

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

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**Loans and Loan Deficiency  
Payments for Rice  
2-LP Rice (Revision 9)**

**Amendment 23**

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**Approved by:** Acting Deputy Administrator, Farm Programs



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**Amendment Transmittal**

**A Reasons for Amendment**

All references to the “2012” crop year, where applicable, have been updated throughout the handbook to “2013” because the American Taxpayer Relief Act of 2012 provided for a continuation of the MAL and LDP program for the 2013 crop year.

Subparagraph 1 B has been amended to reference the following as sources of authority:

- the American Taxpayer Relief Act of 2012
- 7 CFR Part 1421.

Subparagraph 13 B has been amended to clarify:

- to see 8-LP, Part 2 for foreign person determinations as a producer eligibility requirement
- clarify that for 2009 through 2103 crop years, ineligibility is based on average nonfarm AGI.

Subparagraph 16 G has been amended to update the link and instructions for accessing the Interim Price Support Query Tool spreadsheet.

Subparagraphs 57 A and 58 B have been amended to update the 2013 crop year ACRE requirements.

Subparagraphs 91 F and 151 D have both been amended for clarity.

Subparagraph 176 C has been amended to edit the name and telephone number of the DACO Warehouse Operations Program Manager.

Exhibit 2 has been amended to update the web address for the “World Market Index”.

Exhibit 7 has been amended to:

- remove 2011 crop loan rates and discounts
- add 2013 crop loan rates and discounts.

**Amendment Transmittal (Continued)**

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
	1-1, 1-2 1-15 through 1-20 2-27 through 2-44 3-1, 3-2 3-2.5, 3-2.6 (remove) 3-3 through 3-20 5-1 through 5-4 6-3, 6-4	2, pages 1, 2 7, pages 1-6

**Part 1 Basic Program Provisions**

**1 Overview**

**A Handbook Purpose**

This handbook provides instructions for administering MAL and LDP programs for \*--2008 through 2013 crops of rice.

**B Sources of Authority**

Authority for the policies prescribed in this handbook is in the following:

- Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246) for 2008 through 2012 rice loans
- American Taxpayer Relief Act of 2012 (Pub. L. 112-240) for 2013 rice loans
- 7 CFR Part 1421.--\*

## Section 1 General Provisions

## 2 Related Handbooks

## A Handbooks

Use this handbook with 8-LP and 12-PS. This table provides specific 8-LP provisions.

8-LP	Provisions
Part 1, Section 3	<ul style="list-style-type: none"> <li>• Actions for overdisbursements, overpayments, and receivables</li> <li>• appeals</li> <li>• bankruptcy cases</li> <li>• CCC-770 LDP/eLDP and CCC-770 MAL policy</li> <li>• finality rule and IRS reporting</li> <li>• lobbying activities</li> <li>• misaction/misinformation</li> <li>• prompt payment.</li> </ul>
Part 2	General loan and LDP provisions.
Part 3, Section 3	Failure to provide production evidence.
Part 4	Violations.
Part 5, Sections 1 and 2	Filing UCC-1's and CCC-10's.
Part 7	<ul style="list-style-type: none"> <li>• Repayments, releases, and loan maturity</li> <li>• CCC-681-1's</li> <li>• CCC-697's.</li> </ul>

Other related handbooks include the following.

Handbook	Purpose
*--1-CM--*	Common Management and Operating Provisions
1-CMA	CMA, DMA, and LSA Common Loan and LDP Procedures
2-CP	Acreage and Compliance Determinations
1-FI	Processing Payment Initiated Through NPS
3-FI	State and County Receipts and Deposits
50-FI	Interest Rates
58-FI	Managing FSA and CCC Debts and Claims
*--63-FI	Financial Services Web Application
64-FI	Establishing and Reporting Receipts and Receivables on the National Receipts and Receivables System--*
5-LP	Commodity Inspectors Handbook
4-PL	Payment Eligibility, Payment Limitation, and AGI

## 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, MAL benefit, or LDP payment.

See 8-LP, Part 2 for determining beneficial interest.

## B Other Eligibility Requirements

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

- annual program requirements
- \*--foreign person determinations--\*
- legal entities
- estates and trusts
- other entities
- minors
- heirs of deceased producer.

See 4-PL for producer eligibility requirements for AGI.

\*--For the 2009 through 2013 crop years, a person or legal entity shall **not** be eligible to receive market loan gains or LDP's if their average nonfarm AGI exceeds \$500,000.--\*

**Note:** CCC will **not** limit market loan gains and LDP's.

**Exception:** The person or entity is eligible for MAL, but the loan must be repaid at principal plus interest.

## 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 2013 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, Part 2 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 2013 Crop**

Any rice produced by a producer on a farm in crop years 2009 through 2013 is considered--\* eligible, except as provided in paragraph 17.

**B Approved Storage**

See 8-LP, Part 5 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 Interim Price Support Query Tool spreadsheet to determine the approximate quantity eligible for loan or LDP. To access the spreadsheet, go to <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing> and under "Hot Links", CLICK "Interim PS Query Tool".

**H LDP Quantity Requested and Denied for Crop Years 2009 Through 2013--\***

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 \* \* \*
- 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 4.--\*  
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 \* \* \*
- 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

**Example:** \$6.48 base county loan rate x 20 percent = \$1.30 applicable loan rate.

- 30 percent of the loan rate for rice harvested as other than grain, as applicable

**Example:** \$6.48 base county loan rate x 30 percent = \$1.94 applicable loan rate.

- 10 percent of the loan rate for contaminated rice, as applicable.

**Example:** \$6.48 base county loan rate x 10 percent = \$0.65 applicable loan rate.

\*--The loan rate shall be reduced by 30 percent for:

- 2013 crop year production, if producers on the farm make the decision to participate in the ACRE Program for that year

**Note:** For the 2013 crop year, eligible producers **must** enroll in ACRE. ACRE enrollment will **not** carry over on the farm from previous years.

- 2009 through 2012 crop year production, if producers on the farm make the **irrevocable** decision to elect to participate in the ACRE Program at any time during those years.--\*

**Example:** \$6.48 base county loan rate x 70 percent = \$4.54 applicable loan rate.

### 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 5
- for measured loans, request measurement service according to 8-LP, Part 5
- 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 2013, reduce the loan rate by 30 percent.

**Note:** For the 2013 crop year, ACRE participation does **not** automatically carry over. Producers **must** enroll. See subparagraph 57 A and ACRE directives.--\*

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)**

**Part 3 Repayments and Releases**

**90 Overview**

**A In This Part**

This part includes the provisions of loan repayments.

**B Marketing Loan Repayments**

Marketing loan repayments are intended to:

- minimize potential loan forfeitures
- minimize the accumulation of rice stocks by the Federal Government
- minimize the cost incurred by the Federal Government in storing rice
- allow rice produced in the United States to be marketed freely and competitively, both domestically and internationally.

**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 2013 MAL provisions--\*
- principal plus accrued interest and other charges (per cwt.).

**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, paragraph 26 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/Internet/FSA\_File/rice\_rates.xls--**
- “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 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 7.

**\*--F Payment Limitations for 2009 Through 2013 Crops**

For 2009 through 2013 crop years, CCC will **not** limit market loan gains unless the person's or legal entity's average nonfarm AGI exceeds \$500,000.

**G AGI Limitation Rule for 2009 Through 2013 Crops**

A person or legal entity shall **not** be eligible to receive market loan gains during the 2009 through 2013 crop year program, if their average nonfarm AGI exceeds \$500,000.--\*

**Exception:** The person or entity is eligible for MAL, but the loan **must** be repaid at principal plus interest.

**91 Loan Repayment Provisions (Continued)****H Production Evidence Required**

Loans that are repaid under the MAL provisions require production evidence to be submitted \*-- if the loan is selected for spot check. See 8-LP, Part 3 for determining:--\*

- acceptable production evidence
- when to submit production evidence.

**I Market Gain Reported to IRS**

The market gain is the difference between the loan principal that is liquidated and the amount needed for the loan repayment, when the loan repayment amount is less than the loan principal amount that is liquidated.

The amount of market gain is reported to IRS.

**J Spot Checks**

Farm-stored loans that are repaid under the loan provisions without production evidence remain subject to spot check according to 8-LP.

**92 Filing CCC-681-1**

**A Why File CCC-681-1**

If the proceeds from the sale of the collateral are needed to repay a farm-stored loan,  
\*--producers may file CCC-681-1 according to 8-LP, Part 7, Section 4.--\*

**93-104 (Reserved)**

**Section 2 (Withdrawn--Amend. 20)**

**105-108 (Withdrawn--Amend. 20)**

**109-124 (Reserved)**

**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 MAL, 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 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 2013
- shall be subject to AGI for crop years 2009 through 2013--\*
- are subject to:
  - administrative offset according to 58-FI
  - spot check according to 8-LP, Part 3
- 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 2009 Through 2013 Crops**

For the 2009-2013 crop years, CCC will not limit LDP's unless the person's or legal entity's average nonfarm AGI exceeds \$500,000.

**E AGI Limitation Rule for 2009 Through 2013 Crops**

A person or legal entity shall not be eligible to receive LDP benefits during the 2009 through 2013 crop year program, if their average nonfarm AGI exceeds \$500,000.--\*

**F LDP Amount Reported to IRS**

The amount of LDP is:

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

**151 Basic LDP Provisions (Continued)**

**G 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.

**H Waiver of Storage Requirements**

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

**I LDP Number Register**

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

**J 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.

**K 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 10, Section 3.--\*

## 176 Responsibilities

### A Producer Responsibilities

The producer shall:

- deliver the commodity to the warehouse
- instruct the warehouse to issue EWR as “loanable”, if producer intends to apply for price support benefits

**Note:** A “loanable” indicator does **not** make CCC the holder of EWR but enables CCC to access EWR when the producer applies for price support benefits.

- obtain a list of EWR’s.

**Note:** At a minimum, the EWR list shall include:

- producer name
- warehouse code
- commodity type
- commodity class
- EWR number
- \*--ACRE enrollment indicator.

**Note:** County Offices shall determine the producer’s ACRE enrollment status manually.--\*

### B Warehouse Responsibilities

The warehouse shall:

- accept the commodity delivered by the producer
- subscribe to a provider system approved to issue rice EWR’s
- issue and cancel EWR’s through the selected provider.

**Note:** EWR’s **must** be issued through the provider CFS according to the Provider Agreement with DACO.

## 176 Responsibilities (Continued)

**C Provider Responsibilities**

The provider shall:

- sign a Provider Agreement with DACO
- maintain EWR's on behalf of the warehouse
- handle and maintain EWR's in CFS in a secure manner
- enter into an agreement with CCC on handling EWR data used to obtain price support benefits
- implement instructions issued by authorized holder of EWR's
- \*--contact Sharon Hadder, Warehouse Operations Program Manager at 202-720-3816,--\* with questions on EWR provider responsibilities.

**D FSA County Office Responsibilities**

County Offices shall:

- use FSA's EWR web-based system to:
  - download and process EWR's for price support activity
  - verify the downloaded EWR that goes with the loan/LDP request
  - transfer EWR's to APSS to complete the loan application
  - release EWR to the authorized holder at liquidation
  - return EWR to CFS, when applicable
  - print "printer friendly" pages to include in the loan/LDP file
- complete loan applications using EWR's in APSS
- complete LDP applications using eLDP
- record liquidation transactions associated with loan in APSS **before** releasing EWR.

## Definitions of Terms Used in This Handbook

### Adjusted World Price (AWP)

AWP is the world price for whole kernels and broken rice for the applicable class of rice, adjusted for the national average milling yield.

### Aromatic Rice

Aromatic rice is rice that emits a unique aroma when cooked and is commonly referred to as jasmine-type or basmati-type rice.

**Notes:** FSA field personnel will not be required to make a determination whether rice is aromatic when performing a measurement service or spot check.

Almost all aromatic rice is grown under contract. The variety contracted may be 1 of, but not limited to, Cal A301, Della, Delmont, Jasmine 85, and Texmati.

### AWP Repayment Rate

The AWP repayment rate is the difference between the national average loan rate and AWP, subtracted from the individual producer's loan rate.

The AWP repayment rate is the repayment rate at which the producer repays the loan under the marketing loan or MAL repayment provisions.

### Central Filing System (CFS)

CFS is an electronic system operated and maintained by a provider, as a disinterested third party authorized by DACO, where information relating to warehouse receipts, USWA documents, and other electronic documents are recorded and maintained in a confidential and secure fashion independent of any outside influence or bias in action or appearance.

### 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 on a farm
- 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.

### Electronic Warehouse Receipt (EWR)

\*--EWR's are receipts authorized by DACO to be issued or transmitted under USWA as electronic documents.--\*

## Definitions of Terms Used in This Handbook (Continued)

### Holder

A holder is a person that has possession in fact or by operation of law, of a warehouse receipt, USWA electronic document, or any electronic document.

### Loan Deficiency Payment (LDP)

LDP's are payments made to producers who, although eligible to obtain a CCC MAL, 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.

### 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.

### Marketing Assistance Loans (MAL's)

MAL's are loans authorized by the Agricultural Market Transition Act program included in the Federal Agriculture Improvement and Reform Act of 1996.

### National Average Loan Rate

The national average loan rate is the loan rate for whole kernels and broken rice for the applicable class of rice, adjusted for the national average milling yield.

### Provider

A provider is a person authorized by DACO, as a disinterested third party, that maintains 1 or more confidential and secure electronic systems independent of any outside influence or bias in action or appearance.

### World Market Index

The world market index is a number that APSS compares to the whole kernel loan rate to determine the LDP rate or the market loan gain rate.

A world market index will be posted weekly for each class of rice on either of the following:

- **\*--<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing>**
- "Daily Market Rates" downloaded from KCCO.--\*

The whole kernel loan rate minus the world market index is equal to the LDP rate or the market loan gain rate.

**Loan Rates and Discounts**

**\*--A Loan Values for Crop Year 2012 Whole Kernels and Broken Rice**

The following provides the loan values for crop year **2012** whole kernels and broken rice.

<b>Rough Rice Class</b>	<b>Whole Kernels (Dollars (\$) Per Cwt.)</b>	<b>Broken Rice (Dollars (\$) Per Cwt.)</b>
Long Grain	10.13	6.03
Medium Grain/Short Grain	9.72	6.03

--\*

**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 **2012** crop warehouse-stored rice with a 56/68 milling yield is as follows:

- long grain whole kernel yield (.56) x loan value (\$10.13) = \$5.67
- broken rice yield (.12) x loan value (\$6.03) = \$0.72
- loan rate per 100 pounds is \$5.67 + \$0.72 = \$6.39--\*
- adjust for discounts according to subparagraph E.

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

**Loan Rates and Discounts (Continued)**

**\*--D Farm-Stored Loan Rates for Crop Year 2012**

The following provides the loan rates for crop year **2012** farm-stored rice.

<b>2012 Rice Farm-Stored Loan Rates by Class, Rough Basis</b>		
<b>States</b>	<b>Long Grain</b>	<b>Medium Grain/Short Grain</b>
	<b>Dollars (\$) per cwt.</b>	
Arkansas	\$6.51	\$6.23
California	6.25	6.58
Louisiana	6.42	6.43
Mississippi	6.57	6.50
Missouri	6.37	6.50
Texas	6.66	6.51
All other States	6.50	6.50

**E Crop Year 2012 Rice Grade Discounts**

The following provides the grade discounts for crop year **2012** rice.--\*

<b>Grade</b>	<b>Discount Per Cwt.</b>
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 2012 Smut Discount**

The following provides the smut discount for crop year **2012** rice.--\*

<b>Smut Damage Percent</b>	<b>Discount Per Cwt.</b>
Trace	0
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 considered sample grade and is eligible for a nonrecourse MAL at 20 percent of the loan rate.

**Example:** Arkansas long grain rice loan is \$6.51 per cwt. x .20 = \$1.30 per cwt.--\*

**Loan Rates and Discounts (Continued)**

**\*--G Loan Values for Crop Year 2013 Whole Kernels and Broken Rice**

The following provides the loan values for crop year **2013** whole kernels and broken rice.

<b>Rough Rice Class</b>	<b>Whole Kernels (Dollars (\$) Per Cwt.)</b>	<b>Broken Rice (Dollars (\$) Per Cwt.)</b>
Long Grain	10.34	5.83
Medium Grain/Short Grain	9.72	5.83

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**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 **2013** warehouse-stored rice with a 56/68 milling yield is as follows:

- long grain whole kernel yield (.56) x loan value (\$10.34) = \$5.79
- broken rice yield (.12) x loan value (\$5.83) = \$0.70
- loan rate per 100 pounds is \$5.79 + \$0.70 = \$6.49--\*
- adjust for discounts according to subparagraph K.

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

**Loan Rates and Discounts (Continued)**

**\*--J Farm-Stored Loan Rates for Crop Year 2013**

The following provides the loan rates for crop year **2013** farm-stored rice.

<b>2013 Rice Farm-Stored Loan Rates by Class, Rough Basis</b>		
<b>States</b>	<b>Long Grain</b>	<b>Medium Grain/Short Grain</b>
	<b>Dollars (\$) Per Cwt.</b>	
Arkansas	\$6.46	\$6.20
California	6.34	6.59
Louisiana	6.48	6.31
Mississippi	6.61	6.50
Missouri	6.35	6.50
Texas	6.82	6.49
All other States	6.50	6.50

**K Crop Year 2013 Rice Grade Discounts**

The following provides the grade discounts for crop year **2013** rice.--\*

<b>Grade</b>	<b>Discount Per Cwt.</b>
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 2013 Smut Discount**

The following provides the smut discount for crop year **2013** rice.--\*

<b>Smut Damage Percent</b>	<b>Discount Per Cwt.</b>
Trace	0
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 considered sample grade and is eligible for a nonrecourse MAL at 20 percent of the loan rate.

**\*--Example:** Arkansas long grain rice loan \$6.46 per cwt. x .20 = \$1.29 per cwt.--\*