

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

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

Amendment 25

Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

All references to:

- the eligibility requirements for the disbursement of crop year 2013 MAL's and LDP's have been removed because it is after the rice availability period for crop year 2013
- ACRE have been removed because the ACRE program is no longer applicable after the 2013 crop year.

Subparagraph 2 A has been amended to update the list of FSA handbooks.

Subparagraphs 4 A, 91 C, and Exhibit 1 have been amended to remove CCC-678S because this form was only applicable to 2013 warehouse-stored MAL's disbursed after October 1, 2013, and subject to sequestration. CCC-678S will be obsoleted when 2013 crop MAL's for all other commodities have been liquidated.

Subparagraph 13 A has been amended to allow MAL benefits and LDP's on land owned by the State if the payments and benefits are used to support public schools.

Subparagraph 16 G has been amended to update the web site address for the Interim Price Support Query Tool spreadsheet.

Subparagraph 46 A has been amended to clarify the forms required when requesting rice loans.

Subparagraph 57 B has been amended to add that CCC-666 is required to be completed for measured loan requests.

Subparagraph 58 A has been amended to add that CCC-666 is required to be completed for warehouse loan requests.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 68 B has been amended to clarify that an additional disbursement for additional quantity will no longer be available when farm-stored rice is transferred to an approved warehouse for storage.

Subparagraph 91:

- B has been amended to add that CCC-681-1 is only applicable to farm-stored loans
- C has been amended to update the web site addresses where the following are available:
 - the world market prices used to calculate the AWP
 - the weekly LDP rates.

Subparagraph 126 B has been amended to provide a reference for the notification letter to be sent to producers with outstanding farm-stored loans.

Subparagraph 141 B has been amended to add a reference for the notification letter to be sent to producers with outstanding warehouse loans.

Exhibit 2 has been amended to update the web site address for the:

- world market index prices
- weekly LDP rates.

Exhibit 7 has been amended to:

- delete crop year 2013 loan rates and discounts
- add crop year 2015 loan rates and discounts.

Page Control Chart		
TC	Text	Exhibit
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Part 1 Basic Program Provisions**1 Overview****A Handbook Purpose**

--This handbook provides instructions for administering MAL and LDP programs for rice. Use this handbook with 8-LP, as applicable.--

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
- *--Agriculture Act of 2014
- Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, for 2013 crop year loans disbursed on or after October 1, 2013, that were reduced for sequestration.--*

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"> • Actions for overdisbursements, overpayments, and receivables • appeals • bankruptcy cases • CCC-770 LDP/eLDP and CCC-770 MAL policy • finality rule and IRS reporting • lobbying activities • misaction/misinformation • prompt payment.
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"> • Repayments, releases, and loan maturity • CCC-681-1's • CCC-697's.

Other related handbooks include the following.

Handbook	Purpose
--16-AO	State and County Organization and Administration--
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
*--3-PL	Web Based Subsidiary Files for 2009 and Subsequent Years
5-PL	Payment Eligibility, Payment Limitations, and AGI according to Agriculture Act of 2014--*

3 Loan and LDP Availability

A Availability Dates

Loans and LDP's are available from the date loan rates are announced through May 31 of the year after the calendar year in which the crop is normally harvested.

Nonworkday: If the final loan availability date falls on a nonworkday, the producer's option to request a loan or LDP shall be extended until the next workday.

4 Loan Maturity Date

A Loans

Loans mature on demand, but no later or the last day of the ninth calendar month after the month in which, CCC-677, CCC-677S, or CCC-678, is approved. See subparagraph 15 C for repledged loans.

Nonworkday: If the maturity date falls on a nonworkday, the producer's option to repay the loan at the AWP repayment rate shall be extended until the next workday.

Note: CCC-677S was the Note and Security Agreement for crop year 2013 MAL's disbursed after October 1, 2013, where the loan amount was reduced for sequestration.

5 Spot Checks and Production Evidence

A Spot-Checking Loans and LDP's

Farm-stored loans and LDP's are subject to spot-check during and after the loan availability *--period. See 8-LP, Part 3, Sections 1 and 2 for the following:

- selecting loans and LDP's for spot check
- spot check verifications.

Handle program violations, including incorrect certification, unauthorized removal, and unauthorized disposition according to 8-LP, Part 4.

B Required Production Evidence

Production evidence is required for loan quantity or LDP selected for spot check as follows:

- outstanding farm-stored loan repaid at AWP
- certified LDP's:
- measured LDP's, when measurement service is not used as final production.

See 8-LP, Part 3, Section 3 for production evidence policy.--*

6-12 (Reserved)

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 eligible to receive any MAL, MAL benefit, or LDP's with respect to land owned by the State, **if** the payments and benefits are used to support public schools. See 5-PL, paragraph 174 for additional information.--*

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 * * * 5-PL for producer eligibility requirements for AGI.

For the 2014 through 2018 crop years, there are payment limitations and AGI eligibility requirements for LDP's, and marketing loan gains associated with the MAL program. For additional information see subparagraphs 91 F and G.

Note: The individual 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 2013 through 2018 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, 2014 Through 2018 Crop**

Any rice produced by a producer on a farm in crop years 2014 through 2018 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. The spreadsheet may be accessed at <http://www.fsa.usda.gov/programs-and-services/price-support/Index>. Under "Additional Resources", at the bottom of the page, CLICK "Interim PS Query Tool".

H LDP Quantity Requested and Denied for Crop Years 2014 Through 2018

For 2014 through 2018 crop years, rice LDP's requested and denied because of average adjusted gross income and/or payment limitation, 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.

Part 2 Making Loans**Section 1 Basic Loanmaking Provisions****46 Obtaining Loans****A Individual Producers**

Eligible producers may obtain loans according to 8-LP and this handbook by placing rice in approved:

- *--farm storage and obtaining a loan on up to 100 percent of the quantity by:
 - certifying the quantity on CCC-666
 - requesting measurement service by completing CCC-666, CCC-667-1 and CCC-409
- warehouse storage by completing CCC-666 and obtaining a loan on 100 percent of the net quantity shown on the warehouse receipt.--*

B Approved CMA's

Approved CMA's may:

- obtain farm-stored loans on rice stored on farms in approved storage structures, if other eligibility requirements are met
- obtain warehouse-stored loans on rice stored in approved warehouses
- obtain a loan on rice that members previously placed under individual-producer loans and eventually delivered to CMA only if the loan was repaid as principal plus interest
- **not** pledge as collateral for loan, any rice on which LDP has been made.

46 Obtaining Loans (Continued)**C Repledging**

Producers and approved CMA's may repledge a quantity of eligible rice that was previously mortgaged to CCC as collateral for MAL, and the loan was repaid at principal plus interest.

The maturity date of repledged loans shall be the same as the original loan maturity date.

Rice may **not** be repledged as collateral for loan if the original loan was any of the following:

- called because of incorrect certification, unauthorized removal, or unauthorized disposition
- repaid with cash, using an AWP repayment rate.

* * *

D Contracts

Review contracts, or require certification of no contract, if applicable, and make beneficial interest determinations according to 8-LP before approving loans **only** in situations when there is reason to believe the producer may have lost beneficial interest in the rice.

47-55 (Reserved)

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.

* * *

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, complete CCC-666, and 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
- complete CCC-666.

Note: See 8-LP, subparagraphs 524 B and C for instructions on completing CCC-666.--*

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.--

* * *

Note: CCC no longer adjusts loan rates for warehouse-stored loans using premiums and discounts at loan making.

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 3 Additional Quantity for Farm-Stored Loans

68 Additional Quantity Limitations

A Increase in Quantity Only

Additional disbursements for an increase in the loan quantity are not authorized.

Note: During the loan availability period, producers may request a new loan or LDP for quantities exceeding the initial loan quantity provided the producer still has beneficial interest in the rice.

B Transfer From Farm to Warehouse

--When farm-stored rice is transferred to an approved warehouse for storage, an additional disbursement for additional quantity is no longer available. See 8-LP, Part 6.--

69 (Withdrawn--Amend. 2)

70-89 (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 2014 through 2018 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.

*--**Note:** CCC-681-1 is applicable to farm-stored loans only.--*

See 8-LP, paragraph 26 for interest calculation procedures.

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

*--The AWP repayment is calculated using the world market prices posted at <http://www.fsa.usda.gov/programs-and-services/commodity-operations/commodity-operations-reports/index>

Click “Daily Market Rates” for the requested date. Rice prices are towards the end of the report.

The weekly LDP rates, based on the world market prices, are posted at <http://www.fsa.usda.gov/programs-and-services/price-support/commodity-loans/index>. On the bottom right of the page under “Weekly Commodity Rates”, CLICK “Rice LDP Rates”.--*

* * *

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 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
- LDPs.

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
- 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 2013 crop years.

***--G AGI Limitation Rule for 2014 Through 2018 Crop**

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 their average AGI exceeds \$900,000.--*

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

Part 4 Settlements and Forfeitures**125 Overview****A In This Part**

This part includes the provisions for handling settlements for farm-stored rice delivered to CCC, and for warehouse-stored rice forfeited to CCC.

B Maximum Quantity for Delivery

The quantity eligible for delivery to CCC under a farm-stored loan settlement is limited to 110 percent of the outstanding loan quantity.

Note: If the maximum quantity is exceeded, require the producer to obtain a corrected warehouse receipt according to 8-LP.

C Rice Delivered Not Meeting Standards

For farm-stored rice delivered that does not meet the minimum eligibility standards for warehouse-stored loans, settle through APSS using the discounts in Exhibit 7.

If the special grade designation “**glutinous**” or “**parboiled**” is present on a warehouse receipt, contact PSD for further instructions.

D Aromatic Rice

Aromatic rice must be delivered, at the producer’s expense, to a UGRSA-approved *--warehouse designated by CCC. The UGRSA-approved warehouse **must** be able and willing to store such rice on an identity preserved basis.

Credit for excess haul according to 8-LP, Part 8 shall not be granted to producers--* delivering aromatic rice.

Section 1 Settlements

126 Loan Maturity Report for Settlements**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 farm-stored loans according to 8-LP, paragraph 797 at least 45 calendar days, but not more than 60 calendar days, before the applicable loan maturity date.

Notes: Indicate in the maturity letter for producers with loans on aromatic rice 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.

--See the letter in 8-LP, Exhibit 7, subparagraph E.--

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
 - 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.

***--Notes:** See the letter in 8-LP, Exhibit 8, subparagraph C.

Any warehouse receipts not repaid on the day following the maturity date will be forfeited to CCC.--*

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 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 be subject to payment limitation for crop years 2014 through 2018

*--**Note:** See subparagraph 151 D for payment limitation requirements.

- shall be subject to AGI for crop years 2014 through 2018

Note: See subparagraph 151 E for AGI requirements.--*

- 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 2014 Through 2018 Crops

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
- LDPs.

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

Note: There was not a payment limitation for marketing loan gains and LDP's for the 2008 through 2013 crop years.

***--E AGI Limitation Rule for 2014 Through 2018 Crops**

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

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

151 Basic LDP Provisions (Continued)

F LDP Amount Reported to IRS

The amount of LDP is:

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

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.

* * *

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.

152 Request for LDP**A Request**

LDP requests are complete when a County Office receives a completed and signed CCC-633 EZ, pages 1 and 2.

B General Information

LDP's must be requested:

- before beneficial interest is lost according to 8-LP, Part 2

Note: CCC-633 EZ, page 1 must be filed before beneficial interest is lost.

- on or before the final availability date for the crop year of the commodity
- from a CMA-service County Office for CMA's according to 1-CMA.

LDP requests must be:

- submitted by any of the following:
 - in person
 - by mail
 - by FAX
 - through eForms
- approved when all eligibility requirements are met
- date-stamped when CCC-633 EZ, pages 1 and 2 are received in the County Office to indicate the request date.

Note: See 8-LP, subparagraph 1000 H for the suggested LDP checklist.

LDP's:

- will be processed through eLDP web site by the County Office or producer

Note: LDP's can be processed through APSS only with authorization from PSD.

* * *

- exceeding \$100,000 requires the applicant to comply with lobbying disclosure requirements. See 8-LP, paragraph 28.

152 Request for LDP (Continued)

***--B General Information (Continued)**

Issue payments when:

- CCC-633 EZ, page 1 has been filed and CCC-633 EZ, page 2 is approved
- quantity has been certified or delivery documentation was received on which beneficial interest has been lost.

C Joint LDP's

All producers sharing in the rice who are requesting LDP jointly shall sign CCC-633 EZ.--*

D Contracts

Review contracts, or require certification of no contract, if applicable, and make beneficial interest determinations according to 8-LP before approving LDP's **only** in situations when there is reason to believe the producer may have lost beneficial interest in the rice.

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.

* * *

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 Dan Schofer, Warehouse Operations Program Manager at 202-690-2434 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
 - *--transfer EWR to eLDP system to complete LDP request--*
 - 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.

177 Using FSA’s EWR System for Rice (Continued)

D EWR Applications Menu Options

The EWR application provides the following menu options displayed on the left navigation bar:

- Request Receipts
- Send Receipts to APSS
- Release Receipts
- View Receipts
- Change State, County, Commodity and Crop Year, if applicable.

***--Note:** Use the “Change State, County, Commodity and Crop Year” option, located under “EWR Applications” on the left of the screen to process receipts for another State, county, or class of rice other than what is displayed on the Welcome to the Electronic Warehouse Receipts Program Screen.

E Change State, County, Commodity and Crop Year Option--*

County Offices with multiple counties, including County Offices acting as CMA Service Centers, shall be provided with a drop-down menu to select the applicable State and county where the loan/LDP will be processed.

The following is an example of the **State, County, Commodity and Crop Year Selection** Screen with the drop-down menu for selecting the applicable State and county for loan/LDP processing.

*--

--*

Select the applicable State, county, commodity, and crop year from the drop down menu. This should be the State and county where the loan request is to be processed.

178 Requesting EWR's

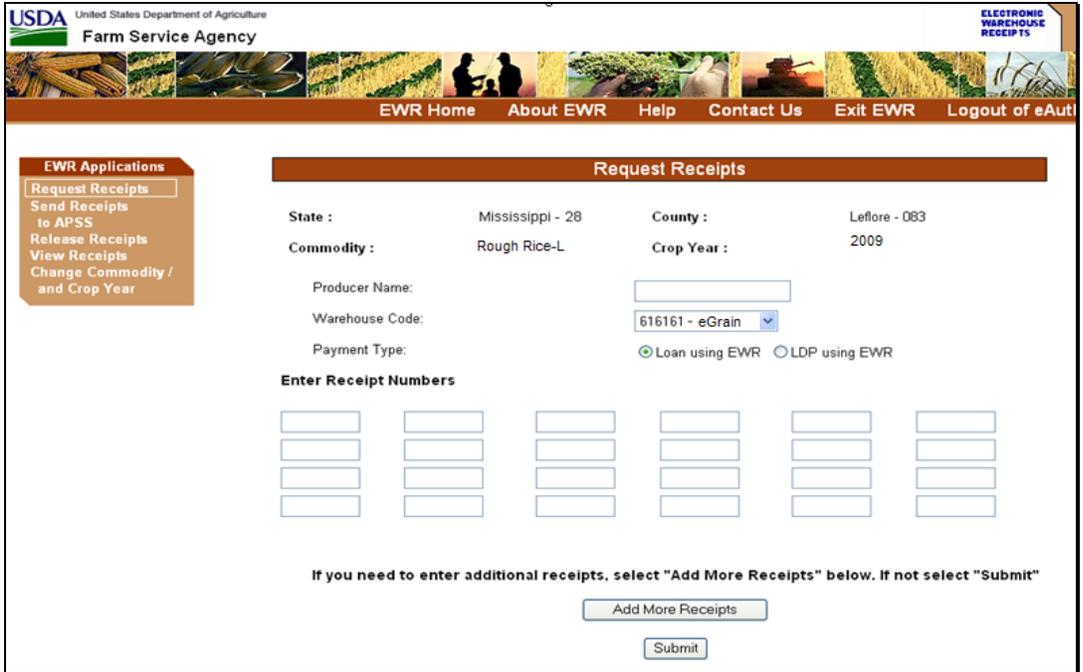
A Submitting Requests for EWR's for Loans

Producers requesting loans or LDP's shall provide County Offices with basic loan or LDP application requirements. In addition to the producer and farm information, the applicant shall at a minimum, provide the following information:

- producer name
- warehouse code
- commodity type
- commodity class
- list of EWR numbers.

* * *

County Office can accept the information from producers by either FAX or e-mail. The following table provides steps for requesting EWR's from the provider CFS.

Step	Action
1	<p>CLICK “Request Receipts” from the left navigation bar to request EWR data associated with producer's application.</p> <p>The following is an example of a Request Receipt Screen.</p> 

178 Requesting EWR's (Continued)

C Validating EWR's

Review the results of the request for accuracy and consistency with the loan or LDP application submitted by the producer.

Each request must have the same:

- aromatic indicator
- commodity
- commodity class
- crop year
- producer name
- type of payment request
- warehouse code.

* * *

The following table provides the steps to validate EWR's.

Step	Action						
1	<p>On the Receipt Number column, click the applicable EWR number to display the detail EWR data.</p> <p>Note: EWR data is also available on the “printer friendly” page.</p> <table border="1" data-bbox="391 1108 1477 1224"> <tr> <td data-bbox="391 1108 932 1150">IF...</td> <td data-bbox="932 1108 1477 1150">THEN go to Step...</td> </tr> <tr> <td data-bbox="391 1150 932 1182">all entries are valid</td> <td data-bbox="932 1150 1477 1182">3.</td> </tr> <tr> <td data-bbox="391 1182 932 1224">EWR's were downloaded in error</td> <td data-bbox="932 1182 1477 1224">2.</td> </tr> </table>	IF...	THEN go to Step...	all entries are valid	3.	EWR's were downloaded in error	2.
IF...	THEN go to Step...						
all entries are valid	3.						
EWR's were downloaded in error	2.						
2	<p>CLICK “Return Receipt” to return EWR's to the Provider.</p> <p>Notes: The Return Receipt option shall be used when EWR's are downloaded in error and must be removed from the File Sequence Number. The returned EWR will be reset to its pre-download status.</p> <p>A Confirm Return Receipt Screen will be displayed with selected EWR's to be returned.</p>						
3	<p>CLICK “Submit”. FSA's EWR web-based system will:</p> <ul style="list-style-type: none"> • remove EWR's with errors from the file, if applicable • process and complete the file for transfer to APSS according to paragraph 179. 						

179 Sending EWR’s to APSS

A General Information

The requested EWR’s shall be identified by the File Sequence Number and can be transferred to APSS to process the:

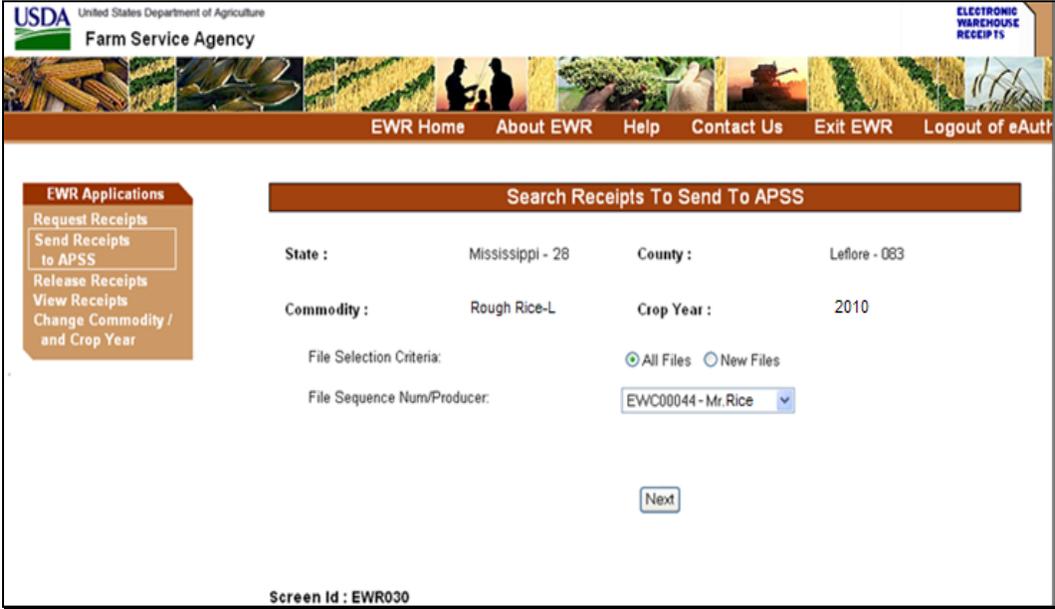
- loan request of the producer
- re-entry of a corrected loan.

Note: Files that have been transferred to APSS **must** be used to process loans on the **same day** or the files will have to be re-sent to APSS to be available for processing in APSS.

--Do not transfer files associated with the LDP request to APSS. See paragraph 184 for additional instructions on processing LDP requests through eLDP using EWR’s.--

B Searching for EWR’s and Sending EWR’s to APSS

Files that have been requested according to paragraph 178 are ready for transfer to APSS. The following table provides steps for search for EWR’s and sending EWR’s to APSS.

Step	Action
1	<p>CLICK “Send Receipts to APSS” on the left side of the navigation menu to transfer completed EWR’s to APSS. The Search Receipts to Send to APSS Screen will be displayed, select the appropriate crop year from the drop-down menu, and go to Step 2.</p> <p>*--</p>  <p>*--</p>

Reports, Forms, Abbreviations, and Delegations of Authority

Reports

None

Forms

This table lists all 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		2
CCC-633 EZ	Loan Deficiency Payment (LDP) Agreement and Request	156	151-155
CCC-666	Farm Stored Loan Quantity Certification		46, 57
CCC-676	LDP and Loan Number Register		56
CCC-677	Farm Storage Note and Security Agreement		4, 91
CCC-677-1	Farm Storage Loan Worksheet		57, 154
CCC-677S	Farm Storage Note and Security Agreement (2013 Sequestered Loans)		4
CCC-678	Warehouse Storage Note and Security Agreement		4, 91
CCC-681-1	Authorization for Delivery of Loan Collateral for Sale		2, 91, 92
CCC-691	Commodity Delivery Notice		131
CCC-692	Settlement Statement		128
CCC-697	Request to Lock in a Market Loan Repayment Rate		2, 90, 91
CCC-699	Reconcentration Agreement and Trust Receipt		183
CCC-770 LDP/eLDP	Loan Deficiency Payment (LDP) and eLDP Program Review Checklist		2
CCC-770 MAL	Marketing Assistance Loan (MAL) Processing Checklist		2
FSA-409	Measurement Service Record		154
UCC-1	National Financing Statement		2, 56
UCC-1F	Effective Financing Statement		56

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

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
CFS	central filing system	58, 175, 176, 178
USWA	U.S. Warehouse Act	175

Delegations of Authority

None

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.

Definitions of Terms Used in This Handbook (Continued)**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.

*--The world market index prices are posted at

<http://www.fsa.usda.gov/programs-and-services/commodity-operations/commodity-operations-reports/index>.

CLICK "Daily Market Rates" for the requested date. Rice prices are towards the end of the report.

The weekly LDP rates, based on the world market index prices, are posted at

<http://www.fsa.usda.gov/programs-and-services/price-support/commodity-loans/index>. On the bottom right of the page under "Weekly Commodity Rates", CLICK "Rice LDP Rates".--*

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 2014 Whole Kernels and Broken Rice

The following provides the loan values for crop year **2014** whole kernels and broken rice.--*

Rough Rice Class	Whole Kernels (Dollars (\$) Per Cwt.)	Broken Rice (Dollars (\$) Per Cwt.)
Long Grain	*--10.25	6.18
Medium Grain/Short Grain	9.63	6.18--*

* * *

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 **2014** crop warehouse-stored rice with a 56/68 milling yield is as follows:

- long grain whole kernel yield (.56) x loan value (\$10.25) = \$5.74
- broken rice yield (.12) x loan value (\$6.18) = \$0.74
- loan rate per 100 pounds is \$5.74 + \$0.74 = \$6.48--*
- 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 2014**

The following provides the loan rates for crop year **2014** farm-stored rice.

2014 Rice Farm-Stored Loan Rates by Class, Rough Basis		
States	Long Grain	Medium Grain/Short Grain
	Dollars (\$) per cwt.	
Arkansas	\$6.46	\$6.22
California	6.33	6.59
Louisiana	6.46	6.29
Mississippi	6.63	6.50
Missouri	6.41	6.50
Texas	6.81	6.48
All other States	6.50	6.50

E Crop Year 2014 Rice Grade Discounts

The following provides the grade discounts for crop year **2014** 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 2014 Smut Discount**

The following provides the smut discount for crop year **2014** rice.--*

Smut Damage Percent	Discount Per Cwt.
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 \$6.46 per cwt. x .20 = \$1.29 per cwt.

Loan Rates and Discounts (Continued)

***--G Loan Values for Crop Year 2015 Whole Kernels and Broken Rice**

The following provides the loan values for crop year **2015** whole kernels and broken rice.

Rough Rice Class	Whole Kernels (Dollars (\$) Per Cwt.)	Broken Rice (Dollars (\$) Per Cwt.)
Long Grain	10.22	6.51
Medium Grain/Short Grain	9.63	6.51

--*

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 **2015** warehouse-stored rice with a 56/68 milling yield is as follows:

- long grain whole kernel yield (.56) x loan value (\$10.22) = \$5.72
- broken rice yield (.12) x loan value (\$6.51) = \$0.78
- loan rate per 100 pounds is \$5.72 + \$0.78 = \$6.50--*
- 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 2015**

The following provides the loan rates for crop year **2015** farm-stored rice.

2015 Rice Farm-Stored Loan Rates by Class, Rough Basis		
States	Long Grain	Medium Grain/Short Grain
	Dollars (\$) Per Cwt.	
Arkansas	\$6.45	\$6.23
California	6.36	6.59
Louisiana	6.51	6.32
Mississippi	6.62	6.50
Missouri	6.38	6.50
Texas	6.82	6.41
All other States	6.50	6.50

K Crop Year 2015 Rice Grade Discounts

The following provides the grade discounts for crop year **2015** 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 2015 Smut Discount**

The following provides the smut discount for crop year **2015** rice.--*

Smut Damage Percent	Discount Per Cwt.
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 \$6.45 per cwt. x .20 = \$1.29 per cwt.--*