



# Commodity Credit Corporation

UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SERVICE AGENCY

## FACT SHEET

February 2016

### Commodity Certificate Exchange (CCE)

#### BACKGROUND

The Consolidated Appropriations Act of 2016, enacted in December 2015, authorized the Commodity Credit Corporation (CCC) to issue commodity certificates to agricultural producers that can be exchanged for marketing assistance loan (MAL) collateral beginning with the 2015 crop year.

#### MARKETING ASSISTANCE LOANS

MALs are available to agricultural producers from the U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) beginning upon harvest or shearing. The MAL provides interim financing at harvest time for producers to meet cash flow needs without having to sell their commodities when market prices are at harvest time lows, thus allowing the producer to delay the sale of the commodity until more favorable market conditions emerge. Allowing producers to delay and store commodities at harvest (or at shearing in the case of wool and mohair) also provides for a more orderly marketing of commodities throughout the marketing year.

MALs for commodities are considered "nonrecourse" because the loan can be redeemed by repayment, or by delivering the agricultural commodity that was pledged as collateral to the CCC, administered by FSA, as full payment for the loan upon maturity. MAL repayment provisions specify that, under certain circumstances, producers may repay at less than the loan rate (principal) plus accrued interest and other charges.

#### PURPOSE AND AVAILABILITY OF CERTIFICATES

Commodity certificates:

- allow producers with outstanding MALs to purchase certificates and then exchange the certificate for their outstanding loan collateral

rather than forfeit that loan collateral to CCC at loan maturity;

- are available to the loan holders to use in exchanging MAL commodities pledged as collateral to CCC for a nonrecourse commodity loan;
- are available to loan holders with outstanding nonrecourse MALs made for wheat, upland cotton, rice, feed grains, pulse crops (dry peas, lentils, large and small chickpeas), peanuts, wool, soybeans and designated minor oilseeds; and
- are intended to minimize the potential costs of delivery and storage of agricultural commodities by the CCC that were pledged as collateral and forfeited as full payment for the loan.

#### COMMODITY CERTIFICATE EXCHANGE RATE

The CCE rate will be the Adjusted World Price (AWP) for upland cotton or rice, the National Posted Price (NPP) for peanuts, or the Posted County Price (PCP) for other commodities, as applicable, in effect on the date the certificate is purchased. Certificate exchanges will be available when an exchange rate is less than the applicable loan rate for the applicable loan.

#### ELIGIBLE PRODUCERS (LOAN HOLDERS)

Producers (loan holders) eligible for commodity certificates must:

- have an outstanding nonrecourse MAL that has not reached maturity;
- immediately exchange a commodity certificate for their outstanding nonrecourse MAL collateral right after its purchase;
- submit a signed "Acknowledgement of Commodity Certificate Purchase," form CCC-694-2 in the applicable FSA county office on the day of the redemption; and

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- have submitted a “Farm Operating Plan for an Individual,” form CCC-902 and “Member’s Information,” form CCC-901, if applicable.

Commodity certificates cannot be exchanged for outstanding loan commodities covered under a “Request to Lock-In a Repayment Rate (CCC-697)” form.

### LIMITATIONS AND EXPIRATION

Commodity certificates:

- can only be purchased for immediate exchange of outstanding loan collateral;
- cannot be used as payment for other CCC obligations;
- cannot be exchanged for CCC-owned inventory; and
- expire immediately upon exchange for outstanding loan collateral.

### FOR ADDITIONAL INFORMATION

This fact sheet is for informational purposes only; other restrictions or details may apply. To learn more about commodity certificates, visit [www.fsa.usda.gov/pricesupport](http://www.fsa.usda.gov/pricesupport) or contact your local FSA office. To find your local FSA office, visit <http://offices.usda.gov>.

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