

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Loans and Loan Deficiency
Payments for Honey
2-LP Honey (Revision 11)**

Amendment 16

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 1 B has been amended to update the sources of authority for honey MAL's and LDP's.

Subparagraph 3 B has been amended to reference 16-AO for re delegating the authority to approve all loan and LDP forms and documents.

Subparagraph 4 A has been amended to update the list of FSA handbooks applicable to honey MAL's and LDP's.

Subparagraphs 18 C and 120 F have been amended to delete all reference to CCC-677S, because CCC-677S was only applicable to 2013 crop MAL's disbursed after October 1, 2013, and subject to sequestration. CCC-677S is not being obsoleted at this time.

Subparagraph 102 A has been amended to clarify that a payment limitation for marketing loan gains and LDP's was not in effect for the 2008 through 2013 crop years.

Subparagraph 102 B has been amended to delete the 2013 crop year AGI requirement that is no longer applicable.

Subparagraph 111 A has been amended to add the approximate weight of 1 gallon of honey.

Subparagraph 112 B has been amended to provide examples to clarify the information required on farm-stored honey MAL container labels.

Subparagraphs 120 A and 203 B have been amended to delete reference to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, because the amounts producers receive for MAL's and LDP's are no longer reduced for sequestration.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 120:

- A has been amended to update the forms distributed to a producer when MAL is disbursed
- B has been amended to update the honey loan rate for crop years 2014 through 2018
- F has been amended to revise the order of the table to coincide with the honey marketing year.

Subparagraph 200 E has been amended to identify how LDP numbers are assigned to match the eLDP software presently used.

Subparagraph 200 H has been amended to add the following as reasons a producer's calculated LDP amount may be denied:

- not in compliance with AGI provisions
- other eligibility requirements not met according to 8-LP, paragraph 200.

Subparagraphs 401 B, 402 A, and 404 A have been amended to revise the Web address used to record results for spot-checks associated with the National Compliance Review.

Subparagraph 403 A has been amended to clarify the approximate weight of 1 gallon of honey.

Subparagraph 601 F has been amended to add "other eligibility requirements not met" as a reason part or all of a producer's calculated market gain shall be denied.

Subparagraph 650 D and Exhibit 16 have been amended to revise the Web address where the Monthly CCC Honey 30-Day Repayment rate is posted.

Subparagraph 800 A has been amended to insert "premiums" before "and discounts" to clarify how the settlement value for honey is calculated.

Subparagraphs 800 C and 848 A have been amended to instruct County Offices to contact PSD through their State Office for the current procedure and address for Coastal Science Laboratory when an adulteration test is required.

Subparagraph 848 A, step 6, has been amended to provide additional instructions on the proper procedure required before paying for the adulteration test.

Subparagraph 861 A has been amended to remove 2013 honey premiums and discounts, and add 2015 crop honey premiums and discounts based on the color test received from AMS.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraphs 903 A and B have been amended to refer County Offices to 8-LP, subparagraph 36 A, if unnegotiated Treasury checks for loan and/or LDP disbursements are returned to the County Office.

Exhibit 1 has been amended to delete CCC-677S.

Exhibit 2 has been amended update the calendar dates in the examples for the definition of crop year.

Exhibit 16 has been amended to:

- delete the note about the sequestration of 2013 crop year MAL’s and LDP’s
- revise the Web address for the monthly CCC honey survey prices
- remove the 2013 crop year premiums and discounts, as applicable
- add 2015 crop year premiums and discounts.

Exhibit 45 has been amended to update AMS grading laboratories addresses.

B Effective Date

These premiums and discounts were effective **April 1, 2015**.

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Part 1 Basic Program Provisions

Section 1 Handbook Provisions

1 Handbook Purpose and Authority

A Purpose

[7 CFR Part 1434] This handbook provides general instructions for administering loans and LDP's for honey.

Use this handbook with 8-LP, as applicable.

B Sources of Authority

Authority for the policies prescribed in this handbook is in:

* * *

- 7 CFR Part 1434
- Agricultural Act of 2014.

* * *

2 Administrative Responsibilities

A Responsibilities

The responsibilities of the administrative levels for loan and LDP programs are provided in the following table.

IF the administrative level is...	THEN...
National Office	<ul style="list-style-type: none"> • the CCC Board and Executive Vice President shall determine policy and program provisions • the Executive Vice President, CCC, or designee, shall: <ul style="list-style-type: none"> • make a determination on any question arising under this program • revise or rescind an incorrect determination made by COC, STC, KCCO, KCAO, or KCFO • PSD shall administer loan and LDP programs under the general supervision and direction of DAFP.
State Office	<p>STC shall:</p> <ul style="list-style-type: none"> • determine State-wide policy according to this handbook, *--8-LP, and guidance received from the National Office--* • administer all phases of the program in the State through SED. <p>Note: STC may:</p> <ul style="list-style-type: none"> • 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.

3 Signatures, Authorizations, and Approvals (Continued)

B Redlegation 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, according to 16-AO by the following:--*

- COC to CED, except those in which CED has a monetary interest
- 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, Federal, or 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 honey loan and LDP programs are listed in the following.

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
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	Processing payments initiated through NPS
3-FI	CCC deposits and refunds
50-FI	Interest rates
58-FI	Managing FSA and CCC claims
61-FI	Prompt payments
62-FI	Reporting to IRS
63-FI	Assignments and joint payment system
64-FI	Establishing and reporting receipts and receivables on the National Receipts and Receivable System
8-LP	Additional provisions for loans and LDP's
1-PL	Payment limitations
--3-PL	Web-based subsidiary files for 2009 and subsequent years--
4-PL	Payment eligibility, payment limitation, and average AGI
--5-PL	Payment eligibility, payment limitation, and AGI according to the Agricultural Act of 2014--
12-PS	Automated price support procedures and common functions for grains, oilseeds, and rice
--15-PS	Web-based eLDP system--

5-14 (Reserved)

18 Availability Date for Loan and LDP's (Continued)

B Maturity Dates

Honey marketing assistance loans mature the earlier of the following:

- last day of the ninth calendar month after the month in which CCC-677 was approved by CCC
- date demanded by CCC.

Note: If the maturity date falls on a nonworkday for the County Office, the maturity date shall be the next workday.

C Requesting MAL's and LDP's

Honey MAL's must be requested at the County Office that maintains the farm program records.

If a producer contacts a County Office other than the County Office where the farm records are maintained, the first County Office shall:

- accept requests
- process loans using the loan rate in the County Office where the commodity is stored
- send a copy of the loan documents to the County Office maintaining the farm records.

For LDP's, the request:

- may be received in a County Office other than the County Office maintaining the farm records
- must be submitted to the County Office where the farms records are kept for the farm on which the honey was produced, for processing and disbursement.

The request for MAL or LDP shall **not** be approved by CCC until all producers having an interest in the honey sign CCC-677, * * * CCC-633 EZ, or CCC-633 (Honey).

* * *

18 Availability Date for Loan and LDP's (Continued)

D Losses

*--CCC will **not** assume losses for quantity or quality of loan collateral.--*

E Posting List of Honey Buyers

The names and addresses of honey buyers shall be posted in the County Office to be made available to honey producers marketing their honey.

The following table provides action to be taken when names and addresses of honey buyers are received.

Responsible Office	Action
State	Provide County Offices with a list of the names and addresses of all honey buyers who have specified an interest in acquiring honey.
County	Post, for public inspection, the list of all honey buyers: <ul style="list-style-type: none"> • received from the State Office • who have specified an interest at the County Office in acquiring honey. Do not : <ul style="list-style-type: none"> • post individual honey buyer's advertisements for public display • assist honey buyers or honey producers in honey sales transactions.

19-99 (Reserved)

102 Marketing Loan Gain, LDP, and AGI Limitation for 2014 Through 2018 Crop Years**A Payment Limitation for 2014 Through 2018**

For the 2014 through 2018 crop years, there are payment limitations on LDP's, and marketing loan gains associated with the MAL program.

The total amount of payments received, directly or indirectly, by a person or legal entity (except joint ventures or general partnerships), for all commodities other than peanuts, is limited to no more than \$125,000 annually, for a combination of the following programs:

- price loss coverage
- agricultural risk coverage
- marketing loan gains
- LDP's.

A person or legal entity that receives, directly or indirectly, payments for peanuts has a separate \$125,000 payment limit annually for the same programs.

Payment limitations do **not**:

- apply to MAL disbursements
- prohibit individual or entities from receiving a MAL, but the MAL must be repaid at principal plus interest after the individual or entity has reached the limitation
- apply to loan forfeitures because indirect benefits realized by producers are not applicable.

***--Note:** There was **not** a payment limitation for marketing loan gains and LDP's for the 2008 through 2018 crop years.--*

B AGI Limitation Rules

* * * A person or legal entity shall not be eligible to receive marketing loan gains or LDP benefits during the 2014 through 2018 crop years if the average AGI exceeds \$900,000.

***--Exception:** If the AGI limit is exceeded, the person or entity is eligible for MAL, but--* the loan **must** be repaid at principal plus interest.

103 (Withdrawn--Amend. 11)

104-109 (Reserved)

111 Container Eligibility (Continued)

A Container Requirements (Continued)

Container	Requirement	Eligibility
Steel drums	<p>Shall:</p> <ul style="list-style-type: none"> • be a capacity of not less than 5 gallons or greater than 70-gallons • be open-end, fitted with gaskets that provide a tight seal • be filled no closer than 2 inches from the top of the drum • be new <p>Exception: If used, containers must be:</p> <ul style="list-style-type: none"> • reconditioned inside and out • in suitable condition to adequately protect the storability and quality of the honey • free of appreciable dents and rust. <ul style="list-style-type: none"> • be clean and treated inside and outside to prevent rusting • have an inside food coating suitable for honey storage. <p>Notes: 30-gallon containers must hold 360 pounds of honey (steel drums).</p> <p>55-gallon containers must hold 660 pounds of honey (steel drums).</p> <p>*--1 gallon of honey typically weighs between 11 3/4 and 12 pounds.--*</p>	Meets eligibility requirements if all conditions are met.
Severely dented drums	<p>Have any of the following characteristics:</p> <ul style="list-style-type: none"> • sharp dents that that would crease the inside lining • dents affecting the upper or lower rims • dents that may leak • dents that would affect stacking capability. 	Containers having these characteristics are not eligible containers.
55-gallon steel drums	Have a tare weight of less than 38 pounds.	
30-gallon steel drums	Have a tare weight of less than 26 pounds.	

111 Container Eligibility (Continued)

A Container Requirements (Continued)

*--

Container	Requirement	Eligibility
Other containers	<ul style="list-style-type: none"> • bulk tanks • rusted drums with corroded areas that may affect the storage capability of the drum • used 5-gallon cans • closed-end, bung-type drums • drums containing removable liners 	Containers having these characteristics are not eligible.

--*

B Waiver of Requirements

If the producer agrees to forgo a marketing assistance loan and request LDP, eligible container requirements are considered waived.

112 Storage Requirements

A General Requirements

Marketing assistance loans will **only** be available on honey in eligible storage.

*--County Offices **must** conduct visual pre-loan inspections, according to paragraph 127, before loan approval to ensure that the collateral is:--*

- in existence
- being maintained.

Honey that is pledged as collateral for a loan or LDP must be segregated to preserve the identity of the honey securing each loan or LDP if the honey is located in a storage structure that:

- secures more than 1 loan or LDP
- stores honey **not** pledged as collateral for a loan or LDP.

B Honey Stored on the Farm

Eligible farm storage shall consist of a storage structure located on or off the farm that provides safe storage for the honey collateral through the maturity date for the loan.

Note: The storage structure may be on or off the farm of the producer requesting the loan.

Honey stored outside in an open area or a temporary structure that does not protect the honey from natural elements will **not** be considered stored in eligible storage, even though the container requirements are met.

112 Storage Requirements (Continued)

B Honey Stored on the Farm (Continued)

The County Office representative must ensure that during the visual pre-loan inspection all containers have been properly identified and labeled by the producer with the following:

- producers name
- *--floral source (see Exhibit 4)

Example: Alfalfa.

- number of containers

Example: Lot 1, Container 1 of 5.

- net weight of each container.--*

Reminder: Requests shall **not** be approved for the following if COC has reason to question producer control of honey:

- loans stored at the location of the processor
- farm-to-farm transfer to the storage location of the processor.

Exception: If the producer is the processor, the loan request or transfer may be approved if:

- honey is segregated from other honey stored at that location and each lot is identified by name of producer, State and county code, loan number, and lot number
- all other requirements are met.

113-119 (Reserved)

Part 3 Loanmaking Provisions

120 Basic Loan Provisions

A Basic Loanmaking Provisions

A marketing assistance loan is available for honey stored on the farm and will be:

- considered farm-stored loans
- made on CCC-677.

For honey stored on the farm, use CCC-633 (Honey) for producers to:

- request honey loans
- certify the following:
 - quantity
 - single predominant floral source
 - color.

Complete CCC-633 (Honey) according to paragraph 125.

Use the applicable crop year loan rate in Exhibit 16 to calculate the loan amount.

* * *

Note: Additional containers of honey shall not be added to lots of honey pledged as collateral at any time after the loan is disbursed.

Distribute the following to the contact producer:

- CCC-601
- *--copy of the approved CCC-677 with producer signatures
- copy of the approved computer-generated CCC-677.

B 2014 Through 2018 Crop Honey Loan Rate

The national average loan rate for the 2014 through 2018 crop year honey is \$0.69 per--* pound.

County Offices shall use \$0.69 per pound to calculate initial disbursements and transfers for 2014 through 2018 crop year honey.

120 Basic Loan Provisions (Continued)

C Initial Loan Requests

Eligible producers may obtain a honey loan up to 100 percent of certified quantity stored in eligible containers and stored in approved farm storage.

D Loan Number Register

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

Note: If a manual loan is prepared for entry into APSS at a later date, assign a 90000 series number sequentially with the 90000 series LDP numbers obtained from CCC-676 for the applicable crop year.

E Joint Loans and LDP's

Loans and LDP's must be disbursed jointly if the honey is jointly owned or stored in the same eligible container.

F Maturity Date

The loan will mature 9 months after the month in which CCC-677 * * * is approved by CCC.

The following table shows applicable maturity months. Loans **cannot** be extended.

*--

Month Disbursed/Approved	Maturity Month (Last Day)
April	January
May	February
June	March
July	April
August	May
September	June
October	July
November	August
December	September
January	October
February	November
March	December

--*

Part 4 Loan Deficiency Payments

200 Basic LDP Provisions

A Definition of LDP's

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 eligible honey.

B General Provisions

LDP's:

- will be processed through * * * eLDP web-based software
- 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
- * * *
- must be approved when all eligibility requirements are met
- cannot be canceled or repledged once a request has been made or disapproved
- cannot be repaid to secure 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.

200 Basic LDP Provisions (Continued)

C Producer Eligibility Requirements

Producers 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

Approved storage requirements are waived for LDP's; however, all other MAL eligibility requirements **must** be met including beneficial interest, to receive LDP's instead of MAL's.

***--E LDP Number**

eLDP will assign an LDP number for each crop year.--*

F Filing LDP's

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

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

200 Basic LDP Provisions (Continued)

G LDP Amount Reported to IRS

The amount of LDP is 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
- *--not in compliance with AGI provisions
- other eligibility requirements are not met according to 8-LP, paragraph 200.--*

201 Requests for LDP's

A Request

LDP requests are complete when a County Office receives a completed and signed * * * CCC-633 EZ.

LDP's must be requested:

- before beneficial interest is lost according to Part 1, Section 2
- on or before March 31 of the applicable crop year
- at the County Office where the farm records are kept for the farm on which the commodity was produced in person, by FAX, or eLDP's.

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.

203 LDP Rates

A Effective LDP Rate

The LDP rate is the rate in effect on the day of the request.

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

If the FAXed CCC-633 EZ includes date and time printed by the FAX machine, a date-stamp is not required.

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 EZ.

The LDP rate will be announced on a monthly basis. Use the rate in effect until the next rate change.

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

* * *

203 LDP Rates (Continued)

C Determining LDP

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

D LDP Rate for FAXed * CCC-633 EZ's**

For *** CCC-633 EZ FAXed applications, the LDP rate is the rate in effect when *** CCC-633 EZ is received in the County Office, if the LDP request is completed.

401 On-Farm Visits

A When to Complete On-Farm Visits

Complete on-farm visits if honey is still stored on the farm for:

- outstanding loans
- outstanding loans and a market gain has been earned
- certified LDP's.

B Spot-Check Process

At the storage site, the inspector shall complete the spot check by **visually** inspecting farm-stored quantities for producers selected in the compliance review/spot check selection process.

For selected loans and LDP's, the commodity inspector shall:

- visually inspect containers for signs of fermentation
- 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, record results in the National Compliance Review Database at
--http://www.nass.usda.gov/Online_Response/Attention/index.asp--

If the honey 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 violation according to paragraph 404 if the loan is **not** repaid.

Require the producer to submit evidence on commodities **sold** within 15 calendar days from the date of request.

401 On-Farm Visits (Continued)

C 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 provide production evidence by the earlier of the following:
 - 15 calendar days after the commodity is sold
 - the last day of the ninth 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."

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
- ***
- monitor all letters and determine when production evidence is due
- *--collect unearned LDP amounts, plus interest, according to 8-LP, paragraph 31.--*

401 On-Farm Visits (Continued)

***--D Adding Producers for Spot Check**

Additional producers may be added to the list of producers selected during the annual spot check reviews, when it is reported or determined that the:

- quantity of the loan collateral or the applicable LDP quantity is questionable
- storability of the loan collateral is questionable.

MAL and LDP spot check results for the additional producers selected for spot check will **not** be required to be entered in the national database. County Offices shall record the following:

- reasons why the producer was selected for spot check in the COC minutes
- results on CCC-677-1.

If a shortage or violation is determined as a result of the spot check, County Offices shall record the shortage or violation in APSS, as applicable.

E STC-Established Guidelines for Conducting Additional Spot Checks

STC's shall:

- establish guidelines for conducting additional spot checks
- determine how and when County Offices should select additional producers for spot check
- record the established guidelines in the STC minutes for auditing purposes.--*

402 Spot-Checking Storage Facility, Storage Containers, and Honey**A General Information**

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 honey at any reasonable time.

Note: If the producer refuses to permit entry, contact the State Office for guidance.

Record spot check results in the National Compliance Review Database at ***-http://www.nass.usda.gov/Online_Response/Attention/index.asp, and if necessary,--*** provide additional information in the “Remarks” section on CCC-633 (Honey).

Advise the producer that acceptance of honey for loan does not alleviate the responsibility of delivering acceptable honey in eligible containers if the honey under loan is delivered to CCC.

Note: If the honey is **not** in eligible containers when a spot check is performed, see subparagraph C.

B Spot-Checking Storage Facility

Determine whether the facility is eligible. An acceptable storage facility:

- shall provide safe storage and will protect the honey from natural elements
- shall be under the producer’s control if stored on the farm
- may be in leased space
- may be on or off the farm.

402 Spot-Checking Storage Facility, Storage Containers, and Honey (Continued)

C Spot-Checking Outside of Containers (Continued)

Container	Requirement	Reject
Steel drums (30-gallon) (55-gallon)	<p>Shall:</p> <ul style="list-style-type: none"> • be open-end, fitted with gaskets that provide a tight seal • *--be filled about 2 inches from the top of the drum--* • be new <p>Exception: If used, producers must certify that containers:</p> <ul style="list-style-type: none"> • have been reconditioned • are in suitable condition to adequately protect the storability and quality of the honey • are free of appreciable dents and rust. <ul style="list-style-type: none"> • be clean and treated to prevent rusting • have an inside food coating suitable for honey storage, as certified by the producer. <p>Inspectors shall not open containers during the spot check procedure.</p> <p>Notes: Thirty gallon steel drums must contain approximately 360 pounds of honey.</p> <p>Fifty-five gallon steel drums must contain approximately 660 pounds of honey.</p>	<ul style="list-style-type: none"> • Severely dented drums that have any of the following: <ul style="list-style-type: none"> • sharp dents that would crease the inside lining • dents affecting the upper or lower rims • dents that may leak or affect stacking capability. • Rusted drums with corroded areas that may affect the storage capability of the drum. • Closed-end bung type drums.

403 Completing Spot Checks**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
- ***--Example:** One gallon of honey equates to approximately 12 pounds of honey;--* therefore, the following calculations may be used:
 - 5-gallon metal container equals 60 pounds
 - 30-gallon steel drum equals 360 pounds
 - 55-gallon steel drum equals 660 pounds.
- review the documentation submitted to ensure that all production evidence requirements are met.

B Verifying Loan and LDP Quantity

County Offices shall:

- verify the quantity determined in subparagraph A
- compare the determined quantity to the:
 - outstanding loan quantity
 - market gain quantity
 - LDP quantity.

C 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 8-LP, Part 4.

404 Spot-Check Review**A Reviewing Spot Check Results**

County Offices shall:

- notify the producer of any discrepancies using the applicable notification letter, according to 8-LP:
 - paragraph 322 for:
 - storability problem
 - storage structure damage
 - Exhibit 11, subparagraph A, page 6 for other conditions, as applicable
- record spot check results in the National Compliance Review Database at ***--http://www.nass.usda.gov/Online_Response/Attention/index.asp--***

B 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.

404 Spot-Check Review (Continued)

C 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.

405-424 (Reserved)

601 Marketing Loan Repayments (Continued)**D 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 425 and 12-PS, Part 7, Section 4 for recording production evidence.

E 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.

F 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
- not in compliance with AGI provisions
- *--other eligibility requirements are not met according to 8-LP, paragraph 200.--*

602 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 lots or containers under loan.

B Applying Lump-Sum Repayment Amounts

The following table provides how repayment amounts are determined and applied by lot or container, for **each** lot or container 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 lot or container.

Note: Repay receivables and overdisbursements first. Apply any remaining amount as a lump-sum repayment.

Section 5 Calculating Alternative Repayment Rate (CCC-Determined Value)**650 General Information****A CCC-Determined Value**

The CCC-determined value (lesser of subparagraph C) 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 honey is either stored or marketed. See Part 4 for LDP's.

C Market Loan Repayment Rate

Market loan repayment rates are at the lesser of the following:

- principal plus interest
- 30-calendar-day repayment rate.

Complete market loan repayments according to Section 1.

D Repayment Rate Announcement

The repayment rates announced for honey will be available on the last day of each month at 3 p.m. EST and can be found on the FSA Internet at

--<http://www.fsa.usda.gov/programs-and-services/economic-and-policy-analysis/dairy-and-sweeteners-analysis/index>. Scroll down to the middle of the Web page, and CLICK--
“Monthly CCC Honey 30-Day Repayment Rate”.

651-659 (Reserved)

Section 6 (Withdrawn--Amend. 11)

660 (Withdrawn--Amend. 11)

661-699 (Reserved)

Part 7 (Reserved)

700-799 (Reserved)

Part 8 Basic Loan Settlements

Section 1 Basic Provisions

800 Final Settlement Procedures

A Basic Provisions

Because there are no approved CCC warehouses for honey, all nonrecourse marketing assistance loans not repaid by the loan maturity date must be disposed through local sales.

The value of the settlement for eligible honey shall be made on the basis of the color for *--unprocessed honey. Premiums and discounts will be applied in final settlement.

Calculate the settlement value from the information on CCC-691, FV-237, and the applicable crop year loan rate premiums and discounts in paragraph 861 and Exhibit 40.--*

Complete settlements according to Part 9, **after** receiving all of the following:

- CCC-691
- FV-237 from AMS grading laboratory
- moisture test results
- adulteration test results.

800 Final Settlement Procedures (Continued)**B State Office Action**

For all honey loans that will be settled by local sale, State Offices shall:

- instruct County Offices to immediately follow Section 3 for drawing samples, producers fees, etc.
- remind County Offices that producers are responsible for all expenses associated with the local sale, including sampling, weighing, and advertising.

C County Office Action

For all honey loans that will be settled by local sale, County Offices shall:

- immediately sample all honey nonrecourse marketing assistance loans according to Part 8, Section 3
- contact the AMS laboratory according to Exhibit 45, to receive instruction on processing samples
- remind producers that they are responsible for all expenses involved with conducting a local sale
- complete, send, and attach CCC-169 to each sample drawn according to Exhibit 41 and mail to the designated AMS laboratory according to Exhibit 45
- send each sample for color and moisture to the designated AMS laboratory according to Exhibit 45
- *--samples for adulteration only shall be sent to Coastal Science Laboratory

Note: County Offices shall contact PSD through their State Office for the current procedure and lab address.--*

- immediately notify the producer of the AMS laboratory results by sending a copy of FV-237
- inform the producer that he or she has 5 calendar days to appeal the results.

848 Adulteration Test

A Samples for Adulteration Test

The FSA representative supervising the delivery shall follow this table for preparing adulteration test samples.

Step	Action
1	<p>Draw at least 1 honey test sample from each lot. See paragraph 846 for the number of samples to draw for adulteration testing.</p> <p>Adulteration test samples shall be:</p> <ul style="list-style-type: none"> • approximately 1/2 pint of honey • placed in glass or plastic containers, suitable for honey storage • drawn from any part of the container • requested for the protein test.
2	<p>Mark test sample container with:</p> <ul style="list-style-type: none"> • State and county codes • loan and lot number • a letter code, if more than 1 test sample is required per lot. <p>Example: 49 085 36 A.</p>
3	<p>Pack test samples for mailing.</p>
4	<p>*--Coastal Science Laboratory will test for adulteration. Test samples shall be mailed:</p> <ul style="list-style-type: none"> • as soon as possible • following current procedure to the lab address the State Office obtains from PSD.--*

848 Adulteration Test (Continued)

A Samples for Adulteration Test (Continued)

Step	Action
5	Adulteration test laboratory will return test results to the loanmaking County Office.
6	<p>After receiving bill for collection from adulteration testing laboratory, loanmaking County Offices shall:</p> <ul style="list-style-type: none"> • confirm and pay bill for adulteration charges • request Treasury check, according to 1-FI, using program code “LAB”. <p>*--Note: Payments coded “LAB” need to be allocated to the specific county before entering into OLP. Funding must be requested through the State Office. To request the allocation, State Offices shall send an e-mail to DeAnn Allen, PSD, at deann.allen@wdc.usda.gov, identifying the county and amount of funding needed.--*</p>
7	If the honey fails the adulteration, then immediately notify the producer that the settlement rate is “zero”.

861 Completing Settlements

A Completing Local Sale Processing

The County Office shall:

- process local sale settlements through APSS according to Part 9
- enter weight, grade, sale information on CCC-691, Part B according to paragraph 860 and other applicable information received from AMS on FV-237
- *-apply the following 2014 crop honey premiums and/or discounts based on the color test received from AMS

Class	Premiums (cents/lbs.)	Discounts (cents/lbs.)
White	7.0	0
Extra Light Amber	1.7	0
Light Amber	0	-8.7
Amber and Nontable	0	-7.4

- apply the following 2015 crop honey premiums and/or discounts based on the color test received from AMS

Class	Premiums (cents/lbs.)	Discounts (cents/lbs.)
White	7.4	0
Extra Light Amber	3.4	0
Light Amber	0	-6.3
Amber and Nontable	0	-14.6

--*

- **not** do either of the following:
 - reduce the settlement rate to less than zero
 - use the sale proceeds as the settlement value of the commodity.

861 Completing Settlements (Continued)

B Submitting Documents to FCMO

County Offices shall submit local sale and settlement documents to FCMO at the following address:

FSA/FCMO
STOP 8578
PO BOX 419205
KANSAS CITY, MO 64141-6205.

***--Note:** These documents are being sent to a USPS Post Office box. UPS and FedEx must **not** be used to send them.--*

862-900 (Reserved)

902 Abandonment Cases

A Action When Collateral Abandoned

If the commodity securing a farm-stored loan is abandoned, call the loan immediately and begin the local sale process.

B Expenses Incurred

The expenses incurred by the County Office in the settlement of the commodity shall be charged against the local sale.

903 Returning Unnegotiated Treasury Checks

A Returning Unnegotiated Loan Treasury Checks

If unnegotiated Treasury checks for a loan disbursement are returned to the County Office, *--follow the instructions in 8-LP, subparagraph 36 A.--*

* * *

B Returning Unnegotiated LDP Treasury Checks

--If unnegotiated Treasury checks for an LDP are returned to the County Office, follow the instructions in 8-LP, subparagraph 36 A.--

904 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 existing 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.

Reports, Forms, Abbreviations, and Delegations of Authority

Reports

None

Forms

This table lists the forms referenced in this handbook.

Number	Title	Display Reference	Reference
CCC-10	Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents		15, 123
CCC-169	Honey Sampling Worksheet		800
CCC-500	Loan Repayment Receipt		602, 970
CCC-601	Commodity Credit Corporation Note and Security Agreement Terms and Conditions		120
CCC-633 (Honey)	Honey Nonrecourse Market Assistance Loan Certification and Worksheet	125	Text
CCC-633 EZ	Loan Deficiency Payment Certification and Application	205	Text
CCC-638	Confirmation of Sale	822	820
CCC-639	Competitive Bid Pricing Worksheet	822	820

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-676	LDP and Loan Number Register		120, 200
CCC-677	Farm Storage Note and Security Agreement		18, 120, 966
CCC-677-1	Farm Storage Loan Worksheet		401
CCC-679	Lien Waiver		122
CCC-681-1	Authorization for Delivery of Loan Collateral for Sale		15, 425, 600, 620, 630
CCC-686	Application for Loan or Loan Deficiency Payment by Heirs (On a Commodity Produced by a Person Who Has Died)	904	
CCC-691	Commodity Delivery Notice	860	800, 820, 822, 823, 861, 901
CCC-692	Settlement Statement		987
CCC-697	Request to Lock in a Market Loan Repayment Rate		15, 601, 631
CCC-770 LDP/eLDP	Loan Deficiency Payment (LDP) and eLDP Program Review Checklist		15
CCC-770 MAL	Marketing Assistance Loan (MAL) Processing Checklist		15
CCC-902E	Farm Operating Plan for an Entity		3
FSA-211	Power of Attorney		3, 17
FSA-578	Report of Acreage		101
FV-237	Inspection/Reinspection/Appeal/Audit Request	Ex. 40	800, 860, 861
UCC-1	Financing Statement		15, 122

Definitions of Terms Used in This Handbook

*--Alternative Repayment Rate

The alternative repayment rate is the rate for honey loans that is determined and--* announced by CCC.

The repayment amount could be greater than the loan rate but less than principal plus interest.

Beneficial Interest

Beneficial interest in the honey must:

- be in the producer tendering the honey as security for a loan
- always have been in the producer before this honey was extracted.

Class

Class is the rating of honey based on quality.

Eligible honey shall be segregated into 2 classes for FSA purposes:

- table
- nontable.

Definitions of Terms Used in This Handbook (Continued)**Crop Year**

The crop year is the calendar year in which honey is extracted.

The loan season starts April 1 and continues through March 31 of the following year.

Example: Honey extracted:

- *--in January, February, and March 2015 is **not** eligible for loan **until** April 1, 2015, and is considered 2015 crop honey
- by December 31, 2015, is eligible for loan through March 31, 2016, and is considered 2015 crop honey.--*

Extracted Honey

Extracted honey is honey which has been physically removed from the honeycomb.

LDP

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 eligible honey.

Lot

A lot is defined as honey offered 1 time by the applicant, in 1 container size, of 1 declared color, of 1 declared floral source, and stored at 1 location.

Lot Number

The lot number is the number assigned by the County Office that:

- begins with "1" and continues serially for each loan or LDP
- designates specific lots within a loan or LDP.

***--2014 Through 2018 Support Rates for Honey Loans**

A 2014 Through 2018 Crop Loan Rate and Survey Price--*

*** The national average loan rate for the 2014 through 2018 crop year honey is \$0.69 per pound.

County Offices shall use \$0.69 per pound to calculate initial disbursements and transfers for 2014 through 2018 crop year honey.

Monthly CCC honey survey prices for MAL's can be found on the FSA Internet at

*--<http://www.fsa.usda.gov/programs-and-services/economic-and-policy-analysis/dairy-and-sweeteners-analysis/index>. Scroll down to the middle of the Web page, and CLICK "Monthly CCC Honey 30-Day Repayment Rate".

B 2014 and 2015 Crop Settlement Values

The following tables list the premiums and discounts that shall be applied to the national average loan rate to calculate settlements of delivered loan collateral to CCC for 2013 and 2014 crop honey.

Class	Premiums/Discounts for 2014 Crop (cents/lbs)
White	7.0
Extra Light Amber	1.7
Light Amber	-8.7
Amber and Nontable	-7.4

Class	Premiums/Discounts for 2015 Crop (cents/lbs.)
White	7.4
Extra Light Amber	3.4
Light Amber	-6.3
Amber and Nontable	-14.6

--*

AMS Grading Laboratories (Continued)

C Western Region

The following is a list of field locations for the western region.

Laboratory	Inspection Points or Suboffice
<p>Covina, California</p> <p>720 E ARROW HWY STE A COVINA CA 91722-2103</p> <p>Phone: 626-967-9790 FAX: 626-967-6267 Hours: 7:30 to 4 p.t.</p>	<p>83-912 AVE 45 STE 3 INDIO CA 92201-6040</p> <p>Phone: 760-347-2571 FAX: 760-347-2591 Hours: 7 to 3:30 p.t.</p>
<p>Fresno, California</p> <p>2202 MONTEREY ST STE 102A FRESNO CA 93721-3129</p> <p>Phone: 559-487-5210 FAX: 559-485-5914 Hours: 8 to 4:30 p.t.</p>	<p>17850 MORO RD STE C SALINAS CA 93907-8564</p> <p>Phone: 831-663-6221 FAX: 831-663-5764 Hours: 8 to 4:30 p.t.</p>
<p>Stockton, California</p> <p>*--5635 STRATFORD CIR STE A11--* STOCKTON CA 95207-5055</p> <p>Phone: 209-946-6301 FAX: 209-476-8919 Hours: 8 to 4:30 p.t.</p>	

AMS Grading Laboratories (Continued)

C Western Region (Continued)

*--

Laboratory	Inspection Points or Suboffice
<p>Honolulu, Hawaii</p> <p>State of Hawaii Dept. of Agriculture 1851 AUIKI ST HONOLULU HI 96819-3100</p> <p>Phone: 808-832-0709 FAX: 808-832-0683 Hours: 7:45 to 4:30 h.t.</p>	
<p>Yakima, Washington</p> <p>108 S 6TH AVE YAKIMA WA 98902-3387</p> <p>Phone: 509-575-5869 FAX: 509-575-5881 Hours: 8 to 4:30 p.t.</p>	<p>1250 MILLER AVE STE 1 BURLEY ID 83318-1632</p> <p>Phone: 208-677-2216 FAX: 208-677-2325 Hours: 8 to 4:30 m.t.</p> <hr/> <p>1193 ROYVONNE AVE SE STE 16 SALEM OR 97302-6502</p> <p>Phone: 503-399-5761 FAX: 503-399-5846 Hours: 8 to 4:30 p.t.</p>

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