-approved representative

- core test report from a CCC-approved testing facility for graded mohair and wool.

  Note: Mohair delivered for settlement of an outstanding CCC loan will require a core test (Exhibit 78), at the expense of the producer, to determine quality factors.**--***

***--1575 Final Settlement Procedures (Continued)**

D Mohair Yield Adjustment

The mohair loan rate must be adjusted for yield **after** all mohair discounts have been applied. The mohair yield must be calculated using the Schlumberger yield obtained from the core test report of a CCC-approved testing facility to determine the final loan settlement rate.

To calculate the mohair yield adjustment, apply all premiums and discounts to the loan rate to determine the adjusted loan rate. Divide the adjusted loan rate by .75 and then multiply the resulting figure times the Schlumberger yield from the core test report, moving the decimal in the Schlumberger yield 2 places to the left, to determine the final loan settlement rate per pound of mohair forfeited to CCC.

E Mohair Yield Adjustment Example

The following is an example of a yield adjustment for mohair.

Producer A received a loan of $4,200 for 1,000 pounds of mohair that he forfeits to CCC. The core test results from the forfeited mohair indicate that the mohair was average adult with a 35 micron, 3.5 length, 1.0 percent vegetable matter, 5.62 percent medulated fibers, 0.50 percent kemp fibers, and a Schlumberger yield of 73.6 percent.

From the $4.20 loan rate initially disbursed to Producer A, deduct the following based on the mohair discounts in this paragraph, -$1.52 for type of mohair and micron, -$0.54 for length, -$0.27 for vegetable matter, -$0.27 for medulated fibers, -$0.27 for kemp fibers to come up with an adjusted loan rate of $1.33.

$1.33/.75 = $1.77

$1.77 x .736 = $1.31

$1.31 per pound is the final settlement rate
x 1000 pounds of forfeited mohair
$1,310

$4,200 original loan disbursement
- $1,310 adjusted settlement value
$2,890

The producer owes CCC $2,890 for the forfeited mohair.**--***

*--1575 Final Settlement Procedures (Continued)

F Additional Expenses

Any costs incurred by CCC to obtain quantity or quality grading factors to apply associated premiums and discounts for mohair and wool delivered to CCC shall be for the account of the producer and will be deducted from the loan settlement value, in addition to applicable deductions provided in subparagraph B. The producer is responsible for any loss in quantity or quality of the loan collateral.

Note: Producers are required, at their own expense, to have all mohair and wool loan quantities weighed and provide an acceptable weight receipt for mohair and wool loan quantities that will be settled with CCC through local sale.

AMS charges a fee of $40.87 per hour for the required inspection of the mohair and wool loan collateral that will be settled by local sale.

G Settlement Value

Calculate the settlement value from the information on CCC-691 and the applicable crop year loan rate premiums and discounts in subparagraph B and Exhibits 61 and 70.

Complete settlements according to 12-PS, Part 9, **after** receiving all of the following:

- CCC-691
- core test report for graded mohair and wool.

Settlement shall be made by CCC on the basis of the base loan rate:

- for the applicable region for wool only
- adjusted for applicable specific crop year premiums and discounts.--*

*--1575 Final Settlement Procedures (Continued)

H State Office Action

For all mohair and wool loans that will be settled by local sale, State Offices shall:

- after receiving required loan settlement information from the County Office provided in subparagraph I, forward information to the PSD National Office by either of the following:
  - e-mail, to all of the following:
    - **Danielle_Cooke@wdc.fsa.usda.gov**
    - **Kimberly_Graham@wdc.fsa.usda.gov**
    - **Kimberly_Pritchett@wdc.fsa.usda.gov**
  - FAX to 202-690-3307
- remind County Offices that producers are responsible for all expenses associated with the local sale, including, but not limited to:
  - weighing
  - core testing (mohair only)
  - AMS inspection
  - advertising
- inform County Office of scheduled inspection day and time determined by AMS.--*

*--1575 Final Settlement Procedures (Continued)

I County Office Action

For all mohair and wool loans that will be settled by local sale, County Offices shall:

- immediately notify the State Office in writing by letter, electronic mail, or FAX that a mohair or wool loan in your county will be settled by local sale, along with the following information:

  - producer's name
  - producer's telephone number
  - loan number
  - farm storage location of mohair and wool that will be settled by local sale
  - loan amount
  - loan quantity
  - commodity (i.e, graded wool, mohair, or ungraded wool)

- remind producers that they are responsible for all expenses involved with conducting a local sale

- await notification from the State Office of scheduled inspection date and time determined by AMS.

J National Office Action

For all mohair and wool loans that will be settled by local sale, the National Office shall:

- notify the State Office of receipt of loan settlement information
- contact the AMS representative to schedule inspection of commodity
- inform State Office of scheduled inspection day and time determined by AMS.--*

*--1575 Final Settlement Procedures (Continued)

K AMS Action

For all mohair and wool loans that will be settled by local sale and inspected by AMS, the AMS representative shall:

- immediately contact the appropriate producer to schedule date and time of inspection
- notify the National Office of scheduled inspection day and time.--*

*--1576 Local Sales Preparation

A Authorizing Local Sales

County Offices shall see paragraph 1057 for authorization for local sales.

B Announcement of Local Sale

Local sales shall be announced according to paragraph 1058.

C Commodity Bids

Bids must be handled according to paragraphs 1059 and 1060.

D Completing Local Sales

Local sales must be completed according to paragraph 1061.

E Scheduling Delivery to Purchaser

After the sale has been completed, the County Office shall:

- schedule delivery of the mohair or wool to the purchaser
- issue CCC-691 to the producer, directing delivery to the purchaser F.O.B. purchaser conveyance at storage location.

F Supervising Delivery

The County Office representative shall:

- supervise the delivery of the mohair or wool, including weight when applicable
- provide copies of applicable weight receipts and/or core test reports
- issue payment, as applicable.

G Completing Local Sale Processing

County Offices shall complete local sale processing according to paragraph 1062.--*

*--1577 Completing CCC-691, Parts B and C

A Completing CCC-691, Part B

The FSA representative shall complete CCC-691, Part B:

- at the farm storage location
- according to the following.

Item	Action
19A	Enter loan lot identification number.
19B	For graded mohair and wool: • ENTER “see attached” • attach a copy of the applicable core test report. For ungraded wool, ENTER “ungraded wool”.
19F	Enter other applicable factors.
19I	Enter net weight in pounds from scale ticket.
20	Enter date delivery was completed.
21	ENTER “sale” for type of delivery.

--*

*--1577 Completing CCC-691, Parts B and C (Continued)

A Completing CCC-691, Part B (Continued)

Step	Action
23	After delivery, the producer or the producer's authorized agent shall date and sign CCC-691 agreeing to the following: • the quantity delivered • that a representative sample of the commodity has been drawn and inspected for determining grading and other factors on which settlement will be based.
24	FSA representative taking delivery shall: • sign and date CCC-691 • return CCC-691 for processing the settlement to the County Office.

B Completing CCC-691, Part C

Loanmaking County Offices shall complete CCC-691, Part C, as applicable, according to paragraph 1017 after inspection certificates have been received from AMS.

See Part 10 for an example of CCC-691.--*

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None

Forms

This table lists the forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification		16, 100 Ex. 2, 6, 13
CCC-10	Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents	414	423 Ex. 13
CCC-25	Uniform Grain and Rice Storage Agreement (UGRSA)		Ex. 2
CCC-39	Request for Issuance of Duplicate Warehouse Receipt(s)	452	
CCC-156	Loading Order, Trust Order and Invoice for Charges		1016
CCC-184	CCC Check		Text
CCC-257	Schedule of Deposit		902, 971, 1204
CCC-500	Loan Payment Receipt		900, 916, 917, 991, 992
CCC-502	Farm Operating Plan for Payment Eligibility Review		16, 100, 104, 1517 Ex. 2, 6, 13

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-526	Payment Eligibility Average Adjusted Gross Income Certification		16, 100, Ex. 6, 13
CCC-601	Commodity Credit Corporation Note and Security Agreement Terms and Conditions	Ex. 15	411, 613
CCC-631	CCC Wool Testing Facility Certification and Application	1510	1509
CCC-633EW	Loan and LDP Eligibility Worksheet Commodities Harvested as Other Than Grain Determining Maximum Eligible Quantity	536	
CCC-633 GRAZING	Grazing Payment Program Application	376	373, 374, 375
CCC-633 LDP	Loan Deficiency Payment Certification and Application	307	16, Part 3, 536, 601, Part 15, Ex. 6
CCC-633 PELT	Unshorn Pelt Loan Deficiency Payment (LDP) Certification and Application	1543	1518, 1536, 1537, 1540
CCC-633WM	Wool and Mohair Loan Quantity Certification and Worksheet	1527	1526, 1530
CCC-638	Confirmation of Sale	1060	1057
CCC-639	Competitive Bid Pricing Worksheet	1059	1057, 1060
CCC-643	Request for Shipping Instructions	1006	1004, 1005
CCC-664	Agreement to Permit Assumption of a Commodity Credit Corporation (CCC) Loan	1401	
CCC-665	Agreement for Grain Pledged as Collateral for CCC Commodity Loans	429	800 Ex. 13
CCC-666	Farm Stored Loan Quantity Certification	426	400, 422, 425, 428, 477, 490, 601 Ex. 13
CCC-674	Certification for Contracts, Grants, Loans, and Cooperative Agreements	17	Ex. 6, 13

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-676	LDP and Loan Number Register	491	300, 991
CCC-677	Farm Storage Note and Security Agreement	490	Text Ex. 13
CCC-677-1	Farm Storage Loan Worksheet	Ex. 7	Text Ex. 6, 13
CCC-678	Warehouse Storage Note and Security Agreement	490	Text Ex. 13
CCC-679	Lien Waiver	404	403, 410, 411, 450, Ex. 7, 13
CCC-681	Authorization to Move Loan Collateral for Rotation or Transfer	814	813, 815, 818
CCC-681-1	Authorization for Delivery of Loan Collateral for Sale	955	131, 500, 535, Part 9, 1002, Ex. 2
CCC-681-1 A	CCC-681-1 Continuation Sheet	955	992
CCC-683	Commodity Loan Seal	Ex. 18	425, 426, 516, Part 15 Ex. 7, 13

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-684	Note and Security Agreement Continuation Sheet - Schedule of Commodity (for CCC-677)	490	
CCC-684-1	Note and Security Agreement Continuation Sheet - Schedule of Commodity (for CCC-678)	490	
CCC-685	Authorization to Release Warehouse Receipts	970	993
CCC-686	Application for Loan or LDP by Heirs (On a Commodity Produced by a Person Who Has Died)	1402	100
CCC-687-1	Approval to Commingle or Move Loan Collateral	800	428, 517
CCC-691	Commodity Delivery Notice	1001, 1016, 1017	Text Ex. 4, 42
CCC-691-2	Warehouse Operator's Certification - Low Quality Grain	1201	1202, 1204
CCC-692	Settlement Statement		1021, 1022, 1062, Ex. 42
CCC-694-1	CCC-Determined Value Worksheet	985, 991	990, 992, 993
CCC-694-2	Acknowledgment of Commodity Certificate Purchase	992	991, 993
CCC-697	Request to Lock In a Market Loan Repayment Rate	953	827, 915, 951, 952, 955, 957, 990, 1570

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-699	Reconcentration Agreement and Trust Receipt	828	827, 829-831
CCC-700	Loan Deficiency Payment Statement	308	Ex. 6
CCC-700A	Loan Deficiency Payment Statement Continuation	308	Ex. 6
CCC-709	Direct Loan Deficiency Payment Agreement	305	16, Part 3, 601, 1518, 1536, 1537, 1539Ex. 25
FAS-1007	Maintenance Delivery Task Description		535
FSA-211	Power of Attorney		3, 129, 970, 992
FSA-237	Facsimile Signature Authorization and Verification		16, 301, 302, 307, 1536
FSA-321	Finality Rule and Misaction/Misinformation		518, 519, 1556, 1557
FSA-409	Measurement Service Record		304, 307, 427, Ex. 6, 13
FSA-578	Report of Acreage		101, 373, 536, 1516
KC-232	Notice of Approval or Change in Status of Storage Agreement or Contract	700	445, 701
KC-350	Warehouse Operator's Supplemental Certificate		411, 443, 446, 448, 449, 451, 815, 971, 1018, 1100, 1101, Ex. 13

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
KC-350 (Grain)	Warehouse Operator's Supplemental Certificate		449
SF-LLL	Disclosure of Lobbying Activities	17	Ex. 6, 13
SF-LLL-A	Disclosure of Lobbying Activities Continuation Sheet	17	
UCC-1	Financing Statement		404, 411, 423, 426, 1527
UCC-1F	Effective Financing Statement		426, 1527
WA-302	Examination Report		447

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
AGI	adjusted gross income	309
ATHM	acid treated high moisture (applicable to acid treated high moisture shelled corn and grain sorghum loans)	Text Ex. 2
BCD, IMB	Bulk Commodities Division, Inventory Management Branch, KCCO	702, 805, 1000, 1026, 1057, 1101 Ex. 38
CAS	Corporate Affairs Staff	17
CDP	Crop Disaster Program	373
EFT	electronic funds transfer	300, 308, 927, 928
EM	excess moisture	126, 357
F.O.B.	free on board	131, 1059, 1060, 1062
FOD, CMB	Financial Operations Division, Cash Management Branch, KCFO	1202
FOR	farmer-owned reserve	Ex. 4
FRB	Federal Reserve Board	900
HM	high moisture (applicable to high moisture barley, shelled corn, and grain sorghum loans)	Text Ex. 2, 7
HELC	highly erodible land conservation	1506
IWTO	International Wool Textile Organization	1509, 1510
lbs.	pounds	Ex. 47
MAL	Marketing Assistance Loan	24, 132, 320, 613, Part 15
PCP	posted county price	985
PFC	production flexibility contract	320
RCP	regionally calculated price	985
Schlumberger	Schlumberger Estimated Commercial Top and Noil	1509, 1575
UCC	Uniform Commercial Code	414, 423
UGRSA	Uniform Grain and Rice Storage Agreement	1531
USWA	United States Warehouse Act	4, 447
WAMLAP	Wool and Mohair Market Loss Assistance Program	1535
WC	wetland conservation	1506
WebCAAF	Web-based Centralized Authentication and Authorization Facility	401, 1536

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Redelegations of Authority

Redelegation of authority is provided in paragraph 3.

Definitions of Terms Used in This Handbook

Acid Treated High Moisture (ATHM) Commodities

ATHM commodities are high moisture commodities that have been treated with an organic acid, commonly propionic or a mixture of propionic and acetic, that:

- prevents the growth of molds and bacteria
- stops respiration
- eliminates heating, thereby slowing down the deterioration process and enhancing the storability of high moisture commodities.

Administrative Actions

Administrative actions are punitive actions taken against a producer who incorrectly certifies a quantity or makes any fraudulent representation with respect to obtaining a loan or LDP, or removes or disposes of a farm-stored commodity pledged as collateral for a loan without authorization.

Administrative actions include:

- calling the loan
- requiring the producer to repay the outstanding loan principal and charges, plus accrued interest, with cash applicable to the loan quantity involved in the violation
- requiring repayment of LDP quantity involved in a violation
- requiring repayment of the entire LDP quantity
- assessing liquidated damages on the quantity involved in the violation
- denying the producer farm-stored loans, and LDP's without production evidence, up to ***--**24 months after the violation is discovered**--***
- assessing interest on storage payment refunds, if applicable.

Definitions of Terms Used in This Handbook (Continued)

Approved Warehouse

An approved warehouse is a public warehouse for which CCC-25 is in effect for:

- barley
- corn
- dry peas
- grain sorghum
- lentils
- oats
- oilseeds
- rice
- small chickpeas
- wheat.

Automated Forms

Automated forms are CCC loan and LDP documents and supporting data reproduced through APSS.

Buyer

A buyer is the warehouse operator, broker, agent, or other person or entity the producer designates for issuance of CCC-681-1.

Commodity Inspector

Commodity inspector is the COC representative who does field work for the loan and LDP programs.

Control of the Commodity

A producer has control of the commodity if the producer keeps the ability to make all decisions affecting the commodity. For example:

- moving or right to sell or pass title to the commodity
- pledging the commodity for loan or requesting LDP.

Definitions of Terms Used in This Handbook (Continued)

Conversion

Conversion is the borrower removing a commodity under loan for sale or other use, with or without authorization.

Crop Year

The crop year for a commodity is the 12-month period that:

- begins on the first day of the eleventh calendar month before the month in which the final availability date for the applicable commodity falls
- ends on the final availability date for the applicable commodity.

Customary Delivery Point

The customary delivery point is the shipping point, location, except for the producer's or neighbor's farm, or warehouse (elevator), as determined by the County Office, where the producer would normally deliver the commodities if sold on the market.

Deficiency

A deficiency is the amount due CCC when the settlement value of a farm-stored loan is less than the outstanding loan value.

Denied Market Gain

The denied market gain is the amount of market loan repayment or LDP determined ineligible because:

- percent of cropland or permitted entity share factor is less than 1
- payment limitation will be exceeded.

Definitions of Terms Used in This Handbook (Continued)

Eligible Producer

An eligible producer is a person or entity that:

- has complied with annual program requirements according to paragraph 128 and including:
  - reporting acreage for applicable crops, according to 2-CP
  - completing AD-1026 according to 6-CP
  - completing CCC-502 according to 1-PL
  - ***--**meeting CCC-526 provisions according to 1-PL for 2003 through 2007 crop year.**--***
- has a beneficial interest in the eligible commodity for which a loan or LDP is requested
- shares in the risk of producing the applicable commodity.

The person or entity may be any of the following:

- landowner
- landlord or waterlord
- tenant
- sharecropper.

Entity

An entity is:

- an undivided interest in a commodity that was produced for the individual members by the entity
- a divided interest in a commodity that is stored commingled with a commodity produced by 1 or more other entities or individuals.

Inadvertent Removal or Disposition

Inadvertent removal or disposition is the accidental removal or disposition of mortgaged collateral without negligence on the part of the producer.

Definitions of Terms Used in This Handbook (Continued)

Incorrect Certification

Incorrect certification is either of the following:

- certifying a quantity of a commodity for the purpose of obtaining a farm-stored or warehouse-stored commodity loan or LDP exceeding the quantity eligible for loan or LDP

- making any fraudulent representation with respect to obtaining loans or LDP's.

Inspect

Inspect is to visually examine the commodity and storage structure to determine the suitability of the structure and storability of the commodity.

Intentional Removal or Disposition

Intentional removal or disposition is the deliberate removal or disposition of loan collateral.

Loan Deficiency Payments (LDP's)

LDP's are payments made to producers who, although eligible to obtain a CCC commodity loan, agree to forgo the loan in return for a payment on the eligible commodity.

The LDP amount is the difference between the county loan rate and CCC-determined value for the applicable commodity or class of commodity times the eligible quantity.

Market Gain

Market gain is the difference between the loan principal amount and CCC-determined value.

Measure

Measure is to obtain storage structure dimensions, test weight, and if applicable, moisture, during a spot check or measurement service request to determine quantity of a commodity in a storage structure.

Definitions of Terms Used in This Handbook (Continued)

Measured Quantity

Measured quantity is the measured volume of a commodity in a storage structure:

- converted to bushels or hundredweight
- adjusted by a test weight and pack factor or, for oilseeds except soybeans, test weight factor
- if applicable, adjusted for moisture shrink.

Misaction/Misinformation

[7 CFR 718.8] Misaction/misinformation is performance rendered in good faith based upon action of, or information provided by, an authorized COC or STC representative.

Nonrecourse Loan

A nonrecourse loan is a loan for which the commodity offered as collateral for the loan meets the quality eligibility requirements, according to the applicable 2-LP and may, therefore, be delivered or forfeited to CCC, at loan maturity, in satisfaction of the loan indebtedness.

Option to Purchase

An option to purchase is an agreement allowing the buyer, at the buyer's option, to enter into a contract at a later date to buy a commodity. The option does not give the buyer any interest in the commodity and expires at a specified time.

Overdisbursement

An overdisbursement is the amount of price support loan received by a producer exceeding the amount the producer is entitled to receive.

Overpayment

An overpayment is the amount of LDP received by a producer exceeding the amount the producer is entitled to receive.

Definitions of Terms Used in This Handbook (Continued)

Public Warehouse

A public warehouse is any elevator, seed house, feed store, or other structure for which any of the following apply:

- under a storage agreement with CCC, such as UGRSA
- State or Federally licensed to warehouse agricultural commodities
- insures the commodity stored regardless of the commodity ownership
- receives compensation for storage based on the quantity stored, such as per bushel, hundredweight, etc.

Receivable

A receivable is a dollar amount determined to be due and payable to CCC immediately upon demand.

Reconcentration

Reconcentration is the movement of warehouse-stored loan collateral from 1 warehouse storage point to another.

Recourse Loan

A recourse loan is a loan for which the commodity offered as collateral does not meet the quality eligibility requirements according to the applicable 2-LP, and:

- may **not** be delivered or forfeited to CCC in satisfaction of the loan indebtedness
- must be repaid in full on or before the loan maturity date.

The following are considered recourse loans:

- HM and ATHM corn and grain sorghum loans
- acquired grain for HM corn or grain sorghum loans
- distress loans on any commodity that is not stored in eligible storage
- any commodity otherwise eligible for nonrecourse loan, but does **not** meet the quality eligibility requirements according to the applicable 2-LP.

Definitions of Terms Used in This Handbook (Continued)

Representative Sample

A representative sample is a composite sample that is representative of the entire quantity.

Risk of Loss

A producer has the risk of loss of the commodity if the producer is:

- responsible for any loss or damage to the commodity
- to receive any indemnity to be paid.

Spot Check

Spot check is to verify measurements, quantity, storability, and sanitary conditions of loan collateral.

Title to the Commodity

A producer may be considered to have title to the commodity if the producer has not sold or delivered the commodity, including the delivery of warehouse receipts.

Transfer

Transfer is the physical movement of a quantity of the commodity pledged as collateral for an outstanding CCC loan, such as farm-to-warehouse transfers.

Transferred Loan Quantity

The transferred loan quantity is the loan quantity liquidated from the originating farm- or warehouse-stored loan.

Definitions of Terms Used in This Handbook (Continued)

Unauthorized Disposition

***--**Unauthorized disposition is considered a violation that is the conversion of any loan quantity pledged as collateral for a farm-stored loan without prior written authorization from COC.

Unauthorized Removal

Unauthorized removal is considered a violation that is the movement of any farm-stored--*****
loan quantity from the storage structures in which the commodity was stored or structures that were designated when loan was approved to any other structure whether or not such structure is located on the producer's farm, without prior written authorization from COC.

*** * ***

Unshorn Pelt

Unshorn pelt is the removed skin and attached wool from a slaughtered lamb that has never been shorn.

Shrink Factors for Excess Moisture

A Shrink Factors for Excess Moisture of 1.3 Percent

Use the following chart for determining the excess moisture shrink factor adjustment for all commodities including soybeans. See factor formula of .011 for oilseeds other than soybeans

*--

	0.0	0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9
0	0.0000	0.9987	0.9974	0.9961	0.9948	0.9935	0.9922	0.9909	0.9896	0.9883
1	0.9870	0.9857	0.9844	0.9831	0.9818	0.9805	0.9792	0.9779	0.9766	0.9753
2	0.9740	0.9727	0.9714	0.9701	0.9688	0.9675	0.9662	0.9649	0.9636	0.9623
3	0.9610	0.9597	0.9584	0.9571	0.9558	0.9545	0.9532	0.9519	0.9506	0.9493
4	0.9480	0.9467	0.9454	0.9441	0.9428	0.9415	0.9402	0.9389	0.9376	0.9363
5	0.9350	0.9337	0.9324	0.9311	0.9298	0.9285	0.9272	0.9259	0.9246	0.9233
6	0.9220	0.9207	0.9194	0.9181	0.9168	0.9155	0.9142	0.9129	0.9116	0.9103
7	0.9090	0.9077	0.9064	0.9051	0.9038	0.9025	0.9012	0.8999	0.8986	0.8973
8	0.8960	0.8947	0.8934	0.8921	0.8908	0.8895	0.8882	0.8869	0.8856	0.8843
9	0.8830	0.8817	0.8804	0.8791	0.8778	0.8765	0.8752	0.8739	0.8726	0.8713
10	0.8700	0.8687	0.8674	0.8661	0.8648	0.8635	0.8622	0.8609	0.8596	0.8583
11	0.8570	0.8557	0.8544	0.8531	0.8518	0.8505	0.8492	0.8479	0.8466	0.8453
12	0.8440	0.8427	0.8414	0.8401	0.8388	0.8375	0.8362	0.8349	0.8336	0.8323
13	0.8310	0.8297	0.8284	0.8271	0.8258	0.8245	0.8232	0.8219	0.8206	0.8193
14	0.8180	0.8167	0.8154	0.8141	0.8128	0.8115	0.8102	0.8089	0.8076	0.8063
15	0.8050	0.8037	0.8024	0.8011	0.7998	0.7985	0.7972	0.7959	0.7946	0.7933
16	0.7920	0.7907	0.7894	0.7881	0.7868	0.7855	0.7842	0.7829	0.7816	0.7803
17	0.7790	0.7777	0.7764	0.7751	0.7738	0.7725	0.7712	0.7699	0.7686	0.7673
18	0.7660	0.7647	0.7634	0.7621	0.7608	0.7595	0.7582	0.7569	0.7556	0.7543
19	0.7530	0.7517	0.7504	0.7491	0.7478	0.7465	0.7452	0.7439	0.7426	0.7413
20	0.7400	0.7387	0.7374	0.7361	0.7348	0.7335	0.7322	0.7309	0.7296	0.7283
21	0.7270	0.7257	0.7244	0.7231	0.7218	0.7205	0.7192	0.7179	0.7166	0.7153
22	0.7140	0.7127	0.7114	0.7101	0.7088	0.7075	0.7062	0.7049	0.7036	0.7023
23	0.7010	0.6997	0.6984	0.6971	0.6958	0.6945	0.6932	0.6919	0.6906	0.6893
24	0.6880	0.6867	0.6854	0.6841	0.6828	0.6815	0.6802	0.6789	0.6776	0.6763

--*

Shrink Factors for Excess Moisture (Continued)

B Factor Formula of .011

Use the following chart for determining the excess moisture shrink factor adjustment for **oilseeds other than soybeans**.

	0.0	**0.1**	**0.2**	**0.3**	**0.4**	**0.5**	**0.6**	**0.7**	**0.8**	**0.9**
0	0.000	0.999	0.998	0.997	0.996	0.995	0.993	0.992	0.991	0.990
1	0.989	0.988	0.987	0.986	0.985	0.984	0.982	0.981	0.980	0.979
2	0.978	0.977	0.976	0.975	0.974	0.973	0.971	0.970	0.969	0.968
3	0.967	0.966	0.965	0.964	0.963	0.962	0.960	0.959	0.958	0.957
4	0.956	0.955	0.954	0.953	0.952	0.951	0.949	0.948	0.947	0.946
5	0.945	0.944	0.943	0.942	0.941	0.940	0.938	0.937	0.936	0.935
6	0.934	0.933	0.932	0.931	0.930	0.929	0.927	0.926	0.925	0.924
7	0.923	0.922	0.921	0.920	0.919	0.918	0.916	0.915	0.914	0.913
8	0.912	0.911	0.910	0.909	0.908	0.907	0.905	0.904	0.903	0.902
9	0.901	0.900	0.899	0.898	0.897	0.896	0.894	0.893	0.892	0.891
10	0.890	0.889	0.888	0.887	0.886	0.885	0.883	0.882	0.881	0.880
11	0.879	0.878	0.877	0.876	0.875	0.874	0.872	0.871	0.870	0.869
12	0.868	0.867	0.866	0.865	0.864	0.863	0.861	0.860	0.859	0.858
13	0.857	0.856	0.855	0.854	0.853	0.852	0.850	0.849	0.848	0.847
14	0.846	0.845	0.844	0.843	0.842	0.841	0.839	0.838	0.837	0.836
15	0.835	0.834	0.833	0.832	0.831	0.830	0.828	0.827	0.826	0.825
16	0.824	0.823	0.822	0.821	0.820	0.819	0.817	0.816	0.815	0.814
17	0.813	0.812	0.811	0.810	0.809	0.808	0.806	0.805	0.804	0.803
18	0.802	0.801	0.800	0.799	0.798	0.797	0.795	0.794	0.793	0.792
19	0.791	0.790	0.789	0.788	0.787	0.786	0.784	0.783	0.782	0.781
20	0.780	0.779	0.778	0.777	0.776	0.775	0.773	0.772	0.771	0.770
21	0.769	0.768	0.767	0.766	0.765	0.764	0.762	0.761	0.760	0.759
22	0.758	0.757	0.756	0.755	0.754	0.753	0.751	0.750	0.749	0.748
23	0.747	0.746	0.745	0.744	0.743	0.742	0.740	0.739	0.738	0.737
24	0.736	0.735	0.734	0.733	0.732	0.731	0.729	0.728	0.727	0.726

Examples of Letters

A References for Letters in Text

The examples of notification and demand letters for amounts due are located within the handbook text. Use the following table to determine applicability and subparagraph reference for locating the letters.

Use	Subparagraph Reference	When to Use
Notification letter for amount due, such as: • determination of no loan or LDP violation • deficiency remaining after delivery • amount due for dishonored check • overpayment or overdisbursement • disposition or production evidence not provided • short disposition or production evidence	23 C	Date of determination of an amount due
Demand letter for amount due	23 E	Later of the following: • 31st calendar day after notification letter in subparagraph 23 C • date determination is made.

Note: When issuing the notification and demand letters, County Offices shall notify producers of all the applicable appeal options available as determined by the decision-making authority.

Examples of Letters (Continued)

B References for Letters in This Exhibit

Use the following table to determine the letter, found in this exhibit, applicable to the situation.

Use	Text	When to Use	Page
Notification letter of loan/LDP situation which may require calling loan or refund of LDP amount, such as producer or commodity determined ineligible, which may include: • ineligible commodity transferred to warehouse storage • ineligible commodity entered into FOR • HELC and WC violations • storability problem which cannot be corrected	135, 815, 1042	Date determination is made	5 and 6
Demand letter for recourse loans	22, 1001	Next workday after the recourse loan maturity date	7
Demand letter for loan call or refund of entire LDP **Note:** For loans, if loan call is appealed, send **only** if appeal is denied at highest level of appeal.	815, 1042	31st calendar day after notification letter on pages 5 and 6	8

Note: When issuing the notification and demand letters, County Offices shall notify producers of all the applicable appeal options available as determined by the decision-making authority.

Examples of Letters (Continued)

C Notification Letter of Loan or LDP Problem

The following is an example of the notification letter for loan or LDP problem.

(**Date**) _____, 20__

Dear _____:

(**Explain the situation that may result in acceleration of the loan maturity date or request for refund of LDP amount. Include loan or LDP number and amount due**.)

_____

_____

The following must be provided within 30 calendar days of the date of this letter or your (**select, as applicable--loan will be called/LDP must be refunded/loan collateral will be sold**):

(**select, as applicable**)

- evidence for the missing quantity
- repayment for the missing quantity
- repayment for ineligible quantity
- disposition or production evidence for quantity repaid.

The amount to repay is:

(**enter the applicable amounts**)

- principal due
- LDP amount due
- interest due
- other charges due.

Interest will continue to accrue until the amount due is repaid. The amounts stated above will be recorded for offset and offset may be taken from any FSA or CCC payment due you.

(**select the applicable paragraphs**)

(For loans)

Your revised maturity date will be (**enter the 30th calendar day after the date of this letter**).

Examples of Letters (Continued)

C Notification Letter of Loan or LDP Problem (Continued)

- (**for nonrecourse loan**): You may (**select, as applicable--deliver or forfeit**) the loan collateral remaining in storage, in accordance with the note and security agreement, if you choose not to repay the amount due. (**Delivery instructions on CCC-691, Commodity Delivery Notice, will be issued/The commodity will be forfeited**) on (**enter the 31st calendar day after the date of this letter**), if you fail to take the required action.

- (**for recourse loans and loans ineligible for delivery because of ineligibility of producer or commodity**): The loan collateral will be sold to the highest bidder, if you choose not to repay the amount due.

(For LDP's)

The LDP amount must be refunded if you fail to take the required action.

File a written request, including evidence to support your position with the County FSA Committee, within 30 calendar days after the date of this letter:

- if you want to contest this determination, including:
  - the amount due
  - administrative actions applicable to the loan maturity
- to obtain a reconsideration of an informal hearing.

During these 30 calendar days, you may also inspect and copy records located at the above address that relate to this determination.

Sincerely,

County Executive Director,
_____ County FSA Office

Examples of Letters (Continued)

D Demand Letter for Recourse Loans

The following is an example of the demand letter for recourse loans.

(**Date**)_____, 20__

Dear _____:

You were notified on (**date of notification letter**) that your (**year**)-crop (**commodity type**) loan (**number**) was due and payable on or before (**maturity date**). You were given the opportunity to appeal the administrative actions applicable if the loan was not repaid by maturity. The loan has matured and the debt has not been repaid.

You must repay the amount due, including interest, within 30 calendar days of the date of this letter. The amount to repay is:

(**select, as applicable, and enter the applicable amount**)

- principal due
- interest due
- other charges due.

Interest will continue until the amount due is repaid. The following apply if the principal and charges, plus interest, are not repaid:

(**select, as applicable**)

- foreclosure proceedings will begin
- the amount due will be recorded for offset from any FSA or CCC payment due you
- a claim will be established
- the collateral for this loan will be sold.

After the claim is established:

- late payment interest, based on the rate established by the Department of the Treasury, will be applied to your debt on a daily basis from the date the claim is established until your debt is paid in full

- the claim may be reported to other Federal Agencies for offset from any amounts that may be due you.

Examples of Letters (Continued)

D Demand Letter for Recourse Loans (Continued)

An additional 3 percent interest shall be assessed on the unpaid balance of the debt retroactively from the date the claim is established, if payment in full is not made within 60 calendar days after the date the claim is established.

Further actions may be taken by this Agency and the Department of Treasury to collect the delinquent debt if it is not resolved. The collection actions are authorized under Federal law and regulations, including the Debt Collection Improvement Act of 1996 (DCIA). Additional actions that may be taken to recover the debt include:

- assessment of interest, administrative costs, and penalties
- administrative garnishment of wages
- referral of the debt to private collection agencies and Treasury-designated collection centers
- referral of the debt to Agency counsel or the Department of Justice for litigation
- reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged.

We are required under Federal law to refer the debt to the Department of Treasury for collection when the debt is 180 calendar days delinquent. However, the debt may be referred to the Department of Treasury sooner than 180 calendar days.

Our records do not indicate that you have filed for bankruptcy protection. If you have filed for bankruptcy, please notify this office as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

Please contact this office at _____ if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If your debt is paid or otherwise resolved quickly, it will not be referred to the Department of Treasury for collection nor will it be reported to credit reporting agencies.

Please disregard this letter if you have already paid this debt.

Sincerely,

County Executive Director,
_____ County FSA Office

Examples of Letters (Continued)

E Demand Letter for Loan Call or Refund of Entire LDP

The following is an example of the demand letter for loan call or refund of entire LDP.

(**Date**) _____, 20__

Dear _____:

You were notified on (**date of notification**) that the situation with respect to the (**enter, as applicable--loan/LDP**) could result in (**enter, as applicable--acceleration of the maturity date for your loan/refund of the entire LDP amount**). The amount due has been recorded for offset from any FSA or CCC payment due you. You were given the opportunity to appeal this determination and request reconsideration. **(Describe the situation or producer's failure to take the required action which resulted in COC's determination to (enter, as applicable--call the loan/request refund of LDP amount**).)

Because you failed to take the required action, **(enter, as applicable--the maturity date for your loan was accelerated to (enter the 31st calendar day after the date of the notification letter)/the entire LDP amount must be refunded**)).

(**select, as applicable, for loans only**)

- (**eligible for delivery**) The collateral may be delivered to CCC. Follow the delivery instructions enclosed on CCC-691, Commodity Delivery Notice.

- (**ineligible for delivery**) The collateral for this loan may be sold if not repaid within 30 calendar days from the date of this letter.

You have 30 calendar days from the date of this letter to repay:

(**select, as applicable**)

- loan/LDP amount
- principal due/LDP amount due
- interest due
- other charges due.

The following apply if the (**select, as applicable--principal and charges are not repaid or delivery of the loan collateral is not completed on or before the expiration or extended expiration date of CCC-691/LDP amount due is not repaid**):

(**select, as applicable**)

- foreclosure proceedings will begin
- a claim will be established
- the collateral for this loan will be sold.

Examples of Letters (Continued)

E Demand Letter for Loan Call or Refund of Entire LDP (Continued)

After the claim is established:

- the claim may be reported to other Federal Agencies for offset from any amounts that may be due you

- late payment interest, based on the rate established by the Department of the Treasury, will be applied to your debt on a daily basis from the date the claim is established until your debt is paid in full.

An additional 3 percent interest shall be assessed on the unpaid balance of the debt retroactively from the date the claim is established, if payment in full is not made within 60 calendar days after the date the claim is established.

Further actions may be taken by this Agency and the Department of Treasury to collect the delinquent debt if it is not resolved. The collection actions are authorized under Federal law and regulations, including the Debt Collection Improvement Act of 1996 (DCIA). Additional actions that may be taken to recover the debt include:

- assessment of interest, administrative costs, and penalties
- administrative garnishment of wages
- referral of the debt to private collection agencies and Treasury-designated collection centers
- referral of the debt to Agency counsel or the Department of Justice for litigation
- reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged.

We are required under Federal law to refer the debt to the Department of Treasury for collection when the debt is 180 calendar days delinquent. However, the debt may be referred to the Department of Treasury sooner than 180 calendar days.

Our records do not indicate that you have filed for bankruptcy protection. If you have filed for bankruptcy, please notify this office as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

Please contact this office at _____ if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If your debt is paid or otherwise resolved quickly, it will not be referred to the Department of Treasury for collection nor will it be reported to credit reporting agencies.

Please disregard this letter if you have already paid this debt.

Sincerely,

County Executive Director,
_____ County FSA Office

Suggested County Office Checklist for LDP's

The following is a sample checklist that can be used when completing LDP approvals and issuing payments.

Step	Action

1	Take CCC-633 LDP at counter or remove from FAX machine.
	
	• Date stamp application and supporting documentation, such as production evidence
	
	• Make sure:
	
	  • CCC-633 LDP is complete and signed by producer
	  • FSA-211 is on file, if applicable
	  • FSA-237, if request is FAXED
	  • LDP rate is correct for date of request and county where stored.

2	Check the following eligibility for all producers on the applicable LDP request: • program participant • crop acres certified, if applicable • CCC-502 completed • AD-1026 completed • CCC-526 completed.
3	Quantity eligibility according to subparagraph 132 D. Make sure quantity is within the COC set maximum yield for that specific commodity and crop year. If the County Office has a worksheet showing eligible bushels (from Price Support Query or their own query), subtract bushels on application from total eligible to keep tract of eligibility balance.

Suggested County Office Checklist for LDP's (Continued)

Step	Action

4	Process LDP request in APSS.
	
	• The following shall be in the County Office folder:
	
	  • original CCC-700 and CCC-700A
	  • original CCC-633 LDP
	  •*****--original of Producer's Disbursement Transaction Statement.--*****
	
	  Note: If a measured LDP, include the following:
	
	  • original CCC-677-1
	  • County Office copy of FSA-409.
	
	• The producer shall receive a copy of the following:
	
	  • CCC-700 and CCC-700A
	  •*****--Producer's Disbursement Transaction Statement.--*****
	
	  Note: If measured, a copy of CCC-677-1 and producers copy of FSA-409

5	File County Office copies and County Office will determine how to file LDP documents in a manner best suited to them.

Notes: For CCC-709's, the process is much the same, although LDP will not be processed until the delivery evidence is received from the producer or the producer has certified his bushels and delivery dates. Make sure the production evidence or certification is date stamped as the prompt payment *** * *** due date is determined by the date this information is received in the County Office.

If LDP proceeds exceed $100,000, the County Office will need to have producer complete CCC-674 or SF-LLL. See 8-LP, subparagraph 17 F for distribution.

Completing CCC-677-1, Farm Storage Loan Worksheet

A Using CCC-677-1

Use CCC-677-1 to record measurements of commodity in storage structures when:

- a producer requests **measurement service** on commodity to be offered as collateral for a loan, for basis for LDP, or for production evidence
- commodity for a certified or previously measured loan or LDP is **spot-checked** for quantity and quality determination
- production evidence for LDP or marketing loan repayment is not provided.

Completing CCC-677-1, Farm Storage Loan Worksheet (Continued)

B County Office and Commodity Inspector Instructions

The County Office and commodity inspector shall complete CCC-677-1 as follows.

County Office Instructions	Commodity Inspector Instructions
For **loans or LDP's**, complete all applicable items according to instructions on pages 3 through 6 and calculate quantity for loan or on spot check for loan or LDP, using the information entered by the commodity inspector. For **spot checks,** calculate measurements entered by the commodity inspector and complete items 33 through 35 (**totals**). The conversion factors in item 36 and moisture shrink and test weight factors, according to Exhibits 11, 45, and 46, as applicable, must be used to determine the adjusted measured quantity in item 30.	Complete all applicable entries in items 14, 15, 16, 17, 19, 23, 24, 26, 37 A and B, and 42, as applicable, when measuring the commodity for spot check or for measurement service. Draw representative sample of commodity to determine test weight and, if applicable, moisture.
Use remarks section for: • notation as to whether commodity will be dried • notation if loan is nonrecourse or recourse • additional structures and locations.	When checking the commodity for measurement service or for spot check, provide storage structure dimensions, when applicable, including additions or deductions for peaks, false floors, etc., if any. Use the diagrams or sketch the shape of the commodity in the storage structure in the space provided in item 42.
Enter lien search date in item 39 and date of filing of financing statement in item 40.	
Approve and date for CCC in item 41.	Complete comments in item 37 A and sign and date item 37 B.
Review items 42 A and B for additional information for calculating the quantity in each structure.	Inspect additional structures shown in remarks section.

C Completing CCC-677-1

Complete CCC-677-1 according to the following table.

Note: See subparagraph E for an example of CCC-677-1.

Item	Instructions
1	Enter applicable information and for joint loans, enter all producers' names and addresses.
2	Enter crop year of commodity.
3	Enter commodity name.
4	Enter class of commodity, if applicable.
5	Enter State and county codes and loan number. • If manual loan, when the computer is inoperable, assign a loan number beginning with number 90001. • If prepared in APSS, enter APSS-assigned loan number. • For spot check of LDP, enter LDP number.
6	Enter spouse's name, if applicable.
7	Enter each farm number where the commodity was produced. Leave blank for spot check.
8	Enter location or legal description of farm for structures where commodity to be measured is stored.
9	Ask producer if there are any liens on the commodity offered for collateral, and enter each lienholder's name and address for each producer. Leave blank for spot check.
10	Check type of action for this farm visit.
11	Check type of commodity, if applicable. Indicate if the corn is cracked, rolled, or crimped.
12	Enter seal numbers assigned to each structure measured. If producer-assigned numbers are used, the producer's number shall also be used on CCC-683 and in APSS.
13	Enter description of structure and location (such as, quonset on SE1/4 of Section 32, round steel bin next to barn) for all structures to be measured. Enter additional designated structures and the location of each in the remarks section.

C Completing CCC-677-1 (Continued)

Item	Instructions
14	Commodity inspector shall enter length of commodity stored in flat storage.
15	Commodity inspector shall enter width of commodity stored in flat storage.
16	Commodity inspector shall enter circumference of commodity stored in round structure.
17	Commodity inspector shall enter diameter of commodity stored in round structure. If diameter is not measured, County Office shall: • calculate the diameter by multiplying the circumference times .3183 • round to the nearest hundredth.
18	Calculate square feet of measured area as result of multiplying item 14 times 15 **or** item 17 squared times .7854, round to the nearest hundredth, and enter result of calculation.
19	Commodity inspector shall enter height of commodity.
20	Calculate total cubic feet of measured area as result of multiplying item 18 times 19, round to the nearest hundredth, and enter result of calculation.
21	If applicable, calculate the cubic feet of the commodity inspector's measurements of additions or deductions and enter in item 21 to adjust the cubic feet calculated in item 20. **Note:** Review items 37 and 42 for any comments or information from the commodity inspector.
22	Enter the result of the calculation applicable to items 20 and 21.
23	Commodity inspector shall enter condition of the storage structure. **Note:** Use item 37 A or 42 to provide additional information.
24	Commodity inspector shall enter the condition of the commodity. **Note:** Use item 37 A or 42 to provide additional information.

C Completing CCC-677-1 (Continued)

Item	Instructions
25	Enter the calculation of item 22 times the bushel or hundredweight conversion factor, applicable to the commodity, as shown in item 36.
26	Commodity inspector shall enter the **actual** test weight applicable to the commodity, except for HM commodities and cracked, rolled, or crimped corn.
27	Enter pack and test weight factors applicable to the commodity from Exhibit 45. For oilseeds, except soybeans, enter the test weight factor from Exhibit 46.
28	If applicable, enter the percent of moisture content determined from the sample of the commodity for applicable storage structure.
29	If applicable, enter the excess moisture shrink factor adjustment according to Exhibit 4 or calculated according to subparagraph 430 C.
30	Enter the result of item 25 times item 27, and adjust, if applicable, for the moisture shrink factor determined in item 29, to determine the loan or LDP quantity.
31	Producer shall initial and date after verifying the measurements of the structures.
32	Producer shall initial and date within 30 calendar days of completing the measurement service, whether or not the measurements will be used for production evidence for the requested loan or LDP.
33	For **spot check**, enter the total outstanding loan quantity as shown in the loan record, or for LDP, enter quantity on which LDP was made.
34	For **spot check**, enter 90 percent of **total** outstanding loan quantity or the total quantity for LDP.
35	If the quantity calculated in item 30 is equal to or more than the quantity calculated in item 34, there is no deficiency. Determine the quantity deficient, if any, by calculating the difference between the total adjusted measured quantity in item 30 and the loan quantity in item 33. **Note:** If COC determines a violation for a deficient loan or LDP quantity, enter the COC action in the remarks section and follow Part 6 for loan and LDP violation provisions.
36	Use these factors for conversion of net cubic feet to bushels or hundredweight. Use: •***--**.201 as the conversion factor for crambe • .480 as the conversion factor for dry peas • .480 as the conversion factor for lentils • .484 as the conversion factor for chickpeas. **Notes:** See Exhibit 47.**--*** County Offices may use APSS to complete calculation of measurement service and attach all screen prints, as applicable, to CCC-677-1. The quantity must be entered in item 30.

C Completing CCC-677-1 (Continued)

Item	Instructions
37 A	Commodity inspector shall enter comments when there is some condition that could affect the maximum quantity for loan, or other matter, that must be brought to the attention of the County Office, such as: • additional information about the condition of the structure or the commodity • uneven filling • excess foreign material, dockage, or moisture • commodity is stored in a hazardous location.
37 B	Commodity inspector shall sign and date upon completion of the measurement service or spot check.
38	**Review CCC-679** for disbursement requests and enter names and amounts for other payees and offsets, if applicable, in the space provided.In remarks, enter: • whether commodity will be dried • any special instructions applicable to this action • additional designated structures and location of each.
39	Enter date County Office completes lien search, when required.
40	Enter date the financing statement is filed.
41	**After completion of CCC-677-1,** County Office employee shall sign and date for CCC.
42	**For spot checks**, commodity inspector shall complete for all structures entered in items 12 and 13. (A copy of the original measurement service CCC-677-1 may be used when spot-checking the collateral.) When a remeasurement is required or measurements have changed from previous measurements, the commodity inspector shall complete a new CCC-677-1.
42 Remarks	**For loan requests or spot checks,** the commodity inspector may use this space to provide a sketch of commodity in storage space and any additional information to use to determine the quantity of the commodity.

D Distributing CCC-677-1

File original in County Office after measurement service or spot check is complete.

Completing CCC-677-1, Farm Storage Loan Worksheet (Continued)

E Example of CCC-677-1

The following is an example of CCC-677-1.

CCC-677-1 (06-16-03)

1. NAME AND ADDRESS OF APPLICANT	2. CROP YR.	3. COMMODITY	4. CLASS	5. ST. & CO. CODES, LOAN/LDP NO.	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation
William B. Jones 2800 Hwy 15 Anytown, IA 50000 PHONE NO.	2002	Soybeans	YSB	19-000-340	
	6. NAME OF SPOUSE Mary E. Jones			7. FARM NUMBER(S) WHERE PRODUCED 1342	**FARM STORAGE LOAN WORKSHEET**

8. LOCATION OF COMMODITY	9. LIENHOLDER(S) *(Name(s) and address(es))*	10. TYPE OF ACTION *(Check applicable box)*	11. TYPE OF COMMODITY *(Check if applicable)*
SE 1/4 SE 1/4 Sec.20 Jackson Twp.	1st National Bank Anytown, IA	[X] MEASUREMENT SERVICE [ ] SPOTCHECK	[ ] HIGH MOISTURE [ ] EAR CORN [ ] ACID TREATED

12. SEAL/BIN NO.	13. BIN IDENTIFICATION	14. LENGTH	15. WIDTH	16. CIRCUM-FERENCE	17. DIAMETER *(Cir. X .3183 = Diameter)*	18. SQ.FT. *(Item 14 X 15)* OR *(Item 17 squared X .7854)*	19. HEIGHT OF GRAIN	20. TOTAL CU. FT.	21. ADDITIONS OR 1/ DEDUCTIONS	22. NET CU. FT.
1	East Steel Bin				18'	254 X	15 =	3817 +/-	- =	3817
2	Middle Steel Bin				21'	452 X	20.5 =	9271 +/-	- =	9271
3	West Steel Bin				18'	254 X	15.5 =	3944 +/-	- =	3944
						X	=	+/-	- =	

CONDITION OF 23. STRUCTURE	24. COMMODITY	25. BU. OR CWT. *(Item 22 X Factor)* 2/	26. ACTUAL TEST WEIGHT	27. PACK AND/OR TEST WEIGHT FACTOR	28. % MOISTURE CONTENT	29. MOISTURE FACTOR	30. ADJUSTED MEASURED QUANTITY	LOAN QUANTITY	90% / 95% OF LOAN QUANTITY 3/	QUANTITY DEFICIENT
OK	OK	3054	56	.961	11.0	-	2935			
OK	OK	7419	56.5	.980	11.5	-	7271			
OK	OK	3155	56	.961	11.0	-	3032			

31. PRODUCER'S VERIFICATION OF MEASUREMENTS FOR LOAN/LDP *(initials and date)*.	32. USE MEASUREMENTS FOR PRODUCTION EVIDENCE? *(initials and date)*:	YES X / NO	TOTALS →	13,238	33	34.	35.
WBJ 10-28-XXXX	*WBJ 10-28-XXXX*						

36. CONVERSION FACTOR 2/

COMMODITY	CWT.	COMMODITY	CWT.	COMMODITY	BUSHEL
GRAIN SORGHUM	.448	MUSTARD SEED	.432	EAR CORN	.4
CANOLA	.400	SAFFLOWER	.320	SETTLED EAR CORN	.444
FLAXSEED	.448	SUNFLOWERS	.224	ALL OTHER	.8
RAPESEED	.400	RICE	.38		

38. FOR OFFICIAL USE ONLY

OTHER PAYEES	1st National Bank		
OFFSETS	None		
REMARKS			

37. COMMODITY INSPECTOR

A. COMMENTS

B. INSPECTED BY: */s/ Joe Inspector* DATE: 10-25-XXXX

39. LIEN SEARCH DATE: 10-24-XXXX

40. DATE FINANCING STATEMENT FILED: 10-19-XXXX

41. FOR CCC BY: */s/ Polly Program Technician* DATE: 10-28-XXXX

1/ IF APPLICABLE, SHOW ADDITIONS AND DEDUCTIONS IN ITEM 43. 2/ ENTER DIMENSIONS AND SKETCH IN ITEM 43. 3/ ENTER 90% FOR 1994 AND LATER CROP YEARS.

Note: The conversion factor for:

- crambe is .201
- *--dry peas is .480
- lentils is .480
- chickpeas is .484.--*

Completing CCC-677-1, Farm Storage Loan Worksheet (Continued)

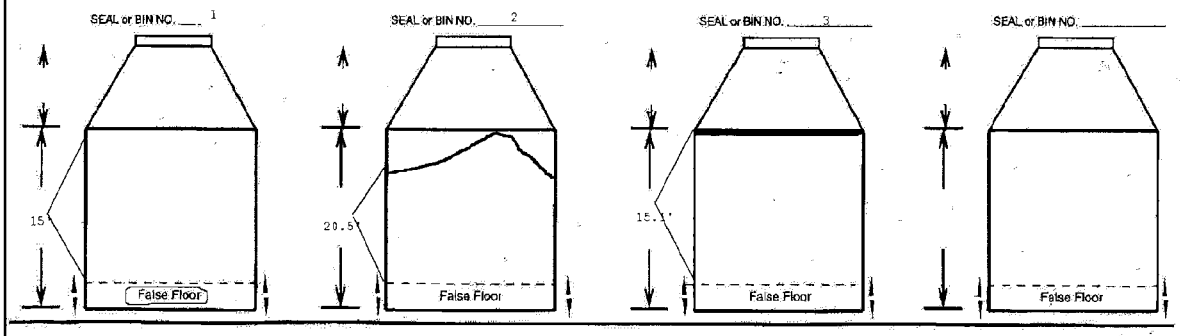
E Example of CCC-677-1 (Continued)

CCC-677-1 (Page 2)

42. SPOTCHECKS

A. SEAL/BIN NO.	B. DATE OF SPOTCHECK	C. INSPECTOR (INITIALS)	CHECK APPLICABLE BOX SATISFACTORY D. STRUCTURE	E. COMMODITY	F. REMARKS BY INSPECTOR

43. SKETCH STRUCTURES AND ENTER DIMENSIONS. SHOW ADDITIONS AND DEDUCTIONS.



Suggested County Office Checklist for Loans

The following is a sample checklist that can be used when completing loan approvals and disbursements.

Step	Action

1	Accept loan request.
	
	• Make sure:
	
	  • application, CCC-666, CCC-677-1, or FSA-409 is complete and signed by producer
	  • FSA-211 is on file, if applicable
	  • FSA-237, if request is FAXED.
	
	• County Office may find it helpful to have the producer mark on a map or plat book page of a township the exact location of the storage structure(s).
	
	• Date stamp application.
	
	• See if producer has signed CCC-10 and if not, obtain the required information to complete.

2	The following is needed for security documentation: • UCC-1 on file and active for the loan period as determined by the individual State • lien search, as determined by the individual State • Obtain CCC-679's on all parties with a security interest in the producers crop, as determined by the lien search, or notified by a lien holder. **Note:** If necessary, obtain copies of non-standard filings, as determined by individual States, to determine if CCC-679 is needed.
3	Check the following eligibility for all producers on the application, if applicable: • program participant • CCC-502 completed • AD-1026 completed • CCC-526 completed.

Suggested County Office Checklist for Loans (Continued)

Step	Action
4	The second party shall review and check bushel calculations for the following: • certified loans • measured loans. Make sure FSA-409, Part B is complete.
5	Quantity eligibility according to subparagraph 132 D. Make sure quantity is within the COC set maximum yield for that commodity and crop year. If the County Office has a worksheet (from Price Support Query or their own query) showing eligible bushels, subtract bushels on application from total eligible to keep tract of eligibility balance.
6	The following shall be completed by the producer, if applicable: • CCC-665 before disbursing commingled loans • CCC-674 or SF-LLL before disbursing if the loan proceeds exceed $150,000. **Note:** See subparagraph 17 F for distribution.
7	Load and/or process loan requests in APSS according to the following. If all required information is on file and producer is in office to sign CCC-677 or CCC-678, then the loan can be completed in APSS. If CCC-677 or CCC-678 is to be mailed to the producer for signatures or the producer will be coming into the office at a later date to sign, then the loan can be printed and saved in APSS.

Suggested County Office Checklist for Loans (Continued)

Step	Action

8	The following documents shall be:
	
	• filed in a locked and custody fireproof file:
	
	  • original signed and approved CCC-677 or CCC-678
	
	  • original endorsed warehouse receipts, if a warehouse loan, and if applicable, KC-350
	
	  • transaction summary report
	
	• filed in the producers County Office loan folder:
	
	  • copy of signed and approved CCC-677 or CCC-678
	  • copies of warehouse receipts, if a warehouse loan
	  • transaction summary report
	  • original CCC-666 or CCC-677-1 and County Office copy of FSA-409
	  • other documents signed by producer with regards to this loan
	  •***--**original of Producer's Disbursement Transaction Statement
	
	• given to the producer:
	
	  • copy of signed and approved CCC-677 or CCC-678
	
	  • transaction summary report generated by APSS
	
	  • copy of Producer's Disbursement Transaction Statement**--***
	
	  • CCC-601
	
	  • copy of CCC-677-1 or CCC-666
	
	  Note: If a measured loan, producer should verify bushels on CCC-677-1 before disbursing.
	
	  • producer's copy of FSA-409, if measured loan
	
	  • CCC-683's for farm stored loans
	
	  • copies of other documents signed by producer with regards to loan.

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Example of CCC-601, Note and Security Agreement Terms and Conditions

The following is an example of CCC-601.

This form is available electronically.

Form Approved - OMB No. 0560-0087

CCC-601
(06-26-03)

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, lentils, dry peas, small chick peas, wool, mohair, 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.

Example of CCC-601, Note and Security Agreement Terms and Conditions (Continued)

(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 approval of CCC and then only in accordance with instructions issued by CCC. If such movement is not completed as instructed by CCC 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

Example of CCC-601, Note and Security Agreement Terms and Conditions (Continued)

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) For producers determined to have violated provisions of Section 7(c) and 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 damage penalties plus the lesser of (1) the principal amount of the loan and charges plus interest, (2) CCC determined value on the date the violation occurred plus 15 percent of the applicable loan rate 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 and require full payment at principal and charges plus interest.

(ii) For producers determined to have violated provisions of Section 7(e) or 8(a), and if CCC determines the producer acted in good faith, liquidated damages maybe 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.

(iii) 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.

Example of CCC-601, Note and Security Agreement Terms and Conditions (Continued)

(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 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.

Example of CCC-601, Note and Security Agreement Terms and Conditions (Continued)

(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 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.

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Completing CCC-683, Commodity Loan Seal

A Applicability

If required by COC, complete CCC-683 for each structure containing loan collateral.

Note: When required by COC, provide completed CCC-683's to producers:

- at time the loan agreements are signed
- with instructions to post CCC-683's on applicable bins containing commodities pledged as collateral for CCC loans.

B Completing CCC-683

Complete CCC-683 according to the following table.

Item Reference	Instructions
Name, Address and Telephone Number of County FSA Office	Enter applicable information.
Seal Number	Enter the following: • commodity code • crop year • loan number • seal number **Note:** Seal number may be a number assigned to the bin by the producer. • bin identification or location. **Example:** WHT-94-1-1-North bin.
Inspections (Initials and Date)	Enter date and initial each time the commodity and structure are inspected.

Completing CCC-683, Commodity Loan Seal (Continued)

C Example of CCC-683

The following is an example of CCC-683.

COMMODITY LOAN SEAL

Do not remove loan contents from this structure without written consent of the County FSA Committee

The commodity under loan stored in this structure is mortgaged to secure a loan made under a program of Commodity Credit Corporation (CCC), an agency of the United States Department of Agriculture; accordingly, this structure is hereby placed under seal.

Entry into this structure and access to its contents are restricted to persons with written authorization by CCC.

Any person who, without proper authority, tampers with or breaks this seal and enters this structure, or interferes in any manner with the commodity stored in this structure is subject to criminal prosecution under State or Federal law.

NAME, ADDRESS AND TELEPHONE NUMBER OF COUNTY FSA OFFICE

SEAL NUMBER ➔

Inspected (Initials and Date)

CCC-683
(03-10-93)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

Abbreviations for Commodity Classes, Subclasses, and Varieties

The following table lists abbreviations for commodity classes, subclasses, and varieties.

Commodity	Class	Abbreviation	Subclass	Abbreviation
Barley (48 lbs. per bu.)	Barley	BRL	Barley	BRY
			Six-Rowed Barley	6BR
			Two-Rowed Barley	2BR
Canola (cwt.)	Canola	CAN		
Corn (Shelled - 56 lb. per bu.)	Yellow	YC		
	White	WC		
	Mixed	MXC		
Crambe (cwt.)	Crambe	CRA		
Flaxseed (cwt.)	Flaxseed	FLX		
Grain Sorghum (cwt.)	White	WHG		
	Sorghum	SOR		
	Tannin	TAN		
	Mixed	MIX		
Lentils (cwt.)	Lentils	LEND		
Mustard (cwt.)	Yellow Mustard	YMU		
	Brown Mustard	BMU		
	Oriental Mustard	OMU		
	Mixed Mustard	XMU		

Abbreviations for Commodity Classes, Subclasses, and Varieties (Continued)

Commodity	Class	Abbreviation	Subclass	Abbreviation
Oats (32 lbs. per bu.)	Oats	OAT		
Rapeseed (cwt.)	Rapeseed	RAP		
Safflower Seed (cwt.)	Safflower Seed	SAF		
Small Chickpeas (cwt.)	Miscellaneous Beans	CHKP		
Soybeans (60 lbs. per bu.)	Yellow	YSB		
	Mixed	XSB		
Sunflower (Oil Type) (cwt.)	Sunflower Seed	SUN		
Sunflower (Other Type) (cwt.)	Sunflower Seed	SFN		

Abbreviations for Commodity Classes, Subclasses, and Varieties (Continued)

Commodity	Class	Abbreviation	Subclass	Abbreviation
Wheat (60 lbs. per bu.)	Durum	DUM	Hard Amber Durum	HAD
			Amber Durum	AD
			Durum	D
	Hard Red Spring	HRS	Dark Northern Spring	DNS
			Northern Spring	NS
			Red Spring	RS
	Hard Red Winter	HRW		
	Hard White Wheat	HWW		
	Soft Red Winter	SRW		
	Soft White Wheat	SWW	Soft White	SWH
			White Club	WHC
			Western White	WWH

Abbreviations for Commodity Classes, Subclasses, and Varieties (Continued)

Commodity	Class	Abbreviation	Subclass	Abbreviation
Wheat (60 lbs. per bu.) (Continued)	Mixed Wheat	MIX	Mixed High Percent Spring	XS
			Mixed High Percent Durum	XD
			Mixed High Percent Winter	XW
			Mixed Hard and Soft (50-50)	HS5
			Mixed Hard and Soft (High Percent Hard)	HSH
			Mixed Hard and Soft (High Percent Soft)	HSS
			Mixed Amber Durum	XAD
			Mixed Durum	XDU
			Mixed Soft Red and Soft White (High Percent Soft White)	RSS
			Mixed Soft Red and Soft White (High Percent Soft Red)	RSR
Whole Dry Peas (cwt.)	Smooth Green	PEAD		
	Smooth Yellow			
	Wrinkled			
	Winter Field			
	Miscellaneous			
	Mixed Dry			

Examples for Manual Calculation of Disbursement Amounts for Joint Loans

Example 1

Joint loan with 3 producers sharing 33.33, 33.33, and 33.34. Total disbursement is $23,497.81.

33.33 x $23,497.81 = 783182.0073	$23,497.81
783182.01 ÷ 100 = 7831.8201	-7,831.82
	-7,831.82
33.33 x $23,497.81 = 783182.0073	
783182.01 ÷ 100 = 7831.8201	$7,834.17

33.34 x $23,497.81 = 783416.9854
783416.99 ÷ 100 = 7834.1698 or $7,834.17

Example 2

Joint loan with 2 producers sharing 33.33 and 66.67. Total disbursement is $56,972.47.

33.33 x $56,972.47 = 1898892.4251	$56,972.47
1898892.43 ÷ 100 = 18988.9243	-18,988.92
66.67 x $56,972.47 = 3798354.5749	$37,983.55

3798354.57 ÷ 100 = 37983.5457 or $37,983.55

Example 3

Joint loan with 2 producers sharing 60.00 and 40.00. Total disbursement is $69,745.93.

60.00 x $69,745.93 = 4184755.8000	$69,745.93
4184755.80 ÷ 100 = 41847.5580	-41,847.56
40.00 x $69,745.93 = 2789837.2000	$27,898.37

2789837.20 ÷ 100 = 27898.3720 or $27,898.37

Examples for Manual Calculation of Disbursement Amounts for Joint Loans (Continued)

Example 4

Joint loan with 5 producers sharing 5.34, 9.90, 4.86, 57.50, and 22.40. Total disbursement is $12,782.77.

5.34 x $12,782.77 = 68259.9918	
68259.99 ÷ 100 = 682.5999	$12,782.77
	-682.60
9.90 x $12,782.77 = 126549.4230	-1,265.49
126549.42 ÷ 100 = 1265.4942	-621.24
	-7,350.09
4.86 x $12,782.77 = 62124.2622	
62124.26 ÷ 100 = 621.2426	$2,863.35 1/
57.50 x $12,782.77 = 735009.2750	
735009.28 ÷ 100 = 7350.0928	
22.40 x $12,782.77 = 286334.0480	
286334.05 ÷ 100 = 2863.3405 or $2,863.34 1/	

1/ This is the adjustment on the final producer.

STC and State Office Spot Check Requirements

A Spot Check Requirements

STC and State Office spot check requirements are as follows.

Paragraph Reference	Spot Check
132	STC, or STC designee, shall annually spot check 25 percent of COC-determined reasonable estimate of yields for each commodity.
503	State Offices shall annually spot check the commodity inspector's work to determine the accuracy of the employee's work.
523	State Offices shall annually review: • county spot-check folder to ensure that spot checks are performed timely and that appropriate followup action is taken to correct problems • the list of loans open after maturity on a monthly basis to ensure that matured or unsettled loans are properly handled.
536	STC, or STC designee, shall annually spot check COC-determined yields established for producers harvesting commodities as other than grain.

.-

Examples of Field Direct LDP on Commodities Harvested as Other Than Grain

Example 1: Producer A has CCC-709 in place for **all** corn harvested as other than grain. After Producer A completes grain harvest, a maximum quantity eligible is determined by multiplying 138 bushels (actual yield from whole grain production) times 125 acres harvested as other than grain, resulting in 17,250 bushels of actual production for commodities harvested as other than grain.

Producer A delivers **all** corn silage to a feedlot and submits production evidence showing the following.

Delivery Date	Net Quantity
09/12/98	400 tons
09/13/98	385 tons
09/14/98	425 tons
09/15/98	478 tons
09/17/98	398 tons
Total	2,086 tons

Calculate the field direct LDP payment according to the following.

Date	LDP Rate	Daily Delivery Percentage	Payment Quantity (% of 17,250)	Payment Amount
09/12/98	$.28	(400/2086) 19%	3,278	917.84
09/13/98	$.28	(385/2086) 19%	3,278	917.84
09/14/98	$.25	(425/2086) 20%	3,450	862.50
09/15/98	$.26	(478/2086) 23%	3,968	1031.68
19/17/98	$.27	(398/2086) 19%	3,276	884.52
Total				$4,614.38

Examples of Field Direct LDP on Commodities Harvested as Other Than Grain (Continued)

Example 2: Producer A has CCC-709 in place for 50 percent of corn harvested as other than grain. After Producer A completes grain harvest, a maximum quantity eligible is determined by multiplying 138 bushels (actual yield from whole grain production) times 125 acres harvested as other than grain, resulting in 17,250 bushels of actual production for commodities harvested as other than grain. The quantity for this payment shall be 8,625 (50 percent of 17,250). The remaining quantity shall be eligible for a subsequent loan or LDP.

Producer A delivers 50 percent of corn silage to a feedlot and submits production evidence showing the following.

Delivery Date	Net Quantity
09/12/98	400 tons
09/13/98	385 tons
09/14/98	225 tons
Total	1,010 tons

Calculate the field direct LDP payment according to the following.

Date	LDP Rate	Daily Delivery Percentage	Payment Quantity (% of 8,625)	Payment Amount
09/12/98	$.28	(400/1010) 40%	3,450	966.00
09/13/98	$.28	(385/1010) 38%	3,278	917.84
09/14/98	$.25	(225/1010) 22%	1,898	474.50
Total				$2,358.34

Example of Apportioning Eligible Production Evidence

A Situation

A producer cash rents 5 farms. Each farm has received a corn loan, LDP, or a combination of the loan and LDP.

Loan Information.

Loan No. 1: Certified 5,400 bushels (5400-loan) from farms A and B.

3 repayments:

- 2,000 bushels market gain was $0.50 per bushel
- 2,000 bushels market gain was $0.00 per bushel
- 1,400 bushels market gain was $0.30 per bushel

Loan No. 3: Warehouse-stored 10,000 bushels from farms B and C.

Loan No. 5: Warehouse-stored 12,000 bushels from farm E.

LDP Information.

LDP No. 2: Measured 10,000 bushels from farms A and C.

Note: The measurements were used as production evidence.

LDP No. 4: Certified 8,800 bushels (8,550 bushels requested LDP quantity) from farms A and D. LDP rate is $0.35.

Production Evidence.

The producer provided, before final loan availability date, a load summary sheet from 1 warehouse with 50,300 bushels of corn delivered.

The producer stated that the production evidence includes the total production from all 5 farms cash rented and cannot be identified by farm, loan, or LDP. All production has been sold.

Example of Apportioning Eligible Production Evidence (Continued)

B Results of County Office Review of Production Evidence

The following determinations were made in the County Office review of production evidence:

- the evidence submitted was for all of the production from all of the farms represented by LDP's and loans requested
- evidence was commingled between all loans and LDP's requested
- all production was eligible at the time LDP or loan was approved.

C Apportioning Resulting Evidence

Using the following table in subparagraph 540 C, apportion the resulting evidence using the following table.

Step	Calculation	Result
1	8,550 bushels (LDP No. 4) + 5,400 bushels (loan No. 1)	13,950 bushels
2	50,300 bushels (total eligible quantity) - 10,000 bushels (loan No. 3) - 12,000 bushels (loan No. 5) - 10,000 bushels (LDP No. 2) - 13,950 bushels (result of step 1)	4,350 bushels
3	13,950 x 10 percent	1,395 bushels
4	1,395 ÷ 13,950	.1000
5	8,550 x .1000	855 bushels
	2,000 x .1000	200 bushels
	2,000 x .1000	200 bushels
	1,400 x .1000	140 bushels
6	8,550 bushels + 855 bushels	9,405 bushels
	2,000 bushels + 200 bushels	2,200 bushels
	2,000 bushels + 200 bushels	2,200 bushels
	1,400 bushels + 140 bushels	1,540 bushels

Daily Market Rates

The following is an example of the "Daily Market Rates".

```
*HDR10105000000080203030700DAILY MARKET RATES (GRAIN/MISC COMMODITIES)

Form Approved OMB No. 0560-XXXX  Effective February 03, 2003

****NOTE CHANGES TO DIFFERENTIAL INFORMATION EFFECTIVE 02/03/2003****

Questions concerning the grain and oilseed market values should be
directed to:  KCCO/BCD at (816) 926-3816.


THE FOLLOWING MARKET RATES ARE EFFECTIVE 7:00 A.M. (E.T.) 02/03/2003

                    COMMODITIES

          WHT         WHT         WHT        WHT         WHT
MKT       HRW         HRS         SRW        SWH         HAD

AMA       3.61

CIN                                3.47 *(27)

EVN                                3.51 *(20)

GLF       4.28 *(26)               3.86 *(3)

KCM       4.03 *(4)                3.57 *(21)

LOS                                                      5.80 */C

MEM                                3.53

MIN       4.13 *(22)  4.37                               5.45 */A

PNW       4.45 *(25)  4.62 *(23)   4.45       3.86       5.90 */B

TOL                                3.21 *(17) 3.08

WCD       4.05                               3.89

      BASIS ORDINARY PROTEIN
  */A MIN DISCOUNT   $0.00  FOR AMBER DURUM AND;        $0.00 FOR DURUM
  */B PNW DISCOUNT   $0.00  FOR AMBER DURUM AND;        $0.00 FOR DURUM
  */C LOS DISCOUNT   $0.00  FOR AMBER DURUM AND;        $0.00 FOR DURUM

THE FOLLOWING MARKET RATES ARE EFFECTIVE 7:00 A.M.     02/03/2003

                    COMMODITIES
                                                        CWT
          CORN      BARLEY       OATS       SOYBEAN     GRSOR
MKT      20 YC        22          23          26         27

AMA       2.66                                           4.34

CIN       2.48 *(13)               2.26       5.80 *(10)  4.43

GLF       2.71 *(18)  2.73         2.36       6.16 *(6)   5.23 *(2)

KCM       2.44 *(14)  2.43         2.20       5.64 *(11)  4.43 *(24)

MEM       2.50 *(12)               2.26       5.90 *(9)   4.53 *(1)

MIN       2.19 *(16)  2.38         2.20       5.54 *(5)

PNW       2.93        2.74         2.33 *(28) 6.21
```

Daily Market Rates (Continued)

STO			2.63 *(29)		
STL			2.26		
TOL	2.48 *(15)		2.27	5.64 *(7)	
TKO	2.46 *(19)			5.72 *(8)	
WCD	3.12	3.02			5.96

****NOTE CHANGES TO DIFFERENTIAL INFORMATION EFFECTIVE 02/03/2003****

POSTED COUNTY PRICE DIFFERENTIAL INFORMATION
(Cents per bushel except as noted)

UNTIL FURTHER NOTICE THE TERMINAL MARKETS LISTED BELOW WILL HAVE DIFFERENTIALS ADJUSTED AS FOLLOWS:

(1) MEM SOR differentials add 0 cents/cwt. (Effective 06/10/2002)

(2) GLF SOR differentials add 0 cents/cwt. (Effective 08/22/2002)

(3) GLF SRW differentials add -05 cents. (Effective 01/15/2003)

(4) KCM HRW differentials add -15 cents. (Effective 11/25/2002)

(5) MIN SOYBEAN differentials add -02 cents. (Effective 01/22/2003)

(6) GLF SOYBEAN differentials add -13 cents. (Effective 01/14/2003)

(7) TOL SOYBEAN differentials add -06 cents. (Effective 02/03/2003)

(8) TKO SOYBEAN differentials add +03 cents. (Effective 01/31/2003)

(9) MEM SOYBEAN differentials add -12 cents. (Effective 01/22/2003)

(10) CIN SOYBEAN differentials add -04 cents. (Effective 01/06/2003)

(11) KCM SOYBEAN differentials add +04 cents. (Effective 01/16/2003)

(12) MEM YC differentials add 0 cents. (Effective 06/10/2002)

(13) CIN YC differentials add -02 cents. (Effective 01/22/2003)

(14) KCM YC differentials add 0 cents. (Effective 07/03/2002)

(15) TOL YC differentials add -06 cents. (Effective 01/13/2003)

(16) MIN YC differentials add +09 cents. (Effective 01/14/2003)

(17) TOL SRW differentials add 0 cents. (Effective 10/16/2002)

(18) GLF YC differentials add 0 cents. (Effective 02/03/2003)

(19) TKO YC differentials add +02 cents (Effective 02/03/2003)

(20) EVN SRW differentials add 0 cents. (Effective 11/13/2002)

(21) KCM SRW differentials add 0 cents. (Effective 12/12/2002)

(22) MIN HRW differentials add -09 cents. (Effective 02/03/2003)

(23) PNW HRS differentials add 0 cents. (Effective 01/31/2003)

Daily Market Rates (Continued)

(24) KCM SOR differentials add -10 cents. (Effective 10/22/2002)

(25) PNW HRW differentials add -03 cents. (Effective 02/03/2003)

(26) GLF HRW differentials add +03 cents. (Effective 01/09/2003)

(27) CIN SRW differentials add +05 cents. (Effective 12/27/2002)

(28) PNW OAT differentials add -06 cents. (Effective 02/03/2003)

(29) STO OAT differentials add -06 cents. (Effective 02/03/2003)

MINOR OILSEEDS

THE FOLLOWING VALUES ARE POSTED FOR USE BY COUNTY OFFICES FOR DETERMINING MARKETING LOAN REPAYMENT RATES. EFFECTIVE 7:00 A.M.(ET) 01/31/03 ALL PRICES PER CWT.

MARKET	72 CAN	80 CRA	73 RAP	25 FLX	76 MUS	74 SAF	69 SEM	78 SFN	71 SUN
ARL	9.78								
AUG	9.78								
CAR		9.50							
COL						12.25			
COR						12.25			
FAR				11.78				14.25	11.18
GLD								14.00	9.97
GFK					22.00				
GRF	N/B		12.00	11.79	18.00				
PAR							24.00		
RDW	10.75			11.96					9.93
RIC						12.25			
VEL	10.90								

COMMODITIES:

CAN - CANOLA
CRA - CRAMBE
RAP - RAPESEED
FLX - FLAX
SEM - SESAME SEED
SUN - SUNFLOWER SEEDS (OIL TYPE)
SFN - SUNFLOWER SEEDS (OTHER TYPE)
SAF - SAFFLOWER
MUS - MUSTARD (INCLUDES): YMU - YELLOW
BMU - BROWN
OMU - ORIENTAL
XMU - MIXED

MARKETS:

ARL - ARLINGTON, GA
AUG - AUGUSTA, GA
CAR - CARRINGTON, ND
COL - COLUSA, CA
COR - CORCORAN, CA
FAR - FARGO, ND
GLD - GOODLAND, KS
GFK - GRAND FORKS, ND
GRF - GREAT FALLS, MT
PAR - PARIS, TX
RDW - REDWING, MN
RIC - RICHMOND, CA
VEL - VELVA, ND

PULSES

Daily Market Rates (Continued)

THE FOLLOWING VALUES ARE POSTED FOR USE BY COUNTY OFFICES FOR DETERMINING MARKETING LOAN REPAYMENT RATES. EFFECTIVE 7:00 A.M.(ET) 01/31/03. ALL PRICES PER CWT.

MARKET	51 CHP	41 LEN	46 PEA
US	9.50	14.25	8.00

COMMODITIES:

CHP - CHICKPEAS
LEN - LENTILS
PEA - PEAS* YPE - YELLOW
GPE - GREEN

MARKETS:

US - UNITED STATES

*ALSO INCLUDES, WRINKLED DRY, WINTER DRY (AUSTRIAN WINTER), MISCELLANEOUS (MARROWFAT - TYPE PEAS), MIXED.

PEANUTS

MARKET PRICES FOR CCC SALES OF FORFEITED FARM STORED LOAN PEANUTS TO A PRODUCER/HANDLER

PRICES ARE IN EFFECT FROM 12:01 A.M. (ET) FRIDAY, AUGUST 09, 2002, UNTIL FURTHER NOTICE

DOMESTIC CRUSHING PRICE	N/A PER TON
EXPORT EDIBLE PRICE	N/A PER TON
UNRESTRICTED USE PRICE	
VIRGINIA	N/A PER TON
RUNNER	N/A PER TON
SPANISH	N/A PER TON
VALENCIA	
SOUTHWEST AREA SUITABLE FOR CLEANING AND ROASTING	N/A PER TON
ALL OTHER VALENCIAS	N/A PER TON

TOBACCO PRICES

AVERAGE SEASON MARKET PRICES FOR VARIOUS TOBACCO TYPES TO DATE PRICES ARE IN EFFECT FROM 12:01 A.M. (ET) TUESDAY, AUGUST 01, 2001 UNTIL FURTHER NOTICE.

TYPE 21	$1.81 PER POUND
TYPE 22	$1.90 PER POUND
TYPE 23	$2.01 PER POUND
TYPE 31	$1.89 PER POUND
TYPE 35	$1.74 PER POUND
TYPE 36	$1.98 PER POUND
TYPE 37	$1.59 PER POUND

Daily Market Rates (Continued)

Note: The following two sections of prices can also be found at FSA World Wide Web http://www.fsa.usda.gov/pas/news/releases/index.htm

COTTON

UPLAND COTTON ADJUSTED WORLD PRICE (AWP), COARSE COUNT ADJUSTMENT (CCA), and MARKET GAIN/LOAN DEFICIENCY PAY RATE (LDP)

Effective 12:01 am Eastern time Friday 01/31/03 through midnight Eastern time Thursday, 02/06/03:

AWP = 43.51 cents per pound
CCA = 0.00 cents per pound

LDP Rate (2002 crop) = 8.49 cents per pound, subject to allowable coarse count adjustment

The next AWP, CCA and LDP announcement will be at 5:00 p.m. Eastern time Thursday, 02/06/03.

RICE

The following world prices of rice are effective from Tuesday 01/28/03 at 3:00 pm Eastern time until the next announcement occurs. The next price announcement is scheduled for Tuesday 02/04/03 at 3:00 p.m. Eastern time.

	Rates Per Pound For Milled Rice Kernels		Rates Per Hundredweight Rough Rice for Farm-Stored and Warehouse Loans and LDPs	
2001 CROP	World Price	Loan Rates	World Market Index	Loan Market Gain and LDP Rate
	..Cents/Pound..		..$/Hundredweight..	
Long	5.35	10.69	7.37	3.32
Medium	4.77	9.69	6.57	3.12
Short	4.78	9.69	6.55	3.14
Broken	2.68	5.35	na	na
2002 CROP	World Price	Loan Rates	World Market Index	Loan Market Gain and LDP Rate
	..Cents/Pound..		..$/Hundredweight..	
Long	5.35	10.66	7.34	3.32
Medium	4.77	9.66	6.58	3.08
Short	4.76	9.66	6.56	3.10
Broken	2.68	5.33	na	na

The above prices are based on the following loan rates, world prices and milling yields per hundredweight of rough rice:

2001 Crop

	Loan Rate	World Price	Whole/Broken Yields
	.....$/Cwt.....		(Pounds/Cwt)
Long	6.65	3.33	56.54/11.29
Medium	6.15	3.03	57.17/11.35
Short	6.21	3.07	58.38/10.38

2002 Crop

Loan Rate	World Price	Whole/Broken Yields

Daily Market Rates (Continued)

	.....$/Cwt.....			(Pounds/Cwt)
Long	6.66	3.34	.	56.64/11.58
Medium	6.09	3.01	.	56.44/11.90
Short	6.12	3.02	.	56.77/11.98

PRIVACY ACT AND PUBLIC BURDEN STATEMENTS

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 Docket CZ-200, 7 USC 7285 and 15 USC 714 B and C. The data will be used to establish Bulk Grain market information. 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.Federal agencies may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information 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. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Agriculture, Clearance Officer, OIRM (OMB No. 0560-XXXX), Stop 7630, Washington, D.C. 20250-7630.

NONDISCRIMINATION STATEMENT

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.

Abbreviations for Commodity Classes and Terminal Markets

Commodity, Classes, and Subclasses	Abbreviation	Terminal Markets	Abbreviation
Wheat		Chicago	CHI
Hard Red Winter	HRW	Illinois Track Origin	TKO
Hard Red Spring	HRS	Toledo	TOL
Soft Red Winter	SRW	Memphis	MEM
Soft White	SWW	Peoria	PEO
Hard Amber Durum	HAD	Baltimore/Philadelphia/Norfolk	NOR
		Evansville, IN	EVN
Corn		Cincinnati	CIN
Yellow	YC		
		Minnesota	MIN
Barley	BRL	Duluth	DUL
Oats	OAT	Kansas City, MO	KCM
Soybeans	YSB	St. Louis	STL
		Amarillo/Lubbock	AMA
Grain Sorghum	YEG	Louisiana Gulf	LAG
		Texas Gulf	TXG
Canola	CAN		
		Portland/Seattle	PNW
Rapeseed	RAP	Stockton	STO
		Los Angeles	LOS
		Denver	DEN
		West Coast Domestic	WCD

Abbreviations for Commodity Classes and Terminal Markets (Continued)

Commodity, Classes, and Subclasses	Abbreviation	Terminal Markets	Abbreviation
Sunflower Seeds		Augusta	AUG
Oil Type	SUN	Colusa	COL
Other Type	SFN	Corcoran	COR
		Culbertson	CUL
Flaxseed	FLX	Fargo	FAR
		Goodland	GLD
Safflower	SAF	Grand Forks	GFK
		Great Falls	GRF
Mustard Seed	MUS	Redwing	RDW
		Richmond	RIC
Lentils	LEND	Velva	VEL
		Gulf	GLF
Whole Dry Peas	PEAD	Arlington, GA	ARL
Miscellaneous			
Mixed Dry			
Smooth Green			
Smooth Yellow			
Winter Field			
Wrinkled			
Small Chickpeas	CHKP		
Miscellaneous			

Manual Calculations for Reducing Claim Balance at Delivery

A Exhibit Situation

The following situation applies to the examples in subparagraph C.

Sequence of Events	Date	Calculation
Loan maturity	March 31, 200x	
CCC-691 issued	April 1, 200x	
CCC-691 expired	April 15, 200x	
Claim established	May 16, 200x	
Outstanding loan principal		500 bushels x $2.00 = $1,000.00
Loan interest (from disbursement date through maturity)		$50.84 (303 days), determined according to subparagraph 1003 B.
Loan interest (from disbursement date until transferred to claims)		$58.40 (348 days)
Transferred the following amounts to claims: • $1,000.00 loan principal • $ 58.40 loan interest • $1,058.40 claim principal		
Started claim interest	May 16, 200x	
Request to deliver. • Issue CCC-691 • Delivery completed	 June 5, 200x June 20, 200x	

Note: Do **not** adjust loan interest on recourse loans.

Manual Calculations for Reducing Claim Balance at Delivery (Continued)

B Worksheet for Adjusting Nonrecourse Loan Amount

Use the following to adjust nonrecourse loan amounts for offset or payment credit after the claim is established.

Step	Action	Calculations
1	Determine the offset or payment amount.	1.0000 minus ($_____ ÷ $_____) = _____ (*Total payment or offset amount ÷ original outstanding loan principal plus interest accrued through loan maturity) = (adjustment factor.)*
2	Make adjustments for offset or payment credit.	_____ x _____ = _____ *(Outstanding loan principal) x (adjustment factor) = (adjusted loan principal.)* _____ x _____ = _____ *(Interest accrued through loan maturity) x (adjustment factor) = (adjusted interest.)* _____ x _____ = _____ *(Outstanding quantity) x (adjustment factor) = (quantity for delivery.)*

Manual Calculations for Reducing Claim Balance at Delivery (Continued)

C Examples

The following examples apply to the situation in subparagraph A.

Example No. 1	Situation	Action	Method	Calculations
Offset from program payment applied to claim before request to deliver.	$700 offset applied as partial repayment on outstanding claim balance according to 58-FI.	When delivery is requested, calculate adjustment to original outstanding loan balance, through maturity, for the value of offset.	Use the worksheet in subparagraph B.	
		Make adjustments for offset credit.	See calculations.	• 1.000 minus ($700 ÷ $1,050.84) = .3339. • $1,000.00 x .3339 = $333.90 (adjusted loan principal). • $50.84 x .3339 = $16.98 (adjusted loan interest). • $50.84 - $16.98 = $33.86 (loan interest through maturity, which is to be waived). • 500 bushels x .3339 = 167 bushels (quantity for delivery).

Manual Calculations for Reducing Claim Balance at Delivery (Continued)

C Examples (Continued)

Example No. 1	Situation	Action	Method	Calculations
(Continued)	(Continued)	Issue CCC-691.	Calculate the maximum quantity to deliver.	167 x 1.1 = 184 bushels.
		Process settlement in APSS.	If total delivery amount: • equals or exceeds outstanding loan principal after adjustment, see example 2 • is less than outstanding loan principal after adjustment, see example 3.	

Manual Calculations for Reducing Claim Balance at Delivery (Continued)

C Examples (Continued)

Example No. 2	Situation	Action	Method	Calculations
Total delivered amount equals or exceeds outstanding adjusted loan principal after offset or payment credit.	• 184 bushels = 110%. • Outstanding adjusted loan principal = $333.90. • Delivered 175 bushels at $2 = $350. • Total delivered amount is $350 (CCC-692, item 13). • Adjusted loan interest to be waived is $50.84 - $33.86 = $16.98.	Waive the entire adjusted loan interest, because the total delivered amount equals or exceeds the outstanding adjusted loan principal.		
		Reduce the claim program interest amount by the amount of interest to be waived ($16.98). Apply the settlement check to the claim. **Note:** Any excess of the amount needed to repay the claim shall: • be offset from other claims, if any • be paid to the producer.	See 58-FI.	

Manual Calculations for Reducing Claim Balance at Delivery (Continued)

C Examples (Continued)

Example No. 3	Situation	Action	Method	Calculations
Total delivered amount is less than adjusted outstanding loan principal after offset or payment credit.	• 184 bushels = 110%. • Outstanding adjusted loan principal = $333.90. • Delivered 150 bushels at $2 = $300. • Total delivered amount is $300 (CCC-692, item 13).	Calculate interest to be waived for value delivered.	Divide the value of the bushels delivered by the adjusted loan principal.	$300 ÷ $333.90 = .8985.
		Determine the amount of adjusted loan interest to be waived.	Multiply determined factor times remaining interest.	$16.98 x .8985 = $15.26.
		Reduce the claim program interest amount by the amount of interest to be waived ($15.26). Apply the settlement check to the claim.	See 58-FI.	

Manual Calculations for Reducing Claim Balance at Delivery (Continued)

C Examples (Continued)

Example No. 4	Situation	Action	Method	Calculations
Total delivered amount equals or exceeds outstanding loan principal. There were no previous offsets or payments on the claim. However, delivery credit is limited to 110 percent of outstanding loan quantity (paragraph 1013).	• 550 bushels = 110%. • 500 bushels at $2 = $1,000 (original loan). • Delivered 600 bushels at $1.69 = $1,014.00. • 550 bushels x $1.69 = $929.50.	Calculate interest to be waived for value delivered.	Divide the value of the bushels delivered by the outstanding loan principal.	$929.50 ÷ $1,0000 = .9295.
		Determine amount of outstanding loan interest to be waived.	Multiply determined factor times remaining interest.	$50.84 x .9295 = $47.26.
		• Reduce the claim program interest amount by the amount of interest to be waived ($47.26). • Apply the settlement check to the claim.	See 58-FI.	

Manual Calculations for Reducing Claim Balance at Delivery (Continued)

C Examples (Continued)

Example No. 5	Situation	Action	Method	Calculations
Total delivered amount is less than original loan principal. There were no previous offsets or payments applied to the claim.	• 550 bushels = 110%. • 500 bushels at $2 = $1,000 (original loan). • 476 bushels delivered at $1.90 bushels = $904.40. • Total delivered amount is $904.40 (CCC-692, item 13).	Calculate interest waived for value delivered.	Divide the value of the bushels delivered by the adjusted loan principal.	$904.40 ÷ $1,000 = .9000.
		Determine the amount of outstanding loan interest to be waived.	Multiply determined factor times outstanding loan interest.	$50.84 x .90 = $45.76.
		Reduce the claim program interest amount by the amount of interest to be waived ($45.76). Apply the settlement check to the claim.	See 64-FI.	

Combined Test Weight and Pack Factors

A Barley

Use the combined test weight and pack factor applicable to the test weight for **barley** to determine the measured quantity.

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
25.0	0.594	0.615	0.625	0.646
25.5	0.604	0.626	0.636	0.657
26.0	0.615	0.636	0.647	0.669
26.5	0.625	0.647	0.658	0.680
27.0	0.636	0.658	0.669	0.692
27.5	0.646	0.669	0.680	0.703
28.0	0.656	0.680	0.691	0.715
28.5	0.666	0.690	0.702	0.726
29.0	0.677	0.701	0.713	0.737
29.5	0.687	0.711	0.724	0.748
30.0	0.697	0.722	0.734	0.759
30.5	0.707	0.732	0.745	0.770
31.0	0.717	0.743	0.756	0.781
31.5	0.727	0.753	0.766	0.792
32.0	0.737	0.763	0.777	0.803
32.5	0.746	0.774	0.787	0.814
33.0	0.756	0.784	0.798	0.825
33.5	0.766	0.794	0.808	0.836
34.0	0.776	0.804	0.818	0.846
34.5	0.785	0.814	0.828	0.857
35.0	0.795	0.824	0.839	0.868
35.5	0.804	0.834	0.849	0.878
36.0	0.814	0.844	0.859	0.889

Combined Test Weight and Pack Factors (Continued)

A Barley (Continued)

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
36.5	0.823	0.854	0.869	0.899
37.0	0.833	0.863	0.879	0.910
37.5	0.842	0.873	0.889	0.920
38.0	0.851	0.883	0.899	0.930
38.5	0.860	0.892	0.908	0.940
39.0	0.869	0.902	0.918	0.951
39.5	0.878	0.911	0.928	0.961
40.0	0.888	0.921	0.938	0.971
40.5	0.896	0.930	0.947	0.981
41.0	0.905	0.940	0.957	0.991
41.5	0.914	0.949	0.966	1.001
42.0	0.923	0.958	0.976	1.011
42.5	0.932	0.967	0.985	1.020
43.0	0.941	0.976	0.994	1.030
43.5	0.949	0.986	1.004	1.040
44.0	0.958	0.995	1.013	1.050
44.5	0.966	1.004	1.022	1.059
45.0	0.975	1.013	1.031	1.069
45.5	0.983	1.021	1.040	1.078
46.0	0.992	1.030	1.049	1.088
46.5	1.000	1.039	1.058	1.097
47.0	1.009	1.048	1.067	1.106
47.5	1.017	1.056	1.076	1.116

Combined Test Weight and Pack Factors (Continued)

A Barley (Continued)

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
48.0	1.025	1.065	1.085	1.125
48.5	1.033	1.074	1.094	1.134
49.0	1.041	1.082	1.103	1.143
49.5	1.049	1.091	1.111	1.152
50.0	1.057	1.099	1.120	1.161
50.5	1.065	1.107	1.128	1.170
51.0	1.073	1.116	1.137	1.179
51.5	1.081	1.124	1.145	1.188
52.0	1.089	1.132	1.154	1.197
52.5	1.096	1.140	1.162	1.206
53.0	1.104	1.148	1.170	1.215
53.5	1.112	1.156	1.179	1.223
54.0	1.119	1.164	1.187	1.232
54.5	1.127	1.172	1.195	1.240
55.0	1.134	1.180	1.203	1.249
55.5	1.142	1.188	1.211	1.257
56.0	1.149	1.196	1.219	1.266

Combined Test Weight and Pack Factors (Continued)

B Corn

Use the combined test weight and pack factor applicable to the test weight for **corn** to determine the measured quantity.

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
30.0	0.587	0.594	0.603	0.610
30.5	0.596	0.603	0.612	0.619
31.0	0.605	0.612	0.622	0.628
31.5	0.614	0.621	0.631	0.638
32.0	0.623	0.630	0.640	0.647
32.5	0.632	0.639	0.649	0.656
33.0	0.641	0.648	0.658	0.665
33.5	0.649	0.657	0.667	0.674
34.0	0.658	0.665	0.676	0.684
34.5	0.667	0.674	0.685	0.693
35.0	0.676	0.683	0.694	0.702
35.5	0.684	0.692	0.703	0.711
36.0	0.693	0.701	0.712	0.720
36.5	0.702	0.709	0.721	0.729
37.0	0.710	0.718	0.730	0.738
37.5	0.719	0.727	0.739	0.747
38.0	0.727	0.736	0.748	0.756
38.5	0.736	0.744	0.757	0.765
39.0	0.744	0.753	0.765	0.774
39.5	0.753	0.761	0.774	0.783
40.0	0.761	0.770	0.783	0.791
40.5	0.770	0.779	0.792	0.800

Combined Test Weight and Pack Factors (Continued)

B Corn (Continued)

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
41.0	0.778	0.787	0.800	0.809
41.5	0.787	0.796	0.809	0.818
42.0	0.795	0.804	0.818	0.827
42.5	0.803	0.812	0.826	0.835
43.0	0.812	0.821	0.835	0.844
43.5	0.820	0.829	0.843	0.853
44.0	0.828	0.838	0.852	0.861
44.5	0.836	0.846	0.860	0.870
45.0	0.845	0.854	0.869	0.878
45.5	0.853	0.862	0.877	0.887
46.0	0.861	0.871	0.886	0.895
46.5	0.869	0.879	0.894	0.904
47.0	0.877	0.887	0.902	0.912
47.5	0.885	0.895	0.911	0.921
48.0	0.893	0.903	0.919	0.929
48.5	0.901	0.912	0.927	0.938
49.0	0.909	0.920	0.935	0.946
49.5	0.917	0.928	0.944	0.954
50.0	0.925	0.936	0.952	0.963
50.5	0.933	0.944	0.960	0.971
51.0	0.941	0.952	0.968	0.979
51.5	0.949	0.960	0.976	0.987
52.0	0.956	0.968	0.984	0.995
52.5	0.964	0.975	0.992	1.004

Combined Test Weight and Pack Factors (Continued)

B Corn (Continued)

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
53.0	0.972	0.983	1.000	1.012
53.5	0.980	0.991	1.008	1.020
54.0	0.987	0.999	1.016	1.028
54.5	0.995	1.007	1.024	1.036
55.0	1.003	1.015	1.032	1.044
55.5	1.010	1.022	1.040	1.052
56.0	1.018	1.030	1.048	1.060
56.5	1.026	1.038	1.056	1.068
57.0	1.033	1.045	1.064	1.076
57.5	1.041	1.053	1.071	1.084
58.0	1.048	1.061	1.079	1.092
58.5	1.056	1.068	1.087	1.099
59.0	1.063	1.076	1.095	1.107
59.5	1.070	1.083	1.102	1.115
60.0	1.078	1.091	1.110	1.123
60.5	1.085	1.098	1.118	1.131
61.0	1.093	1.106	1.125	1.138
61.5	1.100	1.113	1.133	1.146
62.0	1.107	1.120	1.140	1.154

Combined Test Weight and Pack Factors (Continued)

C Grain Sorghum

Use the combined test weight and pack factor applicable to the test weight for **grain sorghum** to determine the measured quantity.

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
30.0	0.588	0.596	0.607	0.615
30.5	0.597	0.605	0.616	0.624
31.0	0.606	0.614	0.626	0.634
31.5	0.615	0.624	0.635	0.643
32.0	0.624	0.633	0.644	0.653
32.5	0.633	0.642	0.653	0.662
33.0	0.642	0.651	0.662	0.671
33.5	0.651	0.660	0.671	0.680
34.0	0.659	0.668	0.681	0.690
34.5	0.668	0.677	0.690	0.699
35.0	0.677	0.686	0.699	0.708
35.5	0.686	0.695	0.708	0.717
36.0	0.694	0.704	0.717	0.726
36.5	0.703	0.713	0.726	0.736
37.0	0.712	0.722	0.735	0.745
37.5	0.720	0.730	0.744	0.754
38.0	0.729	0.739	0.753	0.763
38.5	0.737	0.748	0.761	0.772
39.0	0.746	0.756	0.770	0.781
39.5	0.754	0.765	0.779	0.790
40.0	0.763	0.774	0.788	0.799
40.5	0.771	0.782	0.797	0.807

Combined Test Weight and Pack Factors (Continued)

C Grain Sorghum (Continued)

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
41.0	0.780	0.791	0.805	0.816
41.5	0.788	0.799	0.814	0.825
42.0	0.797	0.808	0.823	0.834
42.5	0.805	0.816	0.831	0.843
43.0	0.813	0.825	0.840	0.852
43.5	0.821	0.833	0.849	0.860
44.0	0.830	0.842	0.857	0.869
44.5	0.838	0.850	0.866	0.878
45.0	0.846	0.858	0.874	0.886
45.5	0.854	0.867	0.883	0.895
46.0	0.863	0.875	0.891	0.904
46.5	0.871	0.883	0.900	0.912
47.0	0.879	0.891	0.908	0.921
47.5	0.887	0.900	0.916	0.929
48.0	0.895	0.908	0.925	0.938
48.5	0.903	0.916	0.933	0.946
49.0	0.911	0.924	0.942	0.955
49.5	0.919	0.932	0.950	0.963
50.0	0.927	0.940	0.958	0.971
50.5	0.935	0.948	0.966	0.980
51.0	0.943	0.956	0.974	0.988
51.5	0.950	0.964	0.983	0.996

Combined Test Weight and Pack Factors (Continued)

C Grain Sorghum (Continued)

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
52.0	0.958	0.972	0.991	1.005
52.5	0.966	0.980	0.999	1.013
53.0	0.974	0.988	1.007	1.021
53.5	0.982	0.996	1.015	1.029
54.0	0.989	1.004	1.023	1.038
54.5	0.997	1.012	1.031	1.046
55.0	1.005	1.019	1.039	1.054
55.5	1.012	1.027	1.047	1.062
56.0	1.020	1.035	1.055	1.070
56.5	1.028	1.043	1.063	1.078
57.0	1.035	1.050	1.071	1.086
57.5	1.043	1.058	1.079	1.094
58.0	1.050	1.066	1.086	1.102
58.5	1.058	1.073	1.094	1.110
59.0	1.065	1.081	1.102	1.118
59.5	1.073	1.089	1.110	1.126
60.0	1.080	1.096	1.118	1.134
60.5	1.087	1.104	1.125	1.141
61.0	1.095	1.111	1.133	1.149
61.5	1.102	1.119	1.140	1.157
62.0	1.109	1.126	1.148	1.165

Combined Test Weight and Pack Factors (Continued)

D Oats

Use the combined test weight and pack factor applicable to the test weight for **oats** to determine the measured quantity.

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
20.0	0.763	0.781	0.794	0.813
20.5	0.778	0.798	0.810	0.830
21.0	0.794	0.814	0.827	0.847
21.5	0.810	0.830	0.843	0.863
22.0	0.825	0.846	0.859	0.880
22.5	0.840	0.861	0.875	0.896
23.0	0.855	0.877	0.891	0.913
23.5	0.870	0.892	0.907	0.929
24.0	0.885	0.908	0.923	0.945
24.5	0.900	0.923	0.938	0.961
25.0	0.914	0.938	0.953	0.977
25.5	0.928	0.952	0.968	0.992
26.0	0.943	0.967	0.983	1.008
26.5	0.956	0.981	0.998	1.023
27.0	0.970	0.996	1.013	1.038
27.5	0.984	1.010	1.027	1.053
28.0	0.998	1.024	1.041	1.068
28.5	1.011	1.038	1.055	1.082
29.0	1.024	1.051	1.069	1.097
29.5	1.037	1.065	1.083	1.111
30.0	1.050	1.078	1.097	1.125
30.5	1.063	1.091	1.110	1.139
31.0	1.075	1.104	1.124	1.153

Combined Test Weight and Pack Factors (Continued)

D Oats (Continued)

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
31.5	1.088	1.117	1.137	1.166
32.0	1.100	1.130	1.150	1.180
32.5	1.112	1.143	1.163	1.193
33.0	1.124	1.155	1.176	1.207
33.5	1.136	1.167	1.188	1.220
34.0	1.148	1.179	1.201	1.233
34.5	1.159	1.191	1.213	1.245
35.0	1.170	1.203	1.225	1.258
35.5	1.181	1.215	1.237	1.270
36.0	1.193	1.226	1.249	1.283
36.5	1.203	1.238	1.260	1.295
37.0	1.214	1.249	1.272	1.307
37.5	1.225	1.260	1.283	1.318
38.0	1.235	1.271	1.294	1.330
38.5	1.245	1.281	1.305	1.341
39.0	1.255	1.292	1.316	1.353
39.5	1.265	1.302	1.327	1.364
40.0	1.275	1.313	1.338	1.375
40.5	1.285	1.323	1.348	1.386
41.0	1.294	1.333	1.358	1.397
41.5	1.303	1.342	1.368	1.407
42.0	1.313	1.352	1.378	1.418
42.5	1.321	1.361	1.388	1.428
43.0	1.330	1.371	1.398	1.438
43.5	1.339	1.380	1.407	1.448

Combined Test Weight and Pack Factors (Continued)

D Oats (Continued)

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
44.0	1.348	1.389	1.416	1.458
44.5	1.356	1.398	1.425	1.467
45.0	1.364	1.406	1.434	1.477
45.5	1.372	1.415	1.443	1.486
46.0	1.380	1.423	1.452	1.495
46.5	1.388	1.431	1.460	1.504
47.0	1.395	1.439	1.469	1.513
47.5	1.403	1.447	1.477	1.521
48.0	1.410	1.455	1.485	1.530
48.5	1.417	1.463	1.493	1.538
49.0	1.424	1.470	1.501	1.547
49.5	1.431	1.477	1.508	1.555
50.0	1.438	1.484	1.516	1.563

Combined Test Weight and Pack Factors (Continued)

E Rice

Use the combined test weight and pack factor applicable to the test weight for **rice** to determine the measured quantity.

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
35.0	0.828	0.840	0.852	0.863
35.5	0.839	0.851	0.863	0.874
36.0	0.850	0.862	0.874	0.886
36.5	0.860	0.872	0.885	0.897
37.0	0.871	0.883	0.895	0.908
37.5	0.881	0.894	0.906	0.919
38.0	0.892	0.904	0.917	0.930
38.5	0.902	0.915	0.928	0.941
39.0	0.913	0.926	0.939	0.952
39.5	0.923	0.936	0.949	0.962
40.0	0.933	0.947	0.960	0.973
40.5	0.944	0.957	0.971	0.984
41.0	0.954	0.968	0.981	0.995
41.5	0.964	0.978	0.992	1.006
42.0	0.974	0.988	1.002	1.016
42.5	0.985	0.999	1.013	1.027
43.0	0.995	1.009	1.023	1.038
43.5	1.005	1.019	1.034	1.048
44.0	1.015	1.030	1.044	1.059
44.5	1.025	1.040	1.055	1.069
45.0	1.035	1.050	1.065	1.080
45.5	1.045	1.060	1.075	1.090

Combined Test Weight and Pack Factors (Continued)

E Rice (Continued)

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
46.0	1.055	1.070	1.086	1.101
46.5	1.065	1.080	1.096	1.111
47.0	1.075	1.090	1.106	1.122
47.5	1.085	1.100	1.116	1.132
46.5	1.065	1.080	1.096	1.111
47.0	1.075	1.090	1.106	1.122
47.5	1.085	1.100	1.116	1.132
48.0	1.094	1.110	1.126	1.142
48.5	1.104	1.120	1.137	1.153
49.0	1.114	1.130	1.147	1.163
49.5	1.124	1.140	1.157	1.173
50.0	1.133	1.150	1.167	1.183
50.5	1.143	1.160	1.177	1.193
51.0	1.153	1.170	1.187	1.204
51.5	1.162	1.179	1.197	1.214
52.0	1.172	1.189	1.206	1.224
52.5	1.181	1.199	1.216	1.234
53.0	1.191	1.208	1.226	1.244
53.5	1.200	1.218	1.236	1.254
54.0	1.210	1.228	1.246	1.264
54.5	1.219	1.237	1.255	1.273
55.0	1.228	1.247	1.265	1.283

Combined Test Weight and Pack Factors (Continued)

F Soybeans

Use the combined test weight and pack factor applicable to the test weight for **soybeans** to determine the measured quantity.

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
40.0	0.719	0.727	0.739	0.747
40.5	0.727	0.735	0.747	0.755
41.0	0.735	0.743	0.755	0.763
41.5	0.743	0.751	0.763	0.772
42.0	0.750	0.759	0.771	0.780
42.5	0.758	0.767	0.780	0.788
43.0	0.766	0.775	0.788	0.796
43.5	0.774	0.783	0.796	0.804
44.0	0.782	0.791	0.804	0.813
44.5	0.790	0.798	0.812	0.821
45.0	0.797	0.806	0.820	0.829
45.5	0.805	0.814	0.828	0.837
46.0	0.813	0.822	0.836	0.845
46.5	0.820	0.830	0.844	0.853
47.0	0.828	0.837	0.851	0.861
47.5	0.836	0.845	0.859	0.869
48.0	0.843	0.853	0.867	0.877
48.5	0.851	0.860	0.875	0.885
49.0	0.858	0.868	0.883	0.893
49.5	0.866	0.876	0.891	0.900
50.0	0.873	0.883	0.898	0.908

Combined Test Weight and Pack Factors (Continued)

F Soybeans (Continued)

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
50.5	0.881	0.891	0.906	0.916
51.0	0.888	0.898	0.914	0.924
51.5	0.896	0.906	0.921	0.932
52.0	0.903	0.913	0.929	0.939
52.5	0.910	0.921	0.937	0.947
53.0	0.918	0.928	0.944	0.955
53.5	0.925	0.936	0.952	0.963
54.0	0.932	0.943	0.959	0.970
54.5	0.940	0.951	0.967	0.978
55.0	0.947	0.958	0.974	0.985
55.5	0.954	0.965	0.982	0.993
56.0	0.961	0.973	0.989	1.001
56.5	0.969	0.980	0.997	1.008
57.0	0.976	0.987	1.004	1.016
57.5	0.983	0.994	1.012	1.023
58.0	0.990	1.001	1.019	1.030
58.5	0.997	1.009	1.026	1.038
59.0	1.004	1.016	1.033	1.045
59.5	1.011	1.023	1.041	1.053
60.0	1.018	1.030	1.048	1.060
60.5	1.025	1.037	1.055	1.067
61.0	1.032	1.044	1.062	1.075
61.5	1.039	1.051	1.070	1.082

Combined Test Weight and Pack Factors (Continued)

F Soybeans (Continued)

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
62.0	1.046	1.058	1.077	1.089
62.5	1.053	1.065	1.084	1.096
63.0	1.059	1.072	1.091	1.104
63.5	1.066	1.079	1.098	1.111
64.0	1.073	1.086	1.105	1.118
64.5	1.080	1.093	1.112	1.125
65.0	1.087	1.100	1.119	1.132

Combined Test Weight and Pack Factors (Continued)

G Wheat

Use the combined test weight and pack factor applicable to the test weight for **wheat** to determine the measured quantity.

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
35.0	0.648	0.656	0.665	0.674
35.5	0.656	0.665	0.674	0.682
36.0	0.664	0.673	0.682	0.691
36.5	0.673	0.682	0.691	0.700
37.0	0.681	0.690	0.699	0.709
37.5	0.689	0.698	0.708	0.717
38.0	0.697	0.707	0.716	0.726
38.5	0.706	0.715	0.725	0.734
39.0	0.714	0.723	0.733	0.743
39.5	0.722	0.732	0.742	0.751
40.0	0.730	0.740	0.750	0.760
40.5	0.738	0.748	0.758	0.768
41.0	0.746	0.756	0.767	0.777
41.5	0.754	0.765	0.775	0.785
42.0	0.762	0.773	0.783	0.794
42.5	0.770	0.781	0.792	0.802
43.0	0.778	0.789	0.800	0.811
43.5	0.786	0.797	0.808	0.819
44.0	0.794	0.805	0.816	0.827
44.5	0.802	0.813	0.824	0.835

Combined Test Weight and Pack Factors (Continued)

G Wheat (Continued)

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
45.0	0.810	0.821	0.833	0.844
45.5	0.818	0.829	0.841	0.852
46.0	0.826	0.837	0.849	0.860
46.5	0.834	0.845	0.857	0.868
47.0	0.841	0.853	0.865	0.877
47.5	0.849	0.861	0.873	0.885
48.0	0.857	0.869	0.881	0.893
48.5	0.865	0.877	0.889	0.901
49.0	0.872	0.884	0.897	0.909
49.5	0.880	0.892	0.905	0.917
50.0	0.888	0.900	0.913	0.925
50.5	0.895	0.908	0.920	0.933
51.0	0.903	0.915	0.928	0.941
51.5	0.910	0.923	0.936	0.949
52.0	0.918	0.931	0.944	0.957
52.5	0.925	0.938	0.952	0.965
53.0	0.933	0.946	0.959	0.973
53.5	0.940	0.954	0.967	0.980
54.0	0.948	0.961	0.975	0.988
54.5	0.955	0.969	0.982	0.996
55.0	0.963	0.976	0.990	1.004
55.5	0.970	0.984	0.998	1.011

Combined Test Weight and Pack Factors (Continued)

G Wheat (Continued)

Test Weight	Less Than 255 Sq. Ft.	255 Sq. Ft. to 461 Sq. Ft.	462 Sq. Ft. to 767 Sq. Ft.	More Than 767 Sq. Ft.
56.0	0.977	0.991	1.005	1.019
56.5	0.985	0.999	1.013	1.027
57.0	0.992	1.006	1.020	1.035
57.5	0.999	1.013	1.028	1.042
58.0	1.006	1.021	1.035	1.050
58.5	1.014	1.028	1.043	1.057
59.0	1.021	1.035	1.050	1.065
59.5	1.028	1.043	1.058	1.072
60.0	1.035	1.050	1.065	1.080
60.5	1.042	1.057	1.072	1.087
61.0	1.049	1.064	1.080	1.095
61.5	1.056	1.072	1.087	1.102
62.0	1.063	1.079	1.094	1.110

Test Weight Factor for Oilseeds, Except Soybeans

A Canola and Rapeseed Test Weight Factors

Use the following test weight factors to determine the measured quantity for canola and rapeseed.

Notes: The factor equals the actual test weight divided by the standard test weight, rounded to 4 decimal places.

Standard test weight for canola and rapeseed is 50 lbs. per bushel.

Actual Test Weight	Factor	Actual Test Weight	Factor	Actual Test Weight	Factor
40.5	.8100	47.5	.9500	54.5	1.0900
41.0	.8200	48.0	.9600	55.0	1.1000
41.5	.8300	48.5	.9700	55.5	1.1100
42.0	.8400	49.0	.9800	56.0	1.1200
42.5	.8500	49.5	.9900	56.5	1.1300
43.0	.8600	50.0	1.000	57.0	1.1400
43.5	.8700	50.5	1.0100	57.5	1.1500
44.0	.8800	51.0	1.0200	58.0	1.1600
44.5	.8900	51.5	1.0300	58.5	1.1700
45.0	.9000	52.0	1.0400	59.0	1.1800
45.5	.9100	52.5	1.0500	59.5	1.1900
46.0	.9200	53.0	1.0600	60.0	1.2000
46.5	.9300	53.5	1.0700	60.5	1.2100
47.0	.9400	54.0	1.0800	61.0	1.2200

Test Weight Factor for Oilseeds, Except Soybeans (Continued)

B Flaxseed Test Weight Factors

Use the following test weight factors to determine the measured quantity for flaxseed.

Notes: The factor equals the actual test weight divided by the standard test weight, rounded to 4 decimal places.

Standard test weight for flaxseed is 56 lbs. per bushel.

Actual Test Weight	Factor	Actual Test Weight	Factor	Actual Test Weight	Factor
41.5	.7412	48.5	.8661	55.5	.9912
42.0	.7500	49.0	.8750	56.0	1.0000
42.5	.7589	49.5	.8839	56.5	1.0089
43.0	.7679	50.0	.8929	57.0	1.0179
43.5	.7768	50.5	.9018	57.5	1.0268
44.0	.7857	51.0	.9107	58.0	1.0357
44.5	.7946	51.5	.9196	58.5	1.0446
45.0	.8036	52.0	.9286	59.0	1.0536
45.5	.8125	52.5	.9375	59.5	1.0625
46.0	.8214	53.0	.9464	60.0	1.0714
46.5	.8304	53.5	.9554	61.5	1.0982
47.0	.8393	54.0	.9643	62.0	1.1071
47.5	.8482	54.5	.9714	62.5	1.1161
48.0	.8571	55.0	.9821	63.0	1.1250

Test Weight Factor for Oilseeds, Except Soybeans (Continued)

C Mustard Seed Test Weight Factors

Use the following test weight factors to determine the measured quantity for mustard seed.

Notes: The factor equals the actual test weight divided by the standard test weight, rounded to 4 decimal places.

Standard test weight for mustard seed is 54 lbs. per bushel.

Actual Test Weight	Factor	Actual Test Weight	Factor	Actual Test Weight	Factor
40.0	.7407	47.0	.8704	55.0	1.0185
40.5	.7500	47.5	.8796	55.5	1.0278
41.0	.7593	48.0	.8889	56.0	1.0370
41.5	.7685	48.5	.8981	56.5	1.0444
42.0	.7778	49.0	.9074	57.0	1.0556
42.5	.7870	49.5	.9167	57.5	1.0648
43.0	.7963	50.0	.9259	58.0	1.0741
43.5	.8056	51.5	.9537	58.5	1.0833
44.0	.8148	52.0	.9630	59.0	1.0926
44.5	.8241	52.5	.9722	60.5	1.1204
45.0	.8333	53.0	.9815	61.0	1.1296
45.5	.8426	53.5	.9907	61.5	1.1389
46.0	.8519	54.0	1.0000	62.0	1.1481
46.5	.8611	54.5	1.0093	62.5	1.1574

Test Weight Factor for Oilseeds, Except Soybeans (Continued)

D Safflower Seed Test Weight Factors

Use the following test weight factors to determine the measured quantity for safflower seed.

Notes: The factor equals the actual test weight divided by the standard test weight, rounded to 4 decimal places.

Standard test weight for safflower seed is 40 lbs. per bushel.

Actual Test Weight	Factor	Actual Test Weight	Factor	Actual Test Weight	Factor
25.5	.6375	32.5	.8125	39.5	.9875
26.0	.6500	33.0	.8250	40.0	1.0000
26.5	.6625	33.5	.8375	40.5	1.0125
27.0	.6750	34.0	.8500	41.0	1.0250
27.5	.6875	34.5	.8625	41.5	1.0375
28.0	.7000	35.0	.8750	42.0	1.0500
28.5	.7125	35.5	.8875	42.5	1.0625
29.0	.7250	36.0	.9000	43.0	1.0750
29.5	.7375	36.5	.9125	43.5	1.0875
30.0	.7500	37.0	.9250	44.0	1.1000
30.5	.7625	37.5	.9375	44.5	1.1125
31.0	.7750	38.0	.9500	45.0	1.1250
31.5	.7875	38.5	.9625	45.5	1.1375
32.0	.8000	39.0	.9750	46.0	1.1500

Test Weight Factor for Oilseeds, Except Soybeans (Continued)

E Sunflower Seed Test Weight Factors

Use the following test weight factors to determine the measured quantity for sunflower seeds, both oil and other types.

Notes: The factor equals the actual test weight divided by the standard test weight, rounded to 4 decimal places.

Standard test weight for sunflower seed is 28 lbs. per bushel.

Actual Test Weight	Factor	Actual Test Weight	Factor	Actual Test Weight	Factor
14.5	.5179	21.5	.7679	28.5	1.0179
15.0	.5357	22.0	.7857	29.0	1.0357
15.5	.5536	22.5	.8036	29.5	1.0536
16.0	.5714	23.0	.8214	30.0	1.0714
16.5	.5893	23.5	.8393	30.5	1.0893
17.0	.6071	24.0	.8571	31.0	1.1071
17.5	.6250	24.5	.8750	31.5	1.1250
18.0	.6429	25.0	.8929	32.0	1.1429
18.5	.6607	25.5	.9107	32.5	1.1607
19.0	.6786	26.0	.9286	33.0	1.1786
19.5	.6964	26.5	.9464	33.5	1.1964
20.0	.7143	27.0	.9643	34.0	1.2143
20.5	.7321	27.5	.9821	34.5	1.2321
21.0	.7500	28.0	1.0000	35.0	1.2500

Test Weight Factor for Oilseeds, Except Soybeans (Continued)

F Crambe Test Weight Factors

Use the following test weight factors to determine the measured quantity for crambe.

Notes: The factor equals the actual test weight divided by the standard test weight, rounded to 4 decimal places.

Standard test weight for crambe is 25 lbs. per bushel.

Actual Test Weight	Factor	Actual Test Weight	Factor	Actual Test Weight	Factor
11.0	.4400	18.5	.7400	26.0	1.040
11.1	.4440	19.0	.7600	26.5	1.060
12.0	.4800	19.5	.7800	27.0	1.080
12.5	.5000	20.0	.8000	27.5	1.100
13.0	.5200	20.5	.8200	28.0	1.120
13.5	.5400	21.0	.8400	28.5	1.140
14.0	.5600	21.5	.8600	29.0	1.160
14.5	.5800	22.0	.8800	29.5	1.180
15.0	.6000	22.5	.9000	30.0	1.200
15.5	.6200	23.0	.9200	30.5	1.220
16.0	.6400	23.5	.9400	31.0	1.240
16.5	.6600	24.0	.9600	31.5	1.260
17.0	.6800	24.5	.9800	32.0	1.280
17.5	.7000	25.0	1.000		
18.0	.7200	25.5	1.020		

Test Weight Factor for Pulse Crops

A Lentils

Use the following test weight factors to determine the measured quantity for lentils.

Note: The factor equals the actual test weight divided by the standard test weight, rounded to 4 decimal places.

Standard test weight for lentils is 60 lbs. per bushel.

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Actual Test Weight	Factor	Actual Test Weight	Factor	Actual Test Weight	Factor
46.0	0.7667	56.0	0.9333	66.0	1.1000
46.5	0.7750	56.5	0.9417	66.5	1.1083
47.0	0.7833	57.0	0.9500	67.0	1.1167
47.5	0.7917	57.5	0.9583	67.5	1.1250
48.0	0.8000	58.0	0.9667	68.0	1.1333
48.5	0.8083	58.5	0.9750	68.5	1.1417
49.0	0.8167	59.0	0.9833	69.0	1.1500
49.5	0.8250	59.5	0.9917	69.5	1.1583
50.0	0.8333	60.0	1.0000	70.0	1.1667
50.5	0.8417	60.5	1.0083	70.5	1.1750
51.0	0.8500	61.0	1.0167	71.0	1.1833
51.5	0.8583	61.5	1.0250	71.5	1.1917
52.0	0.8667	62.0	1.0333	72.0	1.2000
52.5	0.8750	62.5	1.0417	72.5	1.2083
53.0	0.8833	63.0	1.0500	73.0	1.2167
53.5	0.8917	63.5	1.0583	73.5	1.2250
54.0	0.9000	64.0	1.0667	74.0	1.2333
54.5	0.9083	64.5	1.0750	74.5	1.2417
55.0	0.9167	65.0	1.0833	75.0	1.2500
55.5	0.9250	65.5	1.0917	75.5	1.2583

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Test Weight Factor for Pulse Crops (Continued)

B Whole Dry Peas

Use the following test weight factors to determine the measured quantity for whole dry peas.

Note: The factor equals the actual test weight divided by the standard test weight, rounded to 4 decimal places.

Standard test weight for whole dry peas is 60 lbs. per bushel.

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Actual Test Weight	Factor	Actual Test Weight	Factor	Actual Test Weight	Factor
46.0	0.7667	56.0	0.9333	66.0	1.1000
46.5	0.7750	56.5	0.9417	66.5	1.1083
47.0	0.7833	57.0	0.9500	67.0	1.1167
47.5	0.7917	57.5	0.9583	67.5	1.1250
48.0	0.8000	58.0	0.9667	68.0	1.1333
48.5	0.8083	58.5	0.9750	68.5	1.1417
49.0	0.8167	59.0	0.9833	69.0	1.1500
49.5	0.8250	59.5	0.9917	69.5	1.1583
50.0	0.8333	60.0	1.0000	70.0	1.1667
50.5	0.8417	60.5	1.0083	70.5	1.1750
51.0	0.8500	61.0	1.0167	71.0	1.1833
51.5	0.8583	61.5	1.0250	71.5	1.1917
52.0	0.8667	62.0	1.0333	72.0	1.2000
52.5	0.8750	62.5	1.0417	72.5	1.2083
53.0	0.8833	63.0	1.0500	73.0	1.2167
53.5	0.8917	63.5	1.0583	73.5	1.2250
54.0	0.9000	64.0	1.0667	74.0	1.2333
54.5	0.9083	64.5	1.0750	74.5	1.2417
55.0	0.9167	65.0	1.0833	75.0	1.2500
55.5	0.9250	65.5	1.0917	75.5	1.2583

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Test Weight Factor for Pulse Crops (Continued)

C Small Chickpeas

Use the following test weight factors to determine the measured quantity for small chickpeas.

Note: The factor equals the actual test weight divided by the standard test weight, rounded to decimal places.

Standard test weight for small chickpeas is 58 lbs. per bushel.

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Actual Test Weight	Factor	Actual Test Weight	Factor	Actual Test Weight	Factor
46.0	0.7931	56.0	0.9655	66.0	1.1379
46.5	0.8017	56.5	0.9741	66.5	1.1466
47.0	0.8103	57.0	0.9828	67.0	1.1552
47.5	0.8190	57.5	0.9914	67.5	1.1638
48.0	0.8276	58.0	1.0000	68.0	1.1724
48.5	0.8362	58.5	1.0086	68.5	1.1810
49.0	0.8448	59.0	1.0172	69.0	1.1897
49.5	0.8534	59.5	1.0259	69.5	1.1983
50.0	0.8621	60.0	1.0345	70.0	1.2069
50.5	0.8707	60.5	1.0431	70.5	1.2155
51.0	0.8793	61.0	1.0517	71.0	1.2241
51.5	0.8879	61.5	1.0603	71.5	1.2328
52.0	0.8966	62.0	1.0690	72.0	1.2414
52.5	0.9052	62.5	1.0776	72.5	1.2500
53.0	0.9138	63.0	1.0862	73.0	1.2586
53.5	0.9224	63.5	1.0948	73.5	1.2672
54.0	0.9310	64.0	1.1034	74.0	1.2759
54.5	0.9397	64.5	1.1121	74.5	1.2845
55.0	0.9483	65.0	1.1207	75.0	1.2931
55.5	0.9569	65.5	1.1293	75.5	1.3017

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***--Premiums and Discounts for the 2002 Through 2003 Crop Year Wool**

A Region 1 Graded Wool Discounts for Offsorts

The following provides Region 1 CCC discounts for offsorts. Subtract the per pound discount from the applicable loan rate according to the specific micron range obtained from the core test results.

Factor/ Type/ Description	Discount Per Pound According to Applicable Micron Range							
	<18.6	18.6-19.5	19.6-20.5	20.6-22.0	22.1-23.5	23.6-25.9	26.0-28.9	29.0 and Over
Bellies	$2.66	$1.71	$1.25	$1.14	$1.12	$1.06	$0.76	$0.69
Pieces	$2.66	$1.71	$1.25	$1.14	$1.12	$1.06	$0.76	$0.69
Locks/Tags	$3.98	$2.57	$1.87	$1.71	$1.68	$1.58	$1.14	$1.03
Crutchings	$3.98	$2.57	$1.87	$1.71	$1.68	$1.58	$1.14	$1.03
Blackface	$2.66	$1.71	$1.25	$1.14	$1.12	$1.06	$0.76	$0.69
Black Wool	$4.78	$3.08	$2.24	$2.05	$2.02	$1.90	$1.37	$1.23
35 Micron and Over								$1.23

B Region 2 Graded Wool Discounts for Offsorts

The following provides Region 2 CCC discounts for offsorts. Subtract the per pound discount from the applicable loan rate according to the specific micron range obtained from the core test results.

Factor/ Type/ Description	Discount Per Pound According to Applicable Micron Range							
	<18.6	18.6-19.5	19.6-20.5	20.6-22.0	22.1-23.5	23.6-25.9	26.0-28.9	29.0 and Over
Bellies	$2.64	$1.69	$1.23	$1.12	$1.10	$1.04	$0.74	$0.67
Pieces	$2.64	$1.69	$1.23	$1.12	$1.10	$1.04	$0.74	$0.67
Locks/Tags	$3.95	$2.54	$1.84	$1.68	$1.65	$1.55	$1.11	$1.00
Crutchings	$3.95	$2.54	$1.84	$1.68	$1.65	$1.55	$1.11	$1.00
Blackface	$2.64	$1.69	$1.23	$1.12	$1.10	$1.04	$0.74	$0.67
Black Wool	$4.74	$3.04	$2.21	$2.02	$1.98	$1.86	$1.33	$1.20
35 Micron and Over								$1.20

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***--Premiums and Discounts for the 2002 Through 2003 Crop Year Wool (Continued)**

C Region 3 Graded Wool Discounts for Offsorts

The following provides Region 3 CCC discounts for offsorts. Subtract the per pound discount from the applicable loan rate according to the specific micron range obtained from the core test results.

Factor/ Type/ Description	Discount Per Pound According to Applicable Micron Range							
	<18.6	18.6-19.5	19.6-20.5	20.6-22.0	22.1-23.5	23.6-25.9	26.0-28.9	29.0 and Over
Bellies	$2.62	$1.67	$1.21	$1.10	$1.08	$1.02	$0.72	$0.65
Pieces	$2.62	$1.67	$1.21	$1.10	$1.08	$1.02	$0.72	$0.65
Locks/Tags	$3.92	$2.51	$1.81	$1.65	$1.62	$1.52	$1.08	$0.97
Crutchings	$3.92	$2.51	$1.81	$1.65	$1.62	$1.52	$1.08	$0.97
Blackface	$2.62	$1.67	$1.21	$1.10	$1.08	$1.02	$0.72	$0.65
Black Wool	$4.71	$3.01	$2.17	$1.98	$1.94	$1.83	$1.30	$1.16
35 Micron and Over								$1.16

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***--Premiums and Discounts for the 2002 Through 2003 Crop Year Wool (Continued)**

D Graded Wool Discounts for Preparation

The following provides CCC discounts based on the preparation of wool. Subtract the per pound discount from the applicable loan rate according to the specific micron range obtained from the core test results.

Preparation	Discount Per Pound According to Applicable Micron Range							
	<18.6	**18.6-19.5**	**19.6-20.5**	**20.6-22.0**	**22.1-23.5**	**23.6-25.9**	**26.0-28.9**	**29.0 and Over**
Bellies out, untied, classed, not skirted.	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20
Bellies out, untied, unclassed, not skirted.	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40
Bellies in, untied, unclassed, not skirted.	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60
No preparation, tied.	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80	$0.80

Discounts for preparation apply to fleece wool **only**. Preparation discounts do **not** apply to offsorts that consist solely of lots or bags of the following:

- bellies
- pieces
- locks/tags
- crutchings.

Graded wool discounts for preparation are nationwide discounts applicable to Regions 1 through 3.**--***

***--Premiums and Discounts for the 2002 Through 2003 Crop Year Wool (Continued)**

E Region 1 Graded Wool Discounts for Length

The following provides Region 1 CCC discounts based on the length of the wool below the 3 inch minimum. Subtract the per pound discount from the applicable loan rate according to the specific micron range obtained from the core test results.

Length in Inches	Discount Per Pound According to Applicable Micron Range							
	<18.6	18.6-19.5	19.6-20.5	20.6-22.0	22.1-23.5	23.6-25.9	26.0-28.9	29.0 and Over
2.76 - 2.99	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25
2.51 - 2.75	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40
2.00 - 2.50	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60
Under 2.00	$3.19	$2.05	$1.49	$1.37	$1.34	$1.27	$0.91	$0.82

F Region 2 Graded Wool Discounts for Length

The following provides Region 2 CCC discounts based on the length of the wool. Subtract the per pound discount from the applicable loan rate according to the specific micron range obtained from the core test results.

Length in Inches	Discount Per Pound According to Applicable Micron Range							
	<18.6	18.6-19.5	19.6-20.5	20.6-22.0	22.1-23.5	23.6-25.9	26.0-28.9	29.0 and Over
2.76 - 2.99	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25
2.51 - 2.75	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40
2.00 - 2.50	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60
Under 2.00	$3.16	$2.03	$1.47	$1.34	$1.32	$1.24	$0.89	$0.80

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***--Premiums and Discounts for the 2002 Through 2003 Crop Year Wool (Continued)**

G Region 3 Graded Wool Discounts for Length

The following provides Region 3 CCC discounts based on the length of the wool below the 3 inch minimum. Subtract the per pound discount from the applicable loan rate according to the specific micron range obtained from the core test results.

Length in Inches	Discount Per Pound According to Applicable Micron Range							
	<18.6	18.6-19.5	19. 6-20.5	20.6-22.0	22.1-23.5	23.6-25.9	26.0-28.9	29.0 and Over
2.76 - 2.99	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25
2.51 - 2.75	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40
2.00 - 2.50	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60	$0.60
Under 2.00	$3.14	$2.00	$1.45	$1.32	$1.30	$1.22	$0.86	$0.77

H Length Discount Applicability

Length discounts for wool apply to fleece wool **only**. Length discounts do not apply to offsorts that consist solely of lots of bags of the following:

- bellies
- pieces
- locks/tags
- crutchings.

I Graded Wool Vegetable Matter Discounts

The following provides CCC discounts applicable to Region 1 through Region 3 based on the percentage of vegetable matter in the wool, according to the core test results. Subtract the per pound discount from the applicable loan rate according to the specific micron range obtained from the core test results.

Percentage	Discount Per Pound According to Applicable Micron Range							
	<18.6	18.6-19.5	19.6-20.5	20.6-22.0	22.1-23.5	23.6-25.9	26.0-28.9	29.0 and Over
2.1 - 4.0%	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10
4.1 - 6%	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40
>6.1%	$0.90	$0.90	$0.90	$0.90	$0.90	$0.90	$0.90	$0.90

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***--Premiums and Discounts for the 2002 Through 2003 Crop Year Wool (Continued)**

J Region 1 Miscellaneous Graded Wool Discounts

The following provides Region 1 CCC discounts based on miscellaneous factors. Subtract the per pound discount from the applicable loan rate according to the specific micron range obtained from the core test results.

Factor	Discount Per Pound According to Applicable Micron Range							
	<18.6	18.6-19.5	19.6-20.5	20.6-22.0	22.1-23.5	23.6-25.9	26.0-28.9	29.0 and Over
• Damaged • Stained • Muddy • Wet • Non-merchantable	$5.31	$3.42	$2.49	$2.28	$2.24	$2.11	$1.52	$1.37
Polypropylene Contamination	$5.31	$3.42	$2.49	$2.28	$2.24	$2.11	$1.52	$1.37

K Region 2 Miscellaneous Graded Wool Discounts

The following provides Region 2 CCC discounts based on miscellaneous factors. Subtract the per pound discount from the applicable loan rate according to the specific micron range obtained from the core test results.

Factor	Discount Per Pound According to Applicable Micron Range							
	<18.6	18.6-19.5	19.6-20.5	20.6-22.0	22.1-23.5	23.6-25.9	26.0-28.9	29.0 and Over
• Damaged • Stained • Muddy • Wet • Non-merchantable	$5.27	$3.38	$2.45	$2.24	$2.20	$2.07	$1.48	$1.33
Polypropylene Contamination	$5.27	$3.38	$2.45	$2.24	$2.20	$2.07	$1.48	$1.33

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***--Premiums and Discounts for the 2002 Through 2003 Crop Year Wool (Continued)**

L Region 3 Miscellaneous Graded Wool Discounts

The following provides Region 3 CCC discounts based on miscellaneous factors. Subtract the per pound discount from the applicable loan rate according to the specific micron range obtained from the core test results.

Factor	Discount Per Pound According to Applicable Micron Range							
	<18.6	18.6-19.5	19.6-20.5	20.6-22.0	22.1-23.5	23.6-25.9	26.0-28.9	29.0 and Over
• Damaged • Stained • Muddy • Wet • Non-merchantable	$5.23	$3.34	$2.41	$2.20	$2.16	$2.03	$1.44	$1.29
Polypropylene Contamination	$5.23	$3.34	$2.41	$2.20	$2.16	$2.03	$1.44	$1.29

M Ungraded Wool Discounts for Offsorts

The following provides regional CCC discounts for ungraded wool offsorts. Subtract the per pound discount from the applicable loan rate.

Factor/Type/ Description	Discount Per Pound According to Applicable Region		
	Region 1	Region 2	Region 3
Bellies	$0.21	$0.20	$0.19
Pieces	$0.21	$0.20	$0.19
Locks/Tags	$0.32	$0.30	$0.29
Crutchings	$0.32	$0.30	$0.29
Blackface	$0.21	$0.20	$0.19
Black Wool	$0.38	$0.36	$0.34

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***--Premiums and Discounts for the 2002 Through 2003 Crop Year Wool (Continued)**

N Ungraded Wool Discounts for Length

The following provides regional CCC discounts for ungraded (greasy) wool based on the length of the wool below the 3 inch minimum. Subtract the per pound discount from the applicable loan rate.

Length in Inches	Discount Per Pound According to Applicable Region		
	Region 1	Region 2	Region 3
2.76 - 2.99	$0.10	$0.10	$0.10
2.51 - 2.75	$0.15	$0.15	$0.15
2.00 - 2.50	$0.20	$0.20	$0.20
Under 2.00	$0.25	$0.25	$0.25

Length discounts for ungraded wool apply to fleece wool **only**. Length discounts do **not** apply to offsorts that consist solely of lots or bags of the following:

- bellies
- pieces
- locks/tags
- crutchings.

O Miscellaneous Discounts for Ungraded Wool

The following provides regional CCC discounts based on miscellaneous factors. Subtract the per pound discount from the applicable loan rate.

Factor/Description	Discount Per Pound According to Applicable Region		
	Region 1	Region 2	Region 3
Polypropylene Contamination	$0.42	$0.40	$0.38
Unmerchantable	$0.42	$0.40	$0.38

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*--Core Test Report Examples for Graded Wool

A Core Test Example 1

The following is an example of a wool core test report from Yocum-McColl Testing Laboratory.

Yocom-McColl Testing Laboratories, Inc.
540 West Elk Place • Denver, Colorado 80216-1823 USA
PHONE (303) 294-0582 • FAX (303) 295-6944
EMAIL: ymccoll@ix.netcom.com

Wool Core Test Report

Producer/Company Name
Address

04/20/02

Test No: 592086

Description and Weight Data

Shipper's Lot Number:	5	
Buyer's Lot Number:	XXXXX	
Sale No:	XXXXX	
Description:	Staple	
Number of Bales or Bags Cored:	9	
Number of Bales or Bags Weighed:	9	
Net Weight of Wool:	3,378 lbs	1,532 kg
Sampled by: Client		On: 04/10/02

Laboratory Yield Data

Laboratory Scoured Yield:	55.6 %
Clean Wool Fibers Present:	54.5 %
Vegetable Matter Grease Basis:	1.1 %
U.S. Clean Yield:	53.5 %
Wool Base:	46.9 %
Vegetable Matter Base:	1.8 %
Schlumberger Estimated Commercial Top and Noil Yield:	53.1 %

Laboratory Micron Data

Average Fiber Diameter:	20.5 microns
Standard Deviation:	4.1 microns
Coefficient of Variation:	20.2 %
Fibers Greater Than 30 Microns:	2.0 %

By: Angus McColl

These Tests Performed According to ASTM D 584 and IWTO Method 12

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*--Core Test Report Examples for Graded Wool (Continued)

B Core Test Example 2

The following is an example of a wool IWTO core test certificate from the New Zealand Wool Testing Authority.

NEW ZEALAND WOOL TESTING AUTHORITY LTD
Cnr Bridge Street and Lever Street, PO Box 12065, Ahuriri, Napier, New Zealand
Telephone (06) 835-1086, Facsimile (06) 835-6473, E-Mail: testing@nzwta.co.nz

Page 1
Date 28 May 2003

IWTO TEST CERTIFICATE

Test No 1-00371903.P6

Brand:
M-1201
A-LINE

Greasy Wool

Total Bales : 30
Bale Numbers : 1-30

Gross Mass : 5596Kg
Declared Tare : 30Kg
Nett Mass : 5566Kg

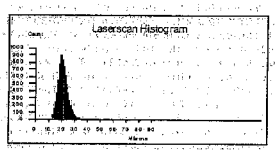
Yield Test Results
Wool Base (IWTO-19)
46.31 %
(4 samples tested)
Vegetable Matter Base (IWTO-19)
1.5 %
(Including 0.00 % Hard Heads and Twigs)

Calculated Commercial Yields	%	Kg
IWTO Scoured Yield at 16% Regain	56.7	3156
IWTO Schlumberger Dry	***52.6***	***2928***
IWTO Scoured Yield at 17% Regain	57.2	3184
IWTO Clean Wool Content	55.4	3084
ASTM Clean Wool Fibre Present	53.8	2995
Japanese Clean Scoured Yield @16%	54.5	3033

Airflow (IWTO 28)
Mean Fibre Diameter : 20.8 um
(4 specimens)

Colour (IWTO 56) (8 specimens)
X: 63.3 Y: 64.3 Z: 63.7
Y-Z: 0.6 Sampled : 01 Apr 2003

Laserscan (IWTO-12)
Mean Fibre Diameter : 21.0 um
(8 specimens)



ADDITIONAL INFORMATION...
Coefficient of Variation : 20.80 %
% Fibres > 30 um : 2.95 %

Length/Strength (IWTO - 30)
Mean Staple Length (69 Staples) 88 mm
Coefficent of Variation Staple Length 16 %
Mean Staple Strength (55 Staples) 29 N/Kt

Distribution of position of break

Tip	Middle	Base
7%	76%	17%

The **ORIGINAL** and any **OFFICIAL COPY** of this Certificate are issued in accordance with the stated Test Method(s) and any directly associated Regulations. By authorising the application of the NZWTA Ltd Seal, we hereby certify that the test results are within the precision limits of the Test Method(s) declared. As far as is permissible by law, no other warranty is expressed or implied. On request, NZWTA Ltd will make available sampling, weighing and/or testing details to any bona fide bearer or transferee of this Certificate. Photocopies and other reproductions are **NOT** recognised as Certificates. **THIS CERTIFICATE SHALL BE RENDERED VOID IF AMENDED OR ALTERED. ALL RIGHTS RESERVED.**

I.W.T.O.
Licensed Laboratory #3
2000

CHIEF EXECUTIVE

TECHNICAL MANAGER

--*

***--Wool Regions**

A Regional Categories

Loan and repayment rates for graded and nongraded wool will be based on the following 3 regions:

- Region 1 (Eastern location)
- Region 2 (Average location)
- Region 3 (Western location).

B Region 1

All counties in the States listed in the following table shall use loan rates applicable to Region 1 for graded and nongraded wool.

States					
Alabama	Georgia	Maine	Missouri	Ohio	Vermont
Arkansas	Illinois	Maryland	New Hampshire	Pennsylvania	Virginia
Connecticut	Indiana	Massachusetts	New Jersey	Rhode Island	West Virginia
Delaware	Kentucky	Michigan	New York	South Carolina	
Florida	Louisiana	Mississippi	North Carolina	Tennessee	

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***--Wool Regions (Continued)**

C Region 2

States and applicable counties listed in the following table shall use loan rates applicable to Region 2 for graded and nongraded wool.

State	Counties				
Arizona	Apache Navajo	Cochise	Gila	Graham	Greenlee
Colorado	All				
Iowa	All				
Kansas	All				
Minnesota	All				
Utah	Daggett Uintah	Duchesne	Grand	San Juan	Summit
Montana	Big Horn Dawson Golden Valley Phillips Rosebud Valley	Carbon Fallon McCone Powder River Sheridan Wheatland	Carter Fergus Musselshell Prairie Stillwater Wibaux	Custer Gallatin Park Richland Sweet Grass Yellowstone	Daniels Garfield Petroleum Roosevelt Treasure
New Mexico	All				
North Dakota	All				
Nebraska	All				
Oklahoma	All				
South Dakota	All				
Texas	All				
Wisconsin	All				
Wyoming	All				

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***--Wool Regions (Continued)**

D Region 3

States and applicable counties listed in the following table shall use loan rates applicable to Region 3 for graded and nongraded wool.

State	Counties				
Arizona	Coconino Pinal	LaPaz Santa Cruz	Maricopa Yavapai	Mohave Yuma	Pima
California	All				
Idaho	All				
Montana	Beaverhead Deer Lodge Jefferson Liberty Missoula Teton	Blaine Flathead Judith Basin Lincoln Pondera Toole	Broadwater Glacier Lake Madison Powell Sanders	Cascade Granite Lewis and Clark Meagher Ravalli	Chouteau Hill Mineral Silver Bow
Nevada	All				
Oregon	All				
Utah	Beaver Emery Millard Sanpete Washington	Box Elder Garfield Morgan Sevier Wayne	Cache Iron Piute Tooele Weber	Carbon Juab Rich Utah	Davis Kane Salt Lake Wasatch
Washington	All				

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***--Mohair and Wool Loan Rates**

A 2002 Crop Year Regional Loan Rates for Wool and Mohair

Regional loan rates applicable to the 2002 crop of eligible mohair and wool were announced on December 17, 2002, and are as follows.

Commodity	Micron	Region 1 Loan Rate ($/lb.)	Region 2 Loan Rate ($/lb.)	Region 3 Loan Rate ($/lb.)
Graded (Clean)Wool	<18.6	$5.31	$5.27	$5.23
	18.6 - 19.5	$3.42	$3.38	$3.34
	19.6 - 20.5	$2.49	$2.45	$2.41
	20.6 - 22.0	$2.28	$2.24	$2.20
	22.1 - 23.5	$2.24	$2.20	$2.16
	23.6 - 25.9	$2.11	$2.07	$2.03
	26.0 - 28.9	$1.52	$1.48	$1.44
	29.0 and over	$1.37	$1.33	$1.29
Nongraded (Greasy) Wool		$0.42	$0.40	$0.38
Mohair		$4.20 per pound nationwide		

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***--Mohair and Wool Loan Rates (Continued)**

B 2003 Crop Year Regional Loan Rates for Mohair and Wool

Regional loan rates applicable to the 2003 crop of eligible mohair and wool were announced on December 24, 2002, and are as follows.

Commodity	Micron	Region 1 Loan Rate ($/lb.)	Region 2 Loan Rate ($/lb.)	Region 3 Loan Rate ($/lb.)
Graded (Clean)Wool	<18.6	$5.31	$5.27	$5.23
	18.6 - 19.5	$3.42	$3.38	$3.34
	19.6 - 20.5	$2.49	$2.45	$2.41
	20.6 - 22.0	$2.28	$2.24	$2.20
	22.1 - 23.5	$2.24	$2.20	$2.16
	23.6 - 25.9	$2.11	$2.07	$2.03
	26.0 - 28.9	$1.52	$1.48	$1.44
	29.0 and over	$1.37	$1.33	$1.29
Nongraded (Greasy) Wool		$0.42	$0.40	$0.38
Mohair		$4.20 per pound nationwide		

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***--Premiums and Discounts for the 2002 Through 2003 Crop Year Mohair**

A Mohair Grade Acronyms

The following grade acronyms are used in this handbook to designate the different type grades of mohair.

Acronym	Meaning
FK	Fine Kid
GK	Good Kid
AK	Average Kid
FYG	Fine Young Goat
AYG	Average Young Goat
FA	Fine Adult
AA	Average Adult

B Mohair Premiums and Discounts for Micron

The following are premiums and discounts according to the type of mohair and specific micron range obtained from a core test report from a CCC-approved testing facility. Add or subtract as applicable the per pound premium or discount from the $4.20 loan rate according to the specific micron range obtained from the core test results.

Type/Grade	Micron	Premium	Discount
FK	< 26	$4.30	
GK	26.1-28	$3.07	
AK	28.1-30	$2.54	
FYG	30.1-32	$0.64	
AYG	32.1-34		
FA	34.1-36		$1.48
AA	> 36		$1.52

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***--Premiums and Discounts for the 2002 Through 2003 Crop Year Mohair (Continued)**

C Mohair Length Discounts

The following provides discounts for mohair based on the length of the mohair. Subtract the per pound discount from the $4.20 loan rate according to the specific micron range obtained from the core test results.

Length in Inches	Discount Per Pound According to the Applicable Micron Range						
	<26	26.1-28	28.1-30	30.1-32	32.1-34	34.1-36	Over 36
Under 3	$8.50	$7.27	$6.74	$4.84	$4.20	$2.72	$2.68
3.00-3.99	$1.70	$1.45	$1.35	$0.97	$0.84	$0.54	$0.54
Over 6	$1.28	$1.09	$1.01	$0.73	$0.63	$0.41	$0.40

D Mohair Vegetable Matter Discounts

The following provides discounts for mohair based on the vegetable matter content of the mohair. Subtract the per pound discount from the $4.20 loan rate according to the specific micron range obtained from the core test results.

Vegetable Matter (%)	Discount Per Pound According to the Applicable Micron Range						
	<26	26.1-28	28.1-30	30.1-32	32.1-34	34.1-36	Over 36
1 - 1.9%	$0.85	$0.73	$0.67	$0.48	$0.42	$0.27	$0.27
2 - 4%	$2.13	$1.82	$1.69	$1.21	$1.05	$0.68	$0.67
Over 4%	$4.25	$3.64	$3.37	$2.42	$2.10	$1.36	$1.34

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***--Premiums and Discounts for the 2002 Through 2003 Crop Year Mohair (Continued)**

E Mohair Discounts for Kemp

The following provides discounts for mohair based on the kemp content of the mohair. Subtract the per pound discount from the $4.20 loan rate according to the specific micron range obtained from the core test results.

Medullated Fibers (%)	**Discount Per Pound According to the Applicable Micron Range**						
	<26	**26.1-28**	**28.1-30**	**30.1-32**	**32.1-34**	**34.1-36**	**Over 36**
5.0 - 6.9%	$0.85	$0.73	$0.67	$0.48	$0.42	$0.27	$0.27
7.0 % and Over	$2.13	$1.82	$1.69	$1.21	$1.05	$0.68	$0.67
Kempy Fibers (%)							
0.5 - 0.69%	$0.85	$0.73	$0.67	$0.48	$0.42	$0.27	$0.27
0.7% and Over	$2.13	$1.82	$1.69	$1.21	$1.05	$0.68	$0.67

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***--Mohair and Wool Production Averages**

A Breed Specific Production Averages for Mohair and Wool

To establish maximum pounds of production on farm-stored loans and LDP's, County Offices shall use:

- for angora goats, the U.S. average of approximately 6.3 pounds of mohair per shearing at a mature body weight of 180 to 225 pounds for bucks and 70 to 110 pounds for a doe

- for sheep, either of the following:

  - the U.S. average of approximately 7.6 pounds of fleece per shearing at mature body weight

  - the average pounds of fleece produced by breed of sheep according to the following.

Breed	Type	Mature Body Weight	Average Grease Weight Fleece Pounds Produced
American Cormo	ram	180-220 lbs.	10-14
	ewe	140-165 lbs.	
Black Welsh Mountain	ram	100-125 lbs.	3-4
	ewe	75-100 lbs.	
Blueface Leicester	ram	230-270 lbs.	6-8
	ewe	160-220 lbs.	
Booroola Merino	ram	175-210 lbs.	9-15
	ewe	110-150 lbs.	
Border Leicester	ram	225-300 lbs.	8-12
	ewe	150-225 lbs.	
California Reds	ram	175-220 lbs.	5-7
	ewe	120-150 lbs.	

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***--Mohair and Wool Production Averages (Continued)**

A Breed Specific Production Averages for Mohair and Wool (Continued)

Breed	Type	Mature Body Weight	Average Grease Weight Fleece Pounds Produced
California Variegated Mutant	ram	150-200 lbs.	6-12
	ewe	125-150 lbs.	
Cheviot	ram	160-200 lbs.	5-8
	ewe	120-160 1bs.	
Clun Forest	ram	175-200 lbs.	5-9
	ewe	130-160 lbs.	
Columbia	ram	250-350 lbs.	12-16
	ewe	160-240 lbs.	
Coopworth	ram	225-275 lbs.	12-18
	ewe	140-170 lbs.	
Corriedale	ram	220-275 lbs.	10-15
	ewe	150-200 lbs.	
Costwold	ram	250-290 lbs.	12-15
	ewe	190-220 1bs.	
Debouillet	ram	220 - 275 lbs.	9-14
	ewe	125 - 150 lbs.	
Delaine-Merino	ram	190-240 lbs.	9-14
	ewe	125-160 lbs.	
Dorset	ram	225-275 lbs.	5-8
	ewe	150-200 lbs.	

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***--Mohair and Wool Production Averages (Continued)**

A Breed Specific Production Averages for Mohair and Wool (Continued)

Breed	Type	Mature Body Weight	Average Grease Weight Fleece Pounds Produced
East Friesian	ram	225-270 lbs.	9-12
	ewe	160-180 lbs.	
Finnsheep	ram	160-220 lbs.	4-8
	ewe	120-160 lbs.	
Gulf Coast Native	ram	145-180 lbs.	4-6
	ewe	85-115 lbs.	
Hampshire	ram	250-350 lbs.	6-10
	ewe	175-250 lbs.	
Icelandic	ram	180-220 lbs.	4-5
	ewe	130-150 1bs.	
Jacob	ram	140-190 lbs.	3-6
	ewe	90-130 lbs	
Karakul	ram	175-225 lbs	5-10
	ewe	100-150 lbs	
Lincoln	ram	240-300 lbs.	12-16
	ewe	200-250 lbs.	
Montadale	ram	200-275 lbs.	7-11
	ewe	160-180 lbs.	
Navajo-Churro	ram	120-175 lbs	4-8
	ewe	85-120 lbs	

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***--Mohair and Wool Production Averages (Continued)**

A Breed Specific Production Averages for Mohair and Wool (Continued)

Breed	Type	Mature Body Weight	Average Grease Weight Fleece Pounds Produced
North Country Cheviot	ram	200-300 lbs.	5-10
	ewe	130-180 lbs.	
Oxford	ram	225-325 lbs.	7-10
	ewe	150-200 lbs.	
Panama	ram	250-280 lbs.	13-15
	ewe	180-210 lbs.	
Perendale	ram	220-260 lbs.	8
	ewe	120-150 lbs.	
Polypay	ram	190-250 lbs.	7-10
	ewe	140-180 1bs.	
Rambouillet	ram	200-300 lbs.	10-15
	ewe	140-180 lbs.	
Romanov	ram	175-240 lbs.	6-13
	ewe	135-160 lbs.	
Romney	ram	200-275 lbs.	10-18
	ewe	150-200 lbs.	
Scottish Blackface	ram	150-175 lbs	5-6
	ewe	115-130 lbs	
Shetland	ram	90-125 lbs	2-4
	ewe	75-100 lbs	

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***--Mohair and Wool Production Averages (Continued)**

A Breed Specific Production Averages for Mohair and Wool (Continued)

Breed	Type	Mature Body Weight	Average Grease Weight Fleece Pounds Produced
Shropshire	ram	225-290 lbs.	6-10
	ewe	170-200 lbs.	
Southdown	ram	180-230 lbs.	5-8
	ewe	120-180 lbs.	
Suffolk	ram	275-400 lbs.	4-8
	ewe	200-300 lbs.	
Targhee	ram	200-300 lbs.	10-14
	ewe	140-200 lbs.	
Texel	ram	190-240 lbs.	7-10
	ewe	140-185 1bs.	
Tunis	ram	175-225 lbs.	8-12
	ewe	130-160 lbs.	

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*--Core Test Report Example for Graded Mohair

Mohair Core Test Report Example

Mohair delivered for settlement of an outstanding CCC loan will require a core test from a CCC-approved testing facility to determine quality factors. The following is an example of a mohair core test report from the Yocom-McColl Testing Laboratory.

Yocom-McColl Testing Laboratories, Inc.
540 West Elk Place • Denver, Colorado 80216-1823 USA
PHONE (303) 294-0582 • FAX (303) 295-6944
EMAIL: ymccoll@ymccoll.com

Mohair Core Test Report

COMPUTER BANK DATA
THIS IS FACTUAL DATA
DENVER CO 80216-1823 USA

09/08/03

Test No: 597279

Description and Weight Data

Shipper's Lot Number:	XXXXX			
Buyer's Lot Number:	XXXXX			
Sale No:	XXXXX			
Description:	Grease Mohair			
Number of Bales or Bags Cored:	10			
Number of Bales or Bags Weighed:	10			
Net Weight of Wool:	5,500 lbs	2,495	kgs	
Sampled by: Client		**On:** 08/28/03		

Laboratory Yield Data

Wool Base:	63.51 %	
Vegetable Matter Base:	1.0 %	
Schlumberger Estimated Commercial Top and Noil Yield:	73.6 %	
Total Clean Wt:	4,048 lbs	1,836 kgs

Laboratory Micron Data

Mean Fiber Diameter:	29.1 microns
Standard Deviation:	13.9 microns
Coefficient of Variation:	47.7 %
Fibers Greater Than 30 Microns:	33.69 %
Flat Fibers:	0.07 %
Objectionable Fibers (Kemp):	0.50 %
Total Medulated Fibers:	5.62 %

By: Angus M. Coll

These Tests Performed According to ASTM D 584, IWTO Method 19 and IWTO Method 47

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