

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Loans and Loan Deficiency Payments for Rice 2-LP Rice (Revision 9)	Amendment 30
---	---------------------

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 15 A has been amended to provide policy for contaminated rice.

Paragraph 28 has been added to provide the official U.S. Rice Standards for Rough Rice.

Subparagraphs 27 A and 151 K have been amended to include references to the U.S. Rice Standards for Rough Rice.

Subparagraph 35 D has been added to include warehouse-stored repayments and receipts, and clarify using CCC-685, Authorization to Release Warehouse Receipts.

Subparagraph 109 H removes the CCE option limited to the 2015 crop year.

Subparagraphs 175 A, 176 B, and 176 C have been amended to change DACO to AMS.

Exhibit 7 has been amended to:

- add loan rates for 2020 crop year
- removal of loan rates, premiums, and discounts for 2018 crop year
- add premiums and discounts for 2020 crop year
- add discount for contaminated rice for 2019 and 2020 crop years.

Page Control Chart		
TC	Text	Exhibit
1, 2	1-17, 1-18 1-31 through 1-48 3-9, 3-10 4-3 through 4-22 5-3, 5-4 6-1 through 6-4	1, pages 1, 2 7, pages 1-6

Table of Contents

Page No.

Part 1 Basic Program Provisions

1	Overview	1-1
---	----------------	-----

Section 1 General Provisions

2	Related Handbooks	1-2
3	Loan and LDP Availability	1-3
4	Loan Maturity Date	1-3
5	Spot Checks and Production Evidence	1-4
6-12	(Reserved)	

Section 2 Eligibility

13	Eligible Rice Producer	1-15
14	Producers Marketing Through CMA's	1-16
15	Eligible Rice	1-17
16	Quantity Eligible for Loan or LDP	1-18
17	Quantity Ineligible for Loan or LDP	1-20
18	Maintaining Quality and Quantity	1-21
19-25	(Reserved)	

Section 3 Quantity and Quality Determinations

26	Quantity Determination	1-31
27	Quality Determination	1-32
28	U.S. Grading Standards for Rough Rice.....	1-33
29-34	(Reserved)	

Section 4 Warehouse Receipt Requirements

35	General Warehouse Receipt Requirements	1-47
36	Supplemental Certificates	1-49
37-45	(Reserved)	

Table of Contents (Continued)

Page No.

Part 2 Making Loans

Section 1 Basic Loanmaking Provisions

46	Obtaining Loans	2-1
47-55	(Reserved)	

Section 2 Initial Loanmaking

56	Loanmaking	2-25
57	Loanmaking for Farm-Stored Loans	2-27
58	Loanmaking for Warehouse-Stored Loans	2-29
59-67	(Reserved)	

Section 3 Additional Quantity for Farm-Stored Loans

68	Additional Quantity Limitations	2-45
69	(Withdrawn--Amend. 2)	
70-89	(Reserved)	

Part 3 Repayments and Releases

90	Overview	3-1
----	----------------	-----

Section 1 Loan Repayments

91	Loan Repayment Provisions	3-2
92	Filing CCC-681-1	3-6
93-104	(Reserved)	

Section 2 (Withdrawn--Amend. 20)

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

Section 3 Commodity Certificate Exchange for Loan Collateral

109	General Information	3-7
110	CCC-694-2	3-10
111	Manual Process for CCE in the County Office for all Commodities Except Peanuts and Cotton – Phase 1	3-16
112	CCC-694-1 Page 2	3-18
113-124	(Reserved)	

15 Eligible Rice

A Basic Eligibility Requirements

To be eligible for crop years 2019 through 2023 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

Notes: Contaminated commodities that are merchantable are eligible for a recourse loan at the full loan rate.

--Rice found to contain substances poisonous to humans or animals, such as mercurial compounds and toxin-producing molds, will receive a discount equal to the settlement value determined after applying all other premiums and discounts.--

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

Notes: See 8-LP, Part 2 for general requirements for nonrecourse loans.

--See table in paragraph 28 for the U.S. Rice Standards for Rough Rice.--

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 is the same as the maturity date for the initial-- loan.

16 Quantity Eligible for Loan or LDP

***--A Quantity Eligible, 2019 Through 2023 Crop**

Any rice produced by a producer on a farm in crop years 2019 through 2023 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.

Section 3 Quantity and Quality Determinations**26 Quantity Determination****A Warehouse-Stored Rice**

For warehouse-stored rice, the quantity that may be placed under loan or LDP in an approved warehouse shall be the eligible net hundredweight specified on the warehouse receipt or supplemental certificate, if applicable.

Notes: If the quantity on the receipt represents eligible and ineligible quantities, require the producer to obtain a receipt representing only the eligible quantity.

Any cost for replacement receipts shall be at the producer's expense.

B Farm-Stored Rice

For farm-stored rice, the quantity in an approved storage structure that may be placed under loan or LDP shall be limited to 100 percent of the eligible certified or measured quantity.

Note: The quantity can be further adjusted according to Exhibit 5, subparagraph C.

27 Quality Determination**A Quality Factors**

--Quality factors, including class, grade, grading factors, and milling yield, will be determined according to the Official U.S. Standards for Rough Rice. See paragraph 28.--

B Milling Yield

The milling yield is an estimate of the quantity of whole kernels and total milled rice (whole and broken kernels combined) that is produced in the milling of brown rice for processing to a well-milled degree.

The milling yield must be expressed in whole numbers on both of the following:

- warehouse receipts
- supplemental certificates.

C Specifying Class of Rice

The class long grain, medium grain, or short grain must be specified.

Note: Only 1 class is permitted per loan.

D Warehouse-Stored Loans

Warehouse operators must obtain official grade determination when requested by producers. The warehouse receipt **must** reflect the grade as supported by the required grading factors and other required entries according to subparagraph 35 B.

*--**Note:** CCC does not pay for official grade determinations.

E Farm-Stored Loans

Quality determinations will not be made for farm-stored loans.--*

***--28 U.S. Grading Standards for Rough Rice**

A Grades and Grade Requirements

The following table provides the grades and grade requirements for the classes of rough rice.

Grade	Maximum Limits							Color requirements ¹ (minimum)
	Seeds and heat-damaged kernels			Red rice and damaged kernels (singly or combined) (%)	Chalky Kernels ^{1,2}		Other types ³ (%)	
	Total (singly or combined) (500 grams)	Heat damaged kernels and objectionable seeds (singly or combined) (500 grams)	Heat damaged kernels (500 grams)		In long grain rice (%)	In medium or short grain rice (%)		
U.S. No. 1	4	3	1	0.5	1.0	2.0	1.0	Must be white or creamy.
U.S. No. 2	7	5	2	1.5	2.0	4.0	2.0	May be slightly gray.
U.S. No. 3	10	8	5	2.5	4.0	6.0	3.0	May be light gray.
U.S. No. 4	27	22	15	4.0	6.0	8.0	5.0	May be gray or slightly rosy.
U.S. No. 5	37	32	25	6.0	10.0	10.0	10.0	May be dark gray or rosy.
U.S. No. 6	75	75	75	15.0 ⁴	15.0	15.0	10.0	May be dark gray or rosy.
U.S. Sample Grade	U.S. Sample Grade must be rough rice which: <ul style="list-style-type: none"> • does not meet the requirements for any of the grades from U.S. No. 1 to U.S. No. 6, inclusive • contains more than 14.0 percent moisture • is musty, or sour, or heating • has any commercially objectionable foreign odor or is otherwise of distinctly low quality. 							

1/ For the special grade Parboiled rough rice.

2/ For the special grade Glutinous rough rice.

3/ These limits do not apply to the class Mixed Rough Rice.

4/ Rice in grade U.S. No. 6 must not contain not more than 6.0 percent of damaged kernels. [56 FR 55978, Oct. 31, 1991]--*

29-34 (Reserved)

Section 4 Warehouse Receipt Requirements

35 General Warehouse Receipt Requirements

A Basic Requirements

All warehouse receipts must:

- represent eligible rice actually stored in:
 - UGRSA warehouse
 - *--Federally licensed warehouse
 - if not Federally licensed, in compliance with State laws in a State with an operating warehouse licensing program

Note: See 8-LP, paragraphs 536 and 537.--*

- be negotiable
- be issued to the producer, or in the case of loans made to approved CMA's, the receipt should be issued to CMA
- be endorsed in blank to vest title in the holder
- show ownership, if the rice is owned by the warehouse operator, solely, jointly, or in common with others
- contain a statement that the rice is insured
- be a paper or electronic receipt issued through an approved EWR provider.

*--**Note:** See 8-LP, subparagraph 545 A for additional warehouse receipt requirements.--*

35 General Warehouse Receipt Requirements (Continued)

B Required Entries

Each warehouse receipt must show:

- name and address of storing warehouse
- warehouse code assigned by CCC
- warehouse receipt number
- date receipt was issued
- date the rice was received
- storage start date and date storage is paid through
- whether the rice was received by rail, truck, or barge
- amount of prepaid in or out charges, if any
- net weight
- class (only 1 class of rice is permitted for each loan or LDP)
- grade
- special grade designation, if applicable
- grading factors, including color, smut, moisture, and heat damage
- milling yield
- signature of warehouse operator or authorized agent
- commingled rice
- prepaid in-handling charges.

Note: If not prepaid, a statement must be provided according to 8-LP, subparagraph 504 E.

If the grading factors on the warehouse receipt do not reflect the applicable grade, the warehouse receipt **must** be returned to the producer to be corrected by the warehouseman. A corrected (new) warehouse receipt **must** be provided **before** loan approval and disbursement.

Note: For warehousemen operating under a merged warehouse code agreement, warehouse receipts must show the location and county to which the producer delivered the rice.

C Liens for Charges Indicated on Warehouse Receipt

If a warehouse receipt pledged as loan collateral indicates a lien on the rice for specified ~~charges~~, such as drying or hauling, the warehouse receipt must not be accepted for loan ~~purposes~~. See 8-LP, Part 5, Section 3 to determine loan eligibility.

Liens on rice do **not** affect LDP requests.

~~D~~ Warehouse-Stored Repayments and Receipt Release

See 8-LP, paragraph 770 for repayments and authorizing warehouse receipt release. Paper warehouse receipts will not be given to the producer to deliver to the warehouse unless a properly executed CCC-685 is on file ~~.~~

--109 General Information (Continued)*E Exchange Rate**

The CCE rate or the CCC-determined value is based on the date the certificate is purchased and uses the AWP for rice.

CCE's are only applicable when the repayment rate is less than the loan rate for rice.

F CCC-697 – Request to Lock In a Market Loan Repayment Rate

CCE must **not** be applied to any quantity for which an outstanding CCC-697 exists.

G FAX Requests

FAX forms and signatures are not authorized for purchasing commodity certificates or exchanging the certificate for the commodity.

H CCE Options

--There are 3 options available to request commodity certificates for exchange for loan-- collateral.

- **Turn-around loan** is requested by a producer at the loan servicing office to purchase a commodity certificate for immediate exchange of the entire loan quantity.
- **Commodity certificate purchase** by a producer at the loan servicing office for immediate exchange of all or part of the loan collateral provided the loan maturity date has not been reached and/or the loan is not in violation.
- **Redemption by agent, buyers, and alternative delivery partners** will be processed as a commodity certificate exchange if the exchange rate is in effect at the time of the redemption – **For cotton and peanuts only.**

* * *

*--110 CCC-694-2

A Purpose and Using CCC-694-2

CCC-694-2 is the producer's acknowledgement of the commodity certificate purchase and immediate exchange for the producer's outstanding loan collateral.

A separate CCC-694-2 shall be completed and filed in the producer's loan folder for each loan being exchanged at 1 time for the same producer if 1 of the following CCE options are selected:

- turn-around loan
- commodity certificate purchase.

Only one CCC-694-2 is required for each producer for each crop for the entire crop year if 1 or both of the following CCE options are selected:

- redemptions by agents, buyers, and alternative delivery partners
- previous redemptions and loan gains for 2015 crop processed through ACRS, CCR, or CLPS.

Important: CCC-694-2 **must never:**

- leave the County Office
- be copied
- be faxed.--*

127 Determining Loan Settlement Values

A Basic Rule

--Settlements will be based on the quantity, limited according to 8-LP, Part 8 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 **MALLDP@usda.gov**
 - telephone at 202-690-2350
- do **not** contact AMS.--*

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 8.

* * *

B CCC-692

*--Settlement processing in CLPS is currently not available. If County Offices have settlements to process, State Offices must follow PSD policy and MAL automation instructions on how to proceed.

If the settlement computed according to PSD policy instructions results in an amount due:--*

- producer, NPS will issue EFT or check
- CCC, send the producer a notification letter for the amount due according to 8-LP, Part 8 and Exhibit 11, subparagraph A.

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

C Releasing Note

--After the settlement has been completed and any amount due CCC related to the settlement have been paid, 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 list of maturing loans through SORS.--

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 before maturity
 - purchase a commodity certificate and exchange for loan collateral before maturity--*
 - 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:** Edit the letter in 8-LP, Exhibit 8, subparagraph C by adding that a commodity certificate may be purchased and exchanged for loan collateral **before** loan maturity.--*

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

142 Refunding Prepaid Charges

A Handling Charges

CLPS will be programmed to 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 AMS 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.

CLPS will determine the amount of refund from the schedule of rates provided by AMS--* for:

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

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 2019 Through 2023 Crops**

For the 2019 through 2023 crop years, there are no payment limitations on LDP's, and--* marketing loan gains associated with the MAL program.

* * *

***--E AGI Limitation Rule for 2019 Through 2023 Crops**

A person or legal entity shall **not** be eligible to receive market loan gains or LDP benefits during the 2019 through 2023 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 will 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 in paragraph 28, are eligible for LDP. See 8-LP, Part 10, Section 3.--*

Part 6 Electronic Warehouse Receipts

175 General Information

A Definitions [7 CFR 735.3]

CFS is an electronic system operated and maintained by a provider, as a disinterested third party authorized by AMS, where information relating to EWR's, 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.

EWR's are receipts authorized by AMS to be issued or transmitted under USWA as electronic documents.

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

A holder is a person that has possession in fact or by operation of law, of EWR's, USWA electronic documents, or any electronic documents.

B FSA's EWR Web-Based System for Rice

FSA's EWR web-based system:

- must be used by County Offices when producers apply for price support benefits using EWR's
- allows County Offices to download EWR's from the provider CFS to enable:
 - access to the receipt(s) in CLPS
 - use by the eLDP system to complete LDP request
- eliminates entering manual warehouse receipt-related data needed to complete price support MAL transactions in CLPS or LDP transactions in eLDP.

--Note: See 16-PS, paragraph 200 for accessing the EWR system.--

175 General Information (Continued)

C EWR Transaction Types

EWR web-based system for rice provides the following transaction capabilities to authorized users.

Transaction Type	Transaction Code
Download EWR for price support.	DPS
Release EWR to new EWR holder.	RPS
Reset EWR to its pre-download status.	UPS
--Reset EWR downloaded for LDP in error.	ULD--
View EWR information.	RRI
Transmit price support information to the provider's CFS.	IPS

176 Responsibilities

A Producer Responsibilities

--The producer will:--

- 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 makes CCC the holder of the EWR **only** after the producer applies for a MAL and CCC requests the EWR from the EWR software system.

- obtain a list of EWR’s.

Note: At a minimum, the EWR list will include:--*

- producer name
- warehouse code
- commodity type
- commodity class
- EWR number.

B Warehouse Responsibilities

*--The warehouse will:

- 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 AMS.--*

176 Responsibilities (Continued)**C Provider Responsibilities**

*--The provider will:

- sign a Provider Agreement with AMS--*
- 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 will:--

- use FSA's EWR web-based system to:
 - download EWR's for loan/LDP request
 - verify the downloaded EWR that goes with the loan/LDP request
 - return EWR to CFS, when applicable
 - print "Printer friendly" pages to include in the loan/LDP file
- complete loan applications using EWR's in CLPS
- complete LDP applications using eLDP.

Reports, Forms, Abbreviations, and Redelegations 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-678	Warehouse Storage Note and Security Agreement		4, 91
CCC-681-1	Authorization for Delivery of Loan Collateral for Sale		2, 91, 92
CCC-685	Authorization to Release Warehouse Receipts		35
CCC-691	Commodity Delivery Notice		131
CCC-692	Settlement Statement		128
CCC-694-1	Commodity Certificate Worksheet		112
CCC-694-2	Acknowledgement of Commodity Certificate Purchase		109, 110, 111
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	Loan Deficiency Payment (LDP) Processing 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
CCE	Commodity Certificate Exchange	Text
CFS	central filing system	58, 175, 176, 178
CLPS	Commodity Loan Processing System	Text
SORS	State Office Reporting System	126, 141
USWA	U.S. Warehouse Act	175

Delegations of Authority

None

Loan Rates and Discounts

*--A Loan Values for Crop Year 2020 Whole Kernels and Broken Rice

The following provides the loan values for crop year 2020 whole kernels and broken rice.--*

Rough Rice Class	Whole Kernels (Dollars (\$) Per Cwt.)	Broken Rice (Dollars (\$) Per Cwt.)
Long Grain	*--11.10	6.45
Medium Grain/Short Grain	10.45	6.45--*

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 2020 crop warehouse-stored rice with a 56/68 milling yield is as follows:

- long grain whole kernel yield (.56) x loan value (\$11.10) = \$6.22
- broken rice yield (.12) x loan value (\$6.45) = \$0.77
- loan rate per 100 pounds is \$6.22 + \$0.77 = \$6.99
- adjust for discounts according to subparagraph E.

Note: Discounts are only applied when loans are forfeited.--*

Loan Rates and Discounts (Continued)

***--D Farm-Stored Loan Rates for Crop Year 2020**

The following provides the loan rates for crop year **2020** farm-stored rice.

2020 Rice Farm-Stored Loan Rates by Class, Rough Basis		
States	Long Grain	Medium Grain/Short Grain
	Dollars (\$) per cwt.	
Arkansas	6.93	6.75
California	6.92	7.08
Louisiana	6.97	7.03
Mississippi	7.13	7.00
Missouri	7.14	7.00
Texas	7.28	7.00
All other States	7.00	7.00

E Crop Year 2020 Rice Grade Discounts

The following provides the grade discounts for crop year **2020** 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 2020 Smut Discount**

The following provides the smut discount for crop year **2020** 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 \$6.95 per cwt. x .20 = \$1.39 per cwt.

***--G Discount for Contaminated Rice**

Rice found to contain substances poisonous to humans or animals, such as mercurial compounds and toxin-producing molds, will receive a discount equal to the settlement value determined after applying all other premiums and discounts.--*

Loan Rates and Discounts (Continued)

***--H Loan Values for Crop Year 2019 Whole Kernels and Broken Rice**

The following provides the loan values for crop year **2019** whole kernels and broken rice.--*

Rough Rice Class	Whole Kernels (Dollars (\$) Per Cwt.)	Broken Rice (Dollars (\$) Per Cwt.)
Long Grain	*--11.09	6.11
Medium Grain/Short Grain	10.50	6.11--*

I 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.

J Example of a Loan Rate Calculation

*--An example of a loan rate calculation for crop year **2019** warehouse-stored rice with a 56/68 milling yield is as follows:

- long grain whole kernel yield (.56) x loan value (\$11.09) = \$6.21
- broken rice yield (.12) x loan value (\$6.11) = \$0.73
- loan rate per 100 pounds is \$6.21 + \$0.73 = \$6.94
- adjust for discounts according to subparagraph L.

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

Loan Rates and Discounts (Continued)

***--K Farm-Stored Loan Rates for Crop Year 2019**

The following provides the loan rates for crop year **2019** farm-stored rice.

2019 Rice Farm-Stored Loan Rates by Class, Rough Basis		
States	Long Grain	Medium Grain/Short Grain
	Dollars (\$) Per Cwt.	
Arkansas	\$6.95	\$6.79
California	6.86	7.07
Louisiana	6.98	7.05
Mississippi	7.10	7.00
Missouri	7.02	7.00
Texas	7.25	7.00
All other States	7.00	7.00

L Crop Year 2019 Rice Grade Discounts

The following provides the grade discounts for crop year **2019** 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)

***--M Crop Year 2019 Smut Discount**

The following provides the smut discount for crop year 2019 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 \$6.95 per cwt. x .20 = \$1.39 per cwt.--*