

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
Washington, DC 20250

<b>Loans and Loan Deficiency Payments for Rice 2-LP Rice (Revision 9)</b>	<b>Amendment 10</b>
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Approved by: Deputy Administrator, Farm Programs



**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraphs 27 D and 35 B have been amended to clarify requirements for rice warehouse receipts pledged as collateral for loans.

Subparagraph 105 A has been amended to update the commodity certificate exchange process.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibits</b>
	1-31 through 1-48 3-21, 3-22	1, pages 1, 2



## 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, shall be determined according to the Official U.S. Standards for Rough Rice.

**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 shall not pay for official grade determinations.

**E Farm-Stored Loans**

Quality determinations shall not be made for farm-stored loans.

**28-34 (Reserved)**

Section 4 Warehouse Receipt Requirements

35 General Warehouse Receipt Requirements

A Basic Requirements

All warehouse receipts must:

- represent eligible rice actually stored in a UGRSA warehouse
- 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.

\*--Note: See 8-LP, subparagraph 448 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.

\*--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 shall not be accepted for loan purposes. See 8-LP, Part 4, Section 3 to determine loan eligibility.

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

**Section 2 Commodity Certificate for Commodity Exchanges**

**105 General Information**

**A Process**

The following table describes the process to exchange commodity certificates for loan collateral.

<b>Step</b>	<b>Function</b>
1	Producer or producer’s agent requests to acquire loan collateral using commodity certificates.
2	County Office identifies loan and loan quantity, and determines exchange value using CCC-694-1 (Reverse).
3	Producer purchases commodity certificate for the exact dollar value needed to acquire the loan collateral from the County Office.
4	*--Producer signs CCC-694-2 to purchase the commodity certificate and uses it to acquire the outstanding loan collateral.--*
5	County Offices release the loan collateral.

**B Eligible Producer**

Eligible producers must:

- have an outstanding commodity loan, not past maturity, to purchase commodity certificates
- immediately exchange commodity certificates for loan collateral.

105 General Information (Continued)

**C Exchange Rate**

The commodity certificate exchange rate is the CCC-determined value calculated according to 8-LP, Part 9, Section 7.

If the CCC-determined value is equal to or greater than the applicable county loan rate, there will be no commodity certificate exchange available on that day.

**D Not Applicable to Commodity Certificate Exchanges**

The following table explains the specific topics that are not applicable to commodity certificate exchanges.

<b>Topic</b>	<b>Explanation</b>
Lock in repayment rates	A commodity certificate exchange must not be applied to any quantity for which an outstanding CCC-697 exists.
Payment limitation	Commodity certificate exchanges are not applicable to payment limitation.
IRS reporting	Market gain earned from commodity certificate exchanges for loan collateral will not be reported by FSA to IRS on CCC-1099. However, producers should be reminded that either the loan disbursement or any market gain earned is income and must be reported as required by IRS.
FAXed signatures	FAXed forms or signatures are not authorized for purchasing commodity certificates or exchanging the certificate for a commodity.
Repledged commodities	Loan collateral exchanged with a commodity certificate is not eligible to be repledged.
Purchasing CCC-owned inventories	Commodity certificates may not be exchanged for CCC-owned inventory. Commodity certificates may only be exchanged for outstanding loan collateral.

## Reports, Forms, Abbreviations, and Redelegations of Authority

### Reports

None

### Forms

This table lists all forms referenced in this handbook.

<b>Number</b>	<b>Title</b>	<b>Display Reference</b>	<b>Reference</b>
CCC-184	CCC Check		128, 159
CCC-500	Loan Repayment Receipt		106, 107
CCC-666	Farm Stored Loan Quantity Certification		46, 57
CCC-633 EZ	Loan Deficiency Payment (LDP) Agreement and Request	156	151, 152, 153, 154, 155
CCC-676	LDP and Loan Number Register		56, 106
CCC-677	Farm Storage Note and Security Agreement		4, 91, 107
CCC-677-1	Farm Storage Loan Worksheet		57, 154
CCC-678	Warehouse Storage Note and Security Agreement		4, 91, 107
CCC-681-1	Authorization for Delivery of Loan Collateral for Sale		91, 92, 106, 108
CCC-681-1A	CCC-681-1 Continuation Sheet		107
CCC-685	Authorization to Release Warehouse Receipts		108

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

## Forms (Continued)

Number	Title	Display Reference	Reference
CCC-691	Commodity Delivery Notice		131
CCC-692	Settlement Statement		128
CCC-694-1	CCC-Determined Value and Commodity Certificate Worksheet		105-107
CCC-694-2	Acknowledgment of Commodity Certificate Purchase		105, 107, 108
CCC-697	Request to Lock in a Market Loan Repayment Rate		90, 91, 105
CCC-700	Loan Deficiency Payment Statement		159
CCC-700A	Loan Deficiency Payment Statement Continuation (Continuation of CCC-700)		159
CCC-1099-A	Report of Loan Forfeiture, Settlement, and Abandonment to Producer		105
FSA-211	Power of Attorney		107
FSA-409	Measurement Service Record		154
UCC-1	National Financing Statement		56
UCC-1F	Effective Financing Statement		56