

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Loans and Loan Deficiency Payments for Rice 2-LP Rice (Revision 9)	Amendment 15
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Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Provide a copy of subparagraphs 1 A and 1 B with all changes that you wish to include in this amendment.

Subparagraph 13 A has been amended to:

- add that States, local Governments, and political subdivisions are no longer eligible as producers
- provide 4-PL as the reference for producer eligibility requirements.

Subparagraph 15 A has been amended to reference crop years 2009 through 2012.

Subparagraph 16 A has been amended to reference crop years 2009 through 2012.

Subparagraph 57 A has been amended to provide the loan rate percentage for producers on farms enrolled in the Average Crop Revenue Election (ACRE) Program at any time during 2009 through 2012.

Subparagraphs 58:

- B has been amended to provide the loan rate reduction for farms enrolled in the ACRE program during 2009 through 2012
- C has been amended to clarify when to apply storage deductions.

Subparagraph 91 A has been amended to provide:

- 4-PL as the reference for payment limitation rules for the 2008 crop
- denied market gains for crop years 2009 through 2012.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 105 A has been amended to provide:

- that commodity certificates will terminate after the 2009 crop loan has matured
- a timeframe for termination.

Subparagraph 127 C has been amended to add Jose Gonzalez as the PSD contact.

Subparagraph 141 B has been amended to reference paragraph 105 for additional guidance on exchanging outstanding loan collateral with a commodity certificate.

Subparagraphs 151:

- A has been amended to:
 - provide that LDP's will be processed through APSS and eLDP
 - clarify when payment limitations are applicable
- D has been amended to provide 4-PL as the reference for rules for monitoring payment limitations
- F has been added to include adjusted gross income requirements.

Exhibit 7 has been amended to:

- remove all references to 2007 crop
- update loan rates and discounts
- add that discounts shall be applied when loans are forfeited.

Page Control Chart		
TC	Text	Exhibit
	1-15 through 1-20 2-27 through 2-44 3-2.5, 3-2.6 3-3, 3-4 3-21, 3-22 4-3 through 4-22 5-1 through 5-4	7, pages 1-6

Section 2 Eligibility

13 Eligible Rice Producer

A Definition of Eligible Producer

An eligible producer may participate in the loan and LDP programs for a farm if the producer:

- shares in the risk of producing rice
- has beneficial interest in the rice for which a loan or LDP is requested
- has met all other eligible requirements according to 8-LP, Part 2.

***--Note:** States, local Government, political subdivisions, and agencies thereof, are no longer eligible to receive any MAL benefit or LDP payment.--*

See 8-LP for determining beneficial interest.

B Other Eligibility Requirements

See 8-LP, Part 2 for producer eligibility requirements about:

- annual program requirements
- person determinations
- applicable crop insurance requirements
- legal entities
- estates and trusts
- *--other entities--*
- minors
- heirs of deceased producer.

--See 4-PL for producer eligibility requirements about:--

- payment limitations
* * *
- foreign persons
- *--average adjusted gross nonfarm income.--*

C Ineligible Producer

See 8-LP, Part 2 for producers who are ineligible for loan or LDP.

14 Producers Marketing Through CMA's

A Approved CMA's

CMA's approved by CCC may obtain loans or LDP's on eligible rice for the CMA members who are eligible to receive price support.

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

B Determining Member's Eligibility

Member eligibility is determined according to 1-CMA, Part 11.

C Farm-Stored Loans and LDP's

Contact PSD through the State and County Offices to determine eligibility, based on the approved CMA agreement, each year for the first loan or LDP CMA requests for farm-stored rice.

15 Eligible Rice

A Basic Eligibility Requirements

--To be eligible for crop years 2009 through 2012 loans and LDP's, rice must:--

- have been produced by an eligible producer
- be in existence and in storable condition
- be merchantable, and **must not** contain:
 - mercurial compounds
 - toxin-producing molds
 - other substances poisonous to humans or animals

Note: Contaminated commodities are eligible for nonrecourse loan at a reduced loan rate.

- meet the definition of rice in the official United States Standards for Rice
- meet the specific commodity eligibility requirements for a nonrecourse loan.

Note: See 8-LP for general requirements for nonrecourse loans.

B Definition of Low Quality Rice

Low quality rice is rice that grades 6 or Sample Grade according to Exhibit 5 and the United States Standards for Rice.

See Part 5 for LDP's on low quality rice.

C Repledged

Rice previously pledged as collateral for a loan that was redeemed with cash, at principal plus interest, may be repledged for loan during the applicable loan availability period. See subparagraph 46 C.

The maturity date for the repledged rice shall be the same as the maturity date for the initial loan.

16 Quantity Eligible for Loan or LDP

***--A Quantity Eligible, 2009 Through 2012 Crop**

Any rice produced by a producer on a farm in crop years 2009 through 2012 is considered--* eligible, except as provided in paragraph 17.

B Approved Storage

See 8-LP for approved storage requirements for loan.

Approved storage requirements for LDP's are waived.

C Farm-Stored Rice

Farm-stored loans and LDP's will be limited to 100 percent of the eligible certified or measured quantity for initial loan disbursements and LDP's made during the loan availability period.

D Warehouse-Stored Rice

For warehouse-stored rice, price support will be limited to 100 percent of the eligible quantity recorded on warehouse receipts submitted during the loan availability period. Require the producer to obtain a replacement receipt that represents only the eligible quantity, if applicable.

E Individual Loans or LDP's

Any eligible rice not delivered to an approved CMA shall be eligible for individual loans or LDP's, according to subparagraph A.

16 Quantity Eligible for Loan or LDP (Continued)**F CMA Loans or LDP's**

Approved CMA's shall be eligible for farm-stored and warehouse-stored loans or LDP's on the eligible quantity that CMA members deliver to CMA for which requests are filed according to subparagraph A.

See subparagraph 14 C for additional eligibility requirements for CMA's requesting farm-stored loans or LDP's.

G Reasonable Quantity for Individual Producers

The total quantity of rice eligible for loans and LDP's for a producer is limited to the quantity that could reasonably have been produced on the eligible acreage based on the conditions in the area. See 1-CMA for CMA's.

Use the price support queries, according to 12-PS, Part 14, Section 6, to determine the approximate quantity eligible for loan or LDP.

--H LDP Quantity Requested and Denied for Crop Year 2008--

Rice requested for LDP and denied because of payment limitation only, is eligible for nonrecourse loans.

***--I LDP Quantity Requested and Denied for Crop Years 2009 Through 2012**

Rice requested for LDP and denied because of average adjusted gross nonfarm income only, is eligible for nonrecourse loans.--*

17 **Quantity Ineligible for Loan or LDP**

A Loans

Quantities of rice are not eligible for loan if:

- *--previously pledged for loan and repaid with cash at a rate less than the principal plus interest or exchanged with a commodity certificate--*
- LDP has been requested and made on that quantity, except for subparagraph 16 H.

If ineligible rice is inadvertently placed under loan, call the loan according to 8-LP, Part 6. The producer is required to repay the principal plus accrued interest.

B LDP's

Quantities of rice are not eligible for LDP if:

- previously pledged for loan and repaid with cash at a rate less than the principal plus *--interest or exchanged with a commodity certificate--*
- LDP has been made on that quantity.

57 Loanmaking for Farm-Stored Loans**A Loan Rates**

Use the applicable loan rate in Exhibit 7 to calculate the loan amount for certified or measured farm-stored loans.

The loan rate shall be:

- 20 percent of the loan rate for low quality rice, as applicable
- 30 percent of the loan rate for rice harvested as other than grain, as applicable
- 10 percent of the loan rate for contaminated rice, as applicable
- *--30 percent of the loan rate if producers on the farm enroll in the Average Crop Revenue Election (ACRE) Program at any time during 2009 through 2012.--*

B Requesting Farm-Stored Loans

When requesting farm-stored loans, producers shall:

- for certified loans, certify on CCC-666 the quantity in farm storage according to 8-LP, Part 4
- for measured loans, request measurement service according to 8-LP, Part 4
- certify whether the rice is aromatic according to subparagraph C.

STC shall not require that a loan be measured before or after disbursement. Loans are available on the quantity of eligible rice certified by the producer.

57 Loanmaking for Farm-Stored Loans (Continued)

C Aromatic Rice

Aromatic rice must be:

- pledged under separate loan agreements than loan agreements for nonaromatic rice
- stored separately from nonaromatic rice.

Advise producers pledging aromatic rice for loan that:

- for deliveries to CCC, producers are required to deliver the rice to a UGRSA-approved warehouse designated by CCC
- not all UGRSA-approved warehouses may be willing to store aromatic rice
- producers shall not receive any credit for expenses incurred in the delivery of aromatic rice.

D Record of Measurements

Complete and maintain CCC-677-1 according to 8-LP for measured loans and spot checks.

58 Loanmaking for Warehouse-Stored Loans

A Acceptable Receipts

When the request for a warehouse-stored loan is made, producers shall present acceptable warehouse receipts to County Offices.

The receipt may be either of the following:

- paper warehouse receipt issued by the warehouse
- EWR issued through CFS of a CCC-approved EWR provider.

Note: If any information on the warehouse receipts is incorrect or otherwise unacceptable for recording the loan in APSS, the County Office shall:

- not approve the loan
- require the producer to do the following before approving a warehouse-stored loan:
 - submit acceptable warehouse receipts
 - obtain lien waivers, if applicable.

B Loan Rates

APSS will use the loan rates in Exhibit 7, * * * to calculate the loan amount.

For:

- low quality rice, adjust the loan rate to 20 percent, as applicable
- *--producers on a farm enrolled in the ACRE Program during 2009 through 2012, reduce the loan rate by 30 percent.

Note: Starting with crop year 2009, CCC will no longer adjust loan rates for warehouse-stored loans using premiums and discounts.--*

58 Loanmaking for Warehouse-Stored Loans (Continued)

C Handling and Storage Charges

*--County Offices shall:

- require in-handling charges associated with the quantity on the receipt to be prepaid or provided for
- discontinue applying storage deductions at loanmaking if storage is not paid through the loan maturity date.

Note: Only apply storage deductions if loan is forfeited.--*

59-67 (Reserved)

Section 1 Loan Repayments

91 Loan Repayment Provisions

A Types of Repayments

Farm-stored and warehouse-stored loans may be repaid at any time during the loan period at *--the lesser of:

- the AWP repayment rate, under the 2009 through 2012 marketing assistance loan--* provisions
- principal plus interest.

B When to Require Principal Plus Interest

Loan repayments **must include principal plus interest** on quantities delivered under CCC-681-1 and either of the following applies:

- repayment is made after the end of the grace period for CCC-681-1
- repayment is for the quantity delivered after loan maturity, even if repayment is made by the end of the grace period.

See 8-LP, Part 9 for interest calculation procedures.

91 Loan Repayment Provisions (Continued)**C AWP Repayment Rate**

Calculate the AWP repayment rate using the world market prices posted on either of the following:

- www.fsa.usda.gov/dafp/psd/
- “Daily Market Rates” downloaded from KCCO.

Note: County Offices shall verify the weekly rice rates printed on the “Daily Market *--Rates” for correct information according to the official Wednesday--* announcement.

Subtract the:

- world market index from the whole kernel loan rate for the applicable class of rice to determine the market gain rate, which may be negative or positive
- market gain rate from the loan rate on CCC-677 or CCC-678 to determine the repayment cost per hundredweight.

Note: APSS will calculate the AWP repayment rate based on the value entered in the “World Market Index” field.

D When Market Prices Are Announced

Market prices will be:

- *--announced, at 7:00 a.m. e.t., Wednesday, to the extent practicable--*
- effective upon announcement.

* * *

91 Loan Repayment Provisions (Continued)

E Locking-in Repayment Rates

Producers may lock in a repayment rate for farm-stored rice by completing CCC-697 according to 8-LP, Part 9.

Producers cannot use a commodity certificate to exchange loan collateral specified on CCC-697.

F Payment Limitations

*--For applicable payment limitation rules applicable to the 2008 crop see 4-PL.

G Denied Market Gains for Crop Year 2008--*

Part or all of a producer's calculated market gain may be denied if **any** of the following apply:

- payment limitation is reached
- percent of cropland factor is less than 1.000
- permitted entity share is less than 100 percent.

See 8-LP for denied market gains.

***--H Denied Market Gains for Crop Years 2009 Through 2012**

All or part of a producer's calculated market gain may be denied if average adjusted gross nonfarm income exceeds \$500,000.--*

Section 2 Commodity Certificate for Commodity Exchanges

105 General Information

***--A Overview**

The authority to make commodity certificates available to producers will terminate effective with the ending of crop year 2009. This includes any outstanding crop year 2009 loan in existence during crop year 2010.--*

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 CCC-694-2 to purchase the commodity certificate and uses it to acquire the outstanding 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.

105 General Information (Continued)

D Exchange Rate

The commodity certificate exchange rate is the CCC-determined value calculated according to 8-LP, Part 9, 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.

E 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 quantity for which an outstanding CCC-697 exists.
Payment limitation	Commodity certificate exchanges are not applicable to payment limitation.
IRS reporting	Market gain earned from commodity certificate exchanges for loan collateral will be reported by FSA to IRS on CCC-1099-G.
FAXed signatures	FAXed 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: <ul style="list-style-type: none"> • may not be exchanged for CCC-owned inventory • may only be exchanged for outstanding loan collateral •*--exchanges are not subject to AGI provisions.--*

127 Determining Loan Settlement Values

A Basic Rule

Settlements shall be based on the quantity, limited according to 8-LP, Part 10 and quality of rice delivered in the settlement of the loan.

B Settlement Rate Based on Milling Yield

Settlement rates, like loan rates for warehouse-stored loans, are based on whole kernels and broken rice times the respective national loan rates for whole kernels and broken rice for the class of rice delivered, then adjusted for discounts.

C Discounts

For the applicable discounts, see Exhibit 7.

Note: To obtain discounts for factors or percentages of factors **not** shown in Exhibit 7:

- contact PSD by either of the following:
 - e-mail at jose.gonzales@wdc.usda.gov
 - telephone at 202-690-2534
- do **not** contact KCCO.

D Settlement Value of Zero

If discounts applied during settlement result in the rice having a value of zero or less than zero, use zero as the settlement value.

128 Handling Settlements

A Preparing CCC-691

Schedule deliveries and prepare CCC-691 according to 8-LP, Part 10.

B CCC-692

Process the settlement in APSS according to 12-PS, Part 9, Section 5, to generate CCC-692 and, if applicable, CCC-184's. If the settlement results in an amount due:

- producer, issue CCC-184's
- CCC, send the producer a notification letter for the amount due according to 8-LP, Part 10.

Note: See 8-LP, Part 10 for charges and credits applicable to the settlement.

C Releasing Note

After the settlement has been completed, mark the original note and security agreement as settled and return it to the producer.

129-140 (Reserved)

Section 2 Forfeitures

141 Loan Maturity Report for Forfeitures**A Preparing Report**

Prepare a loan maturity report according to 12-PS, Part 9, Section 2.

B Sending Notice of Maturity Letters

Send notice of maturity letter to producers with outstanding warehouse-stored loans according to 8-LP and the following:

- notify each producer of the maturity date and the following options that are available:
 - redeem collateral by repaying the loan with cash, at principal plus interest
 - redeem collateral by repaying the loan with cash, at an AWP repayment rate
 - exchange outstanding loan collateral with a commodity certificate
- *--Note: See paragraph 105 for applicability.--*
- settle the loan by forfeiting the collateral to CCC at maturity
 - send the notice of maturity letter at least 45 calendar days, but not more than 60 calendar days, before the applicable loan maturity date.

142 Refunding Prepaid Charges

A Handling Charges

APSS will refund prepaid handling charges, if applicable, at the lower of the following rates:

- the approved UGRSA rate in effect on the date the rice was received at the warehouse
- the rate the producer paid to the storing warehouse.

B Storage Refund

When KCCO calls warehouse-stored loans before maturity or if storage was prepaid beyond loan maturity, make refunds for the period of the unearned storage not to exceed the approved UGRSA rate.

APSS will determine the amount of refund from the schedule of rates provided by KCCO for:

- the period corresponding to the date the loan was called through maturity
- the period of excess storage paid.

Part 5 Loan Deficiency Payments

150 Overview

A In This Part

This part includes instructions for preparing and issuing LDP's.

B Definition of LDP

LDP's are payments made to producers who, although eligible to obtain a CCC marketing assistance loan, agree to forgo the loan in return for a payment on the rice.

The amount of LDP is the difference between the loan rate based on the national average milling yield and AWP, times the quantity.

151 Basic LDP Provisions**A General Provisions**

LDP's:

- shall not be combined for more than 1 class of rice
- *--will be processed through APSS and eLDP--*
- will be made in cash subject to assignment according to 63-FI
- will be issued by EFT or check, as applicable
- *--shall not be subject to payment limitation for crop years 2009 through 2012
- shall be subject to AGI for crop years 2009 through 2012--*
- are subject to:
 - administrative offset according to 58-FI
 - spot check according to 8-LP, Part 5
- must be approved before the final loan availability date
- cannot be:
 - canceled or repledged once a request has been made
 - repaid to obtain a loan or LDP
- are not subject to State assessments
- will be paid when approved.

Lien searches and lien waivers are not required.

151 Basic LDP Provisions (Continued)**B Producer Eligibility Requirements**

Producers applying for LDP must:

- meet eligibility requirements in paragraph 13
- agree to forgo obtaining a loan for the quantity on which LDP is requested.

C CMA Eligibility Requirements

CMA's applying for LDP must:

- meet eligibility requirements in paragraph 14
- agree to forgo obtaining a loan for the quantity on which LDP is requested.

D Payment Limitations

*--For applicable payment rules for monitoring payment limitations for 2008 crops see 4-PL.

E Denied LDP Amounts for Crop Year 2008--*

All or part of a producer's calculated LDP amount may 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.

***--F Denied LDP Amounts for Crop Years 2009 Through 2012**

All or part of a producer's calculated LDP amount may be denied if average adjusted gross nonfarm income exceeds \$500,000.--*

G LDP Amount Reported to IRS

The amount of LDP is:

- the LDP rate, times the quantity
- reported to IRS.

151 Basic LDP Provisions (Continued)

H Commodity Eligibility Requirements

To be eligible for LDP, the rice must:

- not have been previously pledged as collateral for MAL
- meet the eligibility requirements in paragraph 15.

I Waiver of Storage Requirements

Approved storage requirements are waived when CCC-633-EZ, page 2 is approved.

J LDP Number Register

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

K 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
- *--a separate LDP for ACRE enrolled forms.--*

L Low Quality Rice

Rice with low quality or grading U.S. No. 6 or U.S. Sample Grade according to the Official U.S. Grading Standards, are eligible for LDP. See 8-LP, Part 3, Section 3.

Loan Rates and Discounts

*--A Loan Values for Crop Year 2009 Whole Kernels and Broken Rice

The following table provides the loan values for crop year **2009** whole kernels and broken rice.

Rough Rice Class	Whole Kernels (Cents Per Pound)	Broken Rice (Cents Per Pound)
Long Grain	9.94	6.84
Medium Grain/Short Grain	9.72	6.84

--*

B Calculating Warehouse Loan Rates

Calculate the loan rate for warehouse-stored loans using the:

- whole kernel rice yield and total rice yield

Note: Obtain these yields from the warehouse receipt.

- loan value in subparagraph A.

C Example of a Loan Rate Calculation

*--An example of a loan rate calculation for **2009** crop warehouse-stored rice with a 56/68 milling yield is as follows:

- long grain whole kernel yield (.56) x loan value (\$9.94) = \$5.57
- broken rice yield (.12) x loan value (\$6.84) = \$0.82
- loan rate per 100 pounds is \$5.57 + \$0.82 = \$6.39
- adjust for discounts according to subparagraph E.

Note: Discounts shall be applied when loans are forfeited.--*

Loan Rates and Discounts (Continued)

***--D Farm-Stored Loan Rates for Crop Year 2009**

The following table provides the loan rates for crop year **2009** farm-stored rice:

- per cwt.
- by class.

2009 Rice Farm-Stored Loan Rates by Class, Rough Basis		
States	Long Grain	Medium Grain/Short Grain
	\$ per cwt.	
Arkansas	\$6.48	\$6.32
California	6.45	6.54
Louisiana	6.48	6.36
Mississippi	6.57	6.50
Missouri	6.43	6.50
Texas	6.70	6.50
All other States	6.50	6.50

E Crop Year 2009 Rice Grade Discounts

The following table provides the grade discounts for crop year **2009** rice.--*

Grade	Discount Per Cwt.
U.S. No. 2	0
U.S. No. 3	\$0.30
U.S. No. 4	\$0.60
U.S. No. 5	\$1.00
U.S. No. 6	\$2.00
Sample grade	\$5.50

Loan Rates and Discounts (Continued)

***--F Crop Year 2009 Smut Discount**

The following table provides the smut discount for crop year **2009** rice.--*

Smut Damage Percent	Discount Per Cwt.
Trace	0
.1 - 1.0	\$0.05
1.1 - 2.0	\$0.10
2.1 - 3.0	\$0.15

Note: Rice that contains more than 3 percent smut qualifies as low quality rice. Low quality or smutty rice is eligible for a nonrecourse MAL at 20 percent of the loan rate.

***--Example:** Arkansas long grain rice loan is \$6.48 per cwt. x .20 = \$1.296 per cwt.--*

Loan Rates and Discounts (Continued)

G Loan Values for Crop Year 2008 Whole Kernels and Broken Rice

The following table provides the loan values for crop year **2008** whole kernels and broken rice.

Rough Rice Class	Whole Kernels (Cents Per Pound)	Broken Rice (Cents Per Pound)
Long Grain	10.00	6.67
Medium Grain/Short Grain	9.78	6.67

H Calculating Warehouse Loan Rates

Calculate the loan rate for warehouse-stored loans using the:

- whole kernel rice yield and total rice yield

Note: Obtain these yields from the warehouse receipt.

- loan value in subparagraph G.

I Example of a Loan Rate Calculation

An example of a loan rate calculation for crop year **2008** warehouse-stored rice with a 56/68 milling yield is as follows:

- long grain whole kernel yield (.56) x loan value (\$10.00) = \$5.60
- broken rice yield (.12) x loan value (\$6.67) = \$0.80
- loan rate per 100 pounds is \$5.60 + \$0.80 = \$6.40
- adjust for discounts according to subparagraph E.

Loan Rates and Discounts (Continued)

J Farm-Stored Loan Rates for Crop Year 2008

The following table provides the loan rates for crop year **2008** farm-stored rice:

- per cwt.
- by class.

States	Long Grain	* * *	Short Grain
Arkansas	\$6.47		\$6.33
California	6.46		6.54
Louisiana	6.51		6.48
Mississippi	6.57		6.50
Missouri	6.38		6.50
Texas	6.71		6.50
All other States	6.50	* * *	6.50

***--K Crop Year 2008 Rice Grade Discounts**

The following table provides the grade discounts for crop year **2008** rice.--*

Grade	Discount Per Cwt.
U.S. No. 2	0
U.S. No. 3	\$0.30
U.S. No. 4	\$0.60
U.S. No. 5	\$1.00
U.S. No. 6	\$2.00
Sample grade	\$5.50

Loan Rates and Discounts (Continued)

***--L Crop Year 2008 Smut Discount**

The following table provides the smut discount for crop year **2008** rice.--*

Smut Damage Percent	Discount Per Cwt.
Trace	0
.1 - 1.0	\$0.05
1.1 - 2.0	\$0.10
2.1 - 3.0	\$0.15

Note: Rice that contains more than 3 percent smut qualifies as low quality rice. Low quality or smutty rice is eligible for a nonrecourse MAL at 20 percent of the loan rate.

***--Example:** Arkansas long grain rice loan \$6.47 per cwt. x .20 = \$1.294 per cwt.--*