

FSA
HANDBOOK

Cotton Loans and Loan Deficiency Payments

To access the transmittal page click on the short reference

**For All KC Offices and Cotton
State and County Offices**

SHORT REFERENCE

**7-CN
(Revision 16)**

UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

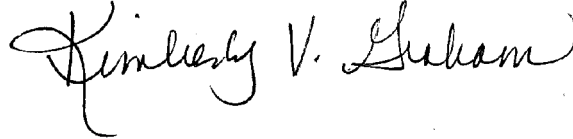
UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Cotton Loans and Loan Deficiency Payments
7-CN (Revision 16)

Amendment 4

Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reason for Amendment

Exhibit 8 has been amended to correct the schedule of premiums and discounts for strength for upland cotton on strength factors 18.0 through 20.9.

Page Control Chart		
TC	Text	Exhibit
		8, page 1

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Part 1 General Information and Administrative Provisions

Section 1 General Information

1 Purpose and Authorities

A Handbook Purpose

This handbook provides instructions for administering the:

- Cotton Loan Program that includes upland cotton and ELS cotton
- Cotton LDP Program
- recourse Seed Cotton Loan Program.

B Authority and Responsibility

PSD has the authority and responsibility for the programs prescribed in this handbook.

C Sources of Authority

Following are the sources of authority for the Cotton Loan, Cotton LDP, and the recourse Seed Cotton Loan Programs:

- the Agricultural Act of 1949, as amended
- the Commodity Credit Corporation Charter Act, as amended
- 7 CFR Part 1427
- the Agriculture Act of 2014.

2 Program Objectives

A Cotton Loan and LDP Programs

The objectives of the Cotton Loan and Cotton LDP Programs are to:

- provide interim financing to assist with the orderly marketing of the cotton crop
- minimize loan forfeitures and market disruptions that could occur when loan rates exceed market prices.

B Recourse Seed Cotton Loan Program

The objectives of the recourse Seed Cotton Loan Program are to:

- extend the ginning season to reduce harvesting, handling, and ginning costs
- provide interim financing to producers while they wait for their cotton to be ginned.

3 Related Handbooks

A Related FSA Handbooks

FSA handbooks related to Cotton Loan, Cotton LDP, and recourse Seed Cotton Loan Programs include:

- 9-AO for investigating program violations
- 1-APP for appeals
- 32-AS for records management
- 1-CM for common provisions relating to signature requirements, power of attorney, maintaining the name and address file, and assignments
- 3-CM for farm, tract, and crop data
- 1-CMA for CMA and LSA loan and LDP procedures
- 14-CN for handling cotton loans prepared by cotton clerks
- 21-CN for CCC-automated cotton loan reporting for CMA's and LSA's
- 22-CN for CCC's LSA program
- 2-CP for acreage reporting
- 6-CP for HELC and WC provisions
- 7-CP for finality rule and equitable relief
- 1-FI for processing payments initiated through NPS relief
- 3-FI for depositing remittances

3 Related Handbooks (Continued)

A Related FSA Handbooks (Continued)

- 50-FI for interest rates
- 58-FI for managing FSA and CCC debt
- 61-FI for prompt payment and interest penalties
- 62-FI for reporting data to IRS
- 63-FI for Assignment and Joint Payment System
- 64-FI for establishing and reporting receipts and receivables on NRRS
- 3-PL (Rev. 1) for web-based subsidiary files for 2009 and subsequent years
- 5-PL for payment eligibility, payment limitation and AGI-Agriculture Act of 2014
- 15-PS for web-based price support procedures
- 16-PS.

4 Related Web Sites

A Cotton Web Sites

The following web sites provide information used to administer cotton loans and LDP's.

Web Site Content	Web Site Address
COPS	https://apps.fsa.usda.gov/COPS/splash/COPS_Alt_splash
Reports of loan and LDP activity by national, date, and county level for cotton and other commodities (a PSD web site)	http://www.fsa.usda.gov/programs-and-services/price-support/price-support-reports/index
Cotton AWP, LDP Rates, and CCA (weekly commodity rates) located at the bottom	https://www.fsa.usda.gov/programs-and-services/price-support/Index
Loan Rates: Cotton (and other commodities) by State/county	https://www.fsa.usda.gov/programs-and-services/price-support/Index
Specifications for Cotton Bale Packaging Materials of JCIBPC	http://www.cotton.org/tech/bale/index.cfm
Forms: FFAS Employee Forms/Publications Online Website	http://intranet.fsa.usda.gov/dam/ffasforms/forms.html
Notices	http://www.fsa.usda.gov/notices (from the "Subject" drop-down menu, CLICK "Cotton Program")
eAuthentication	https://www.eauth.usda.gov/mainPages/index.aspx
Warehouses: <ul style="list-style-type: none"> • list of approved cotton warehouses • receiving and storage rates. 	<ul style="list-style-type: none"> • Access the COPS web site. • CLICK "Warehouse Home", under the "Home Pages" folder. • CLICK "CCC Approved Warehouses" or "Tariff Rates" under "Online Lists" as applicable.
AMS: Weekly Cotton Market Report	http://www.ams.usda.gov/AMSv1.0/cnmnreports
National Cotton Council: industry news	http://www.cotton.org
Cotton Board: Current Gin List	http://www.cottonboard.org/buyers/gin-code-list/

5 Signatures, Authorizations, and Approvals

A Signatures

The authority to approve all loan and LDP forms and documents prepared according to this handbook may be redelegated, in writing according to 16-AO, by:

- COC to CED, except forms and documents in which CED has a monetary interest
- CED to Federal and non-Federal County Office employees, except forms and documents in which the person approving has a monetary interest.

Reminder: Cross training in all applicable program areas will be completed **before** signing authority redelegation is made.

Follow this table for exceptions to redelegate authority for approval of loans and LDP's.

IF the producer is...	THEN the approval authority will be...
a Federal or non-Federal State or County Office employee	CED.
COC member	
DD	
SED	
STC member	
CED	COC.

Note: Questionable cases may be referred to the next higher authority for determination.

6-8 (Reserved)

Section 2 Responsibilities**9 National Office Responsibilities****A CCC Board and Executive Vice President, CCC Responsibilities**

[7 CFR 1427.2] [7 CFR 1427.161] The CCC Board and Executive Vice President, CCC will determine policy and program provisions. The Executive Vice President, CCC or designee has the authority for:

- making a determination on any question arising under the programs
- revising or rescinding any determination made by:
 - Kansas City Offices
 - STC's and COC's
 - State and County Office personnel
 - approved cotton clerks
 - LSA's.

B PSD Responsibilities

PSD will:

- administer the programs under DAFP's general supervision and direction
- enter into agreements with approved CMA's and LSA's
- supervise the CMA and LSA program activity.

10 Kansas City Office Responsibilities

A Kansas City Organization

FSA Kansas City offices primarily involved with cotton are as follows:

- KCCO, CMD:
 - Merchandising Branch
 - SCB.
- ITSD, APD, Cotton Operations Processing Staff
- ADC, Price Support and Commodity Applications Office, Commodity Loans Group
- OTC
- FSC.

B ITSD Responsibilities

ITSD will:

- provide users and contractors with procedures, directives, methods, and analysis in support of the following:
 - ACRS
 - CLPS
 - COPS
- advise and collaborate in making recommendations to the National Office to adjust or modify operating policy and procedures because of changes in programs, organization, equipment, data processing systems, and techniques
- coordinate systems user requirements for assigned areas

10 Kansas City Office Responsibilities (Continued)**B ITSD Responsibilities (Continued)**

- conduct research analysis to determine the impact of changes in relation to available resources and established target dates
- maintain ADP processing for CMA functions as follows:
 - loan/LDP processing
 - error resolution
 - IRS reporting
 - EWR's
 - duplicate validation
 - producer collection invoice generation
 - provider fee processing.
- develop acceptance tests; lead and participate in system testing in cooperation with the users to ensure implementation readiness and comprehensive requirements processing.

C KCCO Responsibilities

KCCO will:

- approve and administer cotton loan transfers
- approve and suspend storage agreements with warehouse operators
- advise State Offices of approved warehouses and related receiving and storage charges
- dispose of CCC-owned inventory through periodic sales or donations
- handle loan and CCC-owned cotton reconcentrations
- request investigations of suspected program violations
- notify the State Office when there is reported damage or loss of cotton under loan at a warehouse.

10 Kansas City Office Responsibilities (Continued)

D ADC Responsibilities

ADC will:

- develop software to process price support loans and LDP's in County Offices
- maintain national level systems to process cotton research and promotion fees collected on loans and LDP's
- maintain national level reporting systems and provide loan/LDP data and summary reports of loan/LDP activity to State and National Offices.

E OTC Responsibilities

OTC will:

- perform acceptance testing of software for use in processing price support loans and LDP's in County Offices
- provide technical support for software and equipment problems through the National Help Desk.

10 Kansas City Office Responsibilities (Continued)**F FSC Responsibilities**

FSC will:

- maintain subsidiary records for:
 - loans made
 - loans repaid
 - other related transactions.
- provide loan data and summary reports of loans to National Offices
- provide to each applicable State Office, by State and County Office for each type of cotton, a weekly Summary of CCC Loans Report (MDR-223), from the State Office Reporting System, that provides the following:
 - the number of loans made
 - bales for ginned cotton or pounds for seed cotton
 - value of loans made, repaid, and outstanding.
- maintain ACRS to tract the daily, weekly, and monthly operations of cotton loans and cotton LDP's made by cotton cooperatives or loan servicing agents serving cotton farmers nationwide
- collaborate with contractors and FSA divisions to add, delete, and modify loan software routines to support processing, accounting, and reporting of cotton loan operations
- reconcile disbursements and collections processed through FRB by cotton cooperatives and loan servicing agents for cotton loans and LDP's with transactions reported by using ACRS to the CORE Accounting System and CLPS.

11 STC Responsibilities

A General Responsibilities

[7 CFR 1427.2(c)] [7 CFR 1427.161(c)] STC will:

- determine Statewide policy consistent with this handbook
- administer the programs in County Offices through DD's, COC's, and CED's
- require COC to correct or withhold any action that violates program provisions [7 CFR 1427.2(c)(1)]
- remove approved cotton clerks, according to 14-CN, who violate program provisions or who are no longer eligible to serve if COC does **not** remove these clerks
- notify County Offices and, if applicable, adjoining State Offices of:
 - persons CCC has suspended or debarred
 - other persons and firms who have violated program provisions to the extent that their agreements with CCC were terminated.

B Seed Cotton Responsibilities

STC will:

- ensure that qualified County Office employees and COC's:
 - determine the quantity and quality for loan
 - make periodic inspections of seed cotton.
- establish maturity dates if State or local quarantine regulations conflict with the regular maturity date
- approve County Offices to make individual loans without measurement if it is determined that State or County Offices have the necessary experience to carry out the program without inspecting each loan.

11 STC Responsibilities (Continued)

C Suspected Violations

STC will:

- request investigations of suspected program violations according to 9-AO by:
 - producers
 - approved cotton clerks
 - other program participants.
- report to KCCO, CMD, SCB cases of suspected program violations by approved warehouse operators
- report to PSD suspected program violations by approved cotton cooperatives and cooperating ginners.

D Repayment of Loans

To protect CCC’s interests, STC may require guaranteed remittance for all repayments or on a countywide or Statewide basis.

If COC determines to require guaranteed remittances, the County Office will:

- request authority from STC for a countywide policy
- if approved, apply the policy to all repayments
- continue to follow 3-FI for dishonored checks.

E Maximum Bales for LDP Based on Rate Lock-in

STC may request DAFP to approve for their State a different maximum number of bales per storage unit that is consistent with locally used field storage equipment.

Maximum bales per module are as follows:

- Standard Module- 24 bales
- Mini/Half Module- 10 bales
- Round Module- 5 bales.

STC may approve LDP payments based on locked-in rate for bales that exceed the established maximum number of bales per module on a case-by-case basis.

11 STC Responsibilities (Continued)

E Maximum Bales for LDP Based on Rate Lock-in

Gins routinely provide one module number to identify multiple round modules and/or mini/half modules. In those situations, the County **must** make sure that the maximum number of bales for lock-in do not exceed the maximum number of bales per type of module identified. The County Office should use one module number for the number of mini-modules that the gin will normally have the producer stage for transport and movement at one time to the gin.

Example: The gin truck/trailer hauls 10 round modules per load. The same gin module number is used to identify all 10 round modules hauled in one truckload. The County must ensure that no more than 50 bales of cotton are claimed for lock-in for that particular module number.

12 SED Responsibilities

A Responsibilities

SED will:

- carry out day-to-day program operations at the State level under STC’s direction, with the help of State and County Office employees and COC’s
- provide training, as necessary, to ensure that County Offices, cotton clerks, and others working with the program understand and follow program provisions
- coordinate the flow of information and documents between County Offices, Kansas City offices, and others, as necessary.

13 COC Responsibilities

A Responsibilities

COC will:

- administer the programs at the county level, according to program provisions
- approve cotton clerks and provide instruction, training, forms, and supervision according to 14-CN
- annually document in COC minutes reasonable estimates of yield for upland and ELS cotton based on conditions in the county for the year
- determine whether a loan will be called
- determine the beginning of harvest in the COC minutes for upland cotton
- approve gins to participate in the recourse Seed Cotton Loan Program
- document in COC minutes:
 - any discrepancies found as a result of a spot check
 - redelegation of authority to approve loans and LDP's.

B Approving CED Loans and LDP's

COC will approve loans and LDP's for CED.

14 CED Responsibilities

A Responsibilities

CED will:

- carry out day-to-day operations of the programs under COC's direction, with County Office employees' help
- approve cotton clerks, with COC concurrence according to 14-CN
- train and supervise cotton clerks according to 14-CN
- inform, assist, and approve ginners who want to participate as cooperating ginners in bagging producer cotton to be eligible for CCC loans according to specifications in JCIBPC
- notify the State Office of suspected program violations by warehouses, cooperating ginners, cotton clerks, CMA's, and LSA's
- conduct spot checks on no less than 2.5 percent of the requests for a lock-in of the AWP and LDP rate on upland seed cotton in modules according to subparagraph 304 H
- when it is determined that a loan applicant is delinquent in signing CCC-Cotton A:
 - void the loan application
 - amend the date-documents-received in loan software to no earlier than 15 calendar days from the date the applicant was notified that the note is available for endorsement.

B Redelegation of Authority

CED may redelegate, in writing, the authority to approve all forms and documents prepared according to this handbook, except those in which the person approving has a monetary interest.

Exceptions: Only CED will approve loans for:

- STC members
- SED's
- State and County Office employees
- COC members.

15-20 (Reserved)

Section 3 Administrative Provisions

21 Amounts of \$9.99 or Less

A Handling Payments

[7 CFR 1427.20] Amounts of \$9.99 or less will be paid to producers only upon the request of the producer. If the payee requests that all payments of \$9.99 or less be made, keep **either** of the following on file:

- documentation of payee's verbal request
- payee's written request.

22 AWP and CCA Announcement Times

A Announcement Time

[7 CFR 1427.25] AWP, CCA, and FCA will normally be announced by the National Office at 4 p.m. eastern time each Thursday. They become effective for calculations as specified in subparagraph B.

If Thursday or Friday, or any number of subsequent days, is a nonworkday in Washington, DC, AWP and CCA will be announced the next workday at 8 a.m. eastern time.

B Effective Time Period

[7 CFR 1427.25] The effective time period for each weekly AWP, CCA, and LDP rate, calculated using the regulatory formula at 7 CFR 1427.25, is unchanged by any announcement delays that may occur. Announced AWP's and CCA's do **not** remain effective past their normal expiration time if the subsequent AWP **cannot** be announced for any reason.

The effective time period of announced AWP's and CCA's is 12:01 a.m. Friday (a minute past midnight of the Thursday when normally announced) through midnight of the following Thursday whether the prices are announced:

- at the usual time of Thursday, 4 p.m. eastern time
- on a Friday at 8 a.m. eastern time, because the immediately preceding Thursday was **not** a Federal workday in Washington, DC
- on any subsequent day following a Friday; in this case, the delayed-announced AWP and CCA will be retroactively applicable to what would have been their effective time period had they been announced at the usual Thursday time.

22 AWP and CCA Announcement Times (Continued)

C Accepting Transaction Requests When AWP Not Announced

Requests for loan repayments and LDP's may be accepted at all hours subject to the effective AWP and CCA. If there is an extended period during which the current AWP, CCA, and LDP rates are **not** announced for any reason, requests for loan repayments and LDP's will be accepted at the County Office. Such applications will be subject to AWP and CCA subsequently announced effective the date the application was received.

In the event that a repayment request is made during an extended period when AWP is **not** announced, the loan repayment may be accepted according to subparagraph 202 A as an estimated repayment, and bales released, based upon the higher of either of the following:

- the amount provided for the repayments
- the last announced repayment rate.

The County Office will obtain from the entity repaying the loan a signed and dated agreement to the following statement:

“I understand that the loan repayment amount for the cotton loan collateral requested at _____ FSA County Office is subject to recalculation upon announcement of the prevailing loan repayment rate for the cotton. I agree to pay CCC any balance due based on this recalculation.”

D Loan Repayments Received by Mail, Courier, or Wire Transfer

Use the AWP and CCA in effect on the date the paragraph is received in:

- the County Office if received in person, by mail, or courier
- CCC's account, if received as a wire transfer of funds.

E Accessing Cotton AWP, LDP, and Competitiveness Rates and Adjustments

Upland cotton weekly AWP and LDP rates and CCA's and FCA's are available at https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/Price-Support/Excel/Weekly-LDP-Rates/cotton_rates.xls.

23 Appeals

A Appeal Determinations

Follow 1-APP if a producer contests a determination that affects the producer's right to participate in the Price Support or LDP Programs.

B When Loan Is Called

If a producer appeals a determination involving calling a loan, COC will:

- suspend all administrative action with respect to the determination
- continue as if the determination had **not** been made.

Suspension of administrative actions does **not** apply to any:

- subsequent determination to call the loan unless that determination is also appealed
- determination to call any other loan unless that determination is also appealed.

C Appeal Rights Exhausted

If the producer wins the appeal, take no additional actions.

If the producer has exhausted all appeal rights and does **not** win the appeal, COC, as applicable, will:

- immediately call the loan and handle in the normal manner
- take no additional actions if the loan has been forfeited or settled with repayment of principal plus interest
- require refund of amounts due, including unearned market gain, unearned storage credit, and interest.

24 Bankruptcy Cases**A Contacting Regional Attorney**

When a producer who is involved in bankruptcy proceedings requests a loan or LDP, contact the regional attorney, through the State Office, for advice about price support availability.

B Attending Bankruptcy Proceedings

State and County Office employees will **not** attend bankruptcy proceedings unless requested by the OGC representative.

Advise regional attorney, through the State Office, of all legal notices received about bankruptcy proceedings.

C Notice of Bankruptcy

After receiving a producer's Notice of Bankruptcy, County Offices will:

- follow 1-CM, paragraph 128
- forward to the State Office, with a summary memorandum, legible copies of completed applicable note and security agreements, financing statements, and any other documentation to support amounts owed to CCC.

D Additional Court Notices

County Offices will continue to forward all future notices from the court to the State Office.

E State Office Action

State Offices will:

- inform the regional attorney of the bankruptcy filing
- monitor bankruptcy cases with the regional attorney's assistance
- follow advice of the regional attorney with respect to acceptance of repayment and before taking title to loan collateral.

25 Calculations of LDP and Market Gains

A Market Loan Gain Amount

The market loan gain applicable to the payment limitation is equal to the difference between the loan principal amount and the loan repayment amount, excluding any credits for accrued charges.

26 CCA’s and FCA’s

A Determining CCA’s and FCA’s

[7 CFR 1427.25(f)] CCA is an adjustment intended to make designated lower grades of cotton more competitively priced. CCA is either:

- added to the LDP rate for the cotton
- subtracted from AWP for the cotton, thereby reducing the cash loan repayment rate for the loan collateral.

CCA used to adjust the AWP or LDP rate may be less than the level of the announced CCA. Use the following table to determine CCA.

IF the announced AWP is...	THEN...	
less than or equal to NALR	CCA is equal to the announced CCA.	
greater than national loan rate	subtract the announced CCA from the announced AWP.	
	IF the result is...	THEN CCA is...
	equal to or greater than loan rate	“zero”.
	less than national loan rate	the announced CCA minus the difference between: <ul style="list-style-type: none"> • the announced AWP • national loan rate.

26 CCA’s and FCA’s (Continued)

B Determining FCA’s

[7 CFR 1427.259f)(1)(i)] FCA to AWP is announced weekly and may be a separate value for each crop year to which it applies. FCA always is a reduction to the AWP of selected, higher-quality color grades of cotton.

FCA’s:

- for loan redemptions, are applied to reduce upland AWP if the loan rate premium for applicable grades exceed the market-price premium as determined by CCC
- for LDP’s, increase LDP rates for applicable grades
- do **not** require any manual intervention at the County Office level because any FCA will be incorporated into loan redemption software calculations and separately calculated to the applicable color grades with loan rate premiums greater than the premium for 31-3-35 (color grad, leaf, staple length).

C FCA Applicable Bales

*--FCA is applicable to all upland cotton having a loan schedule premium or discount exceeding that for Middling, leaf 3, staple length 1 3/32-inch upland cotton. FCA is applicable to the following color-grades of upland cotton for the 2019 crop year.

Color	Leaf	Staple
SM and Better, 11 & 21	1-2	35, 36, 37, 38+
	3	35, 36, 37, 38+
	4	36, 37, 38+
MID 31	1-2	35, 36, 37, 38+
	3	35, 36, 37, 38+
	4	36, 37, 38+
SLM 41	1-3	37, 38+
SM and Better, 12 & 22	1-2	36, 37, 38+
	3	36, 37, 38+
	4	36, 37, 38+

--*

27 CCA – Applicable Bales

A Applicable Grades

CCA is applicable for any bale of upland cotton with the following staple, color, grade, and leaf.

Staple	Color	Grade	Leaf	
33 or shorter	All	All	All	
34 or longer	White	Strict Middling or Better (11 and 21)	7	
		Middling (31)	7	
		Strict Low Middling (41)	7	
		Low Middling (51)	6 and 7	
		Strict Good Middling (61)	All	
		Good Middling (71) and Below Grade (81)	All	
	Light Spotted	Light Spotted	Strict Middling or Better (12 and 22)	6 and 7
			Middling (32)	6 and 7
			Strict Low Middling (42)	5 through 7
			Low Middling (52)	All
			Strict Good Middling (62) and Below Grade (82)	All
	Spotted	Spotted	Strict Middling or Better (13 and 23)	3 through 7
			Middling (33)	All
			Strict Low Middling (43)	All
			Low Middling (53)	All
			Strict Good Middling (63) and Below Grade (83)	All
	Tinged	Tinged	Strict Low Middling or Better (24, 34, and 44)	All
			Low Middling (54) and Below Grade (84)	All
	Yellow Stained	Yellow Stained	Strict Middling (25)	All
			Middling (35) and Below Grade (85)	All

28 Corporations and Partnerships Dissolved and Loan Assumptions**A Corporations**

If a corporation is dissolved and an individual stockholder or group of stockholders wants to assume the loan or loans held by the corporation, the individual stockholder or group of stockholders may do so if **all** stockholders in the corporation agree to the assumption on CCC-664.

When an assumption is applicable, see 16-PS to correct the names of the producers on the loan agreement.

B Partnerships

If a partnership is dissolved and an individual partner or group of partners wants to assume the loan or loans held by the partnership, the individual partner or group of partners may do so if **all** partners in the partnership agree to the assumption on CCC-664.

C Additional Information

The loan or loans may only be assumed by the stockholders in the corporation or partnership. The stockholder or partner is **not** required to meet loan eligibility requirements to assume the loan.

Collateral mortgaged for a single loan must **not** be split among the stockholders or partners.

If all stockholders or partners do **not** sign CCC-664, COC must call the loan.

D Changing Names on Loan Agreement

Follow 16-PS to change the names of the producers on the loan agreement.

29 Cotton Clerks

A Persons Not Eligible

[7 CFR 1427.3] State Offices will notify County Offices of persons or firms ineligible to become cotton clerks because they have been suspended or debarred from participating in CCC programs.

B Removing Cotton Clerks

If it is determined that a cotton clerk is **not** complying with program provisions or is **not** eligible to serve and the applicable COC does **not** take removal action, STC will remove the cotton clerk according to 14-CN.

C Training and Supervision

State Offices will follow 14-CN to establish criteria for County Offices to follow in approving and training cotton clerks.

30 Finality Rule

A Finality Rule Provisions

See 7-CP for finality rule provisions.

B Statutory Language

The Department of Agriculture Reorganization Act of 1994, Section 281 provides that:

“Each decision of a State, county, or area committee or an employee of such a committee..., made in good faith in the absence of misrepresentation, false statement, fraud, or willful misconduct will be final **not** later than 90 calendar days after the date of filing of the application for benefits, [and] ...no action may be taken...to recover amounts found to have been disbursed as a result of the decision in error unless the participant had reason to believe that the decision was erroneous.”

31 Lost or Damaged Cotton Loan Collateral

A Background

When a storm, flood, fire, or other natural disaster or inadvertent warehouse event damages or destroys bales of cotton that are pledged as collateral for a CCC loan, KCCO will:

- notify the applicable State Office of the loss or damage
- provide a list of the:
 - loan numbers involved
 - warehouse receipt numbers for the damaged or destroyed bales.

State Offices will immediately notify the appropriate County Office.

B Producer Responsibilities

The producer is responsible for any loss in quantity or quality of the cotton pledged as collateral for a CCC loan regardless of whether the cause of such damage or destruction is an act of nature (flood, storm, fire) or otherwise (arson, vandalism).

The producer is responsible for immediately notifying the applicable County Service Center of all circumstances and the extent of loss or damage.

Producers whose cotton has been damaged or destroyed will be provided up to 30 calendar days from the date of the notification letter to repay the loan obligation at the prevailing repayment rate.

C Notifying Producer

County Service Centers will notify producers of losses by a letter that:

- states the date and nature of the loss or damage
- identifies the collateral by loan numbers and warehouse receipt numbers
- request the producer take action within 30 calendar days from the date of the notification letter.

31 Lost or Damaged Cotton Loan Collateral (Continued)

C Notifying Producers (Continued)

This is an example of a letter notifying a producer of damaged or destroyed cotton loan collateral.

SAMPLE NOTIFICATION LETTER

Cotton County Service Center
123 Main Street
Jones, Alabama 12345

Mr. John C. Producer
3456 Cottonrow Lane
Benton, Alabama 12346

Dear Mr. Producer:

On September 20, 2017, we were notified that 6 bales of your 2016-crop cotton pledged as collateral for your loan numbers 3489 and 3490 were either damaged or destroyed by water at the Riverside Warehouse and Compress in Savannah, Georgia.

Following is a list of the receipt numbers of the damaged or destroyed bales:

<u>Loan Number</u>	<u>EWR Number</u>
3489	136113
3489	136114
3489	136115
3490	140445
3490	140446
3490	140451

This letter is your notification that you have 30 calendar days from the date of this letter to repay the loan obligation of these bales. If you take no action, the Commodity Credit Corporation (CCC) will establish a receivable for the amount due and the amount due will be recorded for offset from any Farm Service Agency or CCC payments to you.

Please contact this office if you have any questions regarding this notification to repay the loan obligation on these bales.

Sincerely,

County Executive Director

32 Graduated Payment Reductions

A Background

Producers who are determined ineligible for program benefits according to 6-CP, Part 7, because of noncompliance with HELC and WC provisions, may request GPR.

B When GPR IS Not Applicable

If noncompliance is determined and the producer does **not** request GPR or GPR is not approved:

- the producer is ineligible for loans or LDP's for the crop year for which the noncompliance determination is applicable
- after the loan or LDP is made, the producer will be required to repay, as applicable, the:
 - loan principal and charges plus interest
 - market gain plus interest, waived interest, and credits for accrued warehouse charges
- LDP plus interest.

C Applying GPR Before Loan or LDP Is Made

For applicable crop year loans and LDP's when noncompliance is determined and GPR is approved, County Office will, before the loan is disbursed or LDP is made, do either of the following:

- collect GPR
- offset the GPR amount from the loan disbursement or LDP.

32 Graduated Payment Reductions (Continued)

D Applying GPR After Loan or LDP Is Made

For applicable crop year loans and LDP's, when noncompliance is determined and GPR is approved, County Offices will notify the producer of the GPR amount according to subparagraph 42 B.

If GPR is not paid within 15 calendar days of the notification letter, County Offices will take the applicable action in this table.

WHEN there are...	THEN County Offices will...
outstanding loans	call the loan. Note: Follow paragraph 35 for loans that are ineligible for forfeiture.
loans that have been repaid at a market loan repayment rate	follow subparagraph 42 C.
loans that have been repaid at principal and charges, plus interest	take no action.
loans that have been forfeited or delivered	take no action.
LDP's	follow subparagraph 42 C.

E Depositing GPR Amounts

Deposit amounts applicable to GPR according to 3-FI.

33 Interest Rates**A Rates**

For:

- regular loan interest rates, see 50-FI
- debts, charge interest according to 58-FI.

B Computation for Loans Less Than \$500,000

Producers who redeem loans that have original principal amounts of less than \$500,000 will be assessed interest beginning on the loan disbursement date to, but **not** including, the date of repayment.

C Computation for Loans of \$500,000 or More

Producers who redeem loans that have original principal amount of \$500,000 or more for which the repayment is by:

- check or cash, will be assessed interest beginning on the loan disbursement date through the day after the date of repayment
- wire transfer, will be assessed interest beginning on the loan disbursement date up to the second day before the date of repayment.

Note: Follow 3-FI for depositing and recording wire transfers.

D Repayment Date

The repayment date will be the date repayment is either received in:

- the County Office
- CCC's account for wire transfer repayments.

E If Different Rates Apply

If different rates apply, compute interest from the applicable beginning date to, but **not** including, the effective date interest changed, and from the date of interest changed to the applicable ending date.

F Overdisbursed or Underdisbursed Loans

If a loan that is being repaid at principal plus interest was overdisbursed or underdisbursed, and **not** corrected, adjust the note amount by the amount of the overdisbursement or underdisbursement for interest and repayment computations.

34 IRS Reporting Requirements

A IRS Reporting

Market gains from cash loan redemptions, LDP's, storage credits, and forfeitures are reported to IRS for Federal income tax purposes. For additional information on IRS reporting requirements, see 62-FI.

35 Loans Ineligible for Forfeiture

A Applicability

If COC determines that ineligible ginned cotton was placed under loan or the producer is ineligible for the loan, the cotton **cannot** be forfeited to CCC in settlement of the loan.

Note: See paragraph 281 for handling abandonment or foreclosure actions on seed cotton loans.

B Immediate Call

If COC determines that the cotton or producer is ineligible for loan, immediately accelerate the loan maturity date. Use the letter in subparagraph E to notify the producer of the accelerated maturity date.

Note: When COC determines that the cotton or producer is ineligible for loan, do **not** allow the loan to be redeemed at a rate less than principal and charges, plus interest, unless the producer appeals the determination according to paragraph 23.

C Failure to Repay Within 30 Calendar Days

If the producer fails to repay the loan within 30 calendar days, notify the producer of the amount due and that foreclosure proceeding will begin. Use the demand letter in subparagraph F to demand payment.

Note: See paragraph 23 if the producer appeals the accelerated maturity date.

D Foreclosure Action

When a loan is **not** repaid and a receivable is established, COC will:

- sell the cotton according to instructions provided by PSD
- apply the sales proceeds to the receivable.

35 Loans Ineligible for Forfeiture (Continued)

E Notification of Accelerated Loan Repayment

If COC determines a loan will be repaid because the cotton or producer is determined ineligible, the County Office will send the following letter to the producer.

(Letterhead)	(Date)
<p>Dear _____,</p> <p>(Explain the situation that resulted in an acceleration of the loan maturity date, including why the producer or cotton was determined ineligible for loan.)</p> <p>The principal, charges and interest to repay the loan are shown below. Your loan will be called if we do not hear from you, or you do not pay the amount due within 30 calendar days from the date of this letter. Your revised maturity date is (enter 30 calendar days from the date of this letter).</p> <p>Note: Because the cotton is ineligible for loan, the cotton cannot be forfeited to CCC in settlement of your loan nor can the loan be repaid at a rate less principal plus interest, plus any applicable charges paid by CCC.</p> <p>Enter the following:</p> <ul style="list-style-type: none"> ● (loan quantity outstanding) ● (principal due) ● (interest due) ● (daily interest rate) ● (interest rate) ● (other charges paid by CCC). <p>Interest will continue to accrue at the daily interest rate shown from the date of this letter until the loan is repaid or transferred to claims. The amounts stated above will be recorded for offset and offset may be taken from any CCC or FSA payment due you.</p> <p>If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. (Insert COC address).</p> <p>You may contact the County Office to receive a copy of the documents related to this determination.</p> <p>Sincerely,</p> <p>(insert CED name) County Executive Director</p> <p style="text-align: center;">USDA is an equal opportunity provider, employer, and lender</p>	

35 **Loans Ineligible for Forfeiture (Continued)**

F Demand Letter for Loan Repayment

If a producer has been sent a demand letter providing a 30-calendar-day repayment opportunity, but repayment has **not** been received, then if the producer did:

- **not** appeal the notification, send the following letter but delete the paragraph providing appeal rights
- appeal the action, send the following letter if, following the appeal, repayment is still demanded, and include mention of appeal rights to NAD and alternative dispute resolution according to 58-FI and 64-FI.

35 Loans Ineligible for Forfeiture (Continued)

F Demand Letter for Loan Repayment (Continued)

United States Department of Agriculture
 Farm Service Agency
 Lyon County FSA Office
 301 ½ 1st Ave
 Rock Rapids, TX 51246-0389

September 15, 2017

Thomas Grant
 1003 Brees Ave.
 Payton, TX 51241-7522

Dear Thomas Grant:

You were notified on (*date of loan maturity notification letter*) that your (*year*) crop (*commodity type*) loan (*number*) was due payable on or before (*maturity date*). The loan has matured and the debt has **not** been repaid. Interest will continue to accrue until the amount is repaid.

If the principal and charges, plus interest, are **not** repaid on or before the 30th calendar day from the date of this letter, on the 31st day:

- foreclosure proceedings will begin
- the amount due will be recorded for offset from any FSA or CCC payment due you
- a receivable will be established.

If value of the commodity delivered does **not** liquidate the outstanding balance, you will be expected to remit the deficiency promptly upon notification by CCC.

After the receivable is established:

- the receivable may be reported to other Federal Agencies for offset from any amounts that may be due you
- late payment interest, based on the rate established by the Department of the Treasury, will be applied to your debt on a daily basis from the date the receivable is established until the debt is paid in full.

An additional 3 percent interest will be assessed on the unpaid balance of the debt retroactively from the date the receivable is established, if payment in full is **not** made within 60 calendar days after the date the receivable is established.

We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments. If you have any questions regarding this matter, please do **not** hesitate to contact us.

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal and adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. (*Insert COC address*).

You may contact the County Office to receive a copy of the documents related to this determination.

Sincerely,

(*insert CED name*)
 County Executive Director

USDA is an equal opportunity provider, employer and lender

36 (Reserved)

37 Lobbying Activity Provisions

A Applicability

Lobbying disclosure requirements apply to applicants and recipients of loan proceeds exceeding \$150,000 or LDP's exceeding \$100,000.

B Filing Forms

Applicants **must** file the forms specified in the following table for **each** LDP exceeding \$100,000 and for all loans exceeding \$150,000 where the loan proceeds will be used to lobby or otherwise influence the actions of a Federal official about a particular loan.

IF monies received have...	THEN...
not or will not be used to lobby or otherwise influence the action of a Federal official about a particular loan	CCC-674 is not required because CCC-601, item (6)(i) contains lobbying disclosure requirements. Loan applicants certify to compliance when signing CCC-677 or CCC-678.
not or will not be used to lobby or otherwise influence the action of a Federal official about a particular LDP	file CCC-674 (subparagraph C). Note: CCC-674 is needed for all LDP's exceeding \$100,000.
or will be used to lobby or otherwise influence the action of a Federal official about a particular loan or LDP	file SF-LLL (subparagraph D). CCC-674 is not required because CCC-601, item (6)(i) contains lobbying disclosure requirements. Loan applicants certify to compliance when signing CCC-677 or CCC-678. Note: File SF-LLL-A, if applicable (subparagraph E).

Note: Lobbying activity provisions apply to individual loans and LDP's **not** the producer/entity's cumulative total.

37 Lobbying Activity Provisions (Continued)

C Example of CCC-674

The following is an example of CCC-674.

This form is available electronically. Form Approved - OMB No. 0348-0046

CCC-674 U.S. DEPARTMENT OF AGRICULTURE
 (11-15-16) Commodity Credit Corporation

**CERTIFICATION FOR CONTRACTS, GRANTS, LOANS,
AND COOPERATIVE AGREEMENTS**

NAME AND ADDRESS OF RECIPIENT

Able Farmer
 9999 Any Road
 Town, ST 99999-8888

TRANSACTION DOCUMENT (<i>Loan No., Contract No., CCC-6 No(s), Check No., etc.</i>) 99999
PROGRAM YEAR 20XX

To comply with lobbying disclosure requirements (31 U.S.C. 1352), applicants for and recipients of: 1) A Federal loan exceeding \$150,000; or 2) A Federal contract, grant, or cooperative agreement payment exceeding \$100,000 must file, with the disbursing office:

A. If they have not or will not use monies received for lobbying purposes, CCC-674.
B. If they have or will use monies received for lobbying purposes, SF-LLL.

CERTIFICATION

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U. S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

/s/ *Able Farmer* 10-12-20XX
 _____ DATE
 RECIPIENT SIGNATURE

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0348-0046. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

37 Lobbying Activity Provisions (Continued)

D Example of SF-LLL

The following is an example of SF-LLL.

Approved by OMB No. 0348-0046		
<p>DISCLOSURE OF LOBBYING ACTIVITIES Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352 (See Reverse for public burden disclosure.)</p>		
<p>1. Type of Federal Action:</p> <p><input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance</p>	<p>2. Status of Federal Action:</p> <p><input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award</p>	<p>3. Report Type:</p> <p><input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change</p> <p>For Material Change Only: year _____ quarter _____ date of last report _____</p>
<p>4. Name and Address of Reporting Entity:</p> <p><input type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, if known:</p> <p>Congressional District, if known:</p>		<p>5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:</p> <p>Congressional District, if known:</p>
<p>6. Federal Department/Agency:</p>	<p>7. Federal Program Name/Description:</p> <p>CFDA Number, if applicable:</p>	
<p>8. Federal Action Number, if known:</p>	<p>9. Award Amount, if known:</p> <p style="text-align: center;">\$ _____</p>	
<p>10. a. Name and Address of Lobbying Registrant (If individual, last name, first name, MI):</p>	<p>b. Individuals Performing Services (Including address if different from No. 10a) (last name, first name, MI):</p>	
<p>11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.</p>		<p>Signature: _____</p> <p>Print Name: _____</p> <p>Title: _____</p> <p>Telephone No.: _____ Date: _____</p>
<p>Federal Use Only:</p>		<p>Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)</p>

37 Lobbying Activity Provisions (Continued)

D Example of SF-LLL (Continued)

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred, Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be a prime or subaward receipt. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (Item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in Item 1 (e.g., Request for Proposal (RFP) number; Invitation for bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g. "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in Item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in Item 4 to influence the covered Federal action.

(b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name and Middle Initial (MI).
11. Certifying official shall sign and date the form, print his/her name, title and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 10 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.

37 Lobbying Activity Provisions (Continued)

F County Office Action

County Offices will follow procedures in this table each time an LDP exceeding \$100,000 is requested or each time a loan exceeding \$150,000 is requested where the loan proceeds will be used to lobby or otherwise influence the actions of a Federal official about a particular loan or LDP.

Step	Action
1	Provide the applicant a copy of CCC-674, SF-LLL, and SF-LLL-A with instructions, to complete and return the applicable form to the County Office.
2	Disburse the loan or LDP after the applicant returns the completed CCC-674, SF-LLL, or SF-LLL-A, as applicable, to the County Office.
3	File the original CCC-674, SF-LLL, and SF-LLL-A in the County Office.

Note: CCC-601, item (6)(i) contains lobbying disclosure requirements. Loan applicants certify to compliance when signing CCC-677 or CCC-678. Therefore, for loans exceeding \$150,000 where the loan proceeds will **not** be used to lobby or otherwise influence the actions of a Federal official about a particular loan, CCC-674, SF-LLL, and SF-LLL-A are **not** required.

G Assistance

For situations **not** covered in this paragraph, County Offices will contact PSD through their State Office price support specialist for additional assistance.

38 Market Gain Reports

A General Information

Market Gain reports on a State-wide and National basis are available online at <http://www.fsa.usda.gov/programs-and-services/price-support/price-support-reports/index>.

39 Misinformation and Misaction

A Applicability

Follow 7-CP if an otherwise eligible producer is deprived of benefits, because administration of the program results in:

- errors
- omissions
- misinformation
- misaction.

Note: Overdisbursement and undercollection of loan or LDP proceeds is **not** misaction.

40 Eligible Foreign Person

A Foreign Person Eligibility

See 5-PL to determine eligibility requirements for foreign persons.

The applicable CCC-902 is needed to be on file at the time of MAL disbursement or LDP request to determine foreign person status.

B Handling Disbursements Involving an Ineligible Foreign Person

If a County Office determines that an ineligible foreign person has received a loan or LDP disbursement, the County Office will follow this table.

IF a loan or LDP has been disbursed to...	THEN...
an ineligible foreign person	notify the producer according to paragraph 352.
a cooperative for a commodity delivered to the cooperative by an ineligible foreign person	contact the State Office for instructions.

41 Offsets

A Basic Provisions

Offsets are applicable for amounts owed CCC, FSA, or other creditors. The offset amount may be shown on CCC-679 or established as the result of a claim against the producer.

Make administrative offsets from loan or LDP amounts due producers, if appropriate, according to 58-FI, **after** the notification letter has been mailed to the producer, including the notification when a loan is transferred to NRRS with collateral remaining on the farm.

B Joint Disbursement of Loan Proceeds

The balance of the loan proceeds may be disbursed jointly to the producer and lienholder **after** applicable administrative offsets to CCC, FSA, or other creditor agencies, as applicable, according to 58-FI, have been made when the lienholder requests joint disbursement on CCC-679 for:

- recorded lien
- unrecorded lien, if **actual** notice of lien is given to the County Office.

For other creditor agency claims received in the County Office:

- **before** the filing date of any recorded lien or notification of an unrecorded lien, the lienholder **must** agree to the creditor agency debt offset **before** disbursement of loan proceeds jointly to the producer and lienholder by checking CCC-679, item 5 (c) (3)
- **after** the filing date of any recorded lien or notification of an unrecorded lien, the creditor agency debt will be offset **only** if the lienholder agrees to disburse the loan proceeds solely to the producer by checking CCC-679, item 5 (c) (1).

41 Offsets (Continued)**C Authorizing Offsets**

Offsets may be made for amounts contained on a separate statement of unpaid charges, or for a separate bill for unpaid charges, if the charges:

- are associated with the handling of the commodity represented by the warehouse receipt
- have been approved by DAFP
- are **not** warehouse receiving, load-out, or warehouse storage charges.

Note: See paragraph 164 for charges attached to warehouse receipts that are commonly approved for offset.

These charges are **not** considered a lien, but **must** be included on CCC-679, item 5 (c), if an offset will be made for the charges. See subparagraph 124 D for completing CCC-679.

If an offset applies, do **not** disburse the loan unless the lienholder agrees to the offset on CCC-679 by checking item 5 (a) or (c). If any lienholder checks item 5 (b), the loan will **not** be approved.

D Prior Liens

Deductions are made for applicable fees or charges and amounts due prior lienholders **before** offsets are made.

Do **not** make offsets on loans subject to prior liens unless agreed to by prior lienholders in writing.

E Right to Appeal

The offset does **not** deprive the producer of the right to appeal the determination of the debt.

F Bankruptcy Cases

Consult with the regional attorney, through the State Office, before making offsets when a producer is involved in bankruptcy proceedings.

42 Overdisbursements and Receivables

A Overdisbursement and Receivable Producer Liability

A producer is personally liable for repaying:

- any loan amount disbursed or LDP exceeding the amount authorized, including any charges plus applicable interest
- any receivable determined to be due CCC, plus interest.

B Notifying Producers

For loans and LDP's, County Offices will notify producers:

- of the amount due of \$10 or more
- immediately after the receivable due is established in NRRS.

Note: NRRS automatically generates the initial notification letter and subsequent demand letters for receivables in "Open" status. See 64-FI, paragraph 26 for guidance on preventing notification and demand letters from being issued, if the County Office needs to include specific details about why the debt has been established.

42 Overdisbursements and Receivables (Continued)

B Notifying Producers (Continued)

Take action, as applicable, according to this table.

IF...	THEN...
the overdisbursement or overpayment is not the result of a loan or LDP violation, according to Part 6, Section 1	collect the amount due as follows: <ul style="list-style-type: none"> • for loans, if the amount due is \$25 or less and is discovered: <ul style="list-style-type: none"> • before settlement, do not collect immediately; however, collect on the next repayment • after settlement, do not send the producer a demand letter; immediately write off the small balance according to 64-FI • for LDP's, if the amount due is: <ul style="list-style-type: none"> • \$25 or less, write off the small balance according to 64-FI • more than \$25, follow procedure in 64-FI for demanding payment.
a receivable is created as a result of an amount remitted to CCC and is less than the amount required	if the total amount outstanding is: <ul style="list-style-type: none"> • \$25 or less, see 16-PS • more than \$25 with outstanding loan balance, collect on next repayment • more than \$25 with no outstanding loan balance, follow NRRS procedure.

42 Overdisbursements and Receivables (Continued)**C Notification Letter**

Notify the producer, using 8-LP, Exhibit 11, notification letter F when a determination has been made that an amount is due CCC.

D Additional Action

If repayment is **not** received after the producer has been notified using the letter in subparagraph C, take additional action according to 8-LP, Exhibit 11.

E Demand Letter (No Appeal)

The content for the no appeal demand letter is forthcoming.

F Demand Letter (Appeal)

The content for the appeal demand letter is forthcoming.

43 Payment and AGI Limitation**A Payment Limitation for 2014 Through 2018 Crops**

For the 2014 through 2018 crop years, there are payment limitations on LDP's and MLG's 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 per program year for a combination of the following:

- price loss coverage
- agricultural risk coverage
- MLG's
- LDP's.

Note: A person or legal entity that receives payments for peanuts, directly or indirectly, has a separate \$125,000 payment per program year for the same programs.

43 Payment and AGI Limitation (Continued)

A Payment Limitation for 2014 Through 2018 Crops (Continued)

Payment limitations do **not**:

- apply to MAL disbursements
- prohibit individuals or entities from receiving MAL
- apply to loan forfeitures because indirect benefits realized by producers are not applicable.

Note: For the 2014 through 2018 crop years, if the payment limitation has been met, the person or entity is eligible for MAL, but cannot earn a MLG when the loan is redeemed.

B AGI Limitation Rule for 2014 Through 2018 Crops

A person or legal entity will not be eligible to receive MLG or LDP benefits during the 2014 through 2018 crop years, if the average AGI exceeds \$900,000.

Note: For the 2014 through 2018 crop years, if the person or entity is not AGI compliant, they can enter into a CCC commodity loan, but they cannot earn a MLG when the loan is redeemed.

C Commodity Certificate Exchange

MALs redeemed with a Commodity Certificate Exchange are not subject to payment limitation or AGI.

44 (Reserved)

45 Power of Attorney

A FSA-211

Producers may designate an agent on FSA-211 according to 1-CM to act on their behalf in obtaining and repaying loans and obtaining LDP's.

Important: Producers must **not** use FSA-211 to designate an agent to serve as "Holder" of EWR.

B Nonrecognized Power of Attorney

Any delegation of authority given in violation of this paragraph is without force and effect, and CCC will **not** recognize it.

C Executing CCC-605 to Redeem Cotton Pledged as Collateral

An individual may execute CCC-605 on behalf of another **only** when FSA-211 signed by the grantor provides **all** of the following:

- under the FSA and CCC Programs section of FSA-211 (item A), the grantor selects 1 of the following:
 - item 1, All current programs
 - item 2, All current and all future programs
 - item 8, Marketing Assistance Loans and Loan Deficiency Payments.
- under the Transactions for FSA and CCC Programs section of FSA-211 (item B), grantor selects item 1 or under item 7, "Other" specifies "executing CCC-605".

Important: If FSA-211 does **not** meet all of the requirements, the appointed attorney in fact will **not** be authorized to execute CCC-605 on behalf of the grantor.

Producers **must** be fully aware that designating an agent to execute CCC-605's grants that agent the authority to further delegate authority to another agent.

An agent designated on FSA-211 **cannot** execute a new FSA-211 to further delegate authority to another agent.

45 Power of Attorney (Continued)

D Nondisclosure

FSA staff must **not** disclose any information on a submitted FSA-211 to a third party unless such disclosure is requested in writing by all parties on FSA-211.

Disclosure of FSA-211 to any third party is **not** approved because of the following:

- disclosure may violate privacy rights
- CCC is **not** a party to FSA-211 and, therefore, **cannot** guarantee the accuracy or validity of such documents to third parties
- CCC may be liable if it discloses FSA-211, whether or **not** it is valid.

46 Prompt Payment Act

A Applicability

The Prompt Payment Act, as administered by FMD, requires CCC, according to 61-FI, to pay a late payment interest penalty on the amount of loan disbursements and LDP's if **all** of the following apply:

- documentation is provided
- the payment is **not** made by the due date in subparagraph B
- all eligibility requirements are met.

B Payment Due Dates

This table provides the payment owed dates for loan and LDP purposes.

IF the program is for...	THEN the payment due date is...
loan agreements	30 calendar days after the County Office receives an application with all required documentation and signatures.
manual loan repayments that result in overcollection	the eighth workday after the following: <ul style="list-style-type: none"> • repayments are recorded through CLPS • loans are determined to be overpaid.
LDP's	30 calendar days from the date the producer provides all information needed to complete the LDP request. This information includes, but not limited to, the following: <ul style="list-style-type: none"> • acreage certification • AD-1026's Note: Includes farm plans. • all signatures, as applicable • applicable CCC-902's according to 5-PL Note: COC must make the following determinations: <ul style="list-style-type: none"> • actively engaged in farming • cash rent tenant • member contribution. • CCC-941 for 2014 crop year and subsequent crop years • requesting LDP on CCC-633 EZ, Page 1 and Page 3 with the gin list, if applicable.

46 Prompt Payment Act (Continued)

B Payment Due Dates (Continued)

IF the program is for...	THEN the payment due date is...
payments that are the subject of an ongoing judicial action, including when the payee has filed for bankruptcy	30 calendar days after judicial action is completed.

C Paying Prompt Payment Interest

County Offices will pay prompt payment interest when payment dates, according to subparagraph B and 61-FI, are **not** met. Maximum prompt payment interest is 1 year's interest (360 days).

The prompt payment interest rate is issued semiannually, by notice, and included in 50-FI.

47 Warehouse Status Notification

A Notifying State and County Offices and Producers

[7 CFR 1427.10] SCB will notify State Offices of the status of a cotton storage warehouse using KC-232. Based on the information provided on KC-232, the State Office may or may not provide further notification to the County Office and producers.

Use the following table to determine whether notification to the County Office or producers is appropriate. SCB will indicate, by checking the appropriate box below the signature of the contracting officer, whether a public announcement is required.

IF KC-232 indicates...	THEN the State Office will...	AND the County Office will...
“Approved”, “New Agreement”	notify the County Office	issue a news release only if directed according to instructions on KC-232.
“Approved”, “Addition - New Code”	notify the County Office	issue a news release only if directed according to instructions on KC-232.
“Approved”, “Capacity Change”	notify the County Office only if KC-232 requests public announcement	issue a news release only if directed according to instructions on KC-232.
“Removed From List” (suspended) Note: This is a temporary status. No new loans are permitted.	notify the County Office	issue a news release: <ul style="list-style-type: none"> • if indicated by the checked box • according to subparagraph B.
“Terminated” Note: No new loans are permitted. Existing loans are to be redeemed or transferred to an approved warehouse.	notify the County Office	issue a news release if directed according to instructions in subparagraph C.
“Deleted” Note: This status follows termination if a warehouse is closing or will remain unapproved for loan cotton storage.	notify the County Office	issue a news release only if directed according to instructions on KC-232.
“Reinstated” Note: Warehouse is re-approved after being in “Removed/ Suspended” status.	notify the County Office	issue a news release if directed according to instructions in subparagraph E.
“Other” Note: These changes generally do not affect loan eligibility and are for information only for State and County Offices.	do nothing Note: Generally, notification of the County Office is not required unless KC-232 specifies public announcement.	do nothing. Note: Generally, no release is needed. Issue a news release only if specifically by instructions on KC-232.

47 Warehouse Status Notification (Continued)

B Removed/Suspended Warehouses

“Removal” of a warehouse is synonymous with “suspension”. It is **not** “termination”. When notifying State Offices that a warehouse has been removed, SCB will provide:

- reason for the removal from the list of approved warehouses
- if a public announcement should be made.

If a public announcement is required, State Offices will notify the appropriate County Offices to issue a public press release announcing the removal by sending a copy of KC-232 to the County Office.

Note: See subparagraph D for a suggested press release.

County Offices will:

- **not** process new loans for cotton stored at a suspended warehouse
- send a copy of the published release to the State Office and SCB
- if the newspaper refuses to publish the press release, notify the State Office and SCB
- refer inquiries on the reasons for the removal, other than those listed on KC-232, to either of the following:
 - SCB
 - the manager of the warehouse.

Note: See subparagraph F for KCCO mailing address.

Following is a suggested press release for a warehouse suspension announcement:

“CCC announced today the suspension of [*enter name of warehouse*]. This action was taken because [*enter reason provided on KC-232*]. During this suspension period, CCC will **not** provide any new loans for cotton stored at this warehouse. Loans that have been provided before this suspension are **not** affected by this suspension.”

47 Warehouse Status Notification (Continued)

C Terminated Warehouses

Before a Cotton Storage Agreement is terminated for a warehouse for failure to comply with its terms and conditions or at the request of the warehouseman:

- SCB will provide affected State Offices with instructions for identifying all outstanding loans in the warehouse to be terminated
- State Offices will immediately identify and notify County Offices with outstanding loans in the warehouse to be terminated
- County Offices will identify loans in the subject warehouse and do the following:
 - offer producers the option of redeeming their loans or agreeing to a transfer of loan cotton at the expense of the producer or producer's agent
 - after redemptions and/or transfers are completed, issue a press release, similar to subparagraph D, announcing the termination of the Cotton Storage Agreement.

Note: For producers who have filed for bankruptcy, County Offices will send a letter explaining the situation to the regional attorney and follow the regional attorney's advice.

D Termination Press Release

The following is a suggested press release for a warehouse termination announcement.

Any cotton put into storage in the [*name of warehouse*] will **not** be eligible for CCC loans during the period this warehouse is terminated from the list of warehouses approved by the Commodity Credit Corporation, the [*State or county*] Farm Service Agency Office said today.

Termination action was taken by the Farm Service Agency Commodity Office at Kansas City, Missouri. Such action was taken because [*enter reason stated on KC-232*].

For additional information, contact the [*enter name of County Office*].

47 Warehouse Status Notification (Continued)**E When Warehouse Is Reinstated**

If the warehouse is reinstated, SCB will notify the State Office.

The State Office will notify the County Office to issue a press release announcing the reinstatement of the warehouse if a press release was issued announcing the removal. The following is a suggested press release for a reinstated warehouse announcement.

Cotton stored in the [*name of warehouse*] at [*city*] is again eligible for CCC loans since the warehouse has been restored to the list of warehouses approved by the Commodity Credit Corporation, the [*State or county*] Farm Service Agency Office said today.

Suspension of the warehouse, dated [*insert date*], has been lifted by the Farm Service Agency Commodity Office at Kansas City, Missouri. The warehouse is now fully complying with the provisions of the Cotton Storage Agreement controlling the storage of Government interest cotton.

F KCCO Mailing Address

Use the following KCCO address for handling notification of warehouse status:

KCCO, CMD, SCB
STOP 8748
PO BOX 419205
KANSAS CITY MO 64141-6205.

47 Warehouse Status Notification (Continued)

G Example of KC-232

The following is an example of KC-232.

See reverse side for Privacy Act, Public Burden, and Nondiscrimination Statements.		OMB Exempt																
KC-232 (09-17-12)	U. S. DEPARTMENT OF AGRICULTURE Farm Service Agency Post Office Box 419205 Kansas City, Missouri 64141-6205	Agmt. Type <input checked="" type="checkbox"/> CSA <input type="checkbox"/> HSA <input type="checkbox"/> PCSA	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"><input type="checkbox"/> PSA</td> <td style="width: 15%;"><input type="checkbox"/> SSA</td> <td style="width: 15%;"><input type="checkbox"/> UGRSA</td> <td style="width: 15%;">AGREEMENT NO.</td> <td style="width: 20%;">NOTICE DATE</td> </tr> </table>	<input type="checkbox"/> PSA	<input type="checkbox"/> SSA	<input type="checkbox"/> UGRSA	AGREEMENT NO.	NOTICE DATE										
<input type="checkbox"/> PSA	<input type="checkbox"/> SSA	<input type="checkbox"/> UGRSA	AGREEMENT NO.	NOTICE DATE														
NOTICE OF APPROVAL OR CHANGE IN STATUS OF STORAGE AGREEMENT/SCHEDULE OF WAREHOUSES		WAREHOUSE CODE 123456	FEDERAL LICENSE NO. _____	INITIATOR'S REFERENCE LINE _____														
NAME AND ADDRESS OF WAREHOUSE OPERATOR Murry Compress and Bait Shop P.O. Box 123 Herndon, VA		WAREHOUSE LOCATION (City, County, State) Murry Compress Main Street Herndon, VA																
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"><input type="checkbox"/> APPROVED</td> <td style="width: 33%;"><input type="checkbox"/> Capacity</td> <td style="width: 33%;"><input type="checkbox"/> TERMINATED</td> </tr> <tr> <td><input type="checkbox"/> New Agreement</td> <td></td> <td rowspan="3" style="font-size: x-small;">The above Storage Agreement is being terminated as of this date, under conditions explained below, reserving to CCC and other interested parties all rights and privileges which may have accrued under the agreement.</td> </tr> <tr> <td><input type="checkbox"/> Addition - New Code</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Capacity Change -</td> <td>From: _____ To: _____</td> </tr> </table>		<input type="checkbox"/> APPROVED	<input type="checkbox"/> Capacity	<input type="checkbox"/> TERMINATED	<input type="checkbox"/> New Agreement		The above Storage Agreement is being terminated as of this date, under conditions explained below, reserving to CCC and other interested parties all rights and privileges which may have accrued under the agreement.	<input type="checkbox"/> Addition - New Code		<input type="checkbox"/> Capacity Change -	From: _____ To: _____	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"><input type="checkbox"/> DELETED</td> <td style="width: 33%;"><input type="checkbox"/> REINSTATED</td> </tr> <tr> <td style="font-size: x-small;">The above warehouse(s) is being deleted from the above Storage Agreement as of this date, under conditions explained below, reserving to CCC and other interested parties all rights and privileges which may have accrued under the agreement.</td> <td style="font-size: x-small;">The warehouse(s) described above is being reinstated to CCC's List of Approved Warehouses as of this date. CCC owned or loan commodities, or commodities delivered to CCC for purchase under a price support program subject to the terms of the above agreement can, until further notice be stored or handled through this warehouse(s).</td> </tr> </table>			<input type="checkbox"/> DELETED	<input type="checkbox"/> REINSTATED	The above warehouse(s) is being deleted from the above Storage Agreement as of this date, under conditions explained below, reserving to CCC and other interested parties all rights and privileges which may have accrued under the agreement.	The warehouse(s) described above is being reinstated to CCC's List of Approved Warehouses as of this date. CCC owned or loan commodities, or commodities delivered to CCC for purchase under a price support program subject to the terms of the above agreement can, until further notice be stored or handled through this warehouse(s).
<input type="checkbox"/> APPROVED	<input type="checkbox"/> Capacity	<input type="checkbox"/> TERMINATED																
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<input checked="" type="checkbox"/> OTHER (See explanation below.) <input type="checkbox"/> REMOVED FROM LIST The warehouse(s) described above is being removed from CCC's List of Approved Warehouses as of this date for conditions explained below. Until further notice, no additional CCC-owned or loan commodities, or commodities delivered to CCC for purchase under a price support program subject to the terms of the above agreement can be stored or handled through this warehouse(s).																		
EXPLANATION OF CHANGE To Recognize a change from a U.S. Warehouse Act Licensed facility to an Alabama Licensed facility.																		
COMMODITY CREDIT CORPORATION: BY: _____ CONTRACTING OFFICER																		
TO: SED, State FSA Office FROM: Director, Kansas City Commodity Office COPIES TO: _____		<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">PUBLIC ANNOUNCEMENT</td> </tr> <tr> <td><input type="checkbox"/> Should be made (please notify interested counties)</td> </tr> <tr> <td><input type="checkbox"/> Should NOT be made</td> </tr> </table>			PUBLIC ANNOUNCEMENT	<input type="checkbox"/> Should be made (please notify interested counties)	<input type="checkbox"/> Should NOT be made											
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<input type="checkbox"/> Reading File Copy																		

47 Warehouse Status Notification (Continued)

G Example of KC-232 (Continued)

KC-232 (REVERSE)

PRIVACY ACT AND PUBLIC BURDEN STATEMENTS

The authority for entering the information identified on this form is 7 CFR Part 1423, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171). The information will be used to inform the storing warehouse operator of approval or if there is a change in the contract status. The information on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated).

The authority for collecting the following information is Public Law 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.

NONDISCRIMINATION STATEMENT

The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of Discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

48 Warehouse Storage and Other Charges**A Payment of Charges**

Warehouse storage charges that accrue during the period of the loan (from the **date all documents required from the producer for the loan** are provided to the County Office **through** the date of redemption or forfeiture):

- may be fully or partially credited against the loan repayment amount (that is, will reduce the loan repayment amount) when a loan is repaid
- will be paid by CCC to the storing warehouse if the loan collateral is forfeited.

The producer is responsible for paying any warehouse:

- **storage charges** that accrued **before** the date all documents required from the producer for the loan were provided to the County Office
- unpaid **receiving charges**.

B Redemptions During the Initial 10-Month Period

If applicable, a storage credit rate will be used to calculate accrued warehouse charges on upland cotton loans when loan collateral is redeemed before the original maturity date.

48 Warehouse Storage and Other Charges (Continued)

C Warehouse Charges Payable Upon Forfeiture of Cotton Loan Collateral

Producers who forfeit loan cotton to CCC in satisfaction of their loan obligation are responsible to pay the following:

- unpaid warehouse compression; if, at the time of forfeiture a bale EWR indicates that any warehouse compression charge is **not** paid, the amount of that charge will be included on the producer collection invoice
- excess storage credit; storage credits are provided based on the lower of the following:
 - submitted tariff rate for the year
 - warehouse 2006 tariff rate
 - maximum storage credit rates, for the following:
 - 2014 through 2018 crops that are:
 - \$3.933 per bale/month for California and Arizona
 - \$2.394 per bale/month for all other States where stored.

In **all** cases, these storage credits continue to be calculated on the daily-rate equivalent of monthly rates.

Example: A bale has been stored in a warehouse having a loan-cotton storage rate of \$2.75 per month and a maximum storage credit rate of \$2.394 per month. For a bale forfeited at the end of a 10-month loan period, the producer would be billed for the storage paid to the warehouse exceeding the maximum rate as follows: 10 months x (\$2.75 - \$2.394) = \$3.56 per bale.

In addition to these charges, producers are also billed for:

- unpaid warehouse receiving charges
- accrued warehouse storage charges for any pre-loan period up to the “storage start date” for the loan.

49 Notifications During NITC Failure

A Backup Notifications

Only at times when NITC and associated CCC electronic systems are **not** operational, CMA's, LSA's, and merchants who are authenticated to use CCR may use CCC-734 to establish a record with CCC of a requested transaction. CMAs and LSAs must complete the CCC-734 according to the following procedure and follow instructions in 21-CN paragraph 23 for completing the repayment and CCC-734 process in ACRS and with KC. Merchants will follow these instructions.

Upon NITC becoming operational, CCC uses CCC-734 as the basis for establishing the effective rates for the requested loan redemptions, certificate exchanges, or LDP's.

CCC-734 is accepted by CCC only when NITC is **not** operational. This notification **cannot** be submitted when electronic transactions fail for reasons other than NITC system failures such as the failure of a merchant's own transmission hardware/software.

B Instructions

Complete CCC-734 according to the following instructions.

Item	Instructions
2	Enter applicant name and address.
3	Enter phone number of the applicant.
4	CHECK (✓) box to indicate if FAXed to ITSD or PSD. Submit to: <ul style="list-style-type: none"> • ITSD, ADC, PSCAO, CLG • PSD, for backup, emergency use only, when FAX transmissions to ITSD, ADC, PSCAO, CLG cannot be completed.
5	Enter tape numbers for which CCC-734 is submitted. In each column, enter the tape number as column heading and the number of bales on that tape for each transaction category.
6	Enter signature and title/relationship of the applicant.
7	Enter date of signature.

49 Notifications During NITC Failure (Continued)

C Example Notification of Pending Redemption

The following is an example of CCC-734.

This form is available electronically.

CCC-734 (07-30-13)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation			
NOTIFICATION OF PENDING REDEMPTION AND/OR LDP REQUEST				
<p>NOTE: <i>The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1421, 7 CFR Part 1425, 7 CFR Part 1427, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to allow applicants (such as cotton cooperative marketing associations, loan servicing agents, and/or merchants) to notify CCC of an application when the application cannot be transmitted electronically due to NITC or other CCC system being inoperative or running slow. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination that the notification of pending redemption and/or LDP request cannot be processed.</i></p> <p><i>The information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F - Administration). The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO ADDRESS IN ITEM 4.</i></p>				
<p>1. Terms of Notification:</p> <p>A. Applicant certifies that this notification is made due to NITC or other CCC system being inoperative or running slow.</p> <p>B. Applicant agrees that liquidated damages apply if the pending transactions explained in Item 5 of this notification are not completed by applicant.</p> <p>C. The date and time of this notification shall be the date and time when received by CCC.</p> <p>D. The processing of applications based upon the content of this notification is: 1) subject to approval by CCC; 2) based upon rate effective on the date this notification is received, or for loan gains, on the date loan repayment funds are received; 3) not applicable for requested bales having unresolved COPS errors at the time of this request.</p>				
2. Applicant Name and Address (Include Zip Code) Fancy Cooperative 24 Blue Jeans Highway Lubbock, TX 34567-8678		3. Applicant Phone (Include Area Code) (123) 457-7890		
4. Forward To: (CCC Addressee)				
<input checked="" type="checkbox"/> PRIMARY: ITSD- ADC-PSCAO-CLG P.O. Box 419205 Kansas City, MO 64141-6205 FAX: 816-448-5855 or alternate FAX: 816-926-6981		<input type="checkbox"/> BACK UP ONLY: PRICE SUPPORT DIVISION USDA-FSA 1400 Independence Ave., SW STOP 0512 Washington, DC 20250-0512 FAX: 202-690-3307		
5. Notification: The applicant shall submit Tape Number(s) <u>00345</u> containing the following number of bales by transaction and requests CCC to use the upland cotton adjusted world price effective on the date CCC receives this notification for the number of bales indicated below for cash redemptions (C) and LDP (D).				
Transaction Type	Tape #: 00345	Tape #: 00346	Tape #: 00347	Tape #:
Cash Redemptions (C)	10,500	25,800	100,350	
LDP (D)	500		75	
Advance (A)	350	35,700	3,875	
Forfeiture (F)	0		16	
Trust (T)	15		534	
Ineligible (I)	25		6	
Unqualified (U)	0		10	
Correction (X)	18		5	
6. Tape total bales:				
7A. Applicant Signature (By)		7B. Title/Relationship (Individual Signing in the Representative Capacity)		7C. Date (MM-DD-YYYY)
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).</small></p> <p><small>If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.</small></p>				

50 Servicemembers Civil Relief Act of 2003**A Applicable Borrowers**

Applicable MAL borrowers are persons who are either:

- on active duty anywhere in the world and are active duty members of any of the following:
 - U. S. Army
 - U. S. Navy
 - U. S. Marine Corps
 - U. S. Air Force
 - U. S. Coast Guard.
- officers of the Public Health Service detailed by proper authority for duty with the U. S. Army or the U. S. Navy.

Notes: Active duty members include members of Reserve or National Guard Units who have been called to active duty status.

Additionally, active duty includes those members of the referenced branches in training or education under U. S. supervision preliminary to induction into the military service. The term “active duty” also includes the period during which a person in military service is absent from duty because of sickness, wounds, leave, or other lawful cause.

B Applicable Loans

CCC MAL’s entered into **before** the borrower entered active military service, affected by the Servicemembers Civil Relief Act of 2003 are for:

- grains, soybeans, minor oilseeds, and rice
- dry peas, chickpeas, and lentils
- upland and ELS cotton
- peanuts
- wool, mohair, and honey.

50 Servicemembers Civil Relief Act of 2003 (Continued)

C Relief Available

Types of relief offered include the following.

- Relief from foreclosure, sale, or seizure of property for nonpayment of a loan obligation, during the period of active military service or within 3 months thereafter, unless done according to an agreement with CCC or through a court order.

Example: Cotton under loan may be voluntarily forfeited at loan maturity to settle an outstanding loan. However, if the producer does **not** settle the loan, either by cash repayment or forfeiture, CCC may **not** take foreclosure action to acquire the cotton to settle a loan.

- Treasury and internal administrative offsets will be discontinued once a producer is ordered to report for induction or military service, and any payments received as a result of offset after the date the borrower was called to active duty will be refunded.
- Interest rates for applicable loans may **not** exceed 6 percent during the period of active military service.

51 Accessing COPS

A Requesting COPS Access

Users must access COPS through eAuthentication. All COPS users are **required** to obtain a Level 2 eAuthentication account to access COPS, submit forms, or to enter into a contract with USDA electronically.

Users will access COPS according to the following table.

Step	Action		Result
1	Access COPS Home Page at https://apps.fsa.usda.gov/COPS/splash/COPS_Alt_splash .		COPS Logon Screen will be displayed.
2	On the Welcome to COPS splash page:		
	IF COPS user...	THEN...	
	is new	click the link to acquire a Level 2 eAuthentication account at http://www.eauth.egov.usda.gov/eauthCreateAccount.html .	The eAuthentication Create An Account web page will be displayed. Note: New users will be required to have a working e-mail address to confirm they requested an eAuthentication account.
	already has a Level 1 eAuthentication account	click the link to acquire a Level 2 eAuthentication account http://www.eauth.egov.usda.gov/eauthCreateAccount.html .	The eAuthentication Create An Account Web Page will be displayed. Login to eAuthentication profile and select “ Apply for Level 2 Authentication ”.
	is current or already has a Level 2 eAuthentication account	click “ COPS LOGON ”.	The eAuthentication Certification and Consent web page will appear. Note: FSA employees must submit FSA-13A.
3	IF the user clicks...	THEN the...	
	“ I Agree ”	eAuthentication Login page will be displayed.	
	“ Cancel ”	COPS Logon Screen will be displayed.	
4	Enter eAuthentication user ID and password and click “ Login ”		COPS Home Page will be displayed.

51 Accessing COPS (Continued)

B Contacts

Direct any questions about accessing COPS to the following.

IF COPS user is a...	THEN contact...
buyer, cotton gin, CMA, or LSA	Shannon Fulghem by: <ul style="list-style-type: none"> • e-mail to shannon.fulghem@kcc.usda.gov • telephone at 816-926-1533.
County Office employee	State Office.
State Office employee	<ul style="list-style-type: none"> • Kelly Hereth Dawson by either of the following: <ul style="list-style-type: none"> • e-mail to kelly.hereth@wdc.usda.gov • telephone at 202-720-0448

C COPS Home Page Links

The COPS Home Page contains the following links:

- “User Guide” that provides detailed, step-by-step instructions for using the COPS web site
- “Availability” that provides information related to changes in COPS availability and enhancements that appear as news bulletins.

52 Eligibility Review

A Review

A second party review of eligibility requirements for loan and LDP applications will be performed before disbursement. The reviewer **must** initial the loan or LDP application when the review is completed.

Notes: The receiver must **not** do both of the following:

- accept MAL or LDP/eLDP requests
- initial as the second party reviewer.

It is recommended that CED's in 2-person County Offices:

- initial as second party reviewer
- sign as approving official, as designated by COC.

53 CCC-770 CottonMAL's and CCC-770 LDP

A Using CCC-770 CottonMAL's and CCC-770 LDP

All County Office employees working with LDP's and MAL's, at the beginning of each crop year, are required to complete:

- CCC-770 LDP for the first 5 LDP's processed
- CCC-770 CottonMAL for the first 3 MAL's processed.

Additionally, a CCC-770 LDP or CCC-770 Cotton MAL, as applicable, is required to be completed for any LDP or MAL that was disbursed, reversed with a receivable established, and is being re-entered. The CCC-770 LDP or CCC-770 Cotton MAL is required to be completed before the LDP or MAL is re-entered to ensure that all eligibility requirements and signatures have been obtained.

B CCC-770 LDP

For crop year 2016, County Offices were required to complete a CCC-770 LDP for **each** LDP they processed before the Interim Attribution Process for determining eligibility and controlling payment limitation was available. Since the Interim Attribution Process was made available on August 8, 2016, County Offices are required to follow the instructions in the issued guide, before certifying and signing **all** LDP's.

If a County Office employee completed at least 5 CCC-770 LDP's before the Interim Attribution Process was available, that employee does not have to complete any additional CCC-770 LDPs for the 2016 crop year, unless specifically required by the SED, STC or designee, DD or CED.

53 CCC-770 CottonMAL's and CCC-770 LDP (Continued)

C CCC-770 CottonMAL

CLPS checks the producer's eligibility at disbursement. For all commodities except cotton, the producer eligibility requirements in subparagraph 2 B are also checked before repayments with a market loan gain.

In order to make certain that County Office employees understand the specific application, eligibility and processing requirements for MAL disbursement, County Office employees are required to complete the CCC-770 Cotton MAL for the first 3 MALs they process each crop year. The CCC-770 Cotton MAL includes items relating to the completion of CCC-Cotton A-5, and other forms required before loan approval and disbursement.

53 CCC-770 CottonMAL’s and CCC-770 LDP’s (Continued)

D Instructions for CCC-770 CottonMAL

Complete CCC-770 CottonMAL according to the following table.

Item	Instructions
1	Enter name of the loan applicant.
2	Enter loan number.
3	Enter State Office name.
4	Enter County Office name.
5	Enter farm number.
6	Enter crop year.
7 - 12	Enter check under “YES”, “NO”, or “N/A”, as applicable for each entry.
13	Enter any remarks that may explain special circumstances or explanation for items checked as “NO”.
14A and B	Any employee that initials 1 or more items from items 7 through 12 must certify by signing as preparer and entering date of signature.
15A, B, and C	<p>CED or designated representative must certify:</p> <ul style="list-style-type: none"> • in item 15A, indicating concurrence or not if CCC-770 CottonMAL items have been verified and completed • in item 15B, signing as Second Party Reviewer • in item 15C, entering date of signature.
16A, B, and C	<p>Note: This item will be completed if CCC-770 CottonMAL is selected for spot check.</p> <p>If CCC-770 CottonMAL is selected for spot check, STC designee will certify by:</p> <ul style="list-style-type: none"> • in item 16A, indicating concurrence or not if CCC-770 CottonMAL items have been verified and completed • in item 16B, signing as spot-checker • in item 16C, entering date of signature; this item remains blank if CCC-770 CottonMAL is not selected for spot check.

53 CCC-770 CottonMAL's and CCC-770 LDP/eLDP's Continued)

E Example CCC-770 CottonMAL

Following is an example CCC-770 CottonMAL.

This form is available electronically.

CCC-770 CottonMAL (11-13-17) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation OUTSIDE-STORED ELS, WAREHOUSE-RECEIPTED COTTON, AND SEED COTTON MARKETING ASSISTANCE LOAN CHECKLIST	1. Applicant's Name	2. Loan Number
	3. State Office Name	4. County Office Name
	5. Farm Number	6. Crop Year

NOTE: Complete this checklist for each individual loan application. Provisions of 7-CN are applicable.

7. Loan Request (ELS Outside-Stored Only)	Handbook or Other Applicable References	YES	NO	N/A
A. Are CCC Cotton A-5 and CCC-601 ELS Appendix completed, signed by producer, and signed and dated (date received) by CCC representative?	7-CN, Paragraphs 182, 223 and 224	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Are bales represented by warehouse receipts? (If "YES", cotton is ineligible for outside-stored loan.)	7-CN, Paragraphs 232 and 233	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Is CCC-10 on file? (except for turn-around loans)	7-CN, Paragraphs 181 and 242	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Is the cotton located in an area approved for outside storage?	7-CN, Paragraphs 121 and 232 Exhibit 19	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Loan Request (Warehouse-Stored, ALL Types)				
A. Is CCC Cotton A-5 completed, signed by producer, and signed and dated (date received) by CCC representative?	7-CN, Paragraphs 182, 102, 119, 167, 181, 182, 190, and 224	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Is CCC-10 on file? (except for turn-around loans)	7-CN, Paragraph 124, 125, 160, 163-165 and Subparagraph 181B	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Loan Request (Seed Cotton, Recourse)				
A. Is CCC-877 completed, signed by inspector	7-CN, Paragraphs 266 and 268	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Is CCC-683 provided to applicant or inspector?	7-CN, Paragraphs 266 and 269	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Is UCC-1 filed for the loan?	7-CN, Subparagraph 124J	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Producer/Commodity Eligibility				
A. Has the FSA-578 been properly completed and filed?	7-CN, Paragraphs 100, 118, 118, 267, Exhibit 22	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Has the CCC-770 Eligibility checklist been completed and verified?	7-CN, Subparagraph 53H	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Did the producer answer "NO" to the question, "Are you or any co-applicant delinquent on any Federal non-tax debt on CCC Cotton A-5?"	7-CN, Paragraph 101	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Is the quantity requested within the COC-established reasonable yield for the commodity? <i>County Offices MUST run queries.</i>	7-CN, Subparagraph 119B	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Has a second party review been properly completed? Ensure that the loan application was initiated by the reviewer.	7-CN, Subparagraphs 52A, 182A and 268D	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. MAL Processing /Approval				
A. Has lien search been performed for each application?	7-CN, Subparagraph 124A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Has CCC-679 (lien waiver) been obtained from all parties with a security interest in the producer's crop?	7-CN, Subparagraph 124C	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Did the producer specify title/relationship of the individual signing if signing in a representative capacity?	7-CN, Paragraphs 45, 104, 106, 107 and 181	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Has "date documents received" (Cotton A-5, Item A8) been determined based on the latter of either: • date CCC Cotton A-5 is received and all other forms (such as lien waiver, CCC-10) are received • date CCC is made holder of EWR's	7-CN, Paragraph 14, Subparagraph 167C	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. If applicable, has form CCC-674 or SF-LLL been obtained for loans greater than \$150,000?	7-CN, Subparagraph 37A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410, (2) fax: (202) 690-7442; or (3) email: program.information@usda.gov. USDA is an equal opportunity provider, employer, and lender.

53 CCC-770 CottonMAL's and CCC-770 LDP/eLDP's (Continued)

E Example CCC-770 CottonMAL (Continued)

CCC-770 CottonMAL (11-13-17)		Page 2 of 2		
12. Distribution of Loan Documents				
<p>A. Has CCC Cotton A-5 or CCC-877, as applicable, been distributed as follows?</p> <ul style="list-style-type: none"> • copy in County Office records • copy to producer • copy to cotton loan clerk, if applicable 	7-CN, Paragraph 190, Subparagraph 268B	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>B. Are the following documents filed in a locked, fireproof custody file?</p> <ul style="list-style-type: none"> • original signed and approved CCC Cotton A and Continuation, if applicable • original CCC Cotton A-1 • original transaction summary report, if applicable 	7-CN, Subparagraphs 188B, 190B	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>C. Are the following documents filed in the producer's loan folder?</p> <ul style="list-style-type: none"> • copy of signed and approved CCC Cotton A • copy of signed CCC Cotton A Continuation, if applicable • copy of CCC Cotton A-1 • copy of transaction summary report • other documents signed by producer pertaining to this loan • original of Producer's Disbursement Transaction Statement • all printouts from Cotton PC, including Validation Review Reports, Classing Data, and Bale Recap Listings 	7-CN, Subparagraph 190C	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>D. Have the following documents been provided to the producer?</p> <ul style="list-style-type: none"> • copy of signed and approved CCC Cotton A • copy of signed CCC Cotton A Continuation, if applicable • copy of CCC Cotton A-1 • copy of transaction summary report generated by APSS • copy of Producer's Disbursement Transaction Statement • CCC-601 or CCC-601 ELS (as applicable) • copies of other documents signed by producer pertaining to this loan 	7-CN, Subparagraph 190A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>13. Remarks</p>				
<p><i>Certifications:</i> <i>I (we) the undersigned certify the above items have been verified or updated accordingly.</i></p>				
14A. Signature of Preparer(s)			14B. Date (MM-DD-YYYY)	
<p>15A. I concur/do not concur the above items have been verified or updated accordingly. <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur</p>				
15B. CED Signature for Spotcheck			15C. Date (MM-DD-YYYY)	
<p>16A. I concur/do not concur the above items have been verified or updated accordingly. <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur</p>				
16B. STC Designee Signature for Spotcheck			16C. Date (MM-DD-YYYY)	

53 CCC-770 CottonMAL's and CCC-770 LDP's (Continued)

F Instructions for CCC-770 LDP

Complete CCC-770 LDP according to this table. The following are FSA employee CCC-770 LDP instructions.

Item	Instructions
1	Enter name of producer. This should be the name of the individual, joint operation, or entity for which benefits may be requested.
2	Enter date of LDP application.
3 and 4	Enter State and county name.
5	Enter crop year.
6	Enter LDP or eLDP number.
7	Not required to be completed.
8	Enter commodity/class/type.
LDP Request/Application	
9 A - K	CHECK (✓) appropriate box to designate either "Yes" or "No". Note: For CCC-770 questions not applicable, enter "N/A".
Producer/Commodity Eligibility Verification	
10 A - L	CHECK (✓) appropriate box to designate either "Yes" or "No". Note: For CCC-770 questions not applicable, enter "N/A". Questions 10 A through 10 E are not applicable to CMA's.
LDP Processing	
11 A and C	CHECK (✓) appropriate box to designate either "Yes" or "No". Note: For CCC-770 questions not applicable, enter "N/A". Question 11 B is not applicable to CMA's.
Cotton-Specific LDP Processing	
12 A and B	CHECK (✓) appropriate box to designate either "Yes" or "No". Note: For CCC-770 questions not applicable, enter "N/A". Questions 13 A through 13 C are only applicable to cotton LDP's.
13	Enter any remarks about any questions included on CCC-770.
Certification	
14 A and B	At the time of completing the LDP request, the preparer will sign and date.
15 A - C	CED will CHECK (✓) appropriate box to designate either "Concur" or "Do Not Concur", and date.

53 CCC-770 CottonMAL's and CCC-770 LDP's (Continued)

G Example CCC-770 LDP

Following is an example CCC-770 LDP.

This form is available electronically.

CCC-770 LDP (10-24-17) LOAN DEFICIENCY PAYMENT (LDP) PROCESSING CHECKLIST	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. Producer/Applicant Name		2. Date of Application (MM-DD-YYYY)	
	3. Administrative or Producing State & County Office		4. Disbursing County Office			
	5. Crop Year		6. LDP Number			
	7. Farm Number (Not Required)		8. Commodity/Class/Type			
NOTE: Properly completed forms mean completed according to the applicable procedure. This shall include proper signatures, shares, ID numbers, addresses, date stamp, etc.						
9. LDP Request/Application		Handbook or Other Applicable References		YES	NO	N/A
A. Is there a properly completed and signed CCC-633 EZ Page 1 on file? Explain "NO" answer: (Note: If "NO", LDP shall not be processed.):		8-LP, Paragraphs 1002 and 1007; 7-CN, Subparagraph 287F, and Paragraph 288		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Was the CCC-633 EZ Page 1 filed prior to loss of beneficial interest? Explain "NO" answer: (Note: If "NO", LDP shall not be processed.)		8-LP, Paragraph 1002 7-CN, Paragraphs 288 and 305		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Was the CCC-633 EZ, Page 1 approved by a county office employee, after all required signatures have been obtained?		8-LP, Paragraphs 2 and 1007; 7-CN, Paragraph 14		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Has CCC-633 EZ, Page 1 been forwarded to other county offices, if applicable?		8-LP, Paragraph 1002; 7-CN, Subparagraph 287G		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Was the completed CCC-633 EZ, Page 1 and applicable LDP benefit request page (page 2, 3 or 4) received in the county office on or before the final loan / LDP availability date?		8-LP, Paragraph 226; 7-CN, Paragraph 291		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F. Was CCC-633 EZ, Page 1 and applicable LDP benefit request page (Page 2, 3 or 4) completed according to instruction, and signed by all applicable and required producers?		8-LP, Paragraph 1007; 7-CN, Paragraph 289		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G. Do individuals signing in a representative capacity have the documentation on file in the county office allowing them to sign for that individual or entity and request an LDP?		8-LP, Paragraph 1007; 7-CN, Paragraph 45		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Are CCC-633 EZ, Page 1 and Page 2, 3, or 4 date-stamped and was the date of receipt verified according to procedure?		8-LP, Subparagraph 1001E; 7-CN, Paragraph 291		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I. Did the producer answer the question, "Are you or any co-applicant delinquent on any Federal Non-tax debt?"		8-LP, Subparagraph 202A; 7-CN, paragraph 101		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J. Has a second party reviewer verified and initialed the applicable LDP benefits page (CCC-633 EZ, Page 2, 3 or 4) to ensure the applicable LDP request was properly completed and ready for approval and processing?		8-LP, Paragraph 234; 7-CN, Paragraphs 301 and 303		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K. Is the applicable page 2, 3 or 4 approved by an individual delegated or re-delegated to approve CCC-633 EZ's, after all producers signatures have been obtained AND before processing?		8-LP, Paragraphs 2 and 1007; 7-CN, Paragraphs 14, 288 and 301		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Producer/Commodity Eligibility		Handbook or Other Applicable References		YES	NO	N/A
A. Has the County Office verified that the farm(s) on which the crop requested for this LDP was produced is listed on the "Farms with Fully Reported Cropland" from CARS? If this LDP request is prior to the final crop reporting date in the State, does the applicant understand that if the farm(s) is not on this list after the final crop reporting date, all production from that farm is ineligible for LDP? (Not applicable for CMA's)		8-LP, Paragraph 200 Notice LP-2237 2-CP, Paragraphs 16 and 318 7-CN, Paragraph 100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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53 CCC-770 CottonMAL's and CCC-770 LDP's (Continued)

G Example CCC-770 LDP (Continued)

CCC-770 LDP (10-24-17)		Page 2 of 2			
10. Producer/Commodity Eligibility (Continuation)	Handbook or Other Applicable References	YES	NO	N/A	Initials
B. Is the quantity requested for LDP within the COC established reasonable yield for the commodity and profile established?	8-LP, Paragraph 230, 7-CN, Subparagraph 119B	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
C. If the requested quantity exceeds COC established reasonable yield, did the COC determine the quantity reasonable? (Explain "NO" answer):	8-LP, Paragraph 230, 7-CN, Subparagraph 119C	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
D. If LDP is based upon date beneficial interest is lost, was acceptable Production evidence provided and was the LDP rate verified? (Explain "NO" Answer):	8-LP, Paragraphs 227 and 1004; 7-CN, Paragraph 290	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
E. Is LDP rate correct for request date and county where marketed or stored, if beneficial interest is maintained? (N/A for cotton)	8-LP, Paragraph 1004	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
F. Is LDP rate correct for "Dates of Delivery", if LDP requested based on date of delivery? (N/A for cotton)	8-LP, Paragraph 1004	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
11. LDP Processing					
A. Prior to certifying and signing the payment in NPS, was the LDP entered into the interim Process for Loan Deficiency Payments to Check Eligibility and Control Payment Limitation according to the User Guide?	Interim Process User Guide 4.0 and 15 PS (Rev. 2) Paragraphs 400 - 412	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Did the interim process indicate that the producer eligible for the entire LDP?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
If not, was the LDP reduced or cancelled prior to certifying and signing the payment in NPS according to the instructions in the User Guide?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B. For LDP's exceeding \$100,000, has CCC-674 or SF-LLL been obtained before LDP is processed?	8-LP, Paragraph 28 7-CN, Paragraph 37	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
C. Has the FSA Financial Services Web Application (FSAFS) been updated to reflect assignments, if applicable?	63-FI, Parts 3 and 4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
D. Has LDP summary page been printed, filed in LDP folder, and a copy given to producer?	15-PS, Part 2, 7-CN, Paragraph 317	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
12. Cotton – Specific LDP Processing					
A. If request is for a module-lock-in LDP, is the request date after the beginning-of-harvest-date for the County?	7-CN, Paragraph 304	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B. If request is for a module-lock-in LDP, does production evidence from the gin indicate that the bales were produced from the modules identified on the original application?	7-CN, Paragraphs 304 and 290	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
C. Has CCC-Cotton AA-1 been printed, filed in LDP folder and a copy given to producer?	7-CN, Subparagraph 317I	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
D. Before the payment was certified and signed in NPS, was the payment entered into the interim Loan Deficiency Payment Attribution process to determine eligibility and track payment limitation?	DAFP Home Page https://inside.fsa.usda.gov/progrm-areas/dafp/index Interim Process User Guide 4.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
13. Remarks					
14. Certification:					
<i>I (we) the undersigned certify the above items have been verified or updated accordingly. I also certify that the applicable LDP documents will be filed in accordance with handbook 32-AS and that the producer will receive the applicable LDP documentation according to policies and procedures found in applicable handbooks.</i>					
14A. Signature of Preparer(s)				14B. Date (MM-DD-YYYY)	
15A. Signature of 2 nd Party Reviewer				15B. Date (MM-DD-YYYY)	
16A. I concur/do not concur the above items have been verified or updated accordingly.				<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur	
16B. CED Signature / STC Designee signature				16C. Date (MM-DD-YYYY)	

53 CCC-770 CottonMAL's and CCC-770 LDP's (Continued)

H Using CCC-770 CottonMAL's and CCC-770 LDP's in State and County Offices

All County Office employees working with LDP's and MAL's, at the beginning of each crop year, are required to complete:

- CCC-770 LDP for the first 5 LDP's processed
- CCC-770 CottonMAL for the first 3 MAL's processed.

Additionally, a CCC-770 LDP or CCC-770 CottonMAL, as applicable, is required to be completed for any LDP or MAL that was disbursed, reversed with a receivable established, and is being re-entered. The CCC-770 LDP or CCC-770 CottonMAL is required to be completed before the LDP or MAL is re-entered to ensure that all eligibility requirements and signatures have been obtained.

After the required checks are performed, SED's, STC or designee, DD's, or CED's will determine the following:

- if apparent internal control deficiencies are found during STC representatives, DD, or CED reviews
- if the applicable CCC-770 is necessary to avoid findings indicated by CORP reviews
- when additional internal controls are necessary to reduce improper payments.

54-56 (Reserved)

Section 4 State Office Administrative Activities

57 Program Violations

A Purpose

Whenever program violations are suspected or brought to the attention of State Offices, the State Offices will follow this paragraph.

B Additional Information Required

State Offices will request OIG services according to 9-AO if information is **not** available to State Offices to make a correct determination.

C Fraud Is Not Evident

If a determination is made that ineligible cotton has been pledged for a loan but fraud is **not** evident, instruct County Offices to do either of the following:

- for HELC or WC violations, follow paragraph 32
- for all other loan and LDP violations, follow Part 7.

D Fraud Is Evident

If a determination is made that fraud is evident, or if claims for valid unwaived prior liens are received, immediately refer the case to the OGC representative. State Offices will take action according to OGC instructions.

E Reporting to KCCO

State Offices will report in writing to KCCO, CMD, cases of alleged or suspected program violations by approved warehouses and others whose program activity is supervised by KCCO. Mail reports to:

KCCO, CMD, SCB
STOP 8748
PO BOX 419205
KANSAS CITY MO 64141-6205.

Note: State Offices will e-mail a copy of the report to Kelly Dawson, PSD, at kelly.hereth@wdc.usda.gov.

F Reporting to PSD

State Offices will report, in writing to PSD, cases of alleged or suspected program violations by CMA's and LSA's by e-mail to Frankie Coln, PSD, at frankie.coln@wdc.usda.gov.

58 Supervision

A Overseeing County Offices

State Offices will require County Offices to:

- provide fast and efficient loan service
- closely supervise cotton clerks and program operations outside of County Offices
- complete effective and timely spot checks
- keep required records
- care for warehouse receipts or other documentation.

59 Approving County Offices to Make Seed Loans Without Measurement

A Determination

State Offices will determine whether County Offices have sufficient knowledge and experience with seed cotton to make loans without inspecting and measuring seed cotton before making a seed cotton loan.

B Notification

State Offices will notify approved County Offices:

- to follow paragraph 266 for inspecting seed cotton
- of the percentage of loans that **must** be inspected.

60-63 (Reserved)

Section 5 Automated Price Support System

64 Automated Procedures

A Automation Used in This Handbook

7-CN contains limited guidelines and instructions for loan and LDP functions that require an automated process. County Offices are to follow:

- 15-PS for processing LDP's in the eLDP system
- 16-PS to carryout automated functions related to MAL's in CLPS.

65-69 (Reserved)

Section 6 Ginner Approval Requirements, Agreements, and Codes**70 Overview****A Introduction**

[7 CFR 1427.5(b)(11)] For cotton to be placed under CCC loan, ginner **must** agree to certain conditions. This section provides instructions for notifying ginner of how to become a participating ginner and their responsibilities.

B Ginned Cotton

For ginned cotton, ginner **must** certify and agree to:

- use bagging and ties that meet JCIBPC specifications and tare weights
- CCC providing producers the ginner's name as a cooperating ginner
- either of the following:
 - enter the official tare weight of each bale on each bale tag
 - notify warehouse operators of official tare weight of bales ginned at their gins.

C Seed Cotton

For seed cotton, ginner **must** agree:

- to provide adequate protection against weather and other damage
- if acting as an agent for the producer, to **not** make any purchases for their own account or as an agent for others
- to provide insurance coverage as required by regulations
- on request, to gin all seed cotton pledged as collateral for a price support loan
- to allow CCC or an agent to inspect storage facilities
- that they will **not** employ any person undergoing a sentence of imprisonment at hard labor

70 Overview (Continued)

C Seed Cotton (Continued)

- that no member or delegate to Congress or the Resident Commissioner will share in the agreement
- **not** to deny available space to any producer wanting to obtain a price support loan
- that no person or selling agency has been employed to solicit or secure the agreement for securing business
- CCC informing producers that the ginner is approved for the storage and ginning of seed cotton.

71 Cooperating Ginner Requirements Using CCC-809

A Type of Cotton

For ginned cotton to be eligible for CCC loan, the cotton **must** be adequately packaged to protect the cotton.

Ginners who file CCC-809 agreeing to adequately package ginned cotton will be considered cooperating ginners, and bales ginned by them will be considered eligible for CCC loan.

B Notifying Potential Cooperating Ginners

[7 CFR 1427.5(b)(11)] County Offices will encourage ginners to complete and return CCC-809 before the start of the ginning season. County Offices will send each ginner operating in the county the following:

- Notice to Cotton Ginners
- 2 copies of CCC-809.

CCC-809 is a multiyear agreement effective until terminated in writing by either CCC or the ginner. Therefore, copies of CCC-809 and the Notice to Cotton Ginners need to be sent only once to new ginners when it is known that they will be an operational gin. The County Office will maintain copies of all approved CCC-809s until agreements have been terminated or changed.

71 Cooperating Ginner Requirements Using CCC-809 (Continued)

C Example of Notice to Ginners

The following Notice to Ginners **must** be reproduced locally and signed by CED.

<p>U.S. Department of Agriculture Commodity Credit Corporation _____ County</p>
<p>Dear Cotton Ginner:</p> <p>For cotton to be eligible for a Commodity Credit Corporation (CCC) loan or to receive a loan deficiency payment, it must be wrapped in packaging materials meeting the specifications annually developed by the Joint Cotton Industry Bale Packaging Committee (JCIBPC).</p> <p>To encourage use of these packaging standards, CCC provides for ginners to sign an agreement with CCC wherein ginners agree to purchase and use only approved packaging materials, to provide the bale tare weight on gin tag lists or otherwise furnish such weight to warehousemen, and to be familiar with the current packaging standards.</p> <p>Ginners that agree to use these approved materials and sign the Cooperating Ginner's Bagging and Bale Ties Certification and Agreement (CCC-809) are identified to producers by CCC as cooperating ginners. If you agree to use the JCIBPC standards, and would like to be so designated to producers, please sign and return one copy of the enclosed CCC-809. A copy of the Agreement signed and dated by the FSA County Executive Director will be returned to you.</p> <p>Note that this new agreement will remain in full effect from the date signed by CCC until terminated in writing by the ginner or CCC. It will not need to be renewed annually.</p> <p>Signatories of the CCC-809 are responsible to obtain and be familiar with the current JCIBPC standards. FSA will not provide the standards to ginners unless requested because the specifications applicable to the current ginning season are available on the internet at: http://www.cotton.org/tech/bale/specs/index.cfm</p> <p>Copies of the specifications are also available at: JCIBPC, National Cotton Council of America, P.O. Box 12285, Memphis, TN 38112. Copies may also be inspected at your local office of the Farm Service Agency and at the South Agriculture Building, room 4089A, 1400 Independence Avenue SW, Washington, D.C.</p> <p>This agreement does not prohibit cooperating ginners from using experimental or non-specification materials. However, cooperating ginners must notify the County Office of the bales wrapped in such materials by bale number and producer name.</p> <p>Ginners that do not sign this agreement are identified to producers as non-cooperating ginners. Cotton ginned by non-cooperating ginners is considered ineligible as CCC loan collateral unless individual bales are packaged in approved materials and then certified in writing, by bale number, as meeting the approved specifications. Approved ginners do not need to provide this individual certification for bales.</p> <p>Producers are directly informed that for cotton to be eligible as loan collateral or for loan deficiency payments it must:</p> <ul style="list-style-type: none"> • be ginned by a ginner who has agreed to use approved materials • be wrapped in approved materials • indicate an approved tare weight. <p>Please contact this office if you have any questions regarding the enclosed agreement or use of the JCIBPC specifications.</p> <p>Sincerely,</p> <p>County Executive Director</p> <p>Enclosures</p> <p>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity providers and employer.</p>

72 **Bagging and Tie Requirements Agreement Using CCC-809**

A Example of CCC-809

County Offices will provide 2 copies of CCC-809 to each ginner in the county.

This form is available electronically.

CCC-809 (08-12-15)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation COOPERATING GINNER'S BAGGING AND BALE TIES CERTIFICATION AND AGREEMENT
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a – as amended). The authority for requesting the information identified on this form is 7 CFR Part 1421, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under a CCC loan program through documentation of approval for the producer to lock in a market loan repayment rate for a limited period of time for the purpose of repaying CCC loan quantity using the locked in market loan repayment rate. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under a CCC loan program.</p> <p><i>The information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration).</i></p> <p><i>The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</i></p>	

This agreement made and entered into on the day indicated in Item 6, by and between Commodity Credit Corporation ("CCC") and the ginner indicated ("the ginner").

WITNESSETH:

WHEREAS, CCC and the cotton industry desire that ginners assist producers in maintaining the eligibility of their cotton for CCC loans by using bagging and bale ties that meet the Specifications for Cotton Bale Packaging Materials ("the specifications") approved and published by the Joint Cotton Industry Bale Packaging Committee ("JCIBPC"), and incorporated by reference in the Cotton Loan Program Regulations (7 CFR Part 1427) issued by CCC.

NOW, THEREFORE, in consideration of this premises and other considerations contained herein, the parties hereto agree as follows:

A. The ginner shall be familiar with the provisions of the JCIBPC specifications and other instructions issued by CCC.

B. The ginner agrees to specify in purchase contracts with bagging and bale tie suppliers that, except for bagging and ties to be used at gins not listed below, only bagging and ties which meet the specifications will be accepted by the ginner for use on cotton ginned during the effective period of this agreement (Item F) and that if such purchase contracts include bagging manufactured from polypropylene fabric, the ginner will accept such bagging only if it is accompanied by a certification by the manufacturer that such bagging meets the specifications, that the fabric has been manufactured in the United States from yarn and resins produced in the United States for use as cotton bale covers, and that the manufacturer is on the JCIBPC's approved list and that any bagging and/or bale ties which do not meet the specifications will be returned to the supplier. The ginner also agrees that the ginner will determine, before using any bagging or bale ties on producers' cotton at gins listed below, that such bagging and ties meet the specifications. Notwithstanding the foregoing provisions, the ginner may purchase and use on cotton at such gins (a) nonspecification bagging and/or ties properly identified with the testing program of the Experimental Bale Packaging Program sponsored by the JCIBPC; or (b) nonspecification bagging and/or bale ties if the ginner notifies the county office of plans to do so, assists the county office in identifying bales wrapped in such materials as being ineligible for CCC loan, and furnishes that county office with the names of the producers of such bales and the gin bale numbers.

C. The ginner certifies that, to the best of the ginner's knowledge and belief, all bagging and bale ties that the ginner has on hand at such gins meets the specifications and certifies and agrees that all bagging and ties that the ginner has used or will use at such gin(s) for such crop will meet specifications, except as otherwise provided in paragraph B above. The ginner further agrees that any authorized representative of CCC or the JCIBPC may, at any time during business hours, examine the bagging and bale ties at such gins for compliance with the specifications.

D. Subject to the other provisions of this agreement, CCC will inform producers in the ginner's area that the ginner has agreed to the conditions specified above.

E. The ginner agrees to enter the tare-weight of each bale ginned at such gins on the gin bale bag tag or otherwise furnish warehousemen the tare weight.

F. It is further agreed that this agreement shall remain in full effect from the date indicated in Item 6 on this agreement until terminated in writing by the ginner or by CCC.

1. NAME OF GIN	2A. SIGNATURE	2B. TITLE	3. DATE (MM-DD-YYYY)
4. BUSINESS ADDRESS OF GIN		5. LOCATION OF GIN(S)	
For Commodity Credit Corporation			
6A. BY	6B. DATE (MM-DD-YYYY)	7. NAME AND ADDRESS OF COUNTY FSA OFFICE	

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require a alternate means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 945-6136 (in Spanish).

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to: U.S. Department of Agriculture, Director, Office of Equal Opportunity, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or e-mail at program.intake@usda.gov. USDA is an equal opportunity provider and employer.

72 **Bagging and Tie Requirements Agreement Using CCC-809 (Continued)**

B JCIBPC Specifications

[7 CFR 1427.5(b)(10)] County Offices will provide a copy of the current JCIBPC specifications booklet if requested by a ginner. The specifications are available at <http://www.cotton.org/tech/bale/index.cfm>.

C Official Tare Weights

[7 CFR 1427.5(b)(11)] The official tare weights for various combinations of approved wrapping materials are in the JCIBPC specifications booklet.

Any bale of cotton that shows a tare weight different than the one in the specifications is ineligible for CCC price support loans, unless approved experimental bagging and ties are used.

73 Approving Cooperating Ginners

A Approving CCC-809

[7 CFR 1427.5(b)(11)] Completed CCC-809's returned by ginners will be signed by CED for CCC.

Each ginner with an approved CCC-809 on file in the County Offices will be considered a cooperating ginner.

B Notifying Ginner of Receipt of CCC-809

[7 CFR 1427.5(b)(11)] County Offices will notify each ginner of the receipt of CCC-809 by sending a copy of the signed CCC-809 back to the ginner.

This procedure should ensure that ginners are aware that they agreed to:

- identify the tare weights for each bale according to CCC-809
- certify tare weights to warehouse operators if requested by warehouse operators
- use bagging and ties that meet the JCIBPC specifications.

74 Cotton Ginned by Noncooperating Ginners

A Ineligible

Cotton ginned by noncooperating ginners is ineligible for CCC loan.

B Exception

Bales packaged at a noncooperating gin are eligible for loan if both of the following conditions are met:

- producer provides COC a certification signed by the noncooperating ginner, attesting that the cotton, identified by bale number, is packaged according to JCIBPC specifications
- the official tare weight of the bagging and ties is entered on each bale tag or otherwise provided to the warehouse operators.

75 Nonspecification Bagging Used by a Cooperating Ginner

A Specification Bagging

Bagging carried over from the previous crop that was eligible to package previous years' cotton may be used on current year cotton.

B Other Nonspecification Packaging Material

A cooperating ginner may use nonspecification bagging, bale ties, or both if the ginner does both of the following:

- notifies the County Office of these plans
- assists the County Office in identifying bales wrapped in these materials as being ineligible for CCC loan by providing the:
 - names of applicable producers
 - gin tag numbers of the bales.

76 Posting Ginner Lists

A Lists

County Offices will prepare and post in County Offices a list of:

- cooperating ginner who completed and filed CCC-809 with COC
- noncooperating ginner who did **not** file CCC-809.

B Cooperating Ginner List Example

This is an example of a list of cooperating ginner.

List of Cooperating Ginner

Date of Posting

The authorized representatives of the following cotton ginner located in _____ County have certified to CCC that all the bagging and bale ties that they will use for the current crop year meet the specifications approved and published by the Joint Cotton Industry Bale Packaging Committee (JCIBPC).

These ginner agree that any cotton that may be wrapped in nonspecification bagging or bale ties **not** identified with the testing program of the Experimental Bale Packaging Program is ineligible for CCC loan or loan deficiency payments and will be identified to this County Office by bale number and producer.

The posting of this list by CCC does **not** guarantee that all bagging, bale ties, or both used at the following ginner will meet the JCIBPC approved specifications.

Name of Gin	Location of Gin
Gin, Inc.	City, State
Coop Gin	City, State
City Gin	City, State
West Gin	City, State

76 Posting Ginner Lists (Continued)

C Noncooperating Ginners List Example

This is an example of a list of noncooperating ginners.

List of Noncooperating Ginners	
Date of Posting _____	
<p>The owner or authorized representatives of the following cotton gins located in _____ County have not certified that all bagging and bale ties that the gin will purchase and use during the current ginning season will meet the specifications approved and published by the Joint Cotton Industry Bale Packaging Committee (JCIBPC) or will be identified as experimental packaging material approved by JCIBPC. CCC will not permit any bales ginned at these gins to be pledged for loan unless the following conditions are met.</p> <ul style="list-style-type: none"> • Cotton is packaged in materials that meet the specifications approved for bagging and ties. • The producer provides a certification from the ginner that the cotton, identified by bale number, is wrapped in specification or approved bagging and ties or is properly identified as experimental packaging material approved by JCIBPC. • The ginner has certified the tare weight to the warehouse operator. 	
Name of Gin	Location of Gin
Last Chance Gin	City, State

77 Sending Lists to Producers, LSA's, and Cooperatives

A If All Gins in the County Are Cooperating

If all ginners in the county are cooperating by signing CCC-809, no letter is required to be mailed to cotton producers, LSA's, and cotton CMA's informing them of this cooperation. It is recommended that an item be included in the county bulletin that all gins are cooperating.

B If 1 or More Ginners in the County Are Noncooperating

If 1 or more ginners in the county are noncooperating, the County Office will send to each cotton producer, LSA, and cotton CMA a copy of the list of noncooperating ginners in paragraph 76. County Offices should publish the list of the cooperating gins in the county news bulletin if not all are cooperating.

78 (Reserved)

79 Ginner Approval Application for Seed Cotton Loans Using CCC-879

A Filing Gin Application CCC-879

Each ginner wanting to participate in the recourse Seed Cotton Loan Program **must** file CCC-879 in the County Office. CCC-879 is filed annually for the current crop year **only**.

<p>This form is available electronically.</p> <p>CCC-879 U.S. DEPARTMENT OF AGRICULTURE (08-14-08) Commodity Credit Corporation</p> <p>APPLICATION FOR APPROVAL OF COTTON GIN UNDER SEED COTTON LOAN PROGRAM</p>		<p>1. NAME AND ADDRESS OF COUNTY FSA OFFICE</p> <p>BARTON COUNTY FSA 1234 GINNER AVE UPLAND, TX 46782</p> <p>TELEPHONE NO. (Include Area Code):</p>
		<p>2. CROP YEAR: 2016</p>
<p>NOTE: The authority for collecting the following information is Pub. L. 110-246. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.</p> <p>The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a). Regulations at 7 CFR Part 1427 provide for approving cotton gins under the seed cotton loan program. Failure to provide the requested information will prevent a gin from participating in this program. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001, 15 USC 714m, and 31 USC 3720, may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>		
<p>PART A - APPLICATION</p> <p>Submit application and supporting information to the County FSA Committee. This application must be a signed by an authorized official of the gin.</p>		
<p>This application is submitted by the <u>Reallyclean Ginning Cooperative</u> which was organized under the laws of the State of <u>Texas</u> on <u>April 26</u>, <u>1944</u>, and has its principal place of business at <u>1915 Northrup Street</u>, <u>Upland</u>, <u>Texas</u>, <u>46980</u>.</p> <p>3. OFFICIAL NAME OF THE COTTON GIN 4. STATE 5. MONTH AND DAY 6. YEAR 7. STREET ADDRESS 8. CITY 9. STATE 10. ZIP CODE</p>		
<p>Application is made for a determination as to whether the above cited gin meets CCC location and other requirements for participation in the seed cotton loan program for the crop year shown above and for approval of the gin under the program.</p>		
<p>PART B - DESCRIPTION OF SEED COTTON STORAGE FACILITIES AND INSURANCE</p> <p>11. Describe the type of storage to be used for all seed cotton under loan:</p> <p>Covered warehouse, 50,000 bale capacity Covered modules, outside storage, all bales over initial 50,000</p>		
<p>12. The insurance will be carried by: Ginner <input checked="" type="checkbox"/> Producer <input type="checkbox"/></p> <p>13. If carried by Ginner, does it cover full loan value of cotton? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/></p> <p>14. Is the insurance payable to the Producer? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/></p>		
<p>PART C - CERTIFICATION</p> <p>I certify that the information submitted is true and correct to the best of my knowledge and accept responsibility to meet all insurance requirements related to the storage and care of any seed cotton while it is pledged as collateral for a CCC loan. I further agree to compensate the producer for any non-insured losses that may result from my negligence. Any duly authorized representative of the U.S. Department of Agriculture is hereby authorized to examine the storage facilities and records of this gin for the purpose of verifying any of the information contained in this application and supporting documents. If any change is made to any document furnished with this application, I agree to furnish a copy of any such revised document to the County FSA Committee.</p>		
<p>15. SIGNATURE <u>Manager</u></p>		<p>16. TITLE <u>Manager</u></p> <p>17. DATE (MM-DD-YYYY) <u>07-04-2016</u></p>
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</small></p>		

80 Ginner Approval and Agreement Using CCC-880**A Examining CCC-879**

Upon receipt of CCC-879, County Offices will:

- review documents and determine whether information is valid
 - consider carefully:
 - the climatic conditions of the area
 - the type of storage suitable for the area
 - other conditions to protect CCC from damaged seed cotton pledged as collateral.
 - use the following guidelines in approving storage method:
 - in some semi-arid regions, open rick storage has been used successfully
 - in humid areas, stored seed cotton **must** be covered to prevent weather damage to cotton.
 - ensure that the ginner carries fire insurance to cover the full loan value of the cotton if seed cotton will be stored on:
 - the gin premises
 - premises over which the ginner has control.
 - review all insurance requirements carefully
- Note:** If insurance is at market value, base approval upon the condition that if market prices fall below loan levels, additional insurance **must** be obtained.
- ensure that the gin is a reputable concern.

80 Ginner Approval and Agreement Using CCC-880 (Continued)

B Visiting the Gin

CED will visit the gin, if necessary, to determine whether or **not**:

- conditions described on CCC-879 and related documents are correct
- the ginner understands the ginner's obligations under the program.

C Approving Gin

COC will approve gins:

- unconditionally, if all conditions in subparagraph A are met
- conditionally, if gin does **not** meet all conditions in subparagraph A, but the ginner agrees to meet the conditions.

Note: Recheck conditionally approved gins for full compliance.

80 Ginner Approval and Agreement Using CCC-880 (Continued)

D Completing CCC-880

COC will enter into an agreement with approved ginner by completing CCC-880.

The form is available electronically.	
CCC-880 (09-17-08)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation
GINNER'S SEED COTTON AGREEMENT	
<i>(See Page 2 for Privacy Act and Public Burden Statements.)</i>	
1. CROP	
THIS AGREEMENT made and entered into this (a) _____ day of (b) _____, (c) 20____, by and between Commodity Credit Corporation ("CCC") and (d) _____ ("the ginner")	
WHEREAS, CCC, cotton ginner, and cotton producers desire to extend the cotton ginning season in order to reduce ginning costs;	
WHEREAS, CCC, has issued Seed Cotton Loan Program Regulations, (7 CFR Part 1427) ("the Regulations") providing for a program ("the program") for loans by CCC to producers on seed cotton of the crop specified above ("seed cotton").	
WHEREAS, the ginner desires to participate in the program.	
NOW, THEREFORE, in consideration of the premises and other considerations contained herein, the parties hereto agree as follows:	
1. If the ginner stores producer's seed cotton on the ginner's premises or on other property over which the ginner has control, the ginner shall:	
(a) Store such cotton in a manner that will afford adequate protection against weather and other damage and otherwise follow good practices in the handling and care of such cotton.	
(b) Maintain the storage structures or other facilities in sound physical condition and the fire protection equipment and facilities in good working order and otherwise provide a standard of fire protection consistent with good warehousing practices.	
(c) Promptly inform the County FSA Office shown below and the producers if any such cotton becomes damaged, is going out of condition, or is in danger of going out of condition and, pending instructions from the county office or the producers, take all reasonable steps to protect and preserve such cotton. The ginner shall pay to CCC the amount necessary to reimburse CCC for any loss or damage incurred to CCC while such cotton is pledged as collateral to CCC.	
2. If the ginner acts as agent for the producer, the ginner agrees that the ginner will not make any purchases of the seed cotton redeemed from a loan for their own account or as agent for others; or sell any cotton to any person who has the right to control or direct the ginner's sale of the seed cotton, or the lint cotton produced therefrom.	
3. The ginner shall provide insurance coverage as required by the Regulations on all seed cotton stored on the ginner's premises or on other property over which the ginner has control.	
4. The ginner shall, on request, gin all seed cotton on which CCC makes a loan under the Regulations and which is stored by the ginner or is delivered to the ginner.	
5. At any time during business hours, CCC, its agent, or any duly authorized representative of CCC may inspect the storage facilities; inspect and take inventories of seed cotton stored herein; and examine the books, records, papers, and accounts relating to the cotton and to the storage of the cotton. The ginner shall furnish whatever assistance is needed to enable any such inspection or examination to be made. Such examinations and inspections shall, however, in no way relieve the ginner of the responsibilities under the terms of this agreement or obligations to the producers.	
6. The ginner, in carrying out the provisions of this agreement, shall not employ any person undergoing sentence of imprisonment at hard labor.	
7. The ginner agrees that, in the performance of this agreement, available space at the storage facilities will be made available to any producer desiring to obtain the benefits of the program, or in the performance of storage and ginning services in any manner discriminate against any such person, because of race, color, sex, religion, age, national origin, marital status, or disability.	
8. The ginner warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the ginner for the purpose of securing business. For breach or violation of this warranty, CCC shall have the right to terminate this contract without liability or in its discretion to recover the full amount of such commission, percentage, brokerage, or contingent fee.	
9. CCC will inform producers in the ginner's area that the ginner has agreed to the conditions specified above and is approved for the storage and ginning of seed cotton.	
2. SIGNATURE OF GINNER	DATE (MM-DD-YYYY)
3. BUSINESS ADDRESS OF GINNER	4. LOCATION OF GIN(S)
For Commodity Credit Corporation	
5. BY	6. NAME AND ADDRESS OF COUNTY FSA OFFICE
<small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</small>	

80 Ginner Approval and Agreement Using CCC-880 (Continued)

E Making Loans

COC will only make loans at approved locations.

F Notifying Producers

County Offices will:

- notify producers that seed cotton loans are available
- notify producers which gins have been approved for seed cotton loans
- advise producers to contact County Offices for detailed information.

81-99 (Reserved)

Part 2 Eligibility

Section 1 Producer Eligibility

100 Determining Producer Eligibility

A Basic Requirements

[7 CFR 1427.4(b)] [7 CFR 1427.164] For a producer to be eligible for loans and LDP's, the producer, as landowner, landlord, tenant, or sharecropper, **must** have:

- shares in the risk of producing the eligible upland or ELS cotton for which a loan or LDP is requested, as applicable
- for loans, BI in the cotton from the time of harvest through the date the loan is requested and **must** keep BI continuously until redemption of the cotton or until CCC takes title to the cotton
- for LDP's, BI in the cotton from the time of harvest through the date of submitting CCC-633 EZ, page 1
- a complete acreage report with respect to all cropland on the farm(s) requesting MAL and/or LDP for the current crop year according to 2-CP using FSA-578
- completed AD-1026, according to 6-CP, for producer and all affiliated persons
- completed CCC-902 according to 5-PL

Notes: CCC-902 is required for foreign person determination on loans and LDP's. CCC-902 and CCC-901, if an entity, are required for crop years 2014-2018 market loan gains and LDP's. In addition, COC must make the following determinations:

- actively engaged in farming
- cash rent tenant
- member contribution
- foreign person rule.
- completed CCC-941 for producer and all interest holders in a legal entity according to 5-PL
- certify compliance with:
 - controlled substance
 - delinquent debt
 - fraud, including FDIC fraud.

Note: See Exhibit 22 for basic eligibility requirements.

100 Determining Producer Eligibility (Continued)

B BI

[7 CFR 1427.5(e)] A producer is considered to have BI in the cotton if all of the following remain with the producer:

- control of the cotton

Notes: A producer is considered to have control of the cotton if the producer keeps the ability to make all decisions affecting the cotton, including movement, sale, and pledging, as collateral for loan.

The producer is **not** considered to have lost control of the cotton if an option to redeem the loan collateral has been provided to another person or entity as long as the producer also keeps this right to redeem the collateral from loan.

- title.

Note: A producer is considered to have title to the cotton if the producer has **not** sold or delivered the cotton, including the delivery of warehouse receipts, to the buyer.

Important: Once BI in the cotton is lost by the producer, the cotton remains ineligible for loan or LDP even if the producer regains control, risk of loss, and title.

Cotton producers that request MAL's or LDP's from CCC are responsible, at the time of application, to:

- have had uninterrupted BI in the cotton
- make CCC holder of cotton EWR's for all MAL's.

FSA State and County Offices will:

- inform producers, gins, and warehouses about CCC's requirements for bale information or holdership of EWR's, as appropriate, to process MAL or LDP requests
- advise all staff that FSA may apply appropriate disciplinary actions to employees who request cotton buyers to return EWR's of sold cotton to CCC.

100 Determining Producer Eligibility (Continued)**B BI (Continued)**

FSA State and County offices must **not**:

- request any cotton industry entity, such as a merchant, broker, or gin, to deliver cotton EWR's to CCC after BI has been lost
- request entities other than the producer to make CCC holder of cotton EWR's
- correct or reverse actions taken by producers or producers' agents that result in loss of BI or to take any actions to restore lost BI so that MAL or LDP benefits can be provided
- act on behalf of producers to direct or request entities other than the producer about the holdership of cotton EWR's.

C Restrictive Contract Clauses

If any contract contains any of the following restrictive clauses, the producer is considered to have lost BI in the cotton at the time the contract was signed:

- buyer has the option to require the producer to obtain a loan or LDP on the cotton
- buyer can prohibit the producer from obtaining a loan or LDP, unless prior approval is obtained from the buyer.

Note: Any addendum to the contract to remove any restrictive clause **must** be executed before ginning and initialed by both parties.

100 Determining Producer Eligibility (Continued)**D Payments**

If any contract contains language that provides for a payment to the producer or the producer's account, BI will be considered lost at the time the payment is made.

See subparagraph J when payment is **not** associated with the sale of the commodity.

Exception: A producer is **not** considered to have lost BI in the cotton when a payment is received if the contract is an option to purchase, the payment is for the option to purchase, and the contract contains the following provision written exactly as shown:

“Notwithstanding any other provision of this option to purchase, title; and control of the commodity and BI in the commodity, as specified in 7 CFR Part 1427, will remain with the producer until the buyer exercises this option to purchase the commodity. This option to purchase will expire, notwithstanding any action or inaction by either the producer or the buyer, at the earlier of: (1) the maturity of any Commodity Credit Corporation price support loan which is secured by such commodity; (2) the date the Commodity Credit Corporation claims title to such commodity; or (3) such other date as provided in this option.”

E Gin Direct Contracts

If a contract specifies that title, control, or risk of loss is transferred to the buyer immediately at the time cotton is ginned, BI is considered to be lost by the producer immediately after the cotton is removed from the bale press.

Note: This cotton is **not** eligible for loan; however, the producer may receive LDP according to paragraph 303.

F Equity Sales

[7 CFR 1427.5(b)(7)] If a producer sells the equity in the cotton, the cotton is immediately ineligible for a loan or LDP. If the cotton has been pledged as collateral for a loan, immediate repayment of loan principal and charges, plus interest, is required.

G Succession in Interest

Succession of BI is allowed if succession is in both the BI of the cotton and the farming unit on which the cotton was produced.

Note: See paragraph 106 for heirs of a deceased producer.

100 Determining Producer Eligibility (Continued)**H Integrated Entities**

The fact that a buyer may also be the storing warehouse operator, lender, ginner, or other business will **not** be considered a reason to cause BI to be transferred.

Note: If the contract between the buyer and the producer restricts the producer's ability to take possession of the cotton or warehouse receipts, then the producer would be considered to have lost control when the cotton or warehouse receipts are delivered to the integrated entity.

I Cotton Rejected by Buyer

If cotton is delivered to a buyer or mill that rejects the cotton because minimum standards are **not** met, BI will **not** be considered lost by the producer if the cotton is returned to the producer.

J Payments Not Associated With Sale of Cotton

Payments by buyers to producers for services, such as transportation and storage, will **not** cause BI to be transferred unless the payment is conditioned on the eventual sale of the cotton.

K Combination Lease Agreement

COC will determine the type of lease if both cash provision and share of crop production provision are contained in a lease agreement on a farm. Based on the COC determination, BI in the crop for the producers involved in the lease may be questioned. When BI is questioned, review the lease agreement in the process of making BI determinations according to paragraph 103.

L Eligible Foreign Person

See 5-PL, Part 3 to determine eligibility requirements, as applicable.

101 Delinquent Federal Nontax Debtors

A Policy

DCIA of 1996 mandated a new eligibility requirement for persons seeking Federal financial assistance. DCIA provides that a person owing a delinquent Federal nontax debt to the Federal Government is ineligible for Federal financial assistance, including direct loans (other than disaster loans) or loan insurance or guarantees.

This table provides action that County Offices will take when a producer is a delinquent Federal nontax debtor.

IF the...	THEN...
delinquent Federal nontax debt has been resolved before the final loan availability date	use the rate in effect on the day the original MAL or LDP request was made.
producer certifies that he or she has an unresolved delinquent Federal nontax debt	hold the request until the final loan availability date and if the producer does not resolve the delinquent Federal nontax debt before the final loan availability date, immediately notify the producer that he or she is ineligible and the request is disapproved.

Notes: See 58-FI for alternate methods for resolving delinquent Federal nontax debts.

See Exhibit 4 for additional information and questions and answers about DCIA.

IRS tax levy is considered a Federal tax debt, and a lien, CCC-679 will be required according to paragraph 124. For purposes of barring delinquent debtors from obtaining Federal financial assistance, a debt is **not** in delinquent status if the debtor is the subject of, or has been discharged in a bankruptcy proceeding. Producers with an unresolved delinquent Federal nontax debt **are** considered eligible to receive MAL or LDP if the unresolved delinquent Federal nontax debt is the subject of a bankruptcy proceeding.

B MAL’s or LDP’s Issued Before a Delinquent Federal Nontax Debt Is Discovered

If the producer received MAL or LDP and later it is discovered that the producer after MAL or LDP was issued has a delinquent Federal nontax debt, the County Office will:

- notify the producer that the delinquent Federal nontax debt **must** be resolved before the final loan availability date
- discuss with the producer alternatives to resolve the delinquent Federal nontax debt
- inform the producer that if MAL was obtained and the delinquent Federal nontax debt is **not** resolved before the final loan availability date MAL **must** be immediately called and **must** be repaid at principal plus interest
- inform the producer that if LDP was received and the delinquent Federal nontax debt is **not** resolved before the final loan availability date, LDP **must** be repaid with interest.

101 Delinquent Federal Nontax Debtors (Continued)**C Producer Incorrectly Certifies to the DCIA Question**

If it is discovered that a producer incorrectly certified to the DCIA question, the County Office **must**:

- immediately notify the producer that the loan is called and **must** be repaid at principal and interest
- follow procedures in Part 8 for MAL or LDP violations.

D Delinquency Resolution

For DCIA purposes, a producer's delinquent debt is resolved only if the producer does 1 of the following:

- pays or otherwise satisfies the delinquent debt in full
- pays the delinquent debt in part if the creditor agency accepts such payment as a compromise in lieu of payment in full
- cures the delinquency under terms acceptable to the creditor agency in that the person pays any overdue payments, plus all interest, penalties, late charges, and administrative charges assessed by the creditor agency as a result of the delinquency
- enters into a written repayment agreement with the creditor agency to pay the debt, in whole or in part, under terms and conditions acceptable to the creditor agency.

Note: If a portion of a debt has been written off or compromised in lieu of payment in full, after the person has paid the debt in part through an approved payment agreement, the debt would be considered “resolved”.

Follow 58-FI, Part 9 for working out debts by installments.

102 Other Producer Eligibility Requirements

A HELC and WC Provisions

Producers who do **not** comply with HELC and WC provisions according to 6-CP are **not** eligible for CCC loans or LDP's for the crop year in which noncompliance occurs.

If current year crop loans or LDP's have been made before noncompliance was determined for the current crop year:

- call the loan according to paragraph 35
- notify the producer of the LDP amount overpaid according to paragraph 42.

B Controlled Substances

Producers who are convicted under Federal or State law of a controlled substance violation according to 1-CM, Part 30 will be ineligible for CCC loans and LDP's. Loan application CCC Cotton A-5, Part B, contains a producer certification of no conviction.

103 **BI Determinations**

A When BI Is Questioned

If County Office questions whether the producer retains BI, the County Office will require the producer to provide for review, as applicable:

- copy of the combination lease agreement
- copy of all options to purchase and all sales contracts
- certification of no contract according to subparagraph 104 C.

B Producer Requests for Contract Review

If the producer is **not** applying for benefits and the producer requests that the County Office give an opinion on an option to purchase or sales contract, the opinion will be provided to the producer in writing.

Send a copy of the option to purchase or sales contract to the State Office with a copy of the opinion provided to the producer for review according to subparagraph 104 B.

Note: Opinions given for options to purchase and sales contracts are **not** appealable unless the producer has been denied benefits.

104 BI and Contract Review**A Documents for Review**

[7 CFR 1427.5(e)] County Offices will review contracts or leases, as applicable, **only** when there is reason to believe the producer may have lost BI in the commodity.

When requested by the County Office, producers will provide the following, as applicable:

- copy of the combination lease agreement
- copy of all options to purchase and all sales contracts
- certification of no contract according to subparagraph C.

Producers who provide the certification according to subparagraph C will be advised that, for loans only, if a contract is negotiated at a later date, the following, as applicable, **must** be provided to the County Office:

- copies of written contracts
- terms and conditions of verbal contracts.

If a commodity contract is received in the County Office, and it is known that the company has filed for bankruptcy protection, State and County Offices **must**:

- review the contract
- make BI determination based on the submitted contract.

Regional OGC Attorneys may need to be consulted before BI determination can be made.

Producers with a commodity contract from a company that has filed for bankruptcy protection are eligible to request MAL's or LDP's.

Important: The contract status is **not** affected by the bankruptcy. FSA does **not** intend to intervene with legal matters concerning commodity contracts.

State and County Offices will **not** provide recommendations or suggestions to producers regarding legal matters about contracts.

Producers **must** seek their own counsel to determine and establish any legal rights and/or claims about their contract.

104 BI and Contract Review (Continued)**B State Office Reviews**

State Offices will:

- review options to purchase and sales contracts submitted by County Offices, including those submitted according to subparagraph A

Note: Notify the County Office **immediately** if the opinion provided by the County Office according to subparagraph A is inaccurate.

- determine whether the producer retains BI and the date the producer would be considered to have lost BI
- for any option to purchase or sales contract on which a determination **cannot** be made, FAX or mail a copy of the contract for PSD review

Note: For each contract submitted for review:

- provide a preliminary determination on when producers would be considered to have lost BI in the commodity under the terms and conditions of the contract
- ensure that the general terms, exhibits, addendum, etc., referenced in the contract are also submitted with the contract.
- when notified by PSD of the date BI would be considered to have been lost, advise the County Office of PSD's determination
- send a copy of the option to purchase or sales contract, as applicable, with a copy of the decision for reference to all counties and other applicable States.

C Producer Certification of BI

If COC questions whether the producer retains BI, CCC may request producer certification that such producer retains BI in the commodity.

Producers may use CCC-491 to provide such certification. See subparagraph 104 E. Any CCC-491 submitted at the request of CCC is retained in the applicable loan/LDP file of the producer.

104 BI and Contract Review (Continued)**D Events Resulting in BI Being Lost**

The following events are examples of events that may cause BI to be lost:

- on the receipt of a payment without option to purchase
- on the date ginned, if buyer is also ginner and storing warehouse and the contract restricts the producer's ability to take possession of the warehouse receipts
- date of invoice
- when loaded for shipment from gin to the buyer (f.o.b. gin)
- when loaded for shipment from the warehouse to the buyer (f.o.b. warehouse)
- delivery of warehouse receipts to the buyer
- at the time of signing a contract with clauses restricting the producer's decision to obtain marketing assistance from CCC, such as:
 - buyer may require the producer to obtain a loan or LDP
 - producer may obtain a loan or LDP only with prior approval of the buyer
- when the cotton enters the warehouse, if contract contains a casualty clause that provides that after commencement of insured warehouse cover, insurance settlement will be for the buyer's account.

Note: Depending on local marketing practices, cotton gins, clerks, marketing companies, and warehouses may act as agents for the producer for transferring receipts to other entities purposes without the cotton having been sold. The holdership of cotton EWR's by such entities does not, by itself, meant that BI in the cotton was lost by the producer.

104 BI and Contract Review (Continued)

E Completing CCC-491

Producer will submit CCC-491 if producer does not have a written contract and there is reason to believe that the producer may have lost interest to the commodity.

This form is available electronically.

CCC-491 (11-06-09)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1. Crop Year	2. LDP Number	3. Loan Number
BENEFICIAL INTEREST CERTIFICATION FOR LOAN AND LOAN DEFICIENCY PAYMENTS		2016		
		4. FSA State and County Code		

Note: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1421, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to certify that a producer does have a beneficial interest in the commodity which is the subject of the CCC loan or loan deficiency payment. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to file the beneficial interest certification.*

This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F - Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.

PART A – PRODUCER’S INFORMATION

5. Producer Name and Address	6. Telephone Number: <i>(Include Area Code):</i>	7. Crop
Sam Jones Rt. 1, Box 630	704-261-1111	Upland Cotton

PART B – PRODUCER’S CERTIFICATION

The undersigned producer(s) (“Producer”) has requested a loan or loan deficiency payment (LDP) from the Commodity Credit Corporation (CCC). With respect to the commodity which will be the subject of such loan or LDP, the Producer certifies that; (1) the Producer has had beneficial interest in the commodity and has not lost such interest before filing for the LDP application or loan application; (2) the Producer did not enter into any written option to purchase or any written contract for sale, with respect to the commodity to sell, deliver, or market the commodity, before such loan or LDP was requested; (3) the Producer did not enter into a verbal option to purchase or verbal contract for sale, except as noted below; (4) no payment with regard to such commodity was received before such loan or LDP was requested. The Producer understands that this certification is subject to review by CCC to determine that no option to purchase, contract for sale, or payment was applicable to the commodity. If any option to purchase, contract for sale, or payment is later negotiated while the commodity is pledged for collateral for a loan, the producer agrees to notify the County FSA Office of such event and to provide a copy of such option or contract to the County FSA Office for review. Upon such notification, CCC shall review such option to purchase and contract for sale for a determination of the date beneficial interest would be considered to have been lost. By signing this certification, the Producer warrants and agrees that the making of any fraudulent representation may render the Producer subject to criminal prosecution under Federal law and will result in the refund by the producer of any amounts paid as the result of the fraudulent representation, plus interest.

8. *Terms and Conditions of Verbal Contract:*
 We do business by handshake; we agreed i keep title until the receipts are transferred.

PART C – PRODUCER’S CERTIFICATION

9A. Producer’s Signature (By)	9B. Title/Relationship <i>(Individual Signing in a Representative Capacity)</i>	9C. Date <i>(MM-DD-YYYY)</i>
<i>/s/ Sam Jones</i>		
9A. Producer’s Signature (By)	9B. Title/Relationship <i>(Individual Signing in a Representative Capacity)</i>	9C. Date <i>(MM-DD-YYYY)</i>

PART D – COC’S APPROVAL

10A. Signature of CCC Representative	10B. Title of CCC Representative	10C. Date <i>(MM-DD-YYYY)</i>

The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual’s income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotope, etc.) should contact USDA’s TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

104 BI and Contract Review (Continued)**E Completing CCC-491 (Continued)**

CCC-491 is completed according to the following instructions. Producer completes entries for Items 1-9C. FSA may assist with completing Items 1 through 4.

Item	Instruction
1 - 4	Enter the crop year, LDP or loan number, as applicable, and the FSA State/County Code for the office where the loan/LDP is being processed.
5	Producer enters name and address.
6	Producer enters phone number.
7	Producer enters the commodity for which the loan/LDP is requested.
8	Producer enters the terms of the verbal contract about beneficial interest.
9A - C	Producer or producer's representative: <ul style="list-style-type: none"> • signs in item 9A • if applicable, enters in item 9B representative's relationship to the producer • enters the signature date in item 9C.
10A - C	FSA signs, enters title, and signature date.

105 Types of Contracts

A Option to Purchase

An option to purchase is an agreement allowing the buyer, at the **buyer's** option, to enter into a contract to buy the commodity at a later date. The option:

- does **not** give the buyer any interest in the commodity
- expires at a specified time.

B Sales Contracts

A sales contract, including advance sales contracts, contracts to sell, price later contracts, and contracts for future delivery, gives the buyer an interest in the commodity at a time specified in the contract or at a time implied by law.

C Addendum

An addendum to an option to purchase or sales contract to amend any contract provision, including removing any restrictive clause, **must** be agreed upon by all parties.

For CCC to consider this addendum valid, it **must** be executed before ginning.

D Canceling Options to Purchase or Sales Contracts

An option to purchase or a sales contract entered into may be canceled at any time before ginning. If the option to purchase or sales contract to be canceled was previously provided to the County Office, a copy of the following **must** be provided to the County Office:

- the canceled option to purchase or sales contract, as applicable, with the signatures of all parties canceling the contract
- any subsequent option to purchase or sales contract.

106 Heirs of a Deceased Producer**A Succession of Interest**

Succession of interest occurs before or after harvest if heirs:

- succeed to the BI of the deceased producer in both the cotton and the farming unit on which it was produced
- assume the decedent's obligation under a loan if a loan has already been obtained.

B Knowledge of a Deceased Producer

If the County Office learns that a producer who has an outstanding loan is deceased, and CCC-686 has **not** been executed, the County Office will:

- send a certified letter to the fiduciary representative, heirs, or other persons in charge of settling the estate notifying that person:
 - of the existence of the outstanding CCC loan
 - that the loan is covered by a security agreement or secured by pledged warehouse receipts
- attach a copy of the letter to the loan papers on file in the County Office
- immediately notify the State Office
- State Offices will forward notification of deceased producers for which CCC-686 has **not** been executed to the regional attorney for appropriate action.

Notes: County Offices will:

- **not disburse** any MAL's or LDP's using a deceased individual's TIN.
- disburse MAL's or LDP's in TIN of the estate or to other qualifying individuals or entities as reflected on a properly completed and approved CCC-686.

Heirs must complete the required documents and meet the eligibility requirements according to paragraph 100.

MAL's or LDP's disbursed to joint ventures or general partnerships with a deceased member will be included on the Payments to Individuals Identified as Deceased Report for corrective action.

See 1-CM for additional information on deceased individuals.

106 Heirs of a Deceased Producer (Continued)

C When to Complete CCC-686

Complete CCC-686 if the heirs want to obtain or continue a loan and either of the following applies:

- there will be no administration or probate of the estate
- administration or probate of the estate is closed.

Before a loan is disbursed or continued under loan, CCC-686 **must** be:

- executed by persons claiming succession to a deceased producer
- approved by COC.

D Preparing CCC-686

Prepare an original and 1 copy for each person signing CCC-686 according to the following instructions.

Item	Instructions
3	Enter current loan number, or assign next unused number from loan number register.
9 and 10	Enter name and address and relationship of all persons inheriting commodity, whether or not related to the deceased.
11	Enter names of all persons assuming farming unit whether or not related to the deceased. Note: To be eligible for price support, the person's name must appear in items 9 and 11, and, if applicable, item 13.
13-16	Enter name and nature of disability of any heir who is a minor or an incompetent and the name and address and capacity of the representative of this person.
17	Heirs or representatives of heirs who have inherited the commodity and have assumed the farming unit and who are requesting price support must sign the application.

106 Heirs of a Deceased Producer (Continued)

D Preparing CCC-686 (Continued)

This form is available electronically.

<p>CCC-686 U.S. DEPARTMENT OF AGRICULTURE (09-28-10) Commodity Credit Corporation</p> <p style="text-align: center;">APPLICATION FOR LOAN OR LOAN DEFICIENCY PAYMENT BY HEIRS (On a commodity produced by a person who has died)</p> <p><i>See Page 2 for Privacy Act Statement.</i></p>		<p>1. NAME AND ADDRESS OF COUNTY FSA OFFICE Bobtail Co. FSA 1623 Wildcat Street Auston, TX</p> <p>TELEPHONE NO. (Include Area code):</p>	
		2. ST. & CO. CODES 48 675	3. APPLICATION NUMBER
		4. CROP YEAR 2016	5. COMMODITY upland
6. NAME OF DECEASED PERSON Benjamin Somebody	7. DATE OF DEATH (MM-DD-YYYY) 03-05-1985	8. DEATH OCCURRED BEFORE HARVEST <input type="checkbox"/> AFTER HARVEST <input checked="" type="checkbox"/>	
9. PERSONS INHERITING COMMODITY (Name and Address)			10. RELATIONSHIP TO DECEASED
Bobby Somebody, Route 3, Box 24 Nearby, Tx 45678			Son
Billy Somebody, Route 3, Box 24 Nearby, Tx 45678			Son
11. NAMES OF PERSONS ASSUMING FARMING UNIT (Include heirs in Item 9) (Address if not already listed in Item 9)			12. RELATIONSHIP TO DECEASED OR CAPACITY
Bobby and Billy Somebody			Sons
If any person shown in Item 9 or 11 above is a minor or incompetent, furnish the following:			
13. NAME OF MINOR OR INCOMPETENT	14. NATURE OF DISABILITY (if any)	15. REPRESENTATIVE OF PERSON SHOWN IN ITEM 13 NAME AND ADDRESS	
		16. CAPACITY (Guardian, Custodian, Conservator, Liquidator, etc.)	
17. CERTIFICATONS (To be certified to and by each person shown in Items 9 and 11 or his or her representative shown in Item 15 who is requesting a loan or LDP.)			
<p>The undersigned hereby certifies that 1/</p> <p>A. The person shown in Item 6 died on the date shown and he or she produced the commodity identified above in the crop year shown.</p> <p>B. The decedent and the commodity heir she produced were eligible for loan or LDP and that the persons shown in Item 9 have inherited the decedent's interest in the commodity shown above.</p> <p>C. (1) There has not been nor is it contemplated that there will be administration or probate of the estate or (2) administration or probate of the estate is closed.</p> <p>D. The persons listed in Items 9, 11, and, if applicable 13, are the only persons who have inherited or otherwise acquired an interest in the commodity and farming unit of the decedent described in this form.</p> <p>E. Each of such persons requests (1) a loan be continued or disbursed, or (2) an LDP be made.</p> <p>F. Are you or any co-applicant delinquent on any federal non-tax debt? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> (If "YES", provide details):</p>			
18A. Signature (By)		18B. Title/Relationship of the Individual Signing in the Representative Capacity	18C. Date (MM-DD-YYYY)
/s/ <i>Bobby Somebody</i>		Son	06/12/2016
18A. Signature (By)		18B. Title/Relationship of the Individual Signing in the Representative Capacity	18C. Date (MM-DD-YYYY)
/s/ <i>Billy Somebody</i>		Son	06/12/2016
18A. Signature (By)		18B. Title/Relationship of the Individual Signing in the Representative Capacity	18C. Date (MM-DD-YYYY)
19A. CERTIFICATION OF COUNTY COMMITTEE The undersigned certifies that each applicant whose signature appears above has the authority to act in the capacity indicated; that the right of the applicant(s) to file this application was determined in accordance with the regulations of the Department of Agriculture; and that the statements contained herein have been examined and are true and correct to the best of my knowledge and belief.			
19B. FOR THE COUNTY COMMITTEE BY			19C. Date (MM-DD-YYYY)
1/ Section 15 (a) of the Commodity Credit Corporation Charter Act (62 Stat. 1070) provides a fine of not more than \$10,000 or not more than five years imprisonment for making any statements knowing it to be false for the purpose of influencing the action of the Corporation or of obtaining money under any act applicable to the Corporation.			

106 Heirs of a Deceased Producer (Continued)

D Preparing CCC-686 (Continued)

CCC-686 (09-28-10) Page 2

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 718, 7 CFR Part 1421, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to allow heirs of an estate to obtain or continue a CCC loan or to request a loan deficiency payment (LDF). The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to obtain or continue a CCC loan or ineligibility for program benefits.*

*This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F- Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

E Distributing CCC-686

Distribute CCC-686 as follows:

- keep original in the County Office
- give each person signing CCC-686 a copy.

107 Estates and Trusts

A Eligibility by Type

The following will be eligible if their representative authority is legally valid according to 1-CM:

- receiver of an insolvent debtor's estate
- executor or an administrator of a deceased person's estate
- ward of an incompetent person
- guardian of an estate of a ward or an incompetent person
- trustee of a trust estate.

108 CMA and LSA Member Eligibility

A Members of CMA's

CMA's, before processing a producer's loan or LDP, **must** first establish that the producer is eligible for benefits according to 1-CMA.

B Producers Requesting Benefits Through LSA's

LSA's, before processing a producer's loan or LDP, **must** first establish that the producer is eligible for benefits according to 1-CMA.

109 Producers Who Are Warehouse Operators

A Policy

Loans may be made to a warehouse operator who, in the capacity of a producer, tenders to CCC warehouse receipts issued by such warehouse operator on cotton produced by such warehouse operator only in those States where the issuance and pledge of warehouse receipts are valid under State law.

Note: State Offices will contact their regional attorney to determine whether these actions are valid.

110 AGI Policy

A AGI Policy

Price support programs will use the web-based subsidiary files to determine the AGI eligibility of producers or legal entity members eligible to receive market gain and LDP. Payments to an entity or joint operation:

- will be based on the pro rata interest of the person in the payment
 - may be reduced by the pro rata share of the person who has direct or indirect interest in the entity, if applicable.

CCC-941 must be on file for a producer or members of an entity before:

- repaying a loan with a market loan gain
- disbursing LDP.

Note: See paragraph 43 for the average AGI limitation amounts for the applicable crop years.

111-117 (Reserved)

Section 2 Cotton Eligibility

118 Eligibility Requirements

A Separate Commodities

Upland and ELS cotton are considered separate commodities. Compliance with eligibility requirements for 1 kind of cotton will **not** be affected by the producer's noncompliance with respect to the other kind of cotton.

Note: ELS cotton is **not** eligible for LDP.

B Basic Requirements

[7 CFR 1427.1(c)] [7 CFR 1427.5(b)] The upland or ELS cotton, both ginned and seed cotton **must** be:

- produced by the eligible producer who tenders it for loan
- produced in the United States in the current crop year
- in existence and in good condition
- insured at the full loan value against loss or fire damage
- produced on a farm for which total cropland acreage has been reported on FSA-578.

The cotton **must not** have been sold, purchased, or formerly placed under CCC loan and redeemed. The producer must have maintained continual BI in the cotton. BI, once lost, cannot be reestablished.

In addition, cotton is **not** eligible for loan or another LDP if LDP has been paid on this cotton.

Note: Producers **cannot** repay LDP's to cause the cotton to be eligible for a loan or a subsequent LDP.

C ELS Cotton

To be eligible for loan, ELS cotton **must** be:

- a variety or hybrid of the barbadense species of cotton
- except for seed cotton, ginned on a roller gin.

119 Eligible Quantity

A Quantity Eligible for Loan or LDP

[7 CFR 1427.5] Upland cotton produced on eligible acreage by an eligible producer is considered eligible for loan or LDP.

Any ELS cotton produced on eligible acreage by an eligible producer is considered eligible for loan.

B Establishing Estimates of Yield

COC will:

- annually determine reasonable estimates of yield for each commodity based on crop and weather conditions in the county
- document determination in COC minutes
- review questionable applications.

119 Eligible Quantity

C Questionable or Commingled Production

For quantity offered for loan or LDP that exceeds COC maximum established yield by:

- up to 10 percent:
 - producer will provide a statement of reasonableness considering for things, such as farming practices and prior year's production
 - CED will make a determination to approve or deny the requested based on his/her knowledge and current yields in the area

Notes: Approvals **must** be documented in the loan or LDP file.

Denials will automatically be referred to COC.

- more than 10 percent:
 - producer will provide a statement of reasonableness considering for things, such as farming practices and prior year's production
 - COC will make a determination to approve or deny the requested based on his/her knowledge and current yields in the area

Notes: The decision **must** be documented in the loan or LDP file, and recorded in the COC minutes. Statement of reasonableness from producer will be attached to applicable CCC Cotton A-5 or CCC-633 EZ.

If COC denies the request, send the 8-LP, Exhibit 11, subparagraph L letter to the producer. The letter will be revised to meet the specific circumstances and provide the producer appeal rights.

Using yields from other producers' farms is not permitted.

All yield approvals and justification for approvals will be documented in the file and include the CED or COC chairperson's signature and date, as follows:

- for loans, on the CCC Cotton A-5
- for LDP's, on the CCC-633 EZ, Page 3, Item 56.

D COC May Not Delegate Yield Determination

COC may **not** delegate authority to approve quantities submitted for loan or LDP that exceed 10 percent of the COC-established yield for the eligible acreage.

120 Landlord-Tenant Provisions**A Divided Cotton**

[7 CFR 1427.5(f)] If the bales of cotton are divided among the producers entitled to share in the cotton, each landowner, landlord, tenant, and sharecropper may obtain a loan on that individual's separate share.

B Cotton Not Divided

[7 CFR 1427.4(d)] If the cotton is **not** divided, all producers who have a share in the cotton **must** obtain a joint loan or LDP.

Note: If 1 or more producers who share in the bale are considered ineligible for loan, the entire bale is ineligible for loan or LDP.

C Ineligible for Loan

[7 CFR 1427.5(f)] Cotton is ineligible for loan or LDP that is:

- received as fixed or standing rent by a landowner, landlord, tenant, or sharecropper
- acquired directly or indirectly from a landowner, landlord, tenant, or sharecropper
- [7 CFR 1427.1(c)] produced on land owned by the Federal Government if the land is occupied without lease, permit, or other rights of possession.

121 Storage Requirements

A Basic Policy for Ginned Cotton [7 CFR 1427.5(b)(2) and (3)]

Ginned cotton pledged as loan collateral **must** be stored:

- at a warehouse that has entered into CSA with CCC
- inside this warehouse, unless specifically authorized.

A cotton warehouse that has signed CSA, but is temporarily out of compliance for any reason, is considered to be in “suspended” status. At a warehouse that is in “suspended” status:

- loans disbursed before the suspension are **not** affected
- new loans **cannot** be disbursed until the suspension is remediated.

Warehouses that do **not** have CSA, or warehouses whose CSA have been terminated by CCC, may **not** store cotton loan collateral. At these warehouses:

- loans disbursed before any termination of CSA are subject to immediate redemption
- new loans **cannot** be disbursed.

Cotton is considered to be stored outside if it is outside on the 16th calendar day following notification from CCC that the bale has been used as loan collateral.

Areas approved by CCC for outside storage are identified in Exhibit 19. Warehouse loan bales are subject to the following terms and conditions:

- the warehouse **must** have applied for, and been approved by CCC, to store cotton loan collateral outside
- the county or area **must** be established by CCC as being a storage-deficit area for the crop year, based on whether the approved storage capacity of CSA warehouses equals or exceeds the estimated cotton production for the year
- the warehouse **must** agree to special storage, handling, and reporting requirements
- storage credits are **not** provided during the period of time the bale is stored outside, and cotton transferred from the warehouse is eligible for storage credits at the new location until the maturity date of the cotton.

121 Storage Requirements (Continued)

B Seed Cotton

[7 CFR 1427.165] Seed cotton pledged for loan **must** be stored:

- in a manner that will adequately protect it against loss or damage
- in identity-preserved lots.

C Approved Warehouses

[7 CFR 1427.5(b)(2)] KCCO approves warehouses to store cotton under the program and will issue instructions to these warehouses.

Note: County Offices will advise warehouse operators who want approval of warehouses to contact:

KCCO, CMD, SCB
STOP 8748
PO BOX 419205
KANSAS CITY MO 64141-6205

Phone: 816-926-6420
FAX: 816-926-1804.

KCCO will send State Offices the list of approved warehouses, including the following:

- receiving charge
- monthly storage charge.

State Offices will send copies of the lists to the County Offices.

122 Fire Insurance Requirements

A Insurance Required

[7 CFR 1427.5(b)] For ginned cotton to be placed under loan, it **must** be covered by fire insurance.

[7 CFR 1427.5(f)] For seed cotton to be pledged under loan, it **must** be insured at the full loan value against loss or damage by fire.

123 Basic Cotton Quality Requirements

A Basic Requirements

[7 CFR 1427.9(a)] Ginned cotton **must** be graded by AMS and be of a grade, leaf, strength, staple length, and micronaire reading, including Exhibits 5 through 11, to be eligible for loan or LDP.

The base quality for upland cotton is:

- SLM 1-1/16 inch
- leaf 4
- micronaire 3.5 - 3.6 and 4.3 - 4.9
- strength 25.5 - 29.4 grams/tex
- length uniformity of 79.5 - 82.4 percent.

B Upland Cotton Quality Requirement

[7 CFR 1427.5(d)] Use the following exhibits for determining whether the applicable grade, leaf, strength, staple length, and micronaire reading are within eligible ranges for upland cotton and for determining appropriate premiums and discounts:

- Exhibit 5 for grade, leaf, and staple length
- Exhibit 6 for extraneous matter
- Exhibit 7 for uniformity
- Exhibit 8 for strength
- Exhibit 9 for micronaire readings.

C ELS Cotton Quality Requirement

[7 CFR 1427.5(c)] For program eligibility, ELS cotton **must** be a grade and staple length specified on the schedule of loan rates and premiums and discounts for ELS cotton. Use the following exhibits for determining whether the applicable grade, staple length, and micronaire reading are within eligible ranges for ELS cotton:

- Exhibit 10 for grades and staple length
- Exhibit 11 for micronaire readings.

ELS cotton of a staple length less than 44/32 (1 3/8 inch) is ineligible for loan.

D Seed Cotton Quality

[7 CFR 1427.165] Because seed cotton is **not** classed before being pledged for loan, an average quality is ordinarily used in determining loan rate.

124 Liens – Search, Waivers, and UCC-1 Requirements**A Basic Policy**

Lien, lien search, and UCC-1 filing policies:

- are based on:
 - producer risk factors, such as loan or LDP violations, CCC notification or awareness of existing liens, or bankruptcy or OIG review of the producer at the time of the loan request
 - the value of the individual loan or the aggregate value of multiple loans

Note: Aggregate value is defined as the total loan amount approved and disbursed for a specific crop year without regard to any amounts that may have been repaid.

- whether the loan is farm-stored or warehouse-stored (CCC holds a receipt)
- whether CCC will be charged a fee for filing UCC-1 or similar records.
- do **not** apply to LDP's because there is no opportunity for dispute over who has the superior security interest in the loan collateral.

Notes: Lien searches are **not** required for Federal and State tax liens.

CCC-679 is required for IRS Notice of Levy.

124 Liens – Search, Waivers, and UCC-1 Requirements (Continued)

A Basic Policy (Continued)

Use the following tables for determining the required actions.

Does the producer have 1 of the following:			
<ul style="list-style-type: none"> loan or LDP violation in current or preceding year existing lien on crop at time of request, either bankruptcy or OIG investigation? 			
Answer	Loan Type	Conduct Lien Search	File UCC-1 or Equivalent if No Fee
Loan Value Less Than \$50,000			
Yes	All loans	Yes	Yes
No	Farm-Stored: Seed cotton or ELS Outside Stored	Yes, if no charge to CCC	Yes
	Warehouse-Stored: Upland or ELS	Yes, if no charge to CCC	No
Loan or Aggregate Loan Value <u>1/</u> of \$50,000 and More			
Yes	All loans	Yes	Yes
No	Farm-Stored: Seed cotton or ELS Outside Stored	Yes	Yes
	Warehouse-Stored: Upland or ELS	Yes	No

1/ Based on disbursed values, **not** outstanding balance.

Note: ELS cotton is ineligible for an outside-stored loan if a warehouse receipt has been issued for it, whether or not such receipt is presented to CCC.

IF the fee for a lien search is...	AND the fee for filing UCC-1 or similar record is...	THEN...
zero	zero	<ul style="list-style-type: none"> conduct a lien search regardless of loan value file UCC-1.
zero	imposed	<ul style="list-style-type: none"> conduct a lien search regardless of loan value file UCC-1 for farm-stored and seed-cotton loans.
imposed	zero	<ul style="list-style-type: none"> file UCC-1 conduct a lien search if the loan or aggregate loan amount is \$50,000 or more.
imposed	imposed	<ul style="list-style-type: none"> conduct a lien search if the loan or aggregate loan amount is \$50,000 or more file UCC-1 for farm-stored and seed-cotton loans.

Note: A joint disbursement of loan proceeds to the producer and lienholder does **not** satisfy the requirement for a lien waiver.

124 Liens – Search, Waivers, and UCC-1 Requirements (Continued)**B Determining Whether or Not Liens Exist**

When necessary to determine whether or **not** a lien exists, County Offices will make a lien search on **all** cotton (seed cotton and lint cotton) to be pledged for loan at the appropriate recording official's office.

Exception: If a producer certifies to a lienholder, CCC-679 can be submitted to the County Office and honored.

When:

- actual notice of the existence of an unrecorded lien is provided to the County Office by the lienholder in person or in writing, consider the lien an existing lien
- A lien exists for nonpayment of a Boll Weevil Eradication Program assessment, the producer **must** seek a lien waiver from an authorized representative of the State before the loan can be disbursed.

Notes: If a lien waiver is **not** obtained, do **not** disburse the loan.

Do **not** process a State statutory lien payment as an administrative offset.

C Obtaining CCC-679

CCC-679's will be obtained by the producer or CMA, as applicable:

- **after** each loan request and **before** disbursing the loan
- if liens or encumbrances are recorded, including waivers from FSA FLP representatives
- even if the liens or encumbrances will be satisfied from the loan proceeds
- if **actual** notice is received from a lienholder
- for IRS Federal tax liens, if the producer certifies that the lien exist.

124 Liens – Search, Waivers, and UCC-1 Requirements (Continued)

C Obtaining CCC-679 (Continued)

CCC-679’s are **not** required for unrecorded liens unless the County Office has received actual notice of a lien from the lienholder.

CCC-679 will be obtained from CMA, according to 1-CMA, when CMA informs the County Office that a lien is present.

Once CCC-679 is obtained for the first loan made for a specific crop year, the same CCC-679 may be used for all subsequent loans made for the specific crop, if CCC-679 is applicable for “ALL” quantity on specified farms, including “ALL” farms. However, a lien search will be performed for **all** loan requests according to subparagraph B.

D Completing CCC-679 for Producers

County Offices will complete:

- CCC-679 according to this table
- Item 5 (c), if applicable, according to subparagraph E.

Item	Instructions
1A-C	Enter county name, address, telephone, and FAX. Notes: More than 1 County Office can be listed in item 1A. If producer farms in more than 1 county, a county with a signed CCC-679 may, if requested, FAX CCC-679 to the other County Office to use, if the crop year and cotton listed in items 3 and 4 are correct. It is not necessary for the other County Office to obtain another CCC-679 from the lienholder if the crop year and commodities are correct.
2	Enter producer name and address. If lienholder has UCC-1 filed for both the borrower and spouse, enter both names.
3	Enter crop year.
4	Enter commodity. More than 1 commodity may be listed. Enter each commodity. Example: Enter, “Cotton”.
5	Lienholder must indicate how the monetary proceeds are to be distributed by entering a check (✓) in 1 of the boxes provided. See subparagraph D to complete item 5 (c).
6	Enter lienholder’s or authorized agent’s name and address.
7A-C	Lienholder identified in item 6 must sign and date CCC-679.

Notes: Signed and dated CCC-679 may be FAXed or scanned and e-mailed to the applicable County Office. For producers who farm in more than 1 county, signed and dated CCC-679 may be FAXed to the other County Offices.

124 Liens – Search, Waivers, and UCC-1 Requirements (Continued)

E Completing CCC-679, Item 5 (c)

Complete CCC-679, Item 5 (c) according to this table.

IF...	AND...	THEN...
an administrative offset does not apply		enter “none” on CCC-679, item 5 (c), value line.
an administrative offset does apply	the lienholder is any of the following: <ul style="list-style-type: none"> • CCC • USDA • USDA, Farm Loan Programs • FSA • FSA, Farm Loan Programs 	enter the offset amount as of the date CCC-679 is prepared on CCC-679, item 5 (c), value line. <ul style="list-style-type: none"> • enter the offset amount as of the date CCC-679 is prepared on CCC-679, item 5 (c), value line • calculate the estimated net disbursement amount as follows: <ul style="list-style-type: none"> • multiply applicable county loan rate for the commodity times the quantity for loan • deduct assessments, fees, and administrative offsets, as applicable.
a statement of charges, according to paragraph 164, accompanies the warehouse receipt		do either of the following: <ul style="list-style-type: none"> • add the total dollar amount of the charges to any other offset amounts • modify the statement to add language that states whose charges are being offset without specifying the type or amount of the charges.

124 Liens – Search, Waivers, and UCC-1 Requirements (Continued)

E Completing CCC-679, Item 5 (c) (Continued)

The following is an example of CCC-679.

This form is available electronically.

CCC-679 (11-15-16)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1A. County Name and Address (Including Zip Code)	
LIEN WAIVER				1B. County Office Telephone Number (Including Area Code)	
				1C. County Fax Number (Including Area Code)	
2. Name and Address of Producer (Including Zip Code)		3. Crop Year		4. Commodity	
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a – as amended). The authority for requesting the information identified on this form is 7 CFR Part 1421, 7 CFR Part 1425, 7 CFR Part 1427, 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under a Commodity Credit Corporation (CCC) loan program by documenting that a lien waiver has been authorized by the current lienholder for purposes of pledging the commodity to CCC for a loan. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under a CCC loan program.</p> <p>This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration). The provisions of criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.</p> <p>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>					
5. The undersigned is the holder of a lien on the commodity identified above. In order for the producer identified above to pledge such commodity as collateral for a Commodity Credit Corporation ("CCC") loan, with respect to CCC only, the undersigned waives all interest in, and title to, such commodity. The undersigned agrees that the proceeds of the loan shall be disbursed (lienholder must check one of the following):					
(a) <input type="checkbox"/> To the producer.					
(b) <input type="checkbox"/> Jointly to the producer and the undersigned lienholder.					
(c) <input type="checkbox"/> Jointly to the producer and the undersigned lienholder, less (1) \$ _____ administrative offset as of (2) _____ (Date) and charges due (3) _____.					
6. Name and Address of Lienholder or Authorized Agent					
7A. Lienholder Signature (By)		7B. Title/Relationship (of the Individual Signing in the Representative Capacity)		7C. Date	
7A. Lienholder Signature (By)		7B. Title/Relationship (of the Individual Signing in the Representative Capacity)		7C. Date	
<p><i>In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.</i></p> <p><i>Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.</i></p> <p><i>To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.</i></p>					

124 Liens – Search, Waivers, and UCC-1 Requirements (Continued)

F Completed CCC-679 Returned to County Office

When CCC-679 has been completed and signed by the lienholder and is returned to the County Office, the County Office will, **before** disbursing the loan, ensure that the lienholder has:

- signed and dated item 7
- checked appropriate block (a), (b), or (c) of item 5.

Signatures **must** be affixed personally by all lienholders or authorized agents. The County Office may verify the lienholder’s signature, if necessary.

Follow this table for guidance when preparing disbursement of the loan.

IF...	THEN, if the lienholder has checked block...
an administrative offset is: <ul style="list-style-type: none"> • required for FSA, CCC, or other creditor agencies • for a statement of charges submitted with a warehouse receipt, according to paragraph 164 	<ul style="list-style-type: none"> • (b), do not disburse the loan • (a) or (c) in agreement with the offset, disburse the loan. <p>Note: See paragraph 41 for offsets.</p>

G Obtaining Additional CCC-679’s

If additional liens or situations that do **not** fully protect CCC’s interest are discovered **after** a loan is disbursed, County Offices will:

- obtain additional CCC-679’s
- take any other necessary action, according to the regional attorney’s advice, including calling the loan.

The following are examples of situations that do **not** protect CCC’s interest:

- lien or liens were overlooked during the lien search
- all lien waivers were **not** obtained
- UCC-1’s were **not** filed properly
- UCC-1’s were **not** extended when required.

124 Liens – Search, Waivers, and UCC-1 Requirements (Continued)

H Cooperative Loans

Lien waivers are **not** required for loans to approved cooperatives that have entered into agreements that do **not** hold CCC responsible for any prior liens asserted against CCC.

Note: No additional liens or encumbrances will be placed on the cotton after the loan is approved.

I Estimating Net Disbursement Amount

County Offices will determine the estimated net disbursement amount using this table.

Step	Action
1	Determine an estimated loan rate based on loans already processed.
2	Determine an estimated bale weight based on loans already processed.
3	Multiply the result of step 1 times the result of step 2 times the number of bales for which the loan is requested.
4	Calculate the estimated research and promotion fee for upland cotton according to subparagraph 171 A. After multiplying the following, add the results: <ul style="list-style-type: none"> • result of step 3 times .005 • number of bales times \$1.
5	Determine the loan service fee by adding \$7.50 to the result of multiplying the number of bales times \$0.90.
6	The estimated net disbursement amount is the result of step 3 minus the following: <ul style="list-style-type: none"> • the result of steps 4 and 5 • amount of offset entered on CCC-679 and, if applicable, the amount of charges according to paragraph 164. <p>Note: Round result to whole dollars.</p>

J UCC-1 or UCC-1F

Regardless of the filing fee, County Offices will file UCC-1 or UCC-1F, as applicable, for all:

- seed cotton loans
- farm-stored (outside-stored) ELS cotton loans.

Note: This filing will occur **after** the lien search so that there can be no intervening security interest established.

124 Liens – Search, Waivers, and UCC-1 Requirements (Continued)

K Release of Security

After the loan is repaid in full, release or obtain the release of any security instruments of record upon request of the borrower.

- The COC chairperson or CED is authorized to act as an agent of CCC in releasing security instruments.
- Termination statements will be executed according to State law.
- The borrower **must** pay any expense connected with releasing security instruments, if applicable under State law.

L Special Policy for Paying Lien Search and UCC-1 Filing Fees

Producers may pay for lien search and filing fees with a check made out to the applicable recording office.

Producer-paid charges will **not** be deducted from the loan proceeds.

Note: County Offices will advise producers that paying for lien search and filing fees may decrease the lag time between a loan request and loan disbursement, but does **not** guarantee faster fund disbursement.

County Offices will process UCC-1's in the normal manner by attaching the producer's check to UCC-1 when submitting UCC-1 for filing.

125 Bale and Quality Requirements

A Packing and Compression

[7 CFR 1427.5(b)(4) and (5)] Bales **must** be packaged, tied, and compressed using the materials and standards meeting JCIBPC specifications with the heads completely covered.

Bales **must not** be:

- false-packed
- water-packed or wet

Note: Wet cotton is defined at 7 CFR 1427.5 (b)(4) as cotton at a gin having 7.5 percent or more moisture, wet basis, at any point in the bale.

125 Bale and Quality Requirements (Continued)**A Packing and Compression (Continued)**

- mixed-packed
- reginned
- repacked
- compressed to high density at a warehouse
- compressed to universal density that has had side pressure applied.

Note: Bales compressed to high density at a gin are eligible for loan.

B Tagging

[7 CFR 1427.23(a)(4)] Bales **must** be represented by either a warehouse receipt or a list provided by the gin showing bale numbers and net weight established at the gin.

C Weight

[7 CFR 1427.5(b)(9)] [7 CFR 1427.8(b)] Bales **must** weigh at least 325 pounds net weight. Bales of more than 600 pounds net weight may be pledged for loan at 600 pounds net weight.

If there is an error in bale weight:

- before loan is made, the County Office must require the issuing warehouse to issue a new receipt with the correct weight
- after loan or LDP is made, the County Office **must not** increase or decrease the amount of the loan or LDP. Requests for corrections by producers will be denied. However, appeal rights will be provided according to 1-APP.

D Definition of Tare Weights

Tare weight means the weight of the cotton bale packaging materials, which when deducted from the gross bale weight yields the net bale weight.

E Valid Tare Weights

The valid tare weights that can be entered when processing cotton loans through CLPS are 2, 3, 4, 5, 6, 7, and 8.

125 Bale and Quality Requirements (Continued)

F Minimum Quality Requirements (7 CFR 1427.25(h))

To be eligible for loan, a bale of upland cotton **must** be of such quality that, based on the prevailing base loan rate and premiums and discounts for quality, the loan rate adjusted for premiums and discounts for the cotton is greater than zero.

CCC's policy is that the gain for repaying MAL will **not** exceed the loan value of the commodity. Thus, if the loan value of cotton is zero, the loan gain for such cotton is also zero.

Note: CCC does **not** provide loans for cotton having a computed loan value of zero or less.

G Classification Codes

The AMS Universal Classification Data Format for a bale may contain Remarks Codes in columns 46 and 47 and Special Condition Codes in columns 32 and 33. The meaning of these codes and the loan eligibility of the cotton is identified in the following table.

Code	AMS Classification Trait	Loan Eligibility Status	
		Eligible	Ineligible
Remarks Codes			
75	Other side of sample 2 or more color grades and/or color groups or 1 color grade and 1 color group higher.	X	
76	Reginned.		X
77	Repacked.		X
78	Pima, redder than normal.	X	
92	Pima ginned on saw gin.		X
Special Condition Codes			
93	Pima, mixed pima and upland.		X
94	Pima, fire damaged.		X
95	Pima, water damaged.		X
96	Upland, mixed pima and upland.		X
97	Upland, fire damaged.		X
98	Upland, water damaged.		X

126-159 (Reserved)

Part 3 Loans for Ginned Cotton

Section 1 Loan Requirements

160 Regular Loans

A General

This part covers the following day-to-day operations of County Offices that are required before making and disbursing a cotton loan payment:

- source of loan
- loan availability
- disbursements
- bankruptcy cases
- liens
- interest rates.

B Basic Program Provisions

Included in this part are the basic provisions applicable to specific types of loans, such as:

- warehouse receipt requirements
- determining loan rates
- acceptable classification data
- maturity dates.

161 Source of Loans**A Cotton Loans**

[7 CFR 1427.6] Eligible producers may obtain cotton loans (and LDP's) **only** from any of the following:

- the County Office that keeps the farm records for the farm on which the cotton was produced (the Administrative County)
- an approved cotton clerk, according to 14-CN [7 CFR 1427.6]
- an approved LSA, according to 22-CN [7 CFR 1427.5(a) and 1427.6]
- an approved CMA, according to 21-CN. [7 CFR 1427.5(a)]

Any county Office can accept LDP and MAL applications, but County Offices that are **not** the Administrative County for a multi-county producer **must** send loan, LDP, module lock-in, and other such requests to the Administrative County for processing.

Notes: The producer may obtain loans by having an email sent to the County Offices with cotton bale data prepared by a private entity according to paragraph 167 [verify].

CMA's may obtain loans for their eligible producers. [7 CFR 1427.6(b)].

162 Loan and LDP Availability and Maturity Dates**A Availability Dates**

[7 CFR 1427.5(a)] CCC cotton loan and LDP applications may be submitted from harvest through May 31 after the calendar year in which the crop is planted. If May 31 falls on a nonworkday, the final date will be the next workday. This availability date is the deadline by which CCC **must** have received all requirements for either a loan or LDP (subparagraph 181 B). Any items requiring signature or action by a 3rd party **must** be submitted with required signature or action completed.

Examples: Lien waivers **must** be signed; CCC **must** be holder of warehouse receipts.

B Maturity Date

[7 CFR 1427.7(a)] Loans mature on the last day of the 9th calendar month following the month in which the loan is disbursed, or on an earlier date if CCC calls the loan.

Nonworkday: If the maturity date falls on a nonworkday, the maturity date will be the next workday.

C CCC Action on Nonpayment at Maturity

At CCC's choice, title to the cotton will, without sale, immediately vest in CCC. CCC may sell, transfer, and deliver the collateral cotton and documents evidencing title according to the terms of CCC-Cotton A, CCC-601, and any applicable appendix.

CCC will have no obligation to pay for any excess of the amount of the loan, plus interest and charges, if applicable.

162 Loan and LDP Availability and Maturity Dates (Continued)

D Maturity Month Table

This table shows applicable maturity months. Loans **cannot** be extended.

Month Disbursed	Maturity Month (Last Day)
June	March
July	April
August	May
September	June
October	July
November	August
December	September
January	October
February	November
March	December
April	January
May	February

163 Warehouse Receipt Requirements**A Definition of Acceptable Warehouse Receipts**

[7 CFR 1427.3, 1427.11] Acceptable warehouse receipt means an original or replacement electronic warehouse receipt (EWR) record issued by a CCC warehouse recorded in a central filing system or systems maintained in one or more locations approved by FSA to operate such system. Acceptable warehouse receipts contain the required information listed in subparagraphs B through K, and the data is validated by a FSA approved EWR provider.

Note: CCC will **not** accept paper warehouse receipts as collateral for MAL's.

B Allowance for Delivery of Cotton

The warehouse receipt **must** provide for delivery of the cotton to the bearer.

C Gin Bale Number

The warehouse receipt **must** contain gin bale number. If:

- gin number and warehouse receipt number are the same, a notation to that effect will meet the requirement
- bale was moved from origin warehouse, new receipt **must** contain the warehouse receipt tag number and identification of the origin warehouse.

D Receiving Charges

[7 CFR 1427.11(e)] The warehouse receipt **must** show whether warehouse receiving charges have been paid or waived.

E Warehouse Code

The warehouse receipt **must** contain the warehouse code that was assigned by CCC.

163 Warehouse Receipt Requirements (Continued)**F Warehouse Tag Number, Including Tare and Net Weights**

[7 CFR 1427.11(c)] The warehouse receipt **must** contain the:

- warehouse tag number (warehouse receipt number)
- tare and net weight of the cotton.

Notes: Tare weight **must** be 1 of the weights in pounds according to subparagraphs 72 C and 125 E.

A machine card type warehouse receipt reflecting an alteration in gross, tare, or net weight will **not** be accepted by CCC unless it bears, on the face of the receipt, **all** of the following or similar wording approved by CCC, executed by the warehouse or authorized representative of the warehouse:

- correct (gross, tare, or net) weight
- name of warehouse
- “by” – signature or initials
- date.

G Compression Status and Charges

[7 CFR 1427.11(f)] Warehouse receipts **must** show:

- compression status of the bale – i.e. flat, modified flat, standard, gin standard (short) gin universal, universal density (short), or warehouse universal density
- if the compression charge has been paid or the warehouse claims no lien for such compression.

Notes: Bales **must not** be compressed to universal density if side pressure has been applied.

If compression charge has **not** been paid or waived, no statement is required.

See subparagraph 183 B for compression codes.

H Storage Charges

[7 CFR 1427.11(d)] Warehouse receipts **must** show the date through which storage charges have been paid, if they have been paid.

163 Warehouse Receipt Requirements (Continued)**I Charges for New Ties**

[7 CFR 1427.11(f)] Warehouse receipts **must** show information on charges for new sets of ties for compressing bales tied with ties that **cannot** be reused.

Note: This does **not** apply for bales stored in:

- Alabama
- Florida
- Georgia
- North Carolina
- South Carolina
- Virginia.

Charges **must** be shown on the warehouse receipt and noted, “Rec. charges due include charge for new set ties”, or explained with other appropriate notation if all of the following apply:

- bale is stored at a warehouse that has compress facilities or arrangements
- receipt shows the receiving charges have **not** been paid
- receiving charges include charge for new set of ties.

In addition, it **must** be shown on the receipt that bale ties are **not** suitable for reuse if both of the following apply:

- bale is stored at a warehouse that does **not** have compress facilities or arrangements
- bales shipped from the warehouse are normally compressed in transit.

J Date of Receipt

[7 CFR 1427.11(a)] Warehouse receipts **must** be dated on or before date the producer signs CCC-Cotton A.

K Signature Requirements on Receipt

EWR’s machine or rubber stamp facsimile signature or other type affixed by the warehouse operator or authorized representative **must** meet the requirements of the Uniform Commercial Code (UCC 7-201-205) or be approved by the licensing authority.

163 Warehouse Receipt Requirements (Continued)**L Producer-Identified Cotton**

Warehouse receipts that show cotton was received by the warehouse from the producer may be accepted for obtaining a loan or LDP if all other requirements in this paragraph are met.

Warehouse receipts that show cotton was received by the warehouse from anyone other than the producer or the producer's agent, including bearer and blank entries, can only be accepted for purposes of obtaining a loan or LDP if both of the following are applicable:

- all other requirements in this paragraph are met
- the producer provides a gin tag list prepared by the ginner that shows the cotton represented by the presented receipts were ginned for the producer or for the account of the producer.

Note: Entries that show cotton received from someone other than the producer, but is for the account of the producer, is identified with the producer.

Example: If the warehouse showed the cotton was received from "ABC gin for the account of John Doe", the receipt is identified with the producer.

164 Statement of Charges Attached to Warehouse Receipts**A Applicability**

A separate statement of charges or bill that is **not** part of the warehouse receipt, but is attached to or submitted with the warehouse receipt, that indicates charges **normally** associated with handling the commodity represented by the warehouse receipt will:

- be considered an offset amount
- **not** be considered a lien.

Note: Statement of charges or bills must be signed by the producer.

Charges approved for offset without written DAFP concurrence are:

- gin-related charges including, handling, storage, drying, cleaning, ginning, in and out charges, transportation to and from the gin, marketing services, and classing charges that may be billed by the gin or warehouse
- loan clerk service or marketing fees.

Charges **not** listed **must** be submitted to DAFP for concurrence before they can be offset.

Charges that may **not** be offset from loan proceeds include:

- warehouse receiving or load-out charges
- any warehouse storage charges.

If an offset applies, do **not** disburse the loan unless the lien holder agrees to the offset by checking item 5 C on CCC-679. If item 5 (a) or (b) is checked, advise the producer that the loan will **not** be approved or disbursed.

164 Statement of Charges Attached to Warehouse Receipts (Continued)

B Handling as an Offset

The amount of applicable charges shown on the statement of charges or bill will be considered an offset.

County Offices will record the applicable charges on CCC-679 by doing either of the following:

- adding the total dollar amount of the charges shown on the statement of charges to any CCC, FSA, or other Government agency debt
- modifying the sentence in lienholder’s block, item (c), to add language that states whose charges are being offset without specifying the type or amount of the charges.

Notes: If the loan is approved, the amount of applicable charges shown on the statement of charges or bill will be handled as an offset for an alternate payee.

See subparagraph 124 E for an example of CCC-679.

165 Electronic Warehouse Receipts**A Definition of EWR**

EWR means an electronic file in a central filing system that has been identified to an EWR holder and contains warehouse receipt information relative to a bale of cotton.

Notes: EWR's are issued:

- only by licensed cotton warehouse operators
- by transmitting all necessary information to an approved provider who maintains EWR's in a central filing system.

See Part 9 for cotton warehouse receipt processing.

B Definition of Central Filing System

Central filing system means an electronic computer system operated and maintained by an approved provider where information relating to EWR's is recorded.

C Definition of Approved Providers

[7 CFR 1427.17] Approved provider means providers that enter into a user agreement with CCC that ensures:

- EWR's are maintained in a secure central filing system
- all EWR data is in a format that meets MAL and LDP program requirements.

D Definition of EWR Holders

EWR holder means individuals or entities in possession, in fact or by operation of law, of EWR and by extension, of the cotton, represented thereby.

166 Classification Data**A AMS Classed**

All cotton tendered for loan **must** be classed by an AMS classing office.

See Exhibit 12 for an explanation of the codes used by AMS in its Universal Classification Data Format.

B Acceptable Classification Data

The only AMS classification data acceptable for processing a loan and LDP application is classification information downloaded according to paragraph 341.

C Sampling

Only 1 sample per bale is to be drawn and sent to the AMS classing office; however, if 2 or more samples are submitted by error or for another reason, use the classification that has the lower loan rate.

D Reclassification

When cotton is reclassified, the loan rate or the LDP rate is based on:

- the original classification information if the reclassing occurs **after the loan or LDP bales have been downloaded** according to paragraph 341, regardless of whether the reclassification would result in a higher or lower loan or LDP value
- the reclassification information if such information is **available before the loan or LDP bales have been downloaded**, according to paragraph 341.

If loan cotton is forfeited, the loan is **not** corrected if the cotton had been reclassified. Cotton is cataloged for sale by CCC based on the reclassing information.

E Two-Sided Bales

Two-sided bales (Code 75) may be pledged for loan using the lower side if the bale is **not** mixed-packed.

167 **Preprocessed Bale Data**

A Purpose

All loans are based on data stored in COPS. The use of manual data entry directly into CLPS will **only** be allowed by using a system password issued by the State Office. This will:

- require all loan data to be downloaded using COPS
- support the validation of duplicate benefits and data errors before the loan or LDP is disbursed.

Exhibit 13 provides 2 formats for preparing bale data files. These are the “extended” format and the “abbreviated” format. Either format may be used for loans.

Loans may be disbursed only if both of the following are available from COPS:

- EWR for which CCC is the current holder
- AMS classing records.

B Data Received by E-Mail

Preprocessed bale data can be accepted by e-mail. County Offices **must** save the electronic data in a **local share drive** by crop year according to the instructions listed in the chart and follow 16-PS for processing loans using the electronic data files.

Step	Action
1	Select the assigned share drive for the service center, the S: or F: drive.
2	Create a folder labeled “ FSA Cotton Bale Data ”
3	Create a subfolder under “FSA Cotton Bale Data” and label it “ Cotton CY “XXXX” with “XXXX” representing the 4-digit crop year.
4	Create a subfolder under the “Cotton CY XXXX” for each gin from which cotton bale data files are received to be labeled, “ (Name of Gin) CY XXXX ”
5	Then create a subfolder for each applicable producer/legal entity since more than one file may be received.

Note: County Offices **must not** store cotton bale data on a hard drive or a personal drive. The purpose of saving to a share drive is to allow more than one County Office user access to the file.

167 Preprocessed Bale Data (Continued)

C Determining Date Documents Received

“Date Documents Received” and “Date Signed Documents Received” are two different terms with different purposes.

The definition of “date documents received”, if both documents are not submitted on the same day, is the later date when a County Office receives:

- the CCC Cotton A-5 with all of the required signatures
- the bale list.

If the date the bale list is a determining factor for establishing the “date documents received”, then use the date the bale list was received either electronically or by a paper list. The “date documents received” is used for credit storage purposes.

“Date Signed Documents Received” is the date when all of the required documents as listed in paragraph 181 have been submitted for a loan request. The “date signed documents received” is used for prompt pay purposes.

Notes: If a loan applicant is delinquent in signing CCC-Cotton A, amend the “date signed documents received” in CLPS to no earlier than 15 calendar days from the date the applicant was notified that the note and security agreement are available for endorsement according to subparagraph 14 A.

See paragraph 291 for LDP requirements related to “date documents received”.

168 Loan Rates for Ginned Cotton**A Upland Cotton****Base Loan Rate**

[7 CFR 1427.1(b)] [7 CFR 1427.8(a)] Upland cotton loan rates are the base quality rate for SLM 1-1/16 adjusted for premiums and discounts, and **not** adjusted for location.

Premiums and Discounts

Use the following exhibits to adjust base loan rate for the applicable premiums and discounts:

- Exhibit 5 for grade, leaf, and staple length
- Exhibit 6 for extraneous matter
- Exhibit 7 for uniformity
- Exhibit 8 for strength
- Exhibit 9 for micronaire.

CCC does **not** provide a loan on a bale unless its computed loan rate is greater than zero.

B ELS Cotton**Schedule of Loan Rates**

See Exhibit 10 for the schedule of loan rates for all locations by grade and staple length.

Discounts

See Exhibit 11 for discounts for micronaire and extraneous matter.

CCC does **not** provide a loan on a bale unless its computed loan rate is greater than zero.

169 Loan Service Fee**A Service Charges**

[7 CFR 1427.13] Service charges will be assessed on all loans disbursed. The service fee will be the **smaller** of the following:

- ½ of 1 percent (.005) times the gross loan amount
- \$7.50 per loan plus 90 cents for each bale pledged.

This amount will be withheld from the loan amount.

Note: If multiple loans are made for County Office convenience, the \$7.50 fee is charged on the initial loan only but the 90 cents/bale fee applies to all bales. Follow 16-PS to reduce the \$7.50 fee on multiple loans.

170 Allowable and Nonallowable Loan Charges**A Allowable Deductions**

Allowable deductions from the gross loan amount are those for:

- nonrefundable loan service charges, according to paragraph 169
- cotton clerk fee, according to 14-CN
- upland cotton research and promotion assessment, according to paragraph 171
- graduated payment reductions, according to paragraph 32.

B Nonallowable Deductions

Nonallowable deductions from the gross cotton loan amount are **any** unpaid warehouse:

- storage charges
- receiving charges, which may include charges for new ties.

If a statutory lien exists on the cotton, such as a State lien for boll weevil eradication, or a labor lien such as ginning charges that have statutory standing, and lien waivers are:

- **not** received, do **not** disburse the loan

170 Allowable and Nonallowable Loan Charges (Continued)**B Nonallowable Deductions (Continued)**

- received and checked CCC-679, Item 5 (b), disburse loan proceeds without any offsets jointly to all lienholders and producers

Note: In such case the following fees, if requested for offset, must **not** be deducted from loan proceeds:

- ginning or other fees requested for payment by producer
- marketing fees assessed by loan clerks.
- received and checked CCC-679, Item 5 (c), disburse loan proceeds, less the specifically approved offset charges, jointly to all lienholders and producers.

Note: Cotton clerk fees are an allowable deduction from the gross loan amount.

171 Research and Promotion Fees**A Fee and Computation**

[7 CFR 1427.13(d)] Research and promotion fees paid to the Cotton Board are deducted from upland cotton (**not** ELS) loan proceeds. This fee is centrally collected and remitted to the Cotton Board from Kansas City. The amount of the fee is shown on:

- CCC-Cotton A
- CCC-881, item 7d.

CMA's and LSA's that provide loans deduct this fee from loan proceeds and pay the Cotton Board directly rather than payment collection through Kansas City.

Compute upland cotton loan research and promotion fees as follows:

charge \$1 per bale, plus a supplemental assessment of 0.5 (.005) percent of the total loan value of the cotton, before deducting charges determined according to subparagraph 163 I for providing new bale ties.

172-180 (Reserved)

Section 2 Loanmaking, Ginned Cotton

181 Required Forms and Documentation Before Processing the Loan

A Eligibility

[7 CFR 1427.5] The eligibility requirements for the producer and cotton will be determined according to Part 2 before processing loans.

B Required Forms and Documentation

When a producer requests a regular cotton loan, the producer will complete CCC Cotton A-5 according to paragraph 182 and provide:

- a list of the bales, either a paper list or an electronic pre-processed bale file
- acceptable warehouse receipts according to paragraph 163

Note: Cotton warehouse receipts **must** be held by CCC (EWR's **must** be "downloaded") for all loans repaid by cash.

- acceptable classification data according to paragraph 166
- AD-1026 according to 6-CP
- BI certification, when requested by COC, according to subparagraph 103 C
- CCC-10, according to subparagraph E
- CCC-679, when applicable, according to subparagraph 124 D
- CCC-941 for the producers and all interest holders in a legal entity according to 5-PL
- CCC-902 according to 5-PL.

Note: CCC-902 is required for foreign person determination on both loans and LDP's.

181 Required Forms and Documentation Before Processing the Loan (Continued)

C Loan Requests Submitted Electronically

Producers may submit loan and LDP application forms electronically if the applicant has received access under the eAuthentication system. See paragraph 4 for the web site.

The date and time of the electronic transmission will be considered the date and time of receipt by FSA.

D UCC-1 Not Required

The filing of UCC-1 by County Offices is **not** required for warehouse-stored upland cotton loans because CCC's security interest has been perfected because CCC holds the warehouse receipts (see subparagraph 124 A).

181 Required Forms and Documentation Before Processing the Loan (Continued)**E Completing CCC-10's and Applicability**

Producers applying for CCC or FSA loans at USDA Service Centers are required to provide specific information on CCC-10. CCC-10:

- serves as CCC's or FSA's notice of intent to perfect its security interest
- identifies an individual's name applicable to the laws in the specific State

Notes: The standards for an individual name will be specified by the State. If the 2010 amendments to UCC Article 9 have:

- been adopted, State Offices will contact their regional attorney for the standard adopted in their State
 - **not** been adopted, the regional attorney will provide guidance on the specific naming standards to follow for an individual.
- identifies for an entity, the type and location of the entity
 - identifies the jurisdiction in which CCC will perform lien searches according to State law and advice of the regional attorney
 - authorizes CCC or FSA to file financing statements **before** executing a security agreement
 - is applicable to warehouse loans to identify the jurisdiction in which to perform lien searches.

181 Required Forms and Documentation Before Processing the Loan (Continued)

F Completing CCC-10's and Obtaining Authorization

County Offices will obtain CCC-10 and signatures as follows:

- if CCC-10 is **not** already filed, obtain a signed CCC-10
- ensure that producers understand that:
 - applicable collateral for loans is **not** described on CCC-10
 - CCC-10 remains in effect until the producer notifies CCC or FSA of any changes by filling out a new CCC-10 or State laws change requiring a new CCC-10

Example: Naming standards for filing security documents in a particular State change.

- for UCC-1's filed manually that require the debtor's signature, CCC requires CCC-10 to identify the jurisdiction in which to perform lien searches
- for:
 - corporations, limited partnerships, and limited liability corporations, the person authorized to sign for the entity is **required** to sign according to 1-CM
 - estates, the executor is **required** to sign according to 1-CM
 - general partnerships and joint ventures, all partners signatures are **required, unless** an individual is authorized to act on behalf of the general partnership that binds all members according to 1-CM
 - trusts, the trustee or trustees are **required** to sign according to 1-CM
- allow spouses to sign CCC-10 for each other **only** as allowed according to 1-CM
- gather data and signatures about spouses where spousal information is required by State law according to the regional attorney
- if applicable, provide a copy of CCC-10 to other County Offices in which the producer is active.

File CCC-10's in alphabetical order in folders labeled, "PSLF-3-d-2 Financing Statements" according to the 32-AS Supplement.

181 Required Forms and Documentation Before Processing the Loan (Continued)

G Instructions for Preparing CCC-10's

CCC-10 is available for download by FSA employees from the FSA Intranet at <http://intranet.fsa.usda.gov/fsa>, CLICK "FFAS Employee Forms/Publications Site".

County Offices will prepare CCC-10 according to the following.

Item	Instructions
Part A - Introduction	
	Ensure that the producer understands the statements in this part.
Part B - Representation of Undersigned	
1	CHECK (✓) box for: <ul style="list-style-type: none"> • individual, if the producer conducts a farming operation as an individual • organization or entity, if the producer conducts a farming operation as an organization or entity.
2	If box in item 1 is checked for: <ul style="list-style-type: none"> • individual, enter the complete applicable SSN or TIN • organization or entity, enter the complete applicable TIN.
3	If box in item 1 is checked for: <ul style="list-style-type: none"> • individual, enter the naming standard according to State law, or if the 2010 amendments to UCC Article 9 have not been adopted, the naming standard to use according to the regional attorney • organization or entity, enter the full legal name of the organization or entity as filed with the State and provided on the organization charter or legal documents establishing the entity. <p>Note: This is the name that will be used on UCC forms.</p>
4	If box 1 is checked for individual, enter the naming standard according to State law, or if the 2010 amendments to UCC Article 9 have not been adopted, the naming standard according to the regional attorney, for spouse. <p>Notes: This is the name that will be used on UCC forms for additional debtors.</p> <p>If spouse has an interest in the commodity, the spouse must complete a separate CCC-10.</p>
5	If box in item 1 is checked for individual, enter the name of the State and county of producer's primary residence. Unless otherwise advised by OGC, this is where to file UCC-1's and perform lien searches.

181 Required Forms and Documentation Before Processing the Loan (Continued)

G Instructions for Preparing CCC-10's (Continued)

Item	Instructions
6	<p>If box in item 1 is checked for organization or entity, enter the type of organization or entity. Acceptable types are corporations, general or limited partnerships, limited liability companies, and trusts. An informal joint operation or venture is not a legal entity.</p> <p>Note: Members of informal joint operations or ventures are treated as individuals and must complete individual CCC-10's.</p>
7	<p>If organization or entity is registered, it must be organized under the law of a single State and must be displayed in a State public record as being organized. If the organization or entity is registered, enter the State in which the organization or entity was created and is registered. Unless otherwise advised by OGC, this is where to file UCC-1's and to perform lien searches.</p>
8	<p>If organization or entity is not registered, enter the State where the place of business is located or where the organization or entity conducts its affairs. Unless otherwise advised by OGC, this is where to file UCC-1's and to perform lien searches.</p>
Part C - Authorization to File	
9	<p>Ensure that the producer understands the statement in item 9.</p> <p>Note: Authorization to sign for another individual, organization, or entity must be on file in the FSA office for the signature to be valid.</p>
10A-10F	<p>If item 1, "individual" was checked (✓), the individual identified in item 3 will sign their name as entered in item 3 and, if applicable, a suffix, in item 10A. An individual signing in a representative capacity will also sign their name in item 10A, followed by their title/relationship in item 10B. The date of signature will be entered in item 10C.</p> <p>The individual identified in item 4 will sign their name as entered in item 4, and if applicable, a suffix in item 10D. An individual signing in a representative capacity will also sign their name in item 10D, followed by their title/relationship in item 10E. The date of signature will be entered in item 10F.</p>
11A-11F	<p>If item 1, "organization or entity" was checked (✓), enter the legal name of the organization or entity in item 11A. The individual authorized to sign for the organization or entity will also sign their name in item 11A, and include their title/relationship in item 11B. The date of signature will be entered in item 11C.</p> <p>Example: Item 11A, Hobbitt Farms, John H. Smith Item 11B, Partner"</p> <p>If an additional signature is required for an organization or entity, that additional individual will sign in item 11D. Their title/relationship must be entered in item 11E, and the date in item 11F.</p>

181 Required Forms and Documentation Before Processing the Loan (Continued)

H Example of CCC-10

The following is an example of a completed CCC-10.

This form is available electronically. OMB Control No. 0560-0215
OMB Expiration Date: 06/30/2018

CCC-10 (11-13-17)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation Farm Service Agency	
REPRESENTATIONS FOR COMMODITY CREDIT CORPORATION OR FARM SERVICE AGENCY LOANS AND AUTHORIZATION TO FILE A FINANCING STATEMENT AND RELATED DOCUMENTS			
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 761, 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (16 U.S.C. 714 et seq.), the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under a CCC or FSA loan program through documentation of producer acknowledgment of, and agreement to, the terms and conditions of CCC's or FSA's notice of intent to protect its security interest, identification of debtor or entity, and authorization for CCC or FSA to file financing statements before executing a security agreement. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under a CCC or FSA loan program.</p> <p><i>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0215. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</i></p>			
PART A – INTRODUCTION			
<p>The undersigned is an applicant for a loan from the Commodity Credit Corporation (CCC) or the Farm Service Agency (FSA), or is currently indebted to CCC or FSA on account of loans previously made or will encumber, pledge or mortgage property to CCC or FSA to secure payment of a loan made or to be made by CCC or FSA. The undersigned understands that CCC or FSA will take or has taken a security interest in collateral to secure the payment of any loan made or to be made, that CCC or FSA will file or has filed a financing statement or an amended financing statement to perfect its security interest in such collateral, that the information provided in this instrument will affect the contents of the financing statement or any amended financing statement and where it will be filed and that CCC or FSA will rely upon this information provided by the undersigned. For warehouse-stored CCC marketing assistance loans, I understand that a financing statement will not be filed but this form is necessary to establish the jurisdiction in which a lien search will be conducted. Further, the undersigned understands that CCC or FSA will continue to use this information for any future loans to be made to the undersigned until the undersigned notifies CCC or FSA of any changes. The undersigned agrees to immediately notify CCC or FSA of any changes in this information.</p>			
PART B – REPRESENTATION OF UNDERSIGNED			
1. Type of Undersigned: <input checked="" type="checkbox"/> Individual <input type="checkbox"/> Organization or Entity		2. Social Security Number or Tax Identification Number (9 Digits) 111-xx-77xx	
3. Undersigned's Full Legal Name John Roscoe Smith, Jr.		4. Spouse's Full Legal Name Anita LeAnne Baxter Smith	
5. State and County of Primary Residence if Undersigned is an Individual New Jersey, Adams County		6. If Undersigned is an Organization or Entity, Specify the Type of Organization or Entity	
7. If undersigned's organization or entity is a registered organization or entity, specify the state in which the organization or entity was created.			
8. If undersigned's organization is a non-registered organization or entity, specify the state where the place of business is located or where the organization or entity conducts its affairs.			
PART C – AUTHORIZATION TO FILE			
9. <i>The undersigned authorizes CCC or FSA to file a financing statement under the name of the undersigned for collateral to be described in the financing statement and security agreement at any time following the date that this instrument is signed. By signing below, I give CCC or FSA permission to file a financing statement prior to the execution of the security agreement, as well as to file amendments and continuations of the financing statement thereafter.</i>			
<i>I authorize CCC to enter on the financing statement a broader description of the collateral used to secure a CCC marketing assistance loan than the description on the applicable security agreement.</i>			
10A. Signature of Individual in Item 3 (By)	10B. Title/Relationship of the Individual Signing in the Representative Capacity Self	10C. Date (MM-DD-YYYY) 07-18-2016	
10D. Signature of Individual in Item 4 (By)	10E. Title/Relationship of the Individual Signing in the Representative Capacity Self	10F. Date (MM-DD-YYYY) 07-18-2016	
11A. Signature for Organization or Entity in Item 3 (By)	11B. Title/Relationship of the Individual Signing in the Representative Capacity	11C. Date (MM-DD-YYYY)	
11D. Signature for Organization or Entity in Item 3 (By)	11E. Title/Relationship of the Individual Signing in the Representative Capacity	11F. Date (MM-DD-YYYY)	

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-2027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

182 Using CCC Cotton A-5, Statement of Eligibility and Information Worksheet

A General Information

CCC Cotton A-5 will be completed to serve as a source document for preparing cotton loans. A second-party review of eligibility and the loan application will be performed before disbursement and will be recorded by the second-party by initialing and dating CCC Cotton A-5.

B Completing CCC Cotton A-5

Complete CCC Cotton A-5 according to this table.

Item	Instructions
A, B	
Part A	
1A	Enter the contact producer's name and address, including zip code, and only the last 4 digits of the contact producer's tax ID number.
1B	Enter the percentage crop share of the contact producer.
2A, B and 3A, B	Enter the name and address, including zip code, and the last 4 digits of the tax ID number of other producers associated with this loan.
4	Enter the farm number(s) where the cotton was produced.
5	Enter the gin code where ginned.
6	Enter the number of warehouse receipts to which CCC-Cotton A-5 applies.
7	Enter the date (MM-DD-YYYY) on which the last of the required documents (including the date of uploading of EWR's) was received by CCC.
8	Enter the date (MM-DD-YYYY) the loan application was received by CCC.
9	Leave blank or use for the file sequence number of the loan.
Part B	
10A	The contact producer/representative enters signature.
10B	If applicable, the producer representative enters title or relationship.
10C	Enter the date (MM-DD-YYYY) of signature in item 10A.
11 - 13	Check the appropriate box based on the information provided by the producer and County Office records.
14	Enter the name and address of lienholder, if applicable.
Part C	
15 A-D	CCC representative signs, enters title, and stamps or enters date (MM-DD-YYYY) and checks whether loan is approved or disapproved.

182 Using CCC Cotton A-5, Statement of Eligibility and Information Worksheet (Continued)

B Completing CCC Cotton A-5 (Continued)

This form is available electronically.

<p>CCC Cotton A-5 U.S. DEPARTMENT OF AGRICULTURE (09-08-16) Commodity Credit Corporation</p> <p style="text-align: center;">STATEMENT OF ELIGIBILITY AND INFORMATION WORKSHEET</p> <p><small>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1427, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under a CCC cotton loan program. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and non-governmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under a CCC cotton loan program.</small></p> <p><small>This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</small></p>	<p>A. COUNTY OFFICE NAME AND ADDRESS</p>	<p>B. CROP YEAR</p>
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PART A – ELIGIBILITY AND RELATED INFORMATION

<p>1A. Contact Producer's Name and Address</p>	<p>1B. Crop Share</p> <p style="text-align: right;">%</p>	<p>4. Farm Number(s) Where Cotton Was Produced</p>
<p>2A. Other Producer's Name and Address</p>	<p>2B. Crop Share</p> <p style="text-align: right;">%</p>	<p>5. Gin Code</p>
<p>3A. Other Producer's Name and Address</p>	<p>3B. Crop Share</p> <p style="text-align: right;">%</p>	<p>6. No. of Warehouse Receipts</p> <p>7. Date Last of Required Documents Received (MM-DD-YYYY)</p>
		<p>8. Date Application Received (MM-DD-YYYY)</p> <p>9. File Name</p>

PART B - CERTIFICATION

The undersigned producer(s) ("Producer") requests a Commodity Credit Corporation (CCC) loan on the cotton referenced in Items 4-6 and identified on a bales list separately provided. The Producer(s) certifies regarding the cotton to be pledged as collateral for this loan, that the producer: (1) has and will retain, beneficial interest in it until satisfaction of any loan obligation, (2) will provide CCC warehouse receipts for the cotton loan collateral, (3) shall not enter into any option to purchase agreement that requires the Producer to pledge the cotton to CCC as collateral for this loan, (4) had risk in the production of the cotton, and (5) has not been convicted of a controlled substance violation according to 1-CM.

<p>10A. Contact Producer's Signature (By)</p>	<p>10B. Title/Relationship (of the individual signing in the Representative Capacity)</p>	<p>10C. Date (MM-DD-YYYY)</p>
--	--	--------------------------------------

ITEM	N/A	YES	NO	ITEM	YES	NO
11. Did operator separate landlord's bales?				13. Is the loan quantity reasonable based on County committee Maximum established yield?		
12. Is there a lien on the crop?						
14. If the answer to Item 12 is "YES", enter the name and address of lienholder(s):						

PART C – CCC APPROVAL (FOR CCC USE ONLY)

<p>15A. Signature of CCC Representative</p>	<p>15B. Title of CCC Representative</p>	<p>15C. Date (MM-DD-YYYY)</p>	<p>15D. Action</p> <p><input type="checkbox"/> Approved</p> <p><input type="checkbox"/> Disapproved</p>
<p>16. Remarks:</p>			

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

182 Using CCC Cotton A-5, Statement of Eligibility and Information Worksheet (Continued)

C Distribution

Distribute CCC Cotton A-5 as follows:

- file the original copy in the County Office
- give the second copy to the cotton clerk
- give the third copy to the producer.

183 Compression Status

A Definition of Compression Status

Compression status means the density of the bale of cotton. In CLPS, the compression status of a bale is expressed as an alpha code, called the “compression code”.

B Valid Compression Codes

This table lists valid compression codes that can be entered when processing cotton loans through:

- CLPS
- cotton warehouse receipt process.

Valid CLPS Code	Valid Cotton PC Code	Code Explanation
Current Production Compression Codes		
GS	3	Gin Standard Density Bales
GU	5	Gin Universal Density Bales
Discontinued Compression Codes		
F	1	Flat Uncompressed Bales
GH	4	Gin High Density Bales
SD	7	Standard Density Bales
SS	8	Standard Density Short Bales
SU	9	Universal Density Short Bales
WU	6	Warehouse Universal Density Bales

C Loan Eligibility

Virtually all bales are produced based on universal density compression. A universal density bale measures 55 inches (height) by 21 inches (diameter) by 28 inches (width) and is compressed to 28 pounds per cubic foot.

EWR's submitted for loan **must** indicate a compression code of “3” or “5” to be eligible for loan. Flat bales are **not** eligible for loan or LDP.

184 Producers' Loan Shares

A Loan Shares

For loans involving multiple producers, individual producer loan shares **must** be consistent in terms of reasonableness with the shares and acres reported on FSA-578.

For more information on:

- acreage reporting and the FSA-578 process, see 2-CP
- questionable or commingled production, see subparagraph 119 B
- recording producer shares during regular loan processing in CLPS, see 16-PS for additional instructions.

185 Preparation Codes for CLPS

A Definition of Preparation Codes

Preparation codes indicate:

- who prepared the documents required for the loan
- the method by which the documents were prepared.

B Valid Preparation Codes

This table lists preparation codes. Enter code when processing cotton loans through CLPS.

Preparation Code	Code Explanation
1E	Documents were prepared in the County Office using EWR's.
3E	Documents were prepared by a cotton clerk using EWR's, but funds were disbursed by the County Office.
4E	Documents were prepared and funds were disbursed by a cotton clerk using EWR's.

Important: The correct code **must** be entered to ensure that National Office loanmaking reports are accurate.

186 Regular Loan Processing in CLPS

A Preparation

Verify the following before processing a loan in CLPS:

- established COC yield has been entered
- producer has met all of the eligibility requirements
- a producer profile has been created.

B CLPS Procedure

Process loans according to 16-PS.

Important: Date loan is approved by CCC **must** be on or before date of loan disbursement, and cannot be before all signatures for all producers or authorized agents are obtained. See subparagraph 167 C for date signed documents received.

187 Manual Loan Processing**A When Manual Loans Will Be Prepared**

If the CLPS system is inoperable and it is expected to be inoperable for at least 4 workdays from the time the warehouse receipts and all documents required from the producer for the loan are presented by the producer or authorized agent for loan, the County Office will contact the State Office to inform the National Office.

B When Not to Manually Prepare a Loan

If the CLPS system is operable or is expected to be operable within 4 workdays of the day the producer or authorized agent presents the warehouse receipts, do **not** manually prepare the loan.

188 Using CCC-Cotton A, Producer's Note and Security Agreement**A Description**

[7 CFR 1427.1(a)] [7 CFR 1427.2(f)] CCC-Cotton A is a computer-generated form printed during the CLPS loanmaking procedure used to obtain a producer's agreement with the note and security agreement.

Note: If there are more than 3 producers' signatures required or if there are more payees than is allowed to be printed on CCC-Cotton A, page 1, additional signature lines will automatically be printed on a continuing page.

B Custody

[7 CFR 1427.17] File original copy of CCC-Cotton A in the loan folder with the warehouse receipts and other original loan documents in a locked, fireproof file.

188 Using CCC-Cotton A, Producer's Note and Security Agreement (Continued)

C Distribution

Distribute CCC-Cotton A as follows:

- file the original in locked, fireproof files
- file the County Office copy in the producer's loan folder for use entering data in CLPS
- give the producer 1 copy, along with CCC-601 (Exhibit 15).

189 Using CCC-Cotton A-1, Schedule of Pledged Cotton

A Description

CCC-Cotton A-1 is a computer-generated form printed during the CLPS loanmaking procedure.

Page of (See CCC-601 for Privacy Act Statement)

CCC-Cotton A-1 (03-30-17)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		ST. & CO. CODE 13-033		CROP YEAR/COMMODITY 2017 / UP	
SCHEDULE OF PLEDGED COTTON				LOAN NO. 20031		DISBURSEMENT DATE 09/04/2017	
				NAME OF CONTACT PRODUCER		WAREHOUSE CODE 130308	
COMPRESS/PD STATUS GU			DATE DOCS/RECPTS REC. 09/04/2017			TARE 4	
A. WHSE RECEIPT NO. (NUMERICAL)	B. STORAGE START DATE (MM-DD-YYYY)	C. GRADE, STAPLE, AND MIKE	D. STRENGTH AND UNIFORMITY	E. LEAF AND OTHER	F. NET WEIGHT	G. LOAN RATE (CENTS)	H. AMOUNT (DOLLARS)
1201401	07/01/2017	23 34 45	30.5 82.0	1 11	467	46.25	\$215.99
1201402	07/01/2017	23 34 45	30.5 82.0	1 11	465	46.25	\$215.06
1201403	07/01/2017	23 34 45	30.5 82.0	1 11	462	46.25	\$213.68
1201404	07/01/2017	23 34 45	30.5 82.0	1 11	486	46.25	\$224.78
1201405	07/01/2017	23 34 45	30.5 82.0	1 11	488	46.25	\$225.70
1201406	07/01/2017	23 34 45	30.5 82.0	1 11	510	46.25	\$235.88
1201407	07/01/2017	23 34 45	30.5 82.0	1 11	476	46.25	\$220.15
1201408	07/01/2017	23 34 45	30.5 82.0	1 11	498	46.25	\$230.33
1201409	07/01/2017	23 34 45	30.5 82.0	1 11	484	46.25	\$223.85
1201410	07/01/2017	23 34 45	30.5 82.0	1 11	481	46.25	\$222.45
TOTAL NET WT.					4,817	TOTAL AMOUNT:	\$2,227.88

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

190 Loan Document Retention and Distribution

A Distribution to the Producer

The contact producer should receive a copy of the following:

- CCC-601 or, if applicable, CCC-601 ELS Appendix
- signed CCC-Cotton A
- CCC-Cotton A-1
- CCC-Cotton A-5 or CCC-877
- transaction summary report generated by CLPS, if applicable
- Producer’s Disbursement Transaction statement
- other documents signed by the producer for this loan.

B Documents for Filing in Locked, Fireproof Box

File the following in a fireproof locked box until the loan has been repaid or matures:

- original CCC-Cotton A and CCC-Cotton A Continuation, if applicable
- original Transaction Summary Report, if applicable
- original CCC Cotton A-1.

C Documents for Loan Folder

File the following documents in the loan folder:

- copies of the following:
 - signed and approved CCC-Cotton A and signed CCC-Cotton A Continuation, if applicable
 - Transaction Summary Report, if applicable
 - CCC-Cotton A-1, CCC-Cotton A-5, and CCC-877, as applicable
- original Producer’s Disbursement Transaction statement
- all printouts as may be specified in 16-PS, including production verification, bale lists, and bale recaps
- other documents signed by the producer about this loan.

191-196 (Reserved)

Section 3 Loan Repayments, Ginned Cotton

197 Basic Provisions and Documentation Requirements for Redemptions

A Upland Cotton Repayments

[7 CFR 1427.19] A producer or agent designated on CCC-605 may repay the loan amount for 1 or more bales of upland cotton pledged as collateral for a loan at a level that is the lesser of the following:

- loan principal, plus interest that accrued on the loan principal during the loan period, plus any compression and reconcentration charges that were previously paid by CCC
- AWP, as determined by CCC and in effect on the day the repayment is received in the County Office, adjusted for location, quality, and allowable CCA and/or FCA, multiplied times the net bale weight, plus any compression charges that were previously paid by CCC, minus warehouse storage charges according to paragraph 198.

Note: AWP **cannot** be adjusted by discounts and CCA to a value less than zero.

See the following paragraphs:

- 22 to determine AWP and CCA and/or FCA in effect
- 198 for instructions on how upland cotton cash loan repayments are calculated
- 204 for accepting CCC-605's.

See the following subparagraphs:

- 26 C for grades to which FCA applies
- 27 A for grades of cotton for which CCA is applicable.

Notes: When:

- CCA is applicable and in effect, CCA is subtracted from AWP to calculate the loan repayment rate
- FCA is applicable, FCA is subtracted from AWP to calculate the loan repayment rate.

Producers may repay the loan amount for bales after the loan has matured, if the receipts have not been released and the forfeiture has **not** been processed, by repaying the loan principal plus interest that accrued on the loan principal during the loan period, plus any compression and reconcentration charges that were previously paid by CCC. After maturity these loans **cannot** be repaid at AWP.

197 **Basic Provisions and Documentation Requirements for Redemptions (Continued)**

B ELS Cotton

[7 CFR 1427.19(c)(2)] A producer may repay the loan amount for 1 or more bales of ELS cotton pledged as collateral for a loan by repaying the loan amount and charges, plus interest, determined for these bales.

C Payment Limitation Provisions

[7 CFR 1400] See paragraph 43 for payment limitation provisions.

D Using CCC-697

The repayment rate for an upland cotton loan **cannot** be “locked-in” using CCC-697. CCC-697 does **not** apply to cotton because it is intended for use with farm-stored commodities.

197 Basic Provisions and Documentation Requirements for Redemptions (Continued)**E Types of Remittances**

County Offices may accept the following types of remittances for repayment of a cotton loan:

- cash
- U.S. Treasury check
- postal money order
- check, draft, or money order issued by a bank
- check or draft issued by a person, firm, etc., and certified, guaranteed, or acceptable by the bank on which it is drawn
- wire transfers according to subparagraph 209 A and 3-FI
- personal or corporate checks.

STC may require certified or cashier's checks for cash redemptions of cotton loans when it is considered necessary to protect CCC's interest. This requirement may be carried out on 1 of the following:

- an individual county basis
- a Statewide basis
- an individual producer or buyer basis if that individual has demonstrated irresponsibility by issuing a check for repayment that was later dishonored upon deposit.

County Offices will:

- use prudent judgment in releasing loan collateral if an uncertified personal or corporate check is offered to redeem a loan
- **not** accept checks that do **not** conform to proper business practices.

F Releasing CCC-Cotton A

County Offices will mark original CCC-Cotton A "PAID" and mail to the contact producer, but **not** until 30 calendar days after the last bale applicable to the note has been redeemed.

197 Basic Provisions and Documentation Requirements for Redemptions (Continued)

G Requirements

A request for redeeming a loan is considered received if all of the following conditions exist or required items are received by the County Office.

IF the redemption of bales is requested by...		THEN the following items must be presented at the County Office or conditions that apply...
the producer		<ul style="list-style-type: none"> • CCC-605 does not apply • sufficient funds are provided • the requested bales are identified by bale list • holder ID is known for entity to which bales are to be released.
entity other than producer and CCC-605 is presented		<ul style="list-style-type: none"> • CCC-605 authorized entity to redeem <p>Note: If EAD authorizes a different entity, the dispute must be resolved before redemption occurs.</p> <ul style="list-style-type: none"> • sufficient funds are provided • the requested bales are identified by bale list • holder ID is known for entity to which bales are to be released.
entity other than producer, CCC-605 is not presented, and the loan	is established in COPS	<ul style="list-style-type: none"> • EAD in COPS identifies the entity permitted to redeem the cotton • sufficient funds are provided • the requested bales are identified by bale list • holder ID is known for entity to which bales are to be released.
	is not established in COPS	<ul style="list-style-type: none"> • redemption request cannot be accepted.

If 1 or more of these required items is missing, a redemption request has **not** been received. The redemption request is considered as having been received at the time of receipt of the last of the required items.

198 Upland Cotton Cash Loan Repayments

A Repayments

The following table explains how loan repayment amounts are calculated, on a bale-by-bale basis, when the loan is repaid during the loan period.

Notes: The term AWP bale value means the AWP, as determined by CCC and in effect on the day the repayment is received in the County Office, adjusted for location, for quality, and for allowable CCA when applicable, **multiplied times** the net bale weight. The AWP bale value **cannot** be less than zero.

In all instances the producer is responsible for paying any compression charges previously paid by CCC.

See paragraph 48 for more information on tariff rates.

The maturity date of each loan is the last day of the 9th calendar month following the month in which the loan proceeds are disbursed.

IF the AWP bale value is...	THEN in calculating the repayment amount CCC...
below the national loan rate bale value	will: <ul style="list-style-type: none"> • reduce the repayment amount by all storage charges (tariff rate) that accrued from the date all documents required from the producer for the loan were provided, through the estimated date the receipts are released by the County Office • waive all: <ul style="list-style-type: none"> • reconcentration charges previously paid by CCC • interest that accrued during the loan.
equal to or above the national loan rate bale value by less than the sum of interest and warehouse storage charges that accrued during the loan	<ul style="list-style-type: none"> • will reduce the repayment amount by all or some of the storage charges (tariff rate) that accrued from the date all documents required from the producer for the loan were provided, through the estimated date the receipts are released by the County Office • may waive all or some of the: <ul style="list-style-type: none"> • reconcentration charges previously paid by CCC • interest that accrued during the loan.
above the national loan rate bale value by as much as or more than the sum of interest and storage charges that accrued during the loan	will not : <ul style="list-style-type: none"> • provide a credit for any warehouse storage charges • waive any interest or reconcentration charges previously paid by CCC.

199 Cash Loan Repayments Through CLPS

A Cash Loan Repayments

Cash Loan Repayments will be processed according to 16-PS.

Outstanding receivables and overdisbursements will be liquidated according to 64-FI.

B Retention of CCC Cotton A-1

When processing cotton loan redemptions CLPS allows the user to print or save CCC Cotton A-1, which lists bales remaining under that particular loan.

A copy of CCC Cotton A-1 printed at the time of the original loan disbursement is processed will be retained, but there are no requirements for subsequent copies to be:

- printed at the time a loan redemption is processed, even though this print function is available
- retained in the loan folder.

Subsequent copies of CCC Cotton A-1 may be discarded by the County Office.

200 CCC-500M, Loan Repayment Receipt

A Content and Use of CCC-500M

An overview and example of CCC-500M is provided in 16-PS, paragraph 107. Information about remittance detail is not provided. County Offices will:

- provide a copy of CCC-500M to the producer
- file a copy of CCC-500M in the producer’s loan file
- provide a copy of CCC-500M to the merchant only if redeemed in the County Office.

Note: CCR’s will be provided an automated receipt.

This table explains the items on CCC-500M that are applicable to cotton loans.

Item	Explanation
1	Enter State and county code. ENTER “X” in box if 1 or more CCC-500-1’s are attached.
2	Enter name and address of entity on the loan.
3	Loan number applicable to the bales being redeemed/exchanged with commodity certificates.
4	Crop year applicable to the bales being redeemed/exchanged.
5	Commodity being redeemed/exchanged.
6	Loan type and, if applicable, warehouse code.
7	The total dollar amount required to redeem the bales processed in this redemption/CCE.
8 A	Total number of pounds of cotton, including the number of bales, being redeemed/exchanged.
8 B	Total principal amount for the bales redeemed/exchanged.
8 C	Total amount of interest paid. Note: When AWP is below the national loan rate, the entire interest amount is waived.
8 D	Average cost per pound for the bales redeemed/exchanged.
9 A	Outstanding quantity, shown in pounds, including the number of bales remaining under loan after this redemption/exchange.
9 B	Outstanding principal amount remaining after this redemption/CCE.
10 A	Warehouse receipt numbers redeemed in this redemption/CCE.
10 B	Quantity, in pounds, redeemed in this redemption/CCE.
10 C	Applicable loan disbursement date.
10 D	Date bales were redeemed/exchanged.
10 E	<ul style="list-style-type: none"> • Dollar amount required to repay the bale without storage credit. • Dollar amount of storage credit applicable to the bale.
10 F and G	Not applicable to cotton loans.
11 A	Total dollar amount of storage credit applicable to this redemption/exchange.
11 B and C	Not applicable to cotton loans.
12	Dishonored check notice.
13	The following will be printed, as applicable: <ul style="list-style-type: none"> • explanation of the repayment • location differential • estimated receipt release date • total market/CCE gain earned • AWP • compression charge, per bale • total CCA for the repayment.
14	CED will ensure that the box in item 1 is checked, if appropriate, then sign and date. Signature is only required on CCC-500M and is not required on any attached CCC-500-1’s. Provide a copy of CCC-500M and CCC-500-1, if applicable, to the following: <ul style="list-style-type: none"> • contact producer • person making redemption/exchange if different than the contact producer • warehouse where the loan collateral was stored.

200 CCC-500M, Loan Repayment Receipt (Continued)

B Example of CCC-500M

This is an example of CCC-500M.

CCC-500M (04-24-15)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation				1. State and County Code				
MARKETING ASSISTANCE LOAN REPAYMENT RECEIPT						2. Crop Year	3. Loan Number			
<p>NOTE: Form contains Personally Identifiable Information (PII). FSA disclosure of the completed form is restricted to only the individual(s) to whom the information on the form pertains and authorized FSA personnel who have 1) the appropriate access clearances/permissions and 2) a demonstrated business need to know the information in order to perform their assigned official duties.</p>										
4. Name and Address (Including Zip Code)			5. Commodity		6. Type of Loan	7. Disbursement Date (MM-DD-YYYY)	8. Amount Received \$			
9. Redeemed with this Payment:					10. Outstanding Balance After this Payment:					
A. Date Repaid (MM-DD-YYYY)	B. Total Quantity	C. Principal	D. Interest		A. Total Quantity	B. Principal Amount (Excluding Interest)				
	\$	\$	\$			\$				
11. Breakdown of Collateral Released and Outstanding Balance by Bin/Seal Number or Warehouse Receipt Number:										
A. Bin/Seal No.(s) or Warehouse Receipt No.(s)	B. Quantity Redeemed	C. Principal Paid	D. Interest Repaid	E. Market Gain	F. Denied Gain	G. Unit Cost	H. Cotton Storage Credit	I. Peanut Handling Charges	Balance After Payment	
									J. Quantity	K. Principal
12. Other:										
A. Total Market Gain			B. Total Waived Interest			C. Total Denied Market Gain			D. Liquidated Damages	

200 CCC-500M, Loan Repayment Receipt (Continued)

B Example of CCC-500M (Continued)

CCC-500M (04-24-15)		13. DISHONORED CHECK NOTICE
<p>If this check is dishonored, there may be a \$25.00 dishonored check fee applicable. Also, there shall be a late payment charge on overdue accounts. This late payment charge will be applied on a daily basis. The late payment charge rate that is applied to the debt shall remain in effect until the debt is settled. In case of partial payment of overdue amount, the amount received will be applied first to the accrued late payment charge and then to the overdue amount. The late payment charge shall be expressed as a rate of interest which is charged on delinquent debts and shall be published in the Federal Register by the Executive Vice President, Commodity Credit Corporation.</p>		
14. Remarks		
Adjusted World Price:	Location Differential:	Invoice Number:
Fine Count Adjustment:	Coarse Count Adjustment:	Compression Charge:
Date Documents Received:	Handling Charge:	
15. Credit for this repayment is subject to collection of checks and verification of computations.		
COMMODITY CREDIT CORPORATION	Date (MM-DD-YYYY)	
BY	Thank You for Your Remittance	

Page 2 of 2

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201 Commodity Certificate Exchanges (CCE)**A Commodity Certificate Exchange (CCE) Authorization**

The Consolidated Appropriations Act, Section 740, 2016, amended Section 166 of the Federal Agriculture Improvement and Reform Act of 1996. Beginning with the 2015 crop year MAL's, the Secretary will provide commodity certificates in the same terms and condition as were in effect for the 2008 crop year for loans.

Note: Commodity certificates are not applicable to crop years 2010 through 2014.

B CCE General Policies and Provisions

CCE's:

- can be used for:
 - redemptions of cotton under a non-recourse loan that have not reached maturity
 - immediate redemption on requested loans, also known as turn-around loans
- have the same producer eligibility requirements as a MAL disbursement in subparagraph 100 A, and Exhibit 22
- are only applicable when the loan rate exceeds the applicable AWP exchange rate
- apply to ginned upland cotton represented by a warehouse receipt for which CCC is the holder in which commodity is first placed under a nonrecourse MAL
- expire immediately upon exchange of the outstanding loan collateral
- are calculated using the exchange rate based on:
 - AWP in effect on the of day the repayment, adjusted for quality, allowable FCA, times the net bale weight, plus any compression charges that were previously paid by CCC, minus the storage charges according to this handbook
 - 1-day of storage credit for immediate turn-around loans, if applicable.

201 Commodity Certificate Exchange (Continued)

B CCE General Policies and Provisions (Continued)

Commodity certificates are **not** issued for any of the following:

- exchange with collateral of any low grade UP cotton loan for which the repayment rate calculates as a negative
- exchange with collateral of seed cotton loans
- exchange with collateral of ELS cotton loans
- CCC-owned inventory.

Commodity loan gains from CCE's are:

- **not** subject to:
 - payment limitation
 - AGI provisions
 - actively engaged, member contribution and cash rent tenant provisions.
- reported to IRS on a IRS 1099-G statement.

Loan collateral exchanged for a commodity certificate:

- **must** meet MAL eligibility requirements and retain Beneficial Interest
- is **not** eligible to be repledged.

Turn-around loan is a special designation for a loan that is requested, approved for disbursement, and exchanged with a commodity certificate purchased the same day provided the loan rate exceeds the loan rate. A producer requesting a turn-around loan **must**:

- meet MAL eligibility requirements and retain Beneficial Interest
- request a turn-around loan by the final loan availability date **May 31** following the year the crop was planted.

Notes: Turn-around loans **cannot** be requested by a producer's agent designated on CCC-605.

CCC does **not** need to be made holder of the bales for turn-around loans. Lien searches and UCC-1 filings are **not** required for turn-around loans. See 16-PS to complete a turn-around loan request.

201 Commodity Certificate Exchange (Continued)**C Eligibility Requirements**

Eligible producers **must**:

- have an outstanding non-recourse commodity loan, not past maturity
- submit a signed CCC-694-2 to the County Office on the day of redemption
- immediately exchange commodity certificate for loan collateral
- for turn-around loans:
 - meet MAL eligibility requirements and retain BI
 - request the loan by the final loan availability date.

Eligible UP cotton **must**:

- be produced in the U.S. by an eligible producer for the current crop year
- **not** be previously pledged for LDP.

Exception: Gin-direct LDP applications may be revised or terminated, provided **none** of the cotton covered by the LDP application has been ginned, according to subparagraphs 303 F and G.

ELS cotton is not eligible for CCE's.

D Purpose and Use of CCC-694-2

CCC-694-2 is the acknowledgement of the commodity certificate purchase by the producer/producer's agent.

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

- Turn-around Loan
- Commodity Certificate Purchase.

County Offices will follow procedure in 16-PS to process and complete CCE's in CLPS.

201 Commodity Certificate Exchange (Continued)

E CCE for Producer Agent Not Present to Sign CCC-694-2

Use this alternative when a producer's agent is not present to sign CCC-694-2:

- the producer's designated agent completes CCC-605, Part E
- the designated agent provides FSA with CCC-605, CCC-605-1 signed and dated by the producer or his agent **and** is on file with the FSA office before CCE is requested.

202 Estimating Upland Cotton Loan Repayments

A When to Estimate Repayments

County Offices may estimate upland cotton loan repayments when the:

- computer is **not** operating
- workload in the County Office will **not** permit loan repayment processing when repayment is requested.

B Using Average Bale Weights

County Offices may estimate loan repayment amounts for cash redemptions by multiplying the national average bale weight of 500 pounds times the number of bales being redeemed times the lesser of the following:

- AWP
- highest loan rate applicable to the loan, plus applicable interest.

202 Estimating Upland Cotton Loan Repayments (Continued)**C Example Repayment Value Calculation**

Estimated loan repayment value is equal to the national AWP, times the average bale weight, times the number of bales being redeemed.

Example: This example is for 10 bales of cotton.

$$\text{AWP} = \$0.4380$$

$$\begin{aligned} \text{Bale Weight} &= 500 \text{ pounds (national average)} \\ \$0.4380 \times 500 \text{ lbs.} &= \$219.00 \times 10 = \$2,190.00. \end{aligned}$$

D Using Producer or Agent Supplied Repayment Data

If a producer or, if applicable, an agent provides bale repayment data and the data is determined reasonable by the County Office, the County Office may use the data instead of the national average bale weights.

The data **must** show, at a minimum, the following for all bales being redeemed:

- actual individual bale repayment amount
- total repayment amount.

Note: If the data does **not** meet the minimum requirement, estimate the repayment using average bale weights according to subparagraph C.

202 Estimating Upland Cotton Loan Repayments (Continued)

E Entering Repayment Into CLPS

County Offices will, as soon as possible, but no later than 30 calendar days after releasing warehouse receipts based on estimates or producer or agent supplied repayment data, process the transaction through CLPS according to 16-PS.

See paragraph 210 for instructions about release of receipts.

Notes: If a balance or refund is due, follow subparagraph F.

If according to subparagraph 210 B, the person has been advised that an insufficient amount has been received, the County Office will **not** process the repayment before the earlier of:

- the date the additional amount is received
- 16th calendar day after the notification.

Note: Take action according to when the additional amount is received as follows.

IF additional amount is received...	THEN County Office will...
within the 15 calendar days	immediately release the additional warehouse receipts.
after the 15 th calendar day but before the repayment is processed in CLPS	immediately release the additional warehouse receipts and, when repayment is processed in CLPS, use the repayment rate in effect on the day: <ul style="list-style-type: none"> • the initial repayment amount was received in the County Office for warehouse receipts that were initially released • the additional amount was received in the County Office for the additional warehouse receipts that were released.
after the repayment has been processed in CLPS	apply the repayment to any outstanding amount due and refund any excess or return the payment if no amount is due.

202 Estimating Upland Cotton Loan Repayments (Continued)**F Balances Due and Applicable Refunds**

After the repayment has been entered into CLPS and a:

- balance is due CCC, request the person that redeemed the bales to provide the additional amount due within 15 calendar days

Note: Send the notification letter and, if applicable, demand letter according to paragraph 42, to the contact producer listed on CCC-Cotton A if:

- a producer on CCC-Cotton A made the repayment
 - repayment is **not** received within 15 calendar days from the person redeeming the loan.
- refund is due, make the refund payable to the person who redeemed the bales.

Note: County Office will **not** make manually calculated refunds.

G Reviewing Repayment Data, if Applicable

If, after recording repayment data through CLPS, it is found that an agent or a producer continually submits less cash than is needed for the repayment amount, advise the producer or agent that:

- further producer or agent-supplied repayment calculations will **not** be accepted
- warehouse receipts will **not** be released until both of the following occur:
 - the repayment has been processed through CLPS
 - a determination has been made that the remittance is sufficient to redeem all bales requested.

203 Insufficient Cash Repayment Amounts**A Applicability**

County Offices will use this process when processing a repayment that is **not** an estimated repayment or a repayment with denied market gain for which an insufficient repayment amount is received to redeem all bales requested.

Note: Continue to estimate repayments according to paragraph 202.

B Handling Insufficient Payments

If the repayment amount received is less than the amount indicated on the repayment screen in CLPS when processing the repayment, screen print and select “Cancel”. Process the repayment again redeeming only the number of bales for which sufficient funds are received.

County Offices will:

- release only those warehouse receipts repaid during the CLPS repayment
- **not** issue any refund check that was generated by CLPS for a maximum of 15 calendar days
- immediately notify the person making the repayment:
 - of the amount required to redeem the additional bales **not** released, minus the amount of the refund check
 - if the additional amount due is received within 15 calendar days, repayment for the additional bales will be made at the same repayment rate as those bales previously redeemed and released

203 Insufficient Cash Repayment Amounts (Continued)**B Handling Insufficient Payments (Continued)**

- if additional funds are:
 - received within 15 calendar days, cancel the refund check and reissue the check to CCC to repay the unreleased bales, using the additional money received and the refund check, at the same repayment rate used for the released bales

Note: In this case, the withheld bales will be considered redeemed and processed on the same date as the previously released bales.

- **not** received within 15 calendar days, issue the refund check to the person making the repayment on the 16th calendar day.

Note: After 15 calendar days, the repayment for the withheld bales **must** be calculated at the rate in effect on the date any additional funds are received in the County Office.

C Intentional Insufficient Repayments

If it appears that the only reason the repayment is insufficient was to lock in AWP, County Offices will immediately send any refund check to the person making the repayment.

In addition to issuing the refund check, notify the person making the repayment that the repayment rate for the bales **not** released will be calculated at the rate in effect on the date additional funds are received in the County Office.

204 Using CCC-605, Authorization of Electronic Agent and Designation of Agent - Cotton

A General Use and Purpose

[7 CFR 1427.5(e)(2)(iii)] and [7 CFR 1427.19] Producers use a single CCC-605 for each loan to:

- identify and designate an agent for the 1 loan specified on the form
- authorize such agent the option to redeem all or a portion of the bales of cotton pledged as collateral for the loan identified on the form
- authorize CCC to process the redemption and release of the loan collateral using the CCR process.

Producers using this form provide **both** the agent designation and authorizations established by the producer; none of these functions can be provided separately or independent of the others.

Execution of CCC-605 does **not** relieve any producer from the terms and conditions of the loan note and security agreement.

B Producer Use and Cancellation

[7 CFR 1427.3] A producer who executes CCC-605 has several options regarding the disposition of the cotton loan collateral identified on the CCC-605. The producer may:

- cancel the CCC-605 by providing written, signed, and dated notice to the County Office where the loan was processed containing the following information:
 - the agent name
 - loan number
 - applicable bales
- redeem the loan collateral either themselves, effectively canceling CCC-605, or by request of the producer's designated agent processed by either of the following:
 - County Office by providing the required repayment funds
 - CCR, which is available for use by producer or producer's agent that has an established EWR holder ID provided by EWR provider, who are registered and authenticated for CCR use
- forfeit the loan collateral to CCC unless redeemed by the producer's agent.

204 Using CCC-605, Authorization of Electronic Agent and Designation of Agent - Cotton (Continued)

C Resolving Concurrent Agent and Producer Redemption Requests

Requests for loan redemption may be submitted through CCR and County Office at the same time. CCC processes the request and releases the cotton to the first entity, either the producer or producer's agent that provides repayment funds to CCC.

Under CCR, cotton loan collateral is:

- **committed when funds are received** and **not** available for a subsequent redemption requested at a County Office
- **not committed** by a pending CCR invoice for which no funds have been received.

When a County Office is informed that CCR invoice is pending, before accepting funds for a subsequent redemption request, the County Office will determine whether funds have been transmitted to CCC by calling Shannon Fulghem, Cotton Operations Processing Staff , at 816-926-1533.

If **funds have not been transmitted** to CCR based on a pending invoice request by an agent, and the EAD indicator is:

- "N", the County Office will process the repayment in CLPS, and release bales
- "Y", the County Office will:
 - reset the indicator to "N", process the repayment in CLPS, and release bales
 - reset the indicator to "Y", if there are outstanding bales.

If **funds have been transmitted** to CCR, County Office will **not** process the request presented to them. The cotton will be released under CCR.

204 Using CCC-605, Authorization of Electronic Agent and Designation of Agent - Cotton (Continued)

D Use by Producers' Designated Agents

Entities designated and authorized by producers on CCC-605, and any subsequent-designated agents, have authority to exercise an option to obtain cotton loan collateral by repaying the producer's cotton loan.

Producers' designated agents are **not** obligated to exercise the option provided under the terms of CCC-605. Such agents do **not** own the cotton or any "equity" in it. Any loss of ownership, title, or control of the cotton by the producer during the term of the loan constitutes loss of BI in the cotton, making the cotton loan subject to immediate repayment in full.

Designated agents of the producer may request release of the cotton from loan and may:

- redeem the loan collateral at the County Office by providing:
 - a paper copy of the producer-endorsed CCC-605
 - a list of the requested bales
 - sufficient funds.
- use the CCR process to redeem all or a portion of the loan collateral.

E Subsequent Designation of Agent

Designated agents of the producer may transfer the designation to a subsequent agent by endorsement of the CCC-605.

Subsequent agents, designated on CCC-605, may further transfer the designation to other subsequent agents on CCC-605 by endorsement.

If any subsequent agent designation is for less bales than:

- are associated with the applicable loan, CCC-605-1 or other bale list **must** be completed according to subparagraph 207 C
- originally designated by the producer, CCC-605-2 and CCC-605-1 will be completed according to subparagraphs 207 B and 207 C, respectively.

204 Using CCC-605, Authorization of Electronic Agent and Designation of Agent - Cotton (Continued)**F County Office Use**

CCC-605, CCC-605-1, and CCC-605-2 will be prepared only by producers and their designated agents and never by FSA personnel.

County Offices make these forms available for use by producers and their agents, but CCC bears no responsibility for establishing or maintaining the record of the current designated agent, or electronic record of such agent designation, for any producer or producer loan.

When a valid CCC-605, CCC-605-1, or CCC 605-2 is presented at a County Office, the last agent designated for the identified bales may redeem the cotton.

G Policy and Procedures for Filing

CCC-605, CCC-605-2, and CCC-605-1 are **not** filed by County Offices because CCC is **not** a party to these agreements. County Office filing would infer that CCC will be knowledgeable of and responsible for managing such agreement which is **not** a responsibility CCC agrees to undertake. Thus, these forms are **not** to be filed by County Offices.

Exception: If a designated agent is redeeming part of the cotton covered by CCC-605 or CCC-605-2, the County Office will place a copy of CCC-605 or CCC-605-2 and supporting CCC-605's, CCC-605-1's, and CCC-605-2's in the loan folder and return the originals to the agent.

The County Office employee making any photocopy of an original CCC-605 or CCC-605-2 will write or stamp, initial, and date the following statement on the photocopy: "This is a photocopy of the original having the required original signatures."

205 Required Signatures and Documents for Agent Designations**A Signatures Required for Valid CCC-605**

Agents presenting CCC-605 to a County Office are responsible for that form to be properly completed.

A FAXed copy of CCC-605 is acceptable and may be acted upon by the County Office if the producer has signed CCC-Cotton A, dated 09-02-04 or later.

B Signature Required for Valid CCC-605-2

For a presented CCC-605-2 to be considered valid, the agent **must** present:

- a properly completed CCC-605-2 that has the signature of the transferring agent according to subparagraph E
- a copy of the original CCC-605 that was properly completed and signed by the producer
- copies of all CCC-605-2's transferring designation for the presented CCC-605-2.

C Impressed Signatures on CCC-605's and CCC-605-2's

Any signature that is affixed to an original CCC-605 or CCC-605-2 and is a reproduction of the person's or authorized person's signature will be considered an impressed signature.

Signatures that were reproduced by a photocopy machine or a FAX machine are **not** considered impressed signatures.

205 Required Signatures and Documents for Agent Designations (Continued)

D Approved Impressed Signatures

State Offices will notify each cotton County Office of the impressed signatures that have been registered with the State Office and the format in which an impressed signature is to be represented.

Example: Southern Cotton Merchants has registered the following impress with the State Office:

Southern Cotton Merchants

The State Office would notify cotton County Offices that an impress signature for Bill E. Jones is acceptable on CCC-605's or CCC-605-2's if it is in the following format:

“Southern Cotton Merchants
/s/ *Bill E. Jones*”.

E Presenting Documents at the County Office

[7 CFR 1427.5(a)] The following table shows what **must** be presented at the county office or LSA where the loan originated by designated agents based on who is presenting CCC-605 and whether all or a portion of the loan quantity is being redeemed.

Type of Designation	Producer to Agent “A”	Agent “A” to Agent “B”
Situation	Producer has designated Agent “A” to redeem all or a portion of the bales of a specific loan.	Agent “A” has transferred the designation to Agent “B” for all the producer bales designated by the producer.
CCC-605 or CCC-605-2 Presented	CCC-605: <ul style="list-style-type: none"> • original signatures of producer • “ALL” is checked (item 8) • No. of bales = 100 (item 9). 	CCC-605: <ul style="list-style-type: none"> • original endorsement by Agent “A” on CCC-605 (Reverse) • “ALL” is checked (item 8) • No. of bales = 100 (item 9).
Document Needed for Redemption	CCC-605	CCC-605

205 Required Signatures and Documents for Agent Designations (Continued)

E Presenting Documents at the County Office (Continued)

Type of Designation	Agent "B" to Agent "C"	Agent "C" to Agent "D"
Situation	Agent "B" has transferred the designation to Agent "C" for a portion of the bales transferred by Agent "A".	Agent "C" has transferred the designation to Agent "D" for a portion of the bales transferred by Agent "B".
CCC-605 or CCC-605-2 Presented	CCC-605-2: <ul style="list-style-type: none"> • original signatures of Agent "B" as agent • No. of Bales = 25 (item 6). 	CCC-605-2: <ul style="list-style-type: none"> • new CCC-605-2 • original signatures of Agent "C" as agent • No. of Bales = 10 (item 6).
What Is Needed Before a County Office Will Allow Redemption or Extension	CCC-605-2 and the following supporting documentation: <ul style="list-style-type: none"> • list of 25 bale receipt numbers • copy of CCC-605 signed by producer, and endorsed by Agent "A" transferring designation to Agent "B". 	CCC-605-2 and the following supporting documentation: <ul style="list-style-type: none"> • list of 10 bale receipt numbers • copy of CCC-605-2 signed by Agent "B" transferring designation for 25 bales to Agent "C" • copy of the list of 25 bales transferred from Agent "B" to Agent "C" • copy of CCC-605 signed by producer and endorsed by Agent "A" transferring designation to Agent "B".

206 Using CCC-605-2, Designation of Subsequent Agent**A Preparing CCC-605-2's**

Agents who want to redeem only a portion of the cotton listed on CCC-605 or CCC-605-2 designating themselves as agent, may prepare a new CCC-605-2, completed according to subparagraph 207 B, which transfers only those bales the agent wants to redeem to themselves.

Note: For this purpose, CCC-605-2, front side, is all that is required. Copies of CCC-605-2 without a reverse side will be acceptable if the front side is completed properly.

B Supporting Documentation

Agents who prepare a new CCC-605-2 for redeeming cotton under loan **must** submit to the County Office a new CCC-605-2, with the original signature or approved impressed signature, and a copy of the original CCC-605 and supporting CCC-605-2's, as applicable.

C CCC-605-1 Signature

County Offices will **not** require CCC-605-1, or other bale list, to be signed when accompanied by CCC-605's that transfer the right to redeem the cotton loan from an agent to themselves.

207 Completing Designation of Agent Forms

A Instructions for CCC-605

CCC-605's **must** be completed according to the following instructions to be accepted.

Item	Instructions
Part B - Designation of Agent for Loan Redemption	
1A	Enter the crop year of the loan to which the designation of agent and authorization for CCR apply. A separate CCC-605 is required for each individual loan.
1B	Enter the loan number of the loan to which the designation of agent and authorization for CCR apply. A separate CCC-605 is required for each individual loan.
1C	Enter the maturity date of the loan to which the designation of agent and authorization for CCR apply. A separate CCC-605 is required for each individual loan.
1D	Enter the file sequence number for the bales under loan.
2	<p>If the producer is designating the agent for the total loan quantity identified in Part B, item 1, check the “ALL” box.</p> <p>If the producer is designating a partial loan quantity, or a partial designated quantity is being designated by the agent or subsequent agent, check the “See attached Form CCC-605-1 or other list” box.</p>
3A and 3B	Producer reads Parts A and B and enters in item 3 the name, address, and holder ID of the agent designated by the producer under the terms of Parts A and B (the holder ID is an alphanumeric code assigned to agents by the provider of electronic warehouse receipts).
4A and 4B	Enter the name and address and FAX number of the FSA office where the documents for the loans identified in Part B, item 1 are maintained.
Part C - Signature of Producer(s) Who Signed CCC Cotton A for Loans	
1A	Enter the name and address including ZIP Code of the contact producer. Only the contact producer needs to be listed in cases where several producers have signed the note and security agreement for the loan. However, the other producers must sign and date in items 9A through 10B. Part C is continued on CCC-605, page 4, to provide additional signature space.
1B	Enter the contact producer's telephone number including area code.
1C	Enter the signature of the contact producer.
1D	Enter the date (mm-dd-yyyy) the contact producer signed Part C, item 1C.
2A-2C	Each individual producer (other than the contact producer) who signed the loan note and security agreement enters their signature and date (mm-dd-yyyy) of signature.

207 Completing Designation of Agent Forms (Continued)

A Instructions for CCC-605 (Continued)

Item	Instructions
Part D - Endorsement	
1-4	Agents must endorse items 11 through 14 if they transfer their authority to a subsequent agent. Enter the name of the agent transferring the functions specified in part B, and enter the name of the subsequent agent. Transferring agent must sign the form when designating a subsequent agent.
Part E - Request/Acknowledgement for Commodity Certificate	
1A	Enter holder ID.
1B-1C	Agent's signature and date. Date cannot be later than the date of the commodity certificate exchange.
Part F - For CCC use only	
1	Enter the date (mm-dd-yyyy) CCC-605 was received in the County Office.
Part G - Authorization for Agent Transfer Loan Cotton	
8	Enter the crop year of the loan collateral. This is the same as entered in Part B, item 1A.
9	Enter the loan number of the loan. This is the same as entered in Part B, item 1B. A separate Part H is required for each individual loan.
10A	Enter the maturity date of the loan for which the transfer authorization is provided. This is the same as entered in Part B, item 1C for the loan.
10B	Enter the file sequence number of the loan to which the transfer authorization is granted. This is the same as entered in Part B, item 1D.
11	If the producer is designating the agent for the total loan quantity identified in item 2, check the "ALL" box. If the producer is designating a partial loan quantity, or a partial designated quantity is being designated by the agent or subsequent agent, check the "See attached Form CCC-605-1 or other list" box.
12A	The producer reads Part G and enters the name, address, and holder ID of the agent designated by the producer in Part B, item 3A.
12B	Enter the holder ID for the agent. This is the same as entered in Part B, item 3B.
Part H - Signature of Producers(s) Who Signed Loan Note and Security Agreement to Authorize Transfer of Cotton Loan Collateral	
1A	Enter the name and address including ZIP Code of the contact producer. Only the contact producer's address needs to be listed in cases where several producers have signed the note and security agreement for the loan. However, the other producers must sign and date in Part H, items 2A and 2B-C. Part H is continued on CCC-605, page 4, to provide additional signature space.
1B	Enter the telephone number including area code. This is the same as item 8B.
1C	Enter the signature of the contact producer.
1D	Enter the date (mm-dd-yyyy) the contact producer signed Part H, item 2C.
2A	Each individual producer (other than the contact producer) who signed the loan note and security agreement enters their signature.
2B	Enter the date (mm-dd-yyyy) of signature for each signature entered in Part H, item 2A.
2C	Enter the title relationship of the individual signing in a representative capacity.

207 Completing Designation of Agent Forms (Continued)

A Instructions for CCC-605 (Continued)

This form is available electronically.

<p>CCC-605 (11-13-17)</p>	<p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p>												
<p>AUTHORIZATION OF ELECTRONIC AGENT AND DESIGNATION OF AGENT – COTTON (DESIGNATION OF AGENT – COTTON, Continuation Sheet)</p>													
<p>NOTE: Instructions for completing CCC-605: Producer reads Parts A and B. All Producers who signed the note and security agreement (CCC Cotton A) for the loan identified in Part B, Item 1 must sign Part C. Agents complete Part D to transfer designation to a subsequent agent. Agents complete Part E to request a Commodity Certificate Exchange of all or a portion of the cotton pledged as collateral for the loan(s) identified in Part B, Item 1.</p>													
<p>PART A - TERMS OF AUTHORIZATION FOR CCC TO USE ELECTRONIC AGENT DESIGNATION</p>													
<p>1. For purposes of this authorization:</p> <ol style="list-style-type: none"> a. The term "Provider" means the individual or entity that maintains electronic warehouse receipts for the collateral applicable to the loan identified in Part B of this authorization in a central filing system. The list of Providers can change and may have changed by the time this document is executed. b. The term "Designated Agent" means the individual or entity identified by the Provider on the electronic warehouse receipt bale data file as being authorized, through a grant by the Producer or by succession to a grant by the Producer, to redeem all or a portion of the cotton pledged as collateral for the loan(s) identified in Part B, Item 1B of this authorization. <p>2. The undersigned Producer(s) hereby requests and authorizes CCC to accept repayment of all bales of the loan or loans, as identified in Part B, Item 1B of this authorization, from the individual or entity identified as the Designated Agent on the electronic warehouse receipt bale data file maintained by the Provider for such loan collateral. Producer agrees further that the Producer will hold CCC harmless for any errors that may result from reliance on the information supplied in that regard by the Producer through the electronic warehouse receipt or otherwise.</p> <p>3. The undersigned Producer(s) may request cancellation of this authorization by submitting a signed and dated request of such cancellation that identifies the applicable loan number. Producer agrees that CCC will not permit the loan collateral identified in Part B, Item 1B to be redeemed by the Producer at a County Office until the producer cancels this authorization. Producer acknowledges that cancellation of this electronic authorization and agent designation occurs when the electronic record is affected and not at the time of the producer request, and that cancellation of the electronic authorization does not constitute cancellation of any agency designation provided in Part B.</p>													
<p>PART B - DESIGNATION OF AGENT FOR LOAN REDEMPTION</p>													
<p>THE UNDERSIGNED PRODUCER(S) ("PRODUCER") hereby authorizes the agent identified in Part B, Item 3B or, if applicable, the subsequent agent identified by endorsement on Part D, Page 2 of this form or the execution of a Form CCC-605-2, to redeem all or a portion of the cotton pledged as collateral for the loan identified in Item 4B, and to utilize CCC's centralized electronic redemption process for such redemption. The Producer agrees that no other Form CCC-605 has been or will be executed with respect to such cotton. If this form covers all the warehouse receipts pledged as security for the loan as described in Part B, Item 1B, mark "ALL" in Part B, Item 2. If this designation of agent is for only some of the warehouse receipts pledged as security for the loan, mark "see attached Form CCC-605-1, or other list" and enter the bale receipt number(s) in numerical order on Form CCC-605-1 or other list properly dated and signed by the producer. Attach CCC-605-1 or other list to this form.</p> <p>Title to the cotton shall, without a sale thereof, immediately vest in CCC upon maturity of the loan. CCC shall have no obligation to pay for any market value which the cotton may have in excess of the amount of the loan. CCC may sell, transfer and deliver the cotton or documents evidencing title thereto at such time, in such manner, and upon such terms and conditions as CCC may determine, without demand, advertisement, or notice of the time and place of sale. CCC does not guarantee that the cotton subject to this agreement will be permitted to be redeemed at a level lower than the original loan level if the producer has exceeded statutory Payment Limit and/or Adjusted Gross Income amounts. In addition, CCC does not guarantee that the cotton subject to this agreement will not be redeemed by anyone other than the designated agent or that the warehouse receipts representing the cotton will not be released to anyone other than the designated agent.</p>													
<p>1. Loan Number to which authorization for electronic redemption applies to all bales:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">A. Crop Year:</td> <td style="width: 50%;">B. Loan Number:</td> </tr> <tr> <td>C. Maturity Date</td> <td>D. File Sequence Number</td> </tr> </table>	A. Crop Year:	B. Loan Number:	C. Maturity Date	D. File Sequence Number	<p>2. Loan Quantity Applicable to this Agent Designation</p> <p><input type="checkbox"/> All <input type="checkbox"/> See attached Form CCC-605-1 or other list</p>								
A. Crop Year:	B. Loan Number:												
C. Maturity Date	D. File Sequence Number												
3A. Agent's Name and Address (Including Zip Code)	4A. Name and Address of County FSA Office Providing Loan												
3B. Holder ID Number:	4B. FAX Number (Including Area Code):												
<p>PART C - SIGNATURE OF PRODUCER(S) WHO SIGNED LOAN NOTE AND SECURITY AGREEMENT (CCC COTTON A) FOR LOAN(S) (SIGNATURES CONTINUED ON PAGE 4) TO DESIGNATE AND AUTHORIZE AN AGENT</p>													
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">1A. Name and Address of Contact Producer (Include ZIP Code)</td> <td style="width: 50%;">1C. Signature of Contact Producer</td> </tr> <tr> <td>1B. Telephone Number (Include Area Code):</td> <td>1D. Date (MM-DD-YYYY):</td> </tr> </table>		1A. Name and Address of Contact Producer (Include ZIP Code)	1C. Signature of Contact Producer	1B. Telephone Number (Include Area Code):	1D. Date (MM-DD-YYYY):								
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207 Completing Designation of Agent Forms (Continued)

A Instructions for CCC-605 (Continued)

CCC-605 (11-13-17)		Page 2 of 4
PART D - ENDORSEMENT		
<p>The transfer or endorser must complete the relevant information for each transfer. Failure to complete the information renders this CCC-605 void.</p> <p><i>BY ENDORSEMENT:</i></p>		
<p>1. _____ (Name of agent)</p> <p><i>does hereby transfer the functions specified in Part B:</i></p> <p>TO _____ (Name of subsequent agent)</p> <p>BY _____ (Signature of agent)</p>	<p>2. _____ (Name of agent)</p> <p><i>does hereby transfer the functions specified in Part B:</i></p> <p>TO _____ (Name of subsequent agent)</p> <p>BY _____ (Signature of agent)</p>	
<p>3. _____ (Name of agent)</p> <p><i>does hereby transfer the functions specified in Part B:</i></p> <p>TO _____ (Name of subsequent agent)</p> <p>BY _____ (Signature of agent)</p>	<p>4. _____ (Name of agent)</p> <p><i>does hereby transfer the functions specified in Part B:</i></p> <p>TO _____ (Name of subsequent agent)</p> <p>BY _____ (Signature of agent)</p>	
PART E - REQUEST/ACKNOWLEDGMENT FOR COMMODITY CERTIFICATE EXCHANGE		
<p><i>I acknowledge: (1) receipt of CCC Commodity Credit Certificate which I requested to purchase from CCC; (2) that the certificate will be exchanged with CCC in manner specified in CCC regulations at 7 CFR Part 1401 in order that I may receive commodities from CCC which had previously been pledged as collateral for a CCC marketing assistance loan; and (3) that for purposes of valuing the commodity acquired under this transaction, such value will be the marketing loan repayment rate applicable under 7 CFR Part 1427 for the commodity as the day I made payment to CCC for the commodity certificate.</i></p>		
1A. Holder ID to Which Loan Collateral Released	1B. Signature of Producer's Agent	1C. Date (MM-DD-YYYY)
PART F - FOR COMMODITY CREDIT CORPORATION'S USE ONLY		
1. Date Received (MM-DD-YYYY)		

207 Completing Designation of Agent Forms (Continued)

A Instructions for CCC-605 (Continued)

Page 3 of 4

CCC-605 (11-13-17)

PART G - AUTHORIZATION FOR AGENT TRANSFER LOAN COTTON (If submitted by a producer or LSA, Part F of CCC-605 must be submitted with Part C. If submitted by a CMA, Part C does not apply)

The undersigned producer(s) hereby:

- Understands that the producer may grant authorization to transfer (relocate) the producer's loan cotton only to the agent designated and authorized in Part B, Item 3B of this form. The producer is not obligated by CCC to grant authorization to transfer loan cotton as a condition of designating and authorizing any agent to redeem from the loan all or a portion of the cotton identified in Part B, Item 1B.
- Authorizes the agent identified in Part G, Item 12B, or if applicable, the subsequent agent identified by endorsement on Part D, Page 2 of this form or the execution of a form CCC-605-2, to transfer all or a portion of the cotton pledged as collateral for the loan identified in Item 4B of this form to another warehouse that has entered into a cotton storage agreement with CCC, on the condition that if the agent named in Part G, Item 12B, or a properly designated subsequent agent, requests such a transfer, the agent will be responsible for any loss of quantity, quality, or value, or for any charges that may result from the transfer or intended transfer of cotton including but not limited to, those associated with the receipt, compression, storage, transportation, and restocking or load-out of the cotton from the shipping warehouse.
- Requests and authorizes CCC to settle the obligation of the loan identified in Part G, Item 9, if requested before the maturity of such obligation, based on the original loan terms and credits and charges applicable at the shipping warehouse; and, requests and authorizes CCC to settle the obligation of such loan, or any portion of such loan, upon delivery of the loan collateral to CCC, based on the credits and charges applicable to such delivered collateral at the receiving warehouse.
- Agrees that CCC shall not be held responsible for any charges, fees, costs, or expenses incident to the transfer of cotton loan collateral.
- Understands that (i) CCC does not assume any loss in quantity or quality resulting from transfer of loan collateral; (ii) CCC shall hold the producer responsible for losses or charges including those that, despite Part G, Item 2, of this agreement, are not paid by any agent of the producer, and (iii) the transfer may occur without notice to the producer of the date of relocation or the new location of the cotton.
- Understands that the cotton may not be eligible for storage credits for the entire term of the loan and agrees to refund upon demand by CCC all excessive storage credits that may have been applied at time of loan redemption.
- Understands that CCC shall consider the authorizations provided by both Parts B and Part G of this form as cancelled if the producer provides written notification to CCC that the designation of agent is cancelled. A producer may not authorize an agent to transfer loan cotton unless such agent is also authorized to repay the producer's loan obligation for the same cotton.

8. Crop Year	9. Loan Number	11. Loan Quantity Applicable to this Agent Authorization
10A. Maturity Date	10B. File Sequence Number	<input type="checkbox"/> All <input type="checkbox"/> See attached list
12A. Agent's Name and Address (Including Zip Code)		12B. Holder ID Number:

PART H - SIGNATURE OF PRODUCER(S) WHO SIGNED LOAN NOTE AND SECURITY AGREEMENT TO AUTHORIZE TRANSFER OF COTTON LOAN COLLATERAL SUBJECT TO THIS AGENT DESIGNATION / AUTHORIZATION
(SIGNATURES CONTINUED ON PAGE 4)

1A. Name and Address of Contact Producer (Including Zip Code)		1C. Signature of Contact Producer	
1B. Telephone Number (Include Area Code):		1D. Date (MM-DD-YYYY):	
2A. Other Producer Signature	2B. Title/Relationship of the Individual Signing in the Representative Capacity	2C. Date (MM-DD-YYYY)	

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1427, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine producer ability to participate in and receive benefits under the cotton loan program through documentation of producer authorization/designation of an agent to redeem cotton pledged as collateral for a CCC loan. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination that the producer is unable to participate in and receive benefits under the cotton loan program.

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO THE COUNTY FSA OFFICE, IDENTIFIED IN PART B, ITEM 7A, TO SUPPORT A REQUEST FOR CASH REDEMPTION OR COMMODITY CERTIFICATE EXCHANGE OF LOAN COLLATERAL BY SUCH OFFICE.

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail, U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

207 Completing Designation of Agent Forms (Continued)

A Instructions for CCC-605 (Continued)

CCC-605 (11-13-17)		Page 4 of 4
PART C - SIGNATURE OF PRODUCERS WHO SIGNED LOAN NOTE AND SECURITY AGREEMENT (CCC COTTON A) FOR LOAN(S) IDENTIFIED IN PART B (Continued from Page 1)		
2A. Other Producers Signature	2B. Title/Relationship of the Individual Signing in the Representative Capacity	2C. Date (MM-DD-YYYY)
PART H - SIGNATURE OF PRODUCER(S) WHO SIGNED LOAN NOTE AND SECURITY AGREEMENT TO AUTHORIZE TRANSFER OF COTTON LOAN COLLATERAL SUBJECT TO THIS AGENT DESIGNATION / AUTHORIZATION (Continued from Page 3)		
2A. Other Producer Signature	2B. Title/Relationship of the Individual Signing in the Representative Capacity	2C. Date (MM-DD-YYYY)

207 Completing Designation of Agent Forms (Continued)

B Instructions for CCC-605-2

CCC-605-2's, including supporting CCC-605-2's, **must** be completed according to this table before being accepted.

Item	Instruction
1	Agent's name and address must be entered.
2	Subsequent agent's name and address must be entered.
3	County Office name and address where loan documents are held must be entered.
4	Maturity date for the loan under which the cotton is currently pledged must be entered.
5	Applicable loan number must be entered. Note: Separate CCC-605-2's are required for each loan.
6	Enter number of bales listed on attached CCC-605-1 or other acceptable bale list.
7	Crop year of the cotton must be entered.
8	The transferring agent must sign.
9	If the entire loan quantity indicated on the front of CCC-605-2 is being transferred, the agent will: <ul style="list-style-type: none"> • enter the agent's name • enter the subsequent agent's name after "To" • endorse by signing after "By". Note: If the entire quantity covered by the front of CCC-605 is not being transferred, a new CCC-605-2 must be prepared and completed.

207 Completing Designation of Agent Forms (Continued)

B Instructions for CCC-605-2 (Continued)

This form is available electronically.

<p>CCC-605-2 (11-13-17)</p>	<p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p>		
<p>DESIGNATION OF SUBSEQUENT AGENT – COTTON</p>			
<p>NOTE: <i>The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1427, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used by the subsequent agent on behalf of the cotton producer or another subsequent agent to redeem a portion of the cotton pledged as collateral for a CCC loan. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination that the subsequent agent is unable to act on behalf of the cotton producer or another subsequent agent to redeem a portion of the cotton pledged as collateral for a cotton loan</i></p> <p><i>This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</i></p>			
<p>INSTRUCTIONS: All Parts must be completed by Agent.</p>			
<p>PART A – LOAN AND AGENT DATA</p>			
<p>1. AGENT'S NAME AND ADDRESS</p>	<p>2. SUBSEQUENT AGENT'S NAME AND ADDRESS</p>	<p>3. OFFICE HOLDING WAREHOUSE RECEIPTS</p>	
<p>4. MATURITY DATE (MM-DD-YYYY)</p>	<p>5. LOAN NUMBER</p>	<p>6. NUMBER OF BALES</p>	<p>7. CROP YEAR</p>
<p>PART B - DESIGNATION OF SUBSEQUENT AGENT FOR LOAN REDEMPTION</p>			
<p>THE UNDERSIGNED AGENT ("AGENT") hereby authorizes the subsequent agent identified Item 2 as the agent to act on behalf of the Producer or another subsequent agent as evidenced by endorsement on Page 2 of this form or the execution of a subsequent Form CCC-605-2, to redeem the cotton pledged as collateral for the loan identified in Part A which is listed on the attached Form CCC-605-1 or other list properly dated and signed by the Agency. The Agent agrees that no other Form CCC-605-2 has been or will be executed with respect to such cotton. A copy of the CCC-605 and any other CCC-605-2 that provide proof of the Agent's authority to designate a subsequent agent shall be attached.</p> <p>Title to the cotton shall, without a sale thereof, immediately vest in CCC upon maturity of the loan. CCC shall have no obligation to pay for any market value which the cotton may have in excess of the amount of the loan. CCC may sell, transfer and deliver the cotton or documents evidencing title thereto at such time, in such manner, and upon such terms and conditions as CCC may determine, without demand, advertisement, or notice of the time and place of sale. CCC does not guarantee that the cotton subject to this agreement will be permitted to be redeemed at a level lower than the original loan level if the producer has exceeded statutory Adjusted Gross Income amounts. In addition, CCC does not guarantee that the cotton subject to this agreement will not be redeemed by anyone other than the designated agent or the warehouse receipts representing the cotton are not released to anyone other than the designated agent.</p>			
<p>1A. SIGNATURE OF AGENT</p>	<p>1B. TITLE/RELATIONSHIP OF THE INDIVIDUAL SIGNING IN THE REPRESENTATIVE CAPACITY</p>	<p>1C. DATE (MM-DD-YYYY)</p>	
<p>2. REMARKS</p>			

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

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207 Completing Designation of Agent Forms (Continued)

C Instructions for CCC-605-1

If the producer or, if applicable, the agent or subsequent agent designates less quantity than the loan quantity or designated quantity, a properly completed CCC-605-1 **must** be attached to CCC-605 or CCC-605-2 before being accepted.

Note: A list other than CCC-605-1 may be attached if the same information that is on CCC-605-1 is provided and the list is signed and dated by the producer or, if applicable, the agent.

Item	Instruction
1	Name and address of producer or, if applicable, the name and address of transferring agent must be entered.
2	Name and address of agent, or if applicable, the name and address of subsequent agent must be entered.
3	Name of County Office holding warehouse receipts must be entered.
4	Maturity date of applicable loan must be entered.
5	Applicable loan number must be entered
6	Applicable crop year must be entered.
7	List of applicable warehouse receipt numbers in numerical order must be entered.
8A-C	Producer's signature and date or, if applicable, transferring agent's signature and date must be entered. Note: If CCC-605-2 is prepared according to paragraph 206, signature is not required.

207 Completing Designation of Agent Forms (Continued)

C Instructions for CCC-605-1 (Continued)

This form is available electronically.

<p>CCC-605-1 (11-13-17)</p>	<p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p>DESIGNATION OF AGENT - COTTON (CONTINUATION SHEET TO FORM CCC-605)</p>																																																																																					
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8A. Signature of Producer (BY)	8B. Title/Relationship of the Individual Signing in the Representative Capacity	8C. Date (MM-DD-YYYY)																																																																																				
<p><i>In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.</i></p> <p><i>Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.</i></p> <p><i>To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-8992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.</i></p>																																																																																						

208 Maturity Date Notification Letter

A Notice of Maturity Letter

Send the following notification letter to producers of maturing warehouse-stored nonrecourse loans no earlier than 60 calendar days or no later than 45 calendar days from the maturity date. Appeal rights or process are **not** referenced because there is no adverse action or determination. See paragraph 256 for seed-cotton loan maturity notifications.

(Date)_, 20__
Dear _____:
This is to notify you that your (crop year) cotton loan, No. (loan number) will mature on (maturity date). Loan extensions have not been authorized.
Under the terms and conditions of the loan, the following options are available:
<ul style="list-style-type: none"> • repay the loan on or before the maturity date • forfeit the loan collateral to CCC if not repaid by close of business on the maturity date.
If you choose to forfeit, or if you designated an agent using CCC-605 and that agent or any subsequent agent does not redeem this loan by close of business on the maturity date, you must pay all of the following charges:
<ul style="list-style-type: none"> • warehouse storage charges that accrued before the date all documents required from you for the loan were provided to this County Office • unpaid warehouse receiving charges including any charges for new ties • any difference between the CSA loan storage rate specified in the storage agreement between the warehouse and CCC and the storage credit cap during the loan period • any other unpaid charges that reduce the value of the cotton delivered to CCC including unpaid compression charges based on the tariff rate.
If you do not take action by loan maturity, your loan collateral will be forfeited to CCC automatically.
Sincerely,
County Executive Director, _____ County FSA Office

209 Wire Transfer Repayments

A Background

Wire transfer repayments are available through CLPS. Producers or buyers may wire transfer repayments directly to CCC’s account at the U.S. Department of Treasury.

Note: Producers may **not** transfer repayments to the local Concentration Banking System office.

B Processing Wire Transfer Repayments

CCC-258 is provided to producers or buyers by County Offices to cross-reference loans redeemed by CCC-258.

County Offices can use their manual log of wire transfer numbers, maintained according to 3-FI, paragraph 39, to enter the loan numbers to which the wire transfer will apply.

The date the wire transfer receipt and CCC-258 are received in the County Office is the date of repayment. Use repayment rate according to subparagraph 197 A in effect on the date the receipt of the wire transfer is received, if applicable.

Process loan redemptions made by wire transfer according to the following.

Step	Action
1	Upon request from a buyer or producer for a loan redemption by wire transfer, provide (by FAX, if requested) CCC-258 according to subparagraph C.
2	Advise the buyer or producer that the completed CCC-258 is to be: <ul style="list-style-type: none"> • transmitted to the bank providing the wire transfer • FAXed by the bank or the buyer to the County Office on the day of the wire transfer with the bank’s receipt of the wire transfer.
3	Accept the wire transfer receipt from the bank as confirmation of receipt of funds and record the repayment through CLPS. The system will generate CCC-500M as a receipt for the wire transfer. The date the wire transfer receipt is received in the County Office is the date of repayment. Use repayment rate according to subparagraph 197 A in effect on the date received, if applicable. See 3-FI for additional information on how to record remittance.

209 Wire Transfer Repayments (Continued)

C Completing CCC-258

County Offices will complete CCC-258 according to the following table and 1-FI.

Item	Instructions
1	This item is completed at the option of the bank and is not required by CCC.
2	No entry necessary. This item notifies the payer that interest is calculated to the date entered in item 3.
3	Enter repayment date requested by the payer. The wire transfer of funds must occur no later than the requested repayment date for the transfer of funds to be sufficient to repay the loan. If the date is not specified by the payer, the County Office will enter the date corresponding to the amount entered in item 8.
4	This item is preprinted and is the bank's routing number for the FSA account. No entry necessary.
5	This item is completed at the option of the bank for informational purposes, and is not required by CCC.
6	This item is completed by the bank.
7	This item is completed by the bank.
8	The County Office will compute the repayment amount to the date entered in item 3 and enter the estimated payment amount required from the payer. Although this amount may be used for the transfer of funds, the final loan repayment amount applied is the amount determined by CCC.
9	This item is completed by the bank.
10	This item is preprinted. No entry is necessary.
11	<p>This item contains a preprinted alpha/numeric code. County Offices will enter the following:</p> <ul style="list-style-type: none"> • "1" to show the type of payment, followed by "/" • State and county code and check digit, followed by "/" <p>Note: County Offices will contact their State Office for assistance, if needed.</p> <ul style="list-style-type: none"> • "SCH#" and the 4-digit log number between "9001" and "9998", which is from the county log of wire transfer numbers maintained according to 3-FI, subparagraph 39 B, followed by "/" <p>Example: BNF = /AC 00004994 OBI = CCC/1/SSCCCX/SCH#XXXX/.</p>

210 Release of Warehouse Receipts**A Policy**

When a cotton loan is repaid with cash, the warehouse receipts for the collateral are released to:

- the producer or other entity authorized by the producer to repay the loan
- another entity, if specified by the entity providing the loan repayment.

B Releasing Receipts Based on Estimated Repayment Amounts

County Offices should release receipts no later than 6 workdays after sufficient monies have been received in the County Office.

Bales may be released based on estimated repayment value if the remittance for the repayment is equal to or exceeds an amount based on either of the following:

- average bale weights, according to subparagraph 202 B
- producer or agent-supplied repayment data, according to subparagraph 202 D.

If the remittance is **not** sufficient to redeem all of the bales requested, County Offices will:

- release only the bales for which sufficient payment is received
- advise the person redeeming the cotton:
 - of additional amount required to redeem the additional bales requested
 - that the warehouse receipts for the additional bales will **not** be released unless the additional amount is received
 - that, if additional amount required to redeem the additional bales is **not** received within 15 calendar days, any amount over what is required to redeem the released bales will be refunded.

211 Transferred Loan Collateral

A Loan Bale Transfer Policy

CCC permits cotton bales pledged as loan collateral to be transferred by producers' designated agents if the producer has separately authorized their agent to request the transfers. Producers grant transfer authorization by endorsing CCC-605, Part G.

Transfer requests are submitted by producer agents directly to KCCO. County Offices will **not** accept or take action on any transfer requests.

Transferred cotton loan collateral **must** be redeemed using CCR based on the loan terms and rates applicable at the original storing location. In most cases, the producer will play no role in this redemption.

B Transfer Process

Transfer requests are submitted to KCCO by EWR providers. If the transfer request passes bale validations by EWR providers and COPS, the request will be approved. COPS will generate an e-mail to the County Office advising of "Pending transfer" status.

For bales approved for transfer, COPS releases the bale EWR's to the storing warehouse. The original receipts of transferred bales are cancelled when the cotton is shipped from the original warehouse and new receipts are issued by the receiving warehouse.

When the loan obligation on a transferred bale is redeemed through CCR, the receipt issued by the receiving warehouse for the bale is released. This new receipt is identified in COPS but **not** in the original loan record.

C Identifying Transfer Bales and Transfer Status

The transit status of a bale can be viewed on the COPS Bale Information Screen that indicates:

- approved and pending transfer status with code "G"
- shipped from original warehouse and in-transit status with code "R"
- new EWR's issued at receiving warehouse and transfer complete status with code "T".

After all bales on a shipping order have been transferred, COPS will create an e-mail to the County Office informing them that:

- the transfer is complete
- subsequent action, except another loan/LDP or repayment, may be processed.

County Offices may also use the Cotton Transfer Detail Report in COPS.

211 Transferred Loan Collateral (Continued)

D County Office Action

County Offices will do the following:

- File copies of all e-mails in the loan folder.
- Process any CCR loan redemption for transferred bales in the normal manner as provided in paragraph 215. County Office does **not** have to identify transferred bales when processing CCR repayments.
- See the cotton transfer detail report in COPS.
- Process any corrections, violations, or EAD updates on transfer bales only **after** the transfer is completed. Producers retain BI for transfer bales and may cancel agent authorizations in writing; similarly, merchants may establish subsequent agents for bales after transfers occur.
- Reject any requests for cash redemptions submitted to the County Office for transferred bales either before or after the transfer is completed. Transferred bales are both repaid and released only by the CCR process. However, if for any reason the planned transfer of a bale is cancelled (meaning that the bale is still represented by the original EWR at the original location) this bale can be redeemed at the County Office.

E Terminated and Cancelled Transfers

A termination of a transfer applies to bales after the original EWR for the bales has been cancelled by the original warehouse and the bales are lost during transit or rejected by the receiving warehouse. These bales are subject to immediate redemption at the current AWP. County Offices may process this redemption based on instructions from KCCO.

A cancellation of a transfer may apply to bales while the bale is still represented by the original EWR. This may occur if the bale is **not** relocated. For these bales, the original holdership/subholdership is restored and the bale is eligible for a subsequent transfer request or for cash redemption at the County Office.

Requests to terminate or cancel a transfer must be submitted in writing to the National office.

F Merchant Requests for Redeeming Transfer Bales

When a merchant requests repayment of loan collateral in the County Office, it **must** first be determined whether any of the bales included in the request have been transferred.

Note: County Offices will receive cotton PC error “9”, if transferred bales are released using the cotton PC software, indicating that the bale has **not** been released.

211 Transferred Loan Collateral (Continued)**F Merchant Requests for Redeeming Transfer Bales (Continued)**

County Offices do **not** have to identify transferred bales in a CCR repayment. CCR repayments will be processed in the normal manner.

When receiving a repayment request by a merchant, County Offices will:

- use the transfer e-mail notification and the Cotton Transfer Detail Report in COPS to determine which bales can be redeemed in the County Office
- **not** process repayment for any bale that has been approved for transfer **unless** the transfer has been:
 - terminated, and repayment instructions have been provided by the National or Kansas City Offices
 - canceled
- advise the State Price Support Specialist that a repayment for transferred bales has been received.

G Repayment of Lost/Rejected Transfer Bales

If after the original warehouse receipt is canceled, the transferred bale is lost, misdirected, or damaged, and it is rejected or **not** receipted by the receiving warehouse, CCC will require immediate repayment of the loan obligation for this bale at a rate effective on the date the original receipt was canceled.

Notification of this early redemption requirement will be sent to the producer and copied to the current EWR subholder of the bales. CCC will request repayment within 15 calendar days from notification. Under normal circumstances, the producer's agent (bale EWR subholder) who transferred the loan cotton will be redeeming these bales.

211 Transferred Loan Collateral (Continued)**H Producer Charges Associated With Forfeitures of Transferred Cotton**

Charges billed to the producer for transferred, forfeited bales will be based on tariffs at the receiving warehouse, and **not** tariffs at the original storing warehouse. However, pre-loan accrued storage at the receiving warehouse will likely have been paid by the producer agent.

The charges billed to the producer would be limited to:

- any unpaid receiving charge at the receiving warehouse
- compression at the receiving warehouse, if any
- accrual storage at the receiving warehouse, that exceeds the storage-credit rate.

212-214 (Reserved)

Section 4 Loan Redemptions Using CCR**215 Redeeming Loans Using CCR****A General Information**

CCR is a web-based system that:

- provides a centralized process for merchants to redeem upland cotton loans disbursed by County Offices
- allows receipts from multiple loans and multiple counties to be redeemed in a single transaction
- uses EAD established based on a producer-signed CCC-605
- performs all calculation, collection, and release functions for cotton loans redeemed using CCR
- allows repayment by either:
 - AWP when it is less than the national loan rate
 - the principal plus interest repayment when AWP is equal to or greater than the national loan rate
- CCE
- releases receipts automatically to the merchant once funds have been received and posted to COPS.

215 Redeeming Loans Using CCR (Continued)**B CCR Requirements**

To be a valid CCR redemption request, each EWR **must**:

- be under a County Office issued loan
- **not** be in forfeiture status
- **not** be in a pending status for another CCR request
- be a valid EWR reflecting CCC as the current holder
- **not** have any COPS errors
- contain EAD holder ID that matches the COPS record.

The requested repayment date **must** be within the current AWP period of Friday through Thursday.

The storage credit will be calculated up to the applicable due date or repayment date plus 2 calendar days for certificate exchanges regardless of the date the bales are released.

The CCR invoice is valid for 21 calendar days, but may be canceled by the merchant any time before payment is submitted.

215 Redeeming Loans Using CCR (Continued)

B CCR Requirements (Continued)

CCR will accept a repayment:

- **earlier** than the requested repayment date based on the amount due on the requested repayment date. Bales will be automatically released the later of:
 - date payment is processed
 - original due date
- **later** than the due date, but before the invoice expires. The repayment amount will be recalculated based on:
 - repayment rate in effect on the date of the wire transfer
 - a storage credit up to the wire date plus 2 days for certificate exchanges.

If insufficient funds are received:

- only bales for which funds are sufficient will be redeemed
- a new request will be required for remaining bales.

If overpayment is received, CCC will provide a refund by direct deposit to the merchant's account.

C Merchant Action

To use CCR, a merchant **must**:

- register to use the system
- obtain producer signature on CCC-605
- coordinate with the EWR provider to make merchant the EAD holder for bales that are being redeemed
- electronically transmit to:
 - CCC a redemption request to the CCR system
 - CCC the requested repayment date
 - CCC a list identifying the receipts to be redeemed
 - FRB funds according to invoice instructions.

215 Redeeming Loans Using CCR (Continued)

D County Office Action

County Offices will:

- review Exhibit 17 that provides a sequence of events for CCR's
- update the loan EAD indicator to "eligible", which allows use of CCR for that loan
- receive e-mail that CCR has been initiated for a loan
- download CCR repayment file
- liquidate loan in CLPS, which completes the CCR process
- provide copies of CCC-500 to the producer
- file CCC-500 in the producer's loan file.

E Using CCC-605 When EAD Record Exists

Under normal circumstances loan bales will be redeemed through CCR if an agent of the producer, or a subsequent agent, generates the EAD record. However, there may be occasions when this agent, although able to use the CCR process, presents a redemption request at a County Office.

CCC-605 is:

- **not** required to be submitted in paper copy to a County Office for loan bales or an entire loan if:
 - the agent requesting repayment at the County Office is identified in COPS as the current EAD
 - the loan is repaid and bales released through CCR
- required for a redemption if there is no EAD established or if the existing EAD is **not** the same entity as the agent requesting repayment at the County Office.

Note: If the entity requesting redemption is different from EAD in COPS, see subparagraph 216 B.

The original producer-signed paper copy of CCC-605 is required to be held by the producer's agent or subsequent agent that requested establishing the EAD record.

216 Updating the EAD Indicator

A Updating EAD Indicator

The following is a timeframe of events that affect setting the EAD status flag.

- When the EAD indicator for an individual loan is set to:
 - “N”, CCR will reject loan redemption requests
 - “Y”, the bales can be redeemed using CCR.
- The EAD status flag may be set **in CLPS**. CLPS includes the question, “Are these bales covered by EAD?” The answer to this question entered into CLPS will automatically set the EAD flag in COPS. There will be no further need to enter COPS to set the EAD flag unless the producer requests in writing or on CCC-Cotton A:
 - a change from the current flag setting
 - an agent cancellation or that loan be removed from the CCR process.
- The EAD status flag may be reset **in COPS** for all loans after the loan is established (3-5 days after disbursement in CLPS) based on the following:
 - receiving CCC-605 in the County Office (set flag to “Yes”)
 - answer to the question on CCC-Cotton A, “Do you agree that any agent you authorize to redeem this loan may use the automated EAD redemption process?”

Note: See Exhibit 21 for instructions on setting the EAD status flag.

216 Updating the EAD Indicator (Continued)

B Setting EAD Indicator for Redemptions Requested at County Office

County Offices will set the EAD flag for redemptions requested according to the following.

IF the EAD flag is set to...	AND the following request is made...	THEN the EAD indicator will be...
"Yes"	producer cancels CCC-605 in writing	set to "No". Note: Merchants previously identified as EAD cannot redeem loan cotton through CCR or at County Office.
	producer requests to redeem cotton	set to "No" and redemption request of producer is processed.
	entity that is not EAD requests redemption	set to "No". This event indicates a dispute between merchants or an EAD error to be resolved before redemption is processed.
	entity that is EAD requests partial or full loan redemption	not changed and redemption request is processed.
"No"	merchant requests redemption of partial or all loan cotton	not changed and redemption request must be supported by submitting CCC-605.

217 Processing CCR Transactions

A COPS E-Mail Notification for Pending CCR

COPS places the receipts requested for redemption using CCR in a pending status. Pending status prevents subsequent action on the receipts (including redemption at a County Office) until the loan is redeemed or the repayment request is cancelled.

A CCR invoice is created that contains the following information based on the merchant's request:

- repayment date
- repayment amount
- invoice amount
- invoice expiration date.

COPS will send an e-mail to the County Office that provided the loan to advise that CCR has been requested for the applicable loan numbers. **County Offices will place the applicable loan folder in a pending status.**

COPS will send additional e-mails when the:

- CCR has been completed and the County Office can process the repayment in CLPS
- invoice is cancelled.

B Invoices With Negative Repayment Amounts

If CCR invoice contains a bale with a negative AWP bale value, COPS:

- defaults the negative AWP bale value to zero

Note: New repayment value can be negative because of storage credit.

- Calculates the invoice repayment amount as the sum of all AWP bale values greater than zero

Note: The repayment amount will not be adjusted for the negative repayment amount.

Example: Receipts 1 and 2 have an AWP bale value of \$200 each and a storage credit of \$10 each. The net repayment for these two bales is \$380 (\$400 - \$20). Receipt 3 has an AWP bale value of zero and a storage credit of \$10. Net repayment for this bale is -\$10 (\$0 - \$10). Repayment amount for the CCR invoice is \$380. Repayment amount is not reduced by the -\$10 for receipt 3.

Note: Before these modifications, CCR calculated the invoice repayment amount as \$370 (\$380 - \$10).

217 Processing CCR Transactions (Continued)

B Invoices with Negative Repayment Amounts (Continued)

- provides the merchant with the ability to accept an invoice if **all** bales on the invoice have a negative repayment value, thereby confirming the redemption request.

Upon repayment or acceptance of a zero balance invoice, the CCR system will:

- release all bales, including those with negative repayment value, to the buyer
- generate the following COPS errors:
 - R121, “CCC is **not** current receipt holder for CCR loan transaction”, for bales with a positive repayment amount
 - R118, “CCR bale requires manual CLPS redemption”, for bales with a negative repayment amount

Note: Errors will be removed when repayment has been recorded in CLPS.

- remove bales with negative repayment values from county download files, which will contain only bales with positive repayment values
- create CCR County Bales for Manual Redemption Report for bales with negative repayment value that includes the following information:
 - invoice number
 - repayment date
 - storage credit date
 - AWP
 - merchant name and address
 - crop year
 - loan number
 - warehouse code/receipt number.
- send e-mail notifications to County Offices that invoices with negative repayment bales require manual redemption.

217 Processing CCR Transactions (Continued)**C Downloading and Processing CCR Repayment File**

When funds are wired and posted to COPS, receipts are released to EAD holder, and CCR repayment file is created that:

- contains:
 - repayment date
 - repayment amount
 - bales chosen for redemption
 - CCC-257 schedule number
- pre-fills all CLPS repayment fields
- is downloaded and transferred.

To process CCR repayment, the County Office will:

- download CCR repayment file according to COPS User Guide, Part 4.2
- transfer the repayment file to CLPS according to 16-PS
- liquidate the loan in CLPS according to 16-PS.

If an invoice includes bales with a repayment value less than zero, CCR repayment file will be modified to remove these negative value bales and contain only bales with a repayment value greater than zero. County Offices will:

- download CCR repayment file according to COPS User Guide, Part 4.2
- transfer the repayment file to CLPS according to 16-PS
- record the repayment of bales with a positive repayment value in the normal manner in CLPS according 16-PS.

Note: Bales with a negative repayment value will remain outstanding.

217 Processing CCR Transactions (Continued)**C Downloading and Processing CCR Repayment File (Continued)**

Repayment of bales with negative repayment values **must** be processed as **separate** repayments in CLPS. County Offices will receive email notifications of invoices with negative repayment bales, and will record the repayment of these bales as follows:

- process the repayment in CLPS:
 - as a manual repayment so that a prior repayment date can be entered
 - using CCR County Bales for Manual Redemption Report as the source document to complete applicable data fields

Note: Enter the storage credit date from report as the “Est. Receipt Release Date” on Screen PPC40200.

- issue check for storage credit to the redeeming merchant indicated on the report
- mail a copy of CCC-500M to the redeeming merchant along with the check for storage credit.

217 Processing CCR Transactions (Continued)

D Accessing and Printing Report

County Offices will access and print the CCR County Bales for Manual Redemption Report according to the following table.



Step	Action	Result
1	On the COPS Home Page, select "Invoice Review" under the "Invoicing" tab.	Invoice Review Criteria Screen will be displayed.
2	On the Invoice Review Criteria Screen, do 1 of the following:	
	<ul style="list-style-type: none"> from the "Invoice Type" drop-down box, select "Cotton Redemption Invoice" and CLICK "List" enter the invoice number in the invoice number data field. 	<ul style="list-style-type: none"> Invoice List Screen will be displayed with all invoices for the applicable county. Go to step 3. Cotton Redemption County Invoice Screen will be displayed. Go to step 4.
3	On the Invoice List Screen, select the invoice by clicking on the applicable line number.	The Cotton Redemption County Invoice Screen will be displayed.
4	IF...	THEN...
	the invoice contains bales that require manual redemption	<ul style="list-style-type: none"> the Cotton Redemption County Invoice Screen will display the message, "There are bales to be manually redeemed on this invoice"; click the "Bales for Manual Redemption" button to view the PDF report an additional button labeled "Bales for Manual Redemption".
	IF...	THEN...
	the button labeled "Bales for Manual Redemption" displays	CLICK the "Bales for Manual Redemption" button; the CCR County Bales for Manual Redemption report will be displayed in PDF report; print report.

217 Processing CCR Transactions (Continued)

D Accessing and Printing Report (Continued)

The following is an example of the CCR County Bales for Manual Redemption Report.

Note: Report may contain data for multiple loans.

CCR County Bales for Manual Redemption Tuesday, January 31, 2006 14:46:45 CST		
  United States Department of Agriculture Cotton Online Processing System		
<small>Fiscal Year = 2006, Invoice Number = 00000044, State Code = 13, County Code = 031, Repayment Date = 01/24/2006, Storage Credit Date = 01/26/2006, AWP = 0.4358, Merchant Name = PF WILSON COTTON BUYERS, Address = PO BOX 4820 St Joseph, MO 64506</small>		
Crop Year	Loan Number	Warehouse Code/Receipt Number
2005	999	125501/2000030
This report contains 1 bale.		

218 Correcting COPS Errors**A Processing CCR Repayments for Loans that Contain COPS Errors**

County Offices will **immediately** research and resolve all COPS errors on disbursed loans as soon as notified because CCR will:

- reject bales if they have COPS errors that are listed in subparagraph B
- allow a bale to be redeemed if it contains other errors **not** listed in the table, but these errors **must** be corrected before processing CCR in CLPS because they could affect the repayment amount.

If COPS errors remain on a loan which has a pending CCR, County Offices will take the following action:

- do **not** correct COPS errors for receipts in a pending CCR invoice until notified that the loan **has been repaid**
- correct COPS errors **after** the receipt has been repaid, but **before** recording the repayment in CLPS
- record CCR according to subparagraph C.

218 Correcting COPS Errors (Continued)

B COPS Errors That Result in CCR Rejection

CCR will reject bales that have any of the following COPS errors.

COPS Error Code	Error Description
R015	Warehouse Code/Warehouse Receipt number does not match EWR.
R025	Gin tag number is invalid.
R030	Duplicate gin code/gin tag.
R031	Gin code/gin tag was duplicated by another bale. Confirm bale information.
R040	State and/or County code are invalid.
R050	Disbursement date is invalid.
R122	CCC cannot be the holder of an LDP.
R125	Selected warehouse is not an approved warehouse or is not in active status.
R130	Loan number is invalid.
R140	Disbursement date is prior to storage start date.
R141	Disbursement date is less than document received date.
R142	Disbursement date is less than storage start date.
R143	Disbursement date is less than crop year start date.
R201	Loan or LDP made without AMS classing.
R202	Loan or LDP must be recalculated.
R907	State/County does not match current CRTS record.

218 Correcting COPS Errors (Continued)

C Reversing and Re-entering CCR Repayments in CLPS

It may be necessary to reverse a CCR repayment to correct a loan that contains COPS errors. Reversing and re-entering CCR repayments **cannot** be done in the same manner as regular cash or certificate repayments because of certain conditions that exist for deposits with an alpha-numeric deposit number.

County Offices will contact the State Office if a CCR correction is required. Assistance from the National Office is required to carry out corrections to CCR's.

218 Correcting COPS Errors (Continued)**C Reversing and Re-entering CCR Repayments in CLPS (Continued)**

If the repayment to be re-entered is a certificate exchange and the loan has a current receivable, this receivable **must be repaid** before re-entering the certificate exchange.

Note: CLPS will **not** allow the entry of a certificate exchange on loans that have an outstanding receivable or overpayment.

If the amount of the REFREP check is:

- **more** than the receivable plus the corrected loan repayment, process the receivable repayment first, then re-enter the loan repayment

Note: A refund should be issued to the merchant redeeming the loan.

- **less** than the receivable amount plus the corrected loan repayment:
 - collect the balance of the loan repayment from the merchant or producer who redeemed the loan
 - re-enter the repayment using the REFREP check and the additional funds.

Note: CLPS will only allow a certificate exchange if there are sufficient funds.

219-221 (Reserved)

Section 5 Loan Forfeitures, Ginned Cotton**222 Forfeiture Policy****A Producer Charges**

[7 CFR 1427.12 and 1427.13] If upland cotton or ELS cotton loan collateral is forfeited to CCC in satisfaction of the loan obligation, the producer will be billed and will pay to CCC any unpaid warehouse charges for:

- storage that accrued before the date all documents required from the producer for the loan were received at the County Office at the rate established by the warehouse
- any charges for storage during the term of the loan represented by the difference between the CSA rate for loan cotton and the rate established by CCC for storage credits
- any unpaid warehouse receiving charges including charges for new ties
- any unpaid warehouse compression charges or other charges added by the warehouse that reduce the value of the cotton delivered to CCC.

See paragraph 251 about charges for outside-stored ELS loan cotton.

B Charges Related to Transfer or Reconciliation

Any charges, fees, costs, or expenses resulting from:

- the reconciliation of cotton (the relocation of CCC-owned inventory) will be paid by CCC
- the transfer of cotton while under loan and before forfeiture to, and ownership by, CCC will be paid by the requestor of the transfer. Any such transfer charges that are unpaid at the time of forfeiture to CCC will be billed to the producer by CCC.

222 Forfeiture Policy (Continued)

C Processing Forfeitures

County Offices will process cotton loan forfeitures **immediately** after the maturity date. County Offices may **not** accept funds from a producer or buyer to repay a matured loan at principal plus interest if funds are submitted after maturity but before the forfeiture has been processed.

Process loan forfeitures through CLPS according to 16-PS.

D Charges Due on Forfeited Loans

County Offices will be notified by COPS of the applicable charges to be collected from the producer according to paragraph 223.

223 Collecting Charges Due on Forfeited Loans

A Determining Charges Due

[7 CFR 1427.11(f)] The payment of charges under warehouse loans, forfeitures, and transfers are summarized in Exhibit 18. When loans are forfeited, and after warehouse charges are paid by KCCO, KCCO will determine the total of the following 4 amounts that will be billed to the producer:

- warehouse storage charges that accrued **before** the date all documents required from the producer for the loan were provided to the County Office
- unpaid warehouse receiving charges including any charges for new ties
- unpaid warehouse compression charges
- warehouse storage charges that accrued starting the date all documents were received that exceed the storage credit rate.

Any charges billed to the producer will be based on the tariffs effective at the warehouse where forfeited. Thus, charges related to loan bales that were transferred and then forfeited are based on charges at the receiving warehouse.

The date documents received (enter on CCC Cotton A-5, item 8) is the **later** of the following dates that CCC received any of the following documents required for the loan:

- the date of receipt of a signed CCC Cotton A-5 and all other required documents listed in subparagraph 181 B
- the date CCC was made holder of EWR's as specified on the EWR Validation Review Report.

Note: The date CCC was made holder of EWR is **not** necessarily the same date as the date that a County Office downloaded EWR's.

223 Collecting Charges Due on Forfeited Loans

B Collecting Charges Due From Producer

[7 CFR 1427.13(e)] When the producer collection invoice is posted to COPS, the County Office will:

- follow subparagraph 224 A to access the invoice
- follow subparagraph 224 B to print the invoice

Important: COPS will generate an invoice for charges of \$9.99 or less, but will automatically write off the charges. County Offices will **not** take collective action for these invoices. Invoices of \$9.99 or less may be accessed and printed in COPS under Invoice Review by selecting:

- Invoice Type of “Producer Collection Invoice”
 - Status of “Writer off Producer Collection \$9.99 or Less”.
- determine whether the producer collection invoice is for the correct producer and loan
 - if statement of charges is incorrect, contact ADC, PSCAO, CLG to request a corrected statement of charges by:
 - telephone at 816-926-1533
 - e-mail at shannon.fulghem@kcc.usda.gov
 - if statement of charges is correct, establish receivables in NRRS according to 64-FI, with:
 - **all** producers who signed CCC-Cotton A as debtor or co-debtors
 - discovery code of “10”
 - reason code of “300”
 - program code of “XXUPCNFORF”.

Note: “XX” is the last 2 digits of the crop year.

- producer will receive NRRS-generated initial notification letter
- immediately update the producer collection invoice with the receivable information according to subparagraph 224 C
- notate the receivable number on the producer collection invoice and file a copy in the producer’s loan folder.

223 Collecting Charges Due on Forfeited Loans (Continued)

C Collecting Charges Due for LSA Producers

If LSA producer invoices remain **unpaid 30 calendar days after** the date of the LSA notification letter, LSA's will contact producer's administrative County Office to request that a receivable be established. LSA will provide a case file that contains copies of:

- producer collection invoice
- LSA notification letter
- documentation of any collection activity.

Administrative County Offices will:

- establish a receivable according to 64-FI with:
 - **all** producers who signed CCC-Cotton A as debtor or co-debtors
 - discovery code of "10"
 - reason code of "300"
 - program code of "XXUPCNFORF"

Note: County Offices do **not** have access to LSA producer invoices in COPS; however, they will record the receivable number on the COPS Invoice Payment Screen according to subparagraph 224 C. The receivable number should be obtained from required documentation submitted by LSA.

- issue the computer-generated notification letter created by NRRS; notate that this debt is related to a loan disbursed by LSA

Important: Because LSA **cannot** provide due process to producers for debts owed CCC, the administrative County Office **must** issue a notification letter and 1st demand letter before a claim can be established.

223 Collecting Charges Due on Forfeited Loans (Continued)

C Collecting Charges Due for LSA Producers (Continued)

- continue producer notification and debt collection according to 64-FI and 58-FI
- contact Tracy Appleba by e-mail to **tracy.appleba@kcc.usda.gov** and provide the following:
 - receivable number
 - LSA name.

Any funds collected by LSA after the receivable has been established will be forwarded to the administrative County Office to be recorded as a debt collection.

D Explanation of Debt in Notification Letters

County Offices must add the notification letter generated in the receivable software:

223 Collecting Charges Due on Forfeited Loans (Continued)

D Explanation of Debt in Notification Letters (Continued)

This is an example of the initial notification letter for charges due.

United States Department of Agriculture Farm Service Agency LOGAN COUNTY FSA OFFICE 21 LONA DRIVE STERLING, TX 80751-4715 Telephone: 303-522-7440			
			Debt Notification Date: (Current Date)
SAMIE SAENZ 2 EAST BEVA ROAD CHEYENNE, TX 82001-9605			
Dear SAMI SAENZ:			
This is to notify you that the County Committee has determined that you have a debt arising from the forfeiture of your cotton loan number _____ (issued by _____). You were notified of this loan's maturity date and the options available to you. By having decided to forfeit the loan collateral in satisfaction of the loan, you agreed to pay to CCC at the rates that are specified in the storage agreement between the warehouse and CCC all:			
<ol style="list-style-type: none"> 1) warehouse storage charges that accrued before the date all documents required from you for the loan were provided to the County Office 2) unpaid warehouse receiving charges including any charges for new ties 3) unpaid warehouse compression charges, if applicable, and 4) warehouse storage charges exceeding the storage credit rate that accrued during the loan period. 			
The amount you owe consists of:			
Principal	Interest	Other Charges	Total
(enter applicable amounts)			
The amount shown above has been recorded for offset from any FSA or CCC payment due you.			
We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments. If you have any questions regarding this matter, please do not hesitate to contact us.			
If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedure found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. (insert COC address) .			
You may contact the County Office to receive a copy of the documents related to this determination.			
Sincerely,			
County Executive Director			

224 Accessing and Updating Producer Collection Invoices

A Accessing Invoices in COPS

County Offices will access COPS to print producer collection invoices in “Waiting Payment” status according to the following table.

Step	Action	Result
1	Enter the COPS Internet address, http://www.fsa.usda.gov/cotton , into the address field on the Internet browser.	The COPS Home Page will be displayed.
2	On the COPS Home Page, click “Invoice Review” under the “User Function” heading.	The Secure System Logon Screen will be displayed.
3	On the Secure System Logon Screen: <ul style="list-style-type: none"> • enter the user ID and password • click “Logon”. <p>Note: If the user does not have a user ID and password, contact the State Price Support Specialist through the State Office Security Officer.</p>	The COPS Logon Confirmation Screen will be displayed.
4	On the COPS Logon Confirmation Screen, click “Continue”.	The COPS Invoice List Criteria Screen will be displayed with the county’s State and county code shown.
5	To display the COP’s Invoice List Criteria Screen: <ul style="list-style-type: none"> • select producer collection invoice from the Invoice Type drop-down list box • select “Awaiting Payment” from the Status drop-down list box • for single county users, the State and county codes will be defaulted • for multiple county users, select the applicable State and county codes from the drop-down list boxes • click “List”. 	The COPS Invoice List Criteria Screen will be redisplayed with a list of all producer collection invoices with a “Waiting Payment” status. <p>To print this screen:</p> <ul style="list-style-type: none"> • click “File” on the Tool Bars • select “Print Frame” from the File drop-down menu • click “OK” to print.

224 Accessing and Updating Producer Collection Invoices (Continued)

B Printing Producer Collection Invoices

After completing steps in subparagraph A, County Offices will print the producer collection invoices by continuing with the following table.

Step	Action	Results
1	On the COPS Invoice List Screen, click "Line No." to print the invoice.	<p>The Producer Collection Invoice Detail Screen will be displayed with the following information:</p> <ul style="list-style-type: none"> • the first 100 bales • invoice page number in the upper right hand corner of the screen. <p>A screen print will be necessary for each page of invoice.</p> <p>Example: "Invoice page: 1 or 3" will require 3 print jobs to capture the entire invoice.</p>
2	<p>On the Producer Collection Invoice Detail Screen:</p> <ul style="list-style-type: none"> • click "File" on the Tool Bar • click "Print Frame" from the drop-down menu. 	The print dialogue box will be displayed.
3	Click "OK".	Invoice for the first 100 bales will be printed.
4	<p>If the invoice contains more than 100 bales, scroll down to bottom of the screen.</p> <p>Click "Next 100 Receipts".</p>	<p>Page 2 of the invoice listing the remaining bales, or next 100 bales if the invoice contains more than 200 bales, will be printed.</p> <p>Repeat steps 2 through 4 to print the remaining pages of the invoice.</p>

224 Accessing and Updating Producer Collection Invoices (Continued)

C Updating Invoice

After a receivable has been established for the producer collection invoice, County Offices will immediately update the invoice payment status in COPS with the receivable information according to the following table. Do **not** wait to update COPS after payment has been received.

Step	Action	Result
1	Type the COPS Internet address, https://apps.fsa.usda.gov/COPS/splash/COPS_Alt_splash into the address field on the Internet browser.	COPS Home Page will be displayed.
2	On the COPS Home Page, click “Invoice Payment” under the “User Function” heading.	Secure System Logon Screen will be displayed.
3	On the Secure System Logon Screen: <ul style="list-style-type: none"> • enter the user ID and password • click “Logon”. <p>If the user does not have a user ID and password, contact the State Price Support Specialist through the State Office Security Officer.</p>	COPS Logon Confirmation Screen will be displayed.
4	On the COPS Logon Confirmation screen, click “Continue”.	COPS Invoice Payment History Criteria Screen will be displayed.
5	On the COPS Invoice Payment History Criteria Screen, enter the invoice number and click “Submit”.	Invoice Payment Screen for the chosen invoice will be displayed.

224 Accessing and Updating Producer Collection Invoices (Continued)

C Updating Invoice (Continued)

Step	Action	Result
6	<p>On the Invoice Payment Screen, enter:</p> <ul style="list-style-type: none"> • date receivable was established • receivable number • re-enter receivable number • click “Update Receivable”. 	<p>The dialog box will be displayed with the question, “Are You Sure You Want to Update This Invoice to Receivable Status?”</p> <p>Verify the receivable number and date.</p> <p>If the user selects:</p> <ul style="list-style-type: none"> • “Yes”, the Invoice Payment Screen will confirm that the invoice has successfully updated • “Cancel”, the dialogue box will be removed. <p>Repeat step 6 to re-enter the receivable information.</p> <p>To return to the:</p> <ul style="list-style-type: none"> • Invoice Detail Screen, CLICK “To Invoice Details” • the COPS Home Page, CLICK “COPS Home”.

D Establishing Claims

If invoice charges remain unpaid 60 days after the notification letter has been sent to the producer(s), County Offices will follow 64-FI, Part 8 to indicate the receivable is in active referral for TOP or cross-servicing.

224 Accessing and Updating Producer Collection Invoices (Continued)

E Recording Collections of Invoice Charges

County Offices will record a collection of invoice charges according to instructions in:

- 58-FI, Part 7, for claims
- 64-FI, Part 4, for receivables.

Note: Since COPS was updated with the receivable information, it is **not** necessary to update the producer collection invoice to “Paid”.

225-230 (Reserved)

Part 4 Outside-Stored ELS Loans**Section 1 Eligibility and General Requirements, Outside-Stored ELS****231 Producer Eligibility Requirements****A General Eligibility Requirements**

General producer loan eligibility requirements applicable to all cotton loan applications are provided in Part 2, Section 1.

B Outside-Stored Loan Eligibility

The eligibility requirements for producers requesting an outside-stored, ginned ELS cotton loan are the same requirements that apply to producers applying for other ginned cotton loans.

232 Cotton Eligibility Requirements [7 CFR 1427.5(c)] [7 CFR 1427.10(e)]**A Quality Requirements**

Under the outside-stored loan program, ELS cotton is subject to the same quality requirements that apply to warehouse-stored ELS loan collateral according to subparagraph 123 C. Producers are **not** required to present classification information to substantiate the quality of collateral for this loan, but any cotton delivered to CCC under this loan will be considered ineligible if the minimum quality requirements are **not** met.

B Requirements Not Applicable to Outside-Stored Loans

Under an outside-stored loan, ELS cotton is **not** subject to:

- the requirement for an applicant to provide CCC with classification information on the cotton, as required for warehouse-stored cotton
- the storage and warehouse receipting requirements stated in subparagraphs 121 A and C.

Note: ELS cotton is **ineligible** for an outside-stored loan if a warehouse receipt has been issued for it, whether or **not** such receipt is presented to CCC. Such cotton is eligible for a warehouse-stored loan as provided under Part 3.

232 Cotton Eligibility Requirements [7 CFR 1427.5(c)] [7 CFR 1427.10(e)] (Continued)

C Areas Approved for Outside Storage

Loans for outside-stored ELS cotton are available only in the counties or areas identified in Exhibit 19.

Areas approved for outside storage of ELS are determined by 1 of the following methods.

- CCC determined and announced the arid areas identified in the following table as approved for outside storage of farm-stored ELS loan bales. Warehouse-receipted ELS loan bales **must** be stored inside an approved cotton warehouse unless CCC additionally determines that the entire State is storage deficit for a crop year.

Arid State	Areas Approved for Outside Storage of Farm-Stored ELS Loan Bales
Arizona	Maricopa, Pinal, and Yuma Counties
California	Imperial and Kings Counties Fresno County West of Hwy 99 Kern and Tulare Counties West of Hwy 99 Merced County South of Hwy 152
New Mexico	Dona Ana and Luna Counties
Texas	El Paso County

Note: If CCC determines and announces that any of the arid States are also storage deficit for an individual crop year, then warehouse-receipted ELS and upland cotton loan bales may be stored outside in this State subject to the following requirements.

- CCC will annually announce whether any State is determined to be storage-deficit for the crop year. In these States:
 - farm-stored ELS loan bales may be stored outside in the entire State
 - warehouse-receipted upland or ELS cotton loan bales may be stored outside at a warehouse that applies and receives CCC approval for such storage subject to various insurance, handling, and reporting requirements.

233 Bale Eligibility Requirements [7 CFR 1427.5(b)(9)] [7 CFR 1427.8(b)]**A Bale Requirements Similar to Warehouse Loan Bale Requirements**

For eligibility under the outside-stored loan program, bales **must**:

- meet basic requirements as provided by subparagraphs 118 B and C, 123 C, and 124 A and paragraphs 119 and 120
- weigh at least 325 pounds

Note: Bales exceeding 600 pounds net weight will be provided a loan rate based on 600 pounds net weight.

- **not** be:
 - reginned
 - repacked
 - ginned on a saw gin
 - mixed ELS and upland cotton
 - fire damaged or water damaged.

B Requirement Specific to Outside-Stored Loans

Bales **must** be identified by the gin code and gin tag (bale number) and sufficient address information to enable CCC to view the cotton. This requirement replaces the need for a list of warehouse receipts.

The bales **must** be located in an area identified in Exhibit 19 to be eligible for an outside-stored loan.

234 Producer Responsibilities and Liabilities [7 CFR 1427.18]**A Terms and Conditions of Loan Note**

Producers will be advised to understand the terms and conditions in CCC-601 ELS Appendix. The terms and conditions applicable to outside-stored ELS cotton are different than those for warehouse-stored loans. See Exhibit 20 for an example of CCC-601 ELS Appendix.

B Producer Certification of Cotton

The producer is required to certify, by signing CCC-601 ELS Appendix, that the cotton:

- is packaged in a hermetically sealed bag at an internal humidity level to safeguard cotton quality
- meets the same minimum quality requirements as apply to warehouse-stored ELS loan collateral set forth in 7 CFR 1427.5(c)
- has **not** been ginned on a saw gin and is **not** reginned, repacked, mixed ELS and upland cotton, fire damaged, or water damaged.

Note: County Offices are **not** required to verify the quality of cotton used as collateral for an outside-stored loan. Cotton loan collateral below the minimum requirements is **not** deliverable to CCC.

C Producer Certification of Packaging and Storage

The producer is required to certify, by signing CCC-601 ELS Appendix, that the cotton:

- packaging materials meet or exceed industry minimum standards
- the storage area is:
 - suitable for cotton storage
 - constructed to prevent water accumulation under the cotton
 - serviced by bale handling and transport equipment that will **not** damage the bag or the drainage characteristics of the storage area.

235 Loan Requirements, Exemptions, Conversion to Warehouse**A Requirements**

Outside-stored ELS cotton loans are subject to the requirements of warehouse-stored loans regarding:

- producer and commodity eligibility
- BI
- availability and maturity dates
- service, research, and promotion fees
- allowable and nonallowable charges.

B Exemptions

Outside-stored ELS cotton loans **are exempt from** the requirements of warehouse-stored loans to be:

- stored in an approved warehouse
- represented by a warehouse receipt
- represented by classification information before the loan is disbursed.

C Converting Outside-Stored Loans to Warehouse Loans

ELS cotton pledged as collateral for an outside-stored loan may be repledged as collateral for a warehouse loan.

236-238 (Reserved)

Section 2 Loan Making and Repayments for Outside-Stored ELS**239 Bale Information Requirements****A Classification Information**

Loan applicants are **not** required to provide classification information as a condition of applying for, or receiving, an outside-stored ELS loan.

CCC does **not** request or use any classification information established before the loan application is made or the loan is disbursed.

If the collateral of an outside-stored ELS loan is delivered (forfeited) to CCC, the producer is responsible to present CCC with classification information based on samples drawn by an approved individual within 30 calendar days after the cotton has been delivered into a warehouse designated by CCC.

B Other Required Information

Applicants for outside-stored ELS loans **must** provide the following information before a loan application can be accepted:

- gin code and gin tag numbers for each bale
- net weight of each bale
- address of the cotton collateral storage location.

Preprocessed bale data can be accepted electronically. If bale data is submitted electronically, the **producer must initial and date a paper copy** of the bale information to ensure that the electronic list corresponds to the producer's loan request.

Follow paragraph 330 to process cotton bale data received electronically. Any e-mail received does **not** need to be retained; the signed, paper copy is sufficient record.

C Information Not Required

The forms and documentation identified in subparagraph 181 B, as required for a loan application, also apply to an outside-stored ELS loan, except for the following:

- warehouse receipts
- classification data.

240 Loan Rate

A Loan Rate Calculation

The loan rate for an outside-stored ELS cotton loan is the national average loan rate for ELS, without adjustment of any premiums or discounts that may apply to warehouse-stored ELS loans. The loan principal is the national average loan rate times the net weight of the bales.

241 Fees – Loan Service and Research and Promotion

A Service Fees

According to paragraph 169, loan service fees are calculated and applied to outside-stored ELS loans in the same manner as warehouse-stored loans.

B Research and Promotion Fees

Research and promotion fees **do not** apply to ELS cotton loans.

242 Filing UCC's for Outside-Stored ELS Cotton

A 1998 Revision and 2010 Amendments to Article 9 of UCC

All States have adopted the 1998 revision to UCC Article 9. One of the key changes included centralizing the electronic filing of most security interests for States without a pre-existing centralized filing system. However, as States transition to a centralized, electronic UCC filing and recording system, the means by which UCC's are filed and paid for may vary from State to State. State Offices will:

- continue to follow the advice of the regional attorney
- request, from PSD, isolated exceptions to policy in this paragraph based on the following:
 - written direction or recommendations from the regional attorney
 - PSD concurrence.

Example: The regional attorney advises that filing UCC-1 without a loan applicant's signature negates the double jeopardy protection afforded secured lenders by certain State laws according to Pub. L. 99-198, Section 1324. In this case, upon PSD concurrence, the State Office may direct County Offices to continue **requiring** that a loan applicant sign UCC-1, as advised by the regional attorney.

Many States have enacted the 2010 amendments to UCC Article 9. The 2010 amendments:

- modify the existing statute to respond to filing issues and addresses other matters that have arisen in practices following a decade of experience with the 1998 revision to UCC Article 9
- provide new standards for the names of individual debtors to be used on UCC-1.

Note: In States that have adopted the 2010 amendments to UCC Article 9, the effective date was July 1, 2013. In States that have **not** yet adopted the 2010 amendments, the effective date will be the date specified by State statute in its adoption of the 2010 amendments.

State Offices will contact their regional attorney for information on the status of the 2010 amendments to UCC Article 9 in their State.

B Applicability

County Offices will file applicable UCC-1's required by State law to protect CCC's security interest for all ELS cotton submitted as collateral for an outside-stored loan.

Note: An outside-stored ELS loan **cannot** be provided to cotton for which a warehouse receipt has been issued.

242 Filing UCC’s for Outside-Stored ELS Cotton (Continued)

C When to Disburse Loans

County Offices will:

- disburse loan proceeds after:
 - appropriate documents have been filed
 - written verification of the UCC-1 filing date and time are received
- **not** delay loan disbursements until the applicable form has been **recorded** by the proper official.

D Where to File UCC’s

Generally, UCC’s are filed in the State where, in the case of an:

- individual, the individual resides
- organization or entity, the organization or entity was registered.

Note: See CCC-10, item 5, to determine the UCC filing location.

The UCC-1 filing location no longer depends on the location of the commodity, as shown in the following table.

IF...	THEN...
nonreceipted ELS loan cotton is stored in: <ul style="list-style-type: none"> • multiple counties within the same State • a State different from the producer’s principal residence 	file UCC-1 in the State having jurisdiction according to the current CCC-10, unless otherwise advised by the regional attorney.
farm-stored loan collateral is moved to another State for storage after perfection of the lien	no additional UCC-1 is filed because the lien is still perfected, unless otherwise advised by the regional attorney.

242 Filing UCC’s for Outside-Stored ELS Cotton (Continued)

E Describing Collateral on UCC’s and Other Situations

Describe collateral on UCC’s according to the following.

IF...	THEN...
additional quantity is placed under loan	file another UCC-1 describing the collateral if the quantity is not covered by a previously recorded UCC.
existing UCC-1 for that commodity covers all the current year production	it is not necessary to file additional UCC-1’s.
producer requests a specific quantity	only that quantity needs to be described on UCC-1 before the loan is disbursed.
producer agrees to lien on quantity greater than the loan quantity requested that may also apply to more than 1 crop year or may be effective until UCC-1 expires	describe the collateral on UCC-1 as advised by OGC.

F Paying Filing Fees

Paying filing fees required for lien searches or filing of UCC-1 will be according to the following policy and procedure.

If the lien search or UCC-1 recording fees are paid by...	THEN....
the producer	<ul style="list-style-type: none"> the lag time between a loan request and disbursement may be reduced producers pay for lien search or filing fees with a negotiable document (check, cashier’s check, money order) payable to the applicable recording office.
CCC	<ul style="list-style-type: none"> a delay may occur because of fees being mailed by NPS to the recording office County Office payments are made by NPS according to 1-FI procedures producer must have filed CCC-10.

Note: If a producer requests termination of CCC’s security interest, the COF prepares an applicable UCC, at producer’s expense.

243 Special Instructions for Loan Application Forms

A Special Instructions

The following special instructions apply to forms completed for outside-stored ELS cotton loan applications.

Form	Item	Instruction
CCC Cotton A-5	6	Enter the address of the storage location. A warehouse location may be accepted as long as a warehouse receipt has not been issued for the cotton collateral for the outside-stored loan.
	7	Enter the number of bales. There should be no warehouse receipts.
CCC-Cotton A	Warehouse Code	Enter the storage address of the cotton.
CCC-601 ELS Appendix		CCC-601 ELS Appendix must be signed and dated by all loan applicants. This form contains the terms, conditions, and producer certifications specific to an outside-stored ELS loan.

244 Manual Process for Outside-Stored ELS Loans

A Manual Loans Will Not Be Prepared

County Offices do not have the capability of processing manual outside-stored ELS loans. County Offices will continue to accept loan requests submitted on CCC-Cotton A-5 and other required documents as specified in subparagraph 100 A and complete the loan application process in CLPS according to 16-PS.

245-248 (Reserved)

Section 3 Loan Repayments and Forfeitures, Outside-Stored ELS

249 Loan Repayments and Forfeitures

A General Repayment Provisions

An outside-stored ELS loan is subject to many of the general repayment provisions as apply to warehouse-stored ELS loans. Applicable provisions are in paragraphs:

- 197 B, for number of bales
- 197 E, for types of remittances accepted
- 197 F, for releasing the original CCC-Cotton A
- 199 A, for cash repayments through CLPS
- 204 through 207, for agent designations using CCC-605.

B Forfeiture Provisions

Many of the forfeiture provisions for an outside-stored ELS loan are substantially different from provisions that apply to warehouse-stored loans. The provisions for forfeiture of this loan collateral, as contained in CCC-601 ELS Appendix, are:

- cotton collateral must be delivered to CCC in the original bag with original bale identification as provided by the ginner

Note: There is no warehouse receipt for bale identification.

- cotton must be delivered to a warehouse designated by CCC
- within 30 calendar days after delivery to the CCC-designated warehouse, producer will provide AMS classification information to CCC
- loan settlement value is based on the classification information determined after delivery to the CCC-designated warehouse
- unlike cotton warehouse loan forfeitures, CCC does **not** bill the producer for warehouse receiving charges that CCC paid to the storing warehouse
- compression charges that may be added by the warehouse are paid by the buyer.

250 Maturity Date Notification Letter

A Sample Letter

At least 45 calendar days, but **not** to exceed more than 60 calendar days, before loan maturity, County Offices will send the following letter to each producer of an ELS outside-stored cotton loan.

Dear Producer:

This is to notify you that your (**year**) crop outside-stored ELS cotton loan, number (**loan number**), will mature (**maturity date**).

Under the terms and conditions of this loan, the following options are available:

- repay the loan before maturity
- forfeit the loan collateral to CCC at maturity.

If you elect to forfeit the loan collateral to CCC, you are responsible for all charges associated with:

- moving the cotton into a warehouse designated by CCC
- warehouse charges for receiving the cotton, issuance of an electronic warehouse receipt, compression, and any miscellaneous charges; CCC assumes responsibility for storage effective on the date of presentation of an electronic warehouse receipt
- providing classification information from AMS based on a sample drawn by an approved sampler after delivery to the warehouse.

The loan settlement value will be based on the classification that occurs after delivery to the warehouse.

If you do **not** take action by loan maturity, your loan collateral will be forfeited to CCC automatically.

If you designated a buyer as agent using CCC-605 and that agent, or any subsequent agent, does **not** redeem this loan by maturity, you are responsible for the above charges.

Sincerely,

County Executive Director

251 Charges

A Charges Payable by Producer

A producer is responsible for the following charges associated with the forfeiture of outside-stored ELS loan collateral:

- storage **during and following the period of the loan**, up to the presentation of EWR to CCC
- warehouse receiving, weighing, compression, EWR issuance, and other as may be levied by the receiving warehouse
- classification by AMS after delivery to the warehouse.

These charges will **not** be paid by CCC. CCC will bill producers for unpaid storage from the storage start date to the date of receipt of the warehouse receipt. County Office will receive notification by email of an invoice in COPS to establish a receivable in NRRS for any charges owed by the producer.

252-254 (Reserved)

Part 5 Seed Cotton Loans**Section 1 Basic Policy****255 Loan Availability and Maturity Dates****A Source of Loans**

[7 CFR 1427.160(c)] [7 CFR 1427.161(f)] Eligible producers of seed cotton may obtain a recourse seed cotton loan at the County Office that keeps the records for the farm. Ginners **must** be approved according to paragraph 73.

B Availability Period

[7 CFR 1427.169(a)] Recourse cotton seed loans are available from the beginning of harvest through March 31 of the calendar year after the calendar year in which the crop was planted.

Note: When the final availability date falls on a nonworkday, the final date will be extended to the next workday.

C Ability to Change Availability Dates

Loan availability dates may be changed to conform to State or local quarantine regulations by STC.

D Maturity Date

[7 CFR 1427.174] Loans are due:

- on May 31 of the year after the calendar year the crop was planted
- before May 31, if CCC demands payment to conform to State or local quarantine regulations or for other reasons.

255 Loan Availability and Maturity Dates (Continued)

E Repayment

All loans **must** be repaid by the date specified in subparagraph D.

F Notification of Producer's CMA or LSA

To ensure that the proceeds from a ginned-cotton loan provided by CMA or LSA are used to repay a seed cotton loan obligation, County Offices will provide written or e-mail notification to every CMA or LSA used by the producer of the producer's:

- name and farm number
- module numbers submitted as collateral for the seed-cotton loan.

A copy of any notification to the CMA/LSA will be retained in the loan file.

256 **Quality of Seed Cotton and Loan Rate**

A Quality Determination

[7 CFR 1427.165(b)] The County Office will determine the quality to be used in determining the loan rate in each lot by using 1 or more of the following criteria:

- the average quality determined by the AMS classing office for cotton that the producer had ginned before applying for a seed cotton loan
- the average quality determined for the gin by AMS
- the average quality being ginned based on consultation with the ginner.

Warning: If a control sample is graded by AMS, the quality **must** be of a quality described in paragraph 123.

B Loan Rate

[7 CFR 1427.160(b)] Use the base quality loan rate.

257 Estimating Eligible Lint Cotton Quantity

A Computing Quantity for Loan

[7 CFR 1427.170] The commodity inspector will compute the quantity of lint cotton in each lot of seed cotton that is eligible for loan by determining the estimated quantity of seed cotton by weight or measurement.

B Determined by Weight

Determine the estimated weight of the seed cotton by multiplying the weight on the weight ticket times the lint turnout factor determined according to paragraph 258.

The estimated quantity, determined by weight, of lint cotton that is eligible for loan must **not** exceed 95 percent of the estimated quantity.

C Determined by Measurement

Use the following table for estimating the quantities of seed and lint cotton based on the measurements of a module or other stored quantity of seed cotton.

Step	TO estimate...	MULTIPLY the...
1	cubic feet of seed cotton	length, times the width, times the depth of the rick or module.
2	pounds of seed cotton	cubic feet of seed cotton (result of step 1) times the density factor (pounds/cubic foot) provided by the State Office. Note: This factor is estimated by each State based on estimates obtained from gins or the Extension Service.
3	pounds of lint cotton	pounds of seed cotton (result of step 2) by the lint turnout factors in subparagraph 258 C.

No more than 90 percent of the total estimated quantity of lint cotton (result of step 3) is eligible for loan.

257 Estimating Eligible Lint Cotton Quantity (Continued)

D Reducing Maximum Loan

COC may reduce the maximum percentage for loan on an individual producer or lot basis:

- if COC determined it to be necessary to protect CCC interest based on the following factors:
 - condition or suitability of the storage facility
 - condition of the cotton
 - location of storage facility
 - other factors peculiar to the individual farm or producer.
- at the producer's request.

258 Lint Turnout Factor**A Determining Lint Turnout Factor**

[7 CFR 1427.170] The commodity inspector will:

- determine the factor for any lot of seed cotton in the initial inspection of the cotton
- express the factor as a percentage of the pounds of seed cotton.

B If a Portion Is Weighed and Ginned

[7 CFR 1427.170] If a control portion of seed cotton in a lot is weighed and ginned, use the turnout factor determined for the portion ginned.

C If a Portion Is Not Weighed or Ginned

If a control portion is **not** weighed or ginned, use the average turnout factor determined for the gin by AMS.

If AMS does **not** have an average lint turnout for the gin, determine an average turnout factor from 1 of the following:

- the ginner's records in consultation with the ginner
- averages of nearby ginner, in new production areas when the ginner has no prior year records
- a state-wide maximum lint factor established separately for machine picked and for machine stripped cotton, as established by the STC based on acceptable proof of prevailing lint turnout.

In the absence of acceptable proof from AMS or ginner records, do **not** use more than:

- 32 percent as a lint turnout factor for machine-picked cotton
- 22 percent as a lint turnout factor for machine-stripped cotton.

D Proven Lint Turnout Factors

If the producer can prove a turnout factor greater than those listed in subparagraph C, use the proven turnout factor.

259 Approved Storage**A Minimum Requirements**

[7 CFR 1427.171] Approved storage will be storage located on or off the producer's farm that is determined by the commodity inspector to:

- adequately protect against loss or damage
- be located within a reasonable distance from an approved gin.

Note: Approved warehouses will be considered approved storage.

The producer is responsible for any loss in quality or quantity of the seed cotton under loan.

B Stored Off Farm

[7 CFR 1427.171] If the cotton is stored off the producer's farm:

- the producer **must** provide satisfactory evidence:
 - of authority to store the cotton on the property
 - the owner of the property has no lien against the cotton
- unencumbered access to the cotton **must** be available at all times to both of the following:
 - producer or producer's agent
 - County Office representative
- storage may consist of:
 - baled seed cotton
 - rick, pallet, or module storage
 - cotton stored on the ground, if adequately protected
 - other storage, if determined cotton is adequately protected.

259 Approved Storage (Continued)

C Insurance

[7 CFR 1427.166] Seed cotton **must** be insured at the full loan value against loss or damage by fire.

Note: STC may require additional insurance for losses because of:

- wind
- flood
- rising water.

If cotton is insured at the market price, loans may only be approved if market price is more than the loan value.

Warning: If market price falls below loan levels, the producer will be required to obtain additional insurance, or the loan will be called.

If the insurance policy has a deductible clause, the loan amount will be reduced by the deductible amount.

260 Approved Cotton Cooperatives

A Eligible Producer Members

Producer members **must**:

- give the cooperative, through a marketing agreement, authority to pledge the cotton
- be considered eligible producers according to paragraph 100 and produced seed cotton that is eligible according to paragraph 118.

261 Loan Service Fee

A Service Fee

[7 CFR 1427.169] Service charges will be assessed on all seed cotton loans disbursed, including seed cotton loans disbursed to approved cooperatives. The service fee will be the smaller of the following:

- $\frac{1}{2}$ of 1 percent (.005) times the gross loan amount
- \$45 per loan, plus \$3 for each rick or module over 1.

262-265 (Reserved)

Section 2 Loanmaking, Seed Cotton

266 Pre-Loan Inspections

A Requirements

[7 CFR 1427.163(a)] [7 CFR 1427.164] Upon request for a loan, County Offices will determine producer and cotton eligibility and, if necessary, arrange for an inspection.

If, according to paragraph 59, County Offices are:

- **not** approved to inspect a percentage of loans requested, follow subparagraph B
- approved to inspect a percentage of loans requested, follow subparagraph C.

B All Loans To Be Inspected

For each loan requested, the commodity inspector will:

- inspect the seed cotton, at CCC's expense
- prepare CCC-877 according to paragraph 268
- affix CCC-683 on each lot according to paragraph 269.

C Percent of Loans To Be Inspected

The commodity inspector will inspect, measure, and affix CCC-683 on the first 2 loans requested in the county, at CCC's expense.

After the first 2 loans, commodity inspector will inspect, measure, and affix CCC-683's, at CCC's expense, on a percentage, determined by the State Office according to paragraph 59, of the rest of the loans requested.

For loans that were **not** inspected, the County Office will:

- accept the producer's or ginner's measurement or weight of cotton, and make loans on this basis
- use the turnout factor and grade provided by the producer
- provide and instruct applicants for loans to affix CCC-683 on the ricks or modules that were **not** measured.

267 Before Processing the Loan**A Eligibility**

[7 CFR 1427.167] The eligibility requirements for the producer and cotton will be determined according to Part 2 before processing loans. See paragraph 124 for lien requirements.

B Required Forms and Documentation

When a producer requests a seed cotton loan, the producer will complete CCC Cotton A-5 according to paragraph 182 and provide:

- AD-1026 according to 6-CP
- BI Certification, when requested by COC, according to subparagraph 103 C
- CCC-679, when applicable, according to subparagraph 124 D
- FSA-211, when applicable, according to paragraph 45
- FSA-578 according to 2-CP
- CCC-877 according to paragraph 268.

Exception: If a producer provides a printout or other form showing all information required on CCC-877, CCC-877 is **not** required.

268 **Completing CCC-877, Seed Cotton Loan Worksheet**

A General Information

Complete CCC-877 to serve as a source document for preparing cotton loans.

Except as provided by paragraph 28, the commodity inspector will verify all required information on CCC-877.

Note: In preparing CCC-877, seed cotton that is stored in modules that are of the same estimated size and quality may be grouped by lot on CCC-877. This is **not** permitted for seed cotton stored in ricks.

B Instructions

CCC-877 will be:

- prepared as an original and 1 copy by the commodity inspector during initial inspection, if applicable
- completed by the County Office after the initial inspection, if applicable
- filed in the producer's loan file.

Note: Keep the original in the file and use the copy for reinspection.

268 Completing CCC-877, Seed Cotton Loan Worksheet (Continued)

C Completing CCC-877 (Front)

Complete the front side of CCC-877 according to this table.

Item	Initial County Office Entries
1-6	These items are self-explanatory.
7A	Enter location where modules are stored.
7B	Designate if the module is upland or ELS cotton.
8	Enter "" in the applicable box.
9	<p>Enter "T" in the applicable block.</p> <p>Check "Yes" for item:</p> <ul style="list-style-type: none"> • 9A, if the producer or ginner, based on where the cotton is stored, is insured at the full loan value against loss or damage by fire <p>Note: If the cotton is insured at the market price, follow subparagraph 259 C.</p> <ul style="list-style-type: none"> • 9B, if the spacing requirements are met according to the applicable insurance • 9C, if the insurance has a deductible cause.
10	Enter name and address of gin where the producer reports the cotton will be ginned.
Commodity Inspector Entries	
11 and 12	<p>Enter the seal number as the last 2 digits of the crop year, loan number, and lot number. Enter data for each module or rick as a separate lot.</p> <p>Exception: For modules only, modules may be grouped by lots if:</p> <ul style="list-style-type: none"> • the cotton was harvested in the same manner • the cotton is stored in modules that are the same measurement and quality • each module is posted with CCC-683 to show the individual number assigned to each module of the lot.

268 Completing CCC-877, Seed Cotton Loan Worksheet (Continued)

C Completing CCC-877 (Front) (Continued)

Item	Initial County Office Entries
13	Enter "Rick", "Module", or "Grouped Modules".
14	Check appropriate block. See paragraph 259 for storage requirements.
15	Enter "Picked" or "Stripped".
16-20	<p>If quantity will be determined by weight, leave blank.</p> <p>If quantity is determined by measurement, enter the appropriate data. If stored as group modules, enter the data for the average size module.</p>
21	<p>If quantity is determined by:</p> <ul style="list-style-type: none"> • weight, enter weight from weight tickets or other evidence of weight • measurement, enter quantity determined by multiplying length times width times depth to determine cubic feet. Multiply cubic feet of the cotton in the lot times the density factor provided by the State Office.
22	For grouped modules, enter number of modules.
23	Multiply total quantity by the number of modules in the lot. Enter the result here and in item 26.

268 Completing CCC-877, Seed Cotton Loan Worksheet (Continued)

D Completing CCC-877 (Reverse)

Complete the reverse side of CCC-877 according to this table.

Item	Commodity Inspector Entries
24	Enter the corresponding seal and lot number from items 11 and 12.
25	Enter “√” in the appropriate column to indicate the condition of the cotton.
26	Enter “√” to indicate whether quantity was determined by weight or measurement.
27	Enter the quantity from item 23.
28	Enter lint turnout factor. See paragraph 258 for determining lint turnout factor.
County Office Entries After Inspection	
29	Enter the quantity of lint cotton by multiplying the lint factor (item 28) times the quantity of seed cotton (item 27).
30	Enter the quantity eligible for loan by multiplying the quantity of lint cotton (item 29) times: <ul style="list-style-type: none"> • 90 percent, if the cotton was measured • 95 percent, if the quantity was weighed. <p>Note: COC may reduce this entry on an individual producer or lot basis if necessary to protect CCC’s interest.</p>
31	Enter the grade, staple, strength, and micronaire for quality of the cotton based on the method of determination indicated in item 34.
32	Enter the base quality loan rate.
33	Enter the loan amount for the loan by multiplying the adjusted loan rate (item 32) times the quantity eligible for loan (item 30).
34	Enter “√” in the appropriate box. See paragraph 257 for determining what method to use.
35	Instruct the commodity inspector to enter comments about method used to determine quantity and quality of the seed cotton.
36	Instruct the inspector to sign and date after inspection.
37	If CCC-877 is approved for CCC, CED or designee must sign and date. A second-party review of eligibility and CCC-877 must be performed before disbursement and will be recorded by the second-party entering initials and date on CCC-877.

269 **Completing CCC-683, Commodity Loan Seal**

A General Information

CCC-683 will be:

- prepared by commodity inspector (cooperative or gin representative, if applicable) at the time of inspection
- affixed to each lot of seed cotton under loan.

Exception: Use this procedure only if approved by State Office according to paragraph 235:

- have commodity inspector affix CCC-683 to ricks or modules on the first 2 loans made in the county
- have commodity inspector affix CCC-683 to a percentage of the rest of the loans
- instruct applicants for loans that were **not** inspected to affix CCC-683 to the ricks or modules that were **not** inspected.

B Preparing CCC-683

Prepare CCC-683 according to this table.

Item	Instructions
1	Enter name, address, and telephone number of County Office.
2	In the block for seal number, enter the following, separated by hyphens: <ul style="list-style-type: none"> • type of seed cotton under loan; enter: <ul style="list-style-type: none"> • “SUP” for upland seed • “SELS” for ELS seed • last 2 digits of the crop year • loan number • lot number (gin-assigned module or trailer number).
3	Enter initials and the date each time the seed cotton and storage facility is inspected.

C Example of CCC-683

COMMODITY LOAN SEAL

Do not remove loan contents from this structure without written consent of the County FSA Committee

The commodity under loan stored in this structure is mortgaged to secure a loan made under a program of Commodity Credit Corporation (CCC), an agency of the United States Department of Agriculture; accordingly, this structure is hereby placed under seal.

Entry into this structure and access to its contents are restricted to persons with written authorization by CCC.

Any person who, without proper authority, tampers with or breaks this seal and enters this structure, or interferes in any manner with the commodity stored in this structure is subject to criminal prosecution under State or Federal law.

NAME, ADDRESS AND TELEPHONE NUMBER OF COUNTY FSA OFFICE	
① FAIRFAX COUNTY FSA 8961 MAIN ST FAIRFAX, VA 23104 703-720-4168	

SEAL NUMBER	➔ ②	SUP-00-004-21006
-------------	------------	------------------

Inspected (Initials and Date)

<i>GSR</i>	09/26/00		
③			

CCC-683
(03-10-93)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

270 Seed Cotton Loan Processing in CLPS

A Preparation

Verify that loan rates and other related tables are correctly updated according to 16-PS.

B CLPS Procedure

Process seed cotton loans according to 16-PS.

271-273 (Reserved)

Section 3 Loan Settlements, Seed Cotton

274 Basic Settlement Provisions

A Options

[7 CFR 1427.172] The producer may:

- repay principal plus interest and charges at any time before maturity according to paragraph 276
- request seed cotton to be removed from farm storage, by executing CCC-883 according to paragraph 277 and by doing 1 of the following:
 - selling the seed cotton as seed cotton
 - having the cotton ginned and selling the lint cotton and cotton seed produced from the seed cotton

Note: If sold, the producer **must** repay the principal plus interest and charges immediately.

- having the cotton ginned and, through the County Office that keeps the farm records for the farm where the cotton was produced, repaying the seed cotton loan, interest, and charges from the proceeds from obtaining a loan or LDP
- Note:** Apply proceeds to the amount of the seed cotton loan, interest, and charges according to paragraph 276.
- if the producer is a cooperative and knows that ginned cotton is also collateral for a seed cotton loan, may provide a ginned cotton loan or LDP for such cotton if the proceeds are jointly payable to the producer and CCC.

274 Basic Settlement Provisions (Continued)**B Repayment Deadline**

[7 CFR 1427.174] Recourse seed cotton loans **must** be repaid no later than the earlier of the following:

- date set by the County Office on CCC-883 according to paragraph 277
- immediately after seed cotton or lint from the seed cotton is **sold**
- immediately after the seed cotton is ginned and the following are available:
 - class data
 - warehouse receipts, if the cotton is delivered to a warehouse
- loan maturity date.

C Types of Remittances

See subparagraph 197 E for acceptable types of remittances.

Seed cotton loan collateral **cannot** be exchanged for commodity certificates.

275 Removing Loan Seed Cotton From Storage Before Repayment**A Individual Producers**

[7 CFR 1427.172(b)(1)] For individual producers to remove loan seed cotton from storage before repayment, the producer **must** request and obtain approval in advance from the County Office by completing CCC-883 according to paragraph 277.

Exceptions: Producers may initiate movement of seed cotton pledged for loan on nonworkdays, without prior approval, if the producer makes a request for this movement on the next workday.

Approval may be given by telephone, but CCC-883 **must** be completed promptly thereafter.

Consider conversion has occurred if the conditions of this subparagraph are **not** met.

B Approved Cooperatives

For cooperative, approval to remove loan seed cotton before repayment is **not** required, but the cooperative will:

- notify disbursing County Office, in writing by mail or otherwise, the morning after cotton has been moved
- include the following in the notice:
 - loan number
 - rick or module numbers
 - storing county
 - a certification that the loans will be repaid within the time specified by COC.

275 Removing Loan Seed Cotton From Storage Before Repayment (Continued)**B Approved Cooperatives (Continued)**

When notice is received, County Offices will:

- enter date loan **must** be repaid and amount due on that date on the notification
- make a copy of the notification, with due date and amount due, and send to the cooperative.

Consider conversion has occurred if the conditions in this subparagraph are **not** met.

C Follow-Up Action

Take the follow-up action as necessary to ensure the loan is settled within the time specified by COC:

- on CCC-883
- the cooperative notification.

If seed cotton is removed from storage and the loan has **not** been settled:

- demand that the individual producer immediately repay the loan principal, plus interest and charges
- notify cooperative that the loan **must** be repaid before any other seed cotton may be moved
- if repayment is **not** made, consider the removal unauthorized.

276 Settlement of Seed Cotton Loan From Other Loan or LDP Proceeds**A Overview**

If a producer, except a cooperative, obtains a CCC-Cotton A loan or LDP for the purpose of repaying a seed cotton loan, the County Office will use the proceeds of the loan or LDP to repay the seed cotton loan principal plus interest and charges according to paragraph 278.

Note: Cooperative obtaining seed cotton loans **must** repay principal plus interest before pledging lint cotton for loan.

B Computing the Loan

Make the loan according to paragraph 186 and consider CCC a payee for the amount equal to the loan principal plus interest and charges.

Note: County Offices should calculate the repayment amount for the seed cotton loan before processing the CCC-Cotton A loan.

C Settling With the Producer

If CCC-Cotton A loan amount, minus the sum of the County Office fees and research and promotion fees, is:

- greater than the amount of the unpaid seed cotton loan, plus interest and any charges, pay the difference to the producer
- less than the amount of the unpaid seed cotton loan, plus interest and any charges, collect the difference from the producer.

D Applying Proceeds From CMA/LSA Loan or LDP

A producer who obtained a seed cotton loan from a County Office may apply to this loan obligation any proceeds disbursed by CMA or LSA from a loan or LDP on the same or other commodity.

Any proceeds obtained from CMA or LSA, whether from a loan or LDP, will be jointly payable to the producer and to CCC if these proceeds are from a loan or LDP for the same cotton that is collateral for the seed cotton loan.

277 Request to Move Collateral Using CCC-883**A Purpose**

Producers will request authorization to remove seed cotton pledged as collateral from storage on CCC-883 to either:

- sell as seed cotton
- gin seed cotton and sell the resulting lint cotton or pledge to CCC as security for a CCC-Cotton A loan.

Note: CCC-883 **must** be signed by at least 1 producer who signed CCC-881 or, if applicable, CCC-881-1 before it can be approved by CCC.

B Effective Period

CCC-883 will expire on the earlier of:

- 60 calendar days from the date CCC-883 was approved

Note: STC and COC may establish less than 60 calendar days.

- the loan maturity date.

C Extensions

If the seed cotton **cannot** be ginned before the expiration of CCC-883, COC may grant an extension allowing adequate time for the seed cotton to be ginned and for the producer to obtain classing data and, if applicable, warehouse receipts.

Notes: Extensions **cannot** be granted past the maturity date of the loan.

If the seed cotton or lint from the seed cotton is sold before the extension date, immediate repayment is required.

277 Request to Move Collateral Using CCC-883 (Continued)

D Preparing CCC-883

Prepare CCC-883 according to this table.

Item	Instructions
1-4	These items are self-explanatory.
5	ENTER "Upland" or "ELS".
6A	Enter the authorization expiration date as the lessor of: <ul style="list-style-type: none"> • 60 calendar days or number of days established by COC from the date CCC-883 is approved • loan maturity date. <p>Note: Under no circumstances will the expiration date be greater than May 31 of the year following the crop year the cotton was planted.</p>
6 B	Instruct producer requesting authorization to sign and date.
7	Enter the seal numbers involved in the release.
7 A	Enter the location where the seed cotton is stored.
7 B-D	Enter the mortgaged quantity: <ul style="list-style-type: none"> • before the release • authorized for removal • remaining in store under loan.
8 A	Obtain authorization date.
8 B	Enter the repayment amount, principal plus interest, for the date entered in item 8 A.
8 D	Enter the applicable daily interest rate.
9 A	Obtain authorized signature for CCC after all applicable signatures have been obtained.
9 B	Obtain authorization date.
9 C	Enter the date request is received by telephone, if applicable.
9 D	This item is self-explanatory.
10	Ginner will complete these entries.

277 Request to Move Collateral Using CCC-883 (Continued)

D Preparing CCC-883 (Continued)

<p>This form is available electronically.</p>			
<p>CCC-883 (09-17-08)</p> <p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p align="center">SEED COTTON REMOVAL, GINNING AND MARKETING AUTHORIZATION</p>		<p>INSTRUCTIONS TO PRODUCER</p> <p>Execute original and two copies. Return original to County Office immediately. Give copy to ginner.</p>	<p>INSTRUCTIONS TO GINNER</p> <p>Complete Item 10 and return to County Office immediately after cotton is ginned.</p>
<p>NOTE: The authority for collecting the following information is Pub. L. 110-245. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.</p> <p>The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting this information is the Agricultural Act of 1949, as amended, the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246), and regulations (7 CFR Part 1421). The information will be used to determine eligibility for seed cotton loan program benefits. Furnishing the information is voluntary, however, without it, eligibility for seed cotton loan program benefits may not be able to be determined. This information may be provided to the USDA agencies, IRS, the Department of Justice, other governmental agencies, other State or Federal law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001, 15 USC 714m, and 31 USC 3729, may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE</p>			
1. NAME AND ADDRESS OF PRODUCER (Include street, city, state, and Zip Code.)		2. STATE AND COUNTY CODES	3. LOAN NUMBER
		4. CROP YEAR	5. TYPE OF COTTON
<p>6. PRODUCER'S REQUEST</p> <p>I hereby request authority with respect to the above loan, to remove the quantity of seed cotton described in Item 7C from the storage location shown in Item 7A. I agree that this seed cotton will be removed from storage and either (1) sold as seed cotton or (2) ginned and the resulting lint cotton sold or pledged to CCC as security for a loan. I agree that this authorization will not release CCC's security interest in such cotton and will release me from my liability for the amount due on the loan thereon only to the extent that actual payment is received by CCC. I agree that if the seed cotton is removed from storage, the loan thereon, plus interest and charges, will be satisfied not later than (1) the date this authorization expires in Item 6A, (2) promptly after the cotton is ginned and the producer receives the class cards, and warehouse receipts, if the cotton is delivered to a warehouse, covering such cotton, or (3) the loan maturity date, whichever is the earliest. I agree that if the seed cotton or lint cotton is sold, the loan, interest, and charges will be paid immediately. Payment shall be made to the County Office shown in Item 9D in the amount specified in Item 8.</p>			
A. THIS AUTHORIZATION EXPIRES ON: (MM-DD-YYYY)		B. PRODUCER'S SIGNATURE	
		C. DATE (MM-DD-YYYY)	
<p>7. Seed Cotton Released</p>			
SEAL NUMBERS		A. ADDRESS OF STORAGE LOCATION	QUANTITY IN POUNDS
		B. MORTGAGED QUANTITY BEFORE THIS RELEASE.	
		C. MORTGAGE QUANTITY AUTHORIZED FOR REMOVAL.	
		D. MORTGAGED QUANTITY REMAINING IN STORE UNDER LOAN.	
<p>8. Repayment Amount</p>			
A. IF REPAYMENT IS RECEIVED ON (MM-DD-YYYY):		B. REPAYMENT IS (Amount):	C. If repayment is NOT made on the date shown, adjust the repayment for each day for interest.
		\$	\$
<p>NOTE: Make check payable to CCC and deliver to the County FSA Office named below to be received by the date this authorization expires.</p>			
<p>9. Removal Authorization</p>			
A. FOR CCC BY:		D. NAME AND ADDRESS OF COUNTY FSA OFFICE	
B. DATE OF AUTHORIZATION (MM-DD-YYYY)	C. DATE REQUEST RECEIVED BY PHONE (MM-DD-YYYY)	Telephone Number (Including Area Code):	
<p>10. To Be Completed By Ginner</p>			
<p>I certify that the following bales were produced from the quantity of cotton released in Item 7C.</p>			
A. LIST GIN BALE NUMBER(S)			
B. GINNER'S SIGNATURE			DATE (MM-DD-YYYY)
<p>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</p>			
ORIGINAL <input type="checkbox"/>	PRODUCER'S COPY <input type="checkbox"/>	COUNTY OFFICE COPY <input type="checkbox"/>	

277 Request to Move Collateral Using CCC-883 (Continued)

E Distributing CCC-883

Distribute the approved CCC-883 as follows:

- file original in loan folder for control purposes
- give producer copy to contact producer
- send copy to ginner.

If requested by telephone, the County Office will:

- retain the third copy
- send the original and second copy to the producer for signature

Note: County Office will inform the producer that both copies **must** be returned to the County Office before authorization can be approved.

- approve returned copies and return 1 of the copies to the producer
- send third copy to ginner after approval and request the ginner to complete item 10.

278 Repayments of Seed Cotton Loans Through CLPS

A Background

Seed cotton loans:

- are repaid in the same manner as a farm-stored measured loan
- can be repaid as:
 - full repayment
 - partial repayment
 - lump sum repayment.

B CLPS Procedure

County Offices will process seed cotton loan repayments according to 16-PS.

279 Repayments Because of Removal From Storage**A Producer Obligation**

The producer is responsible for any loss in quality or quantity of the seed cotton under loan.

B Going Out of Condition

[7 CFR 1427.172(c)] If the cotton is going out of condition or is in danger of going out of condition, the producer will immediately notify the County Office and confirm this notice in writing.

If COC determines that the cotton is going out of condition or is in danger of going out of condition, COC will call for settlement of the loan by a specific date. If settlement is **not** effected, consider the cotton abandoned. See paragraph 281 for abandonment.

C Loss of Storage Site or Danger of Damage

[7 CFR 1427.172(d)] If the producer loses control of the storage site or if there is danger of flood or damage to the storage structure that makes continued storage of the cotton unsafe, the producer **must** immediately repay the loan or move the cotton to the nearest approved gin for ginning. The producer will inform the County Office when the cotton is moved.

Note: If the producer does **not** repay the loan or move the cotton, consider the cotton abandoned. See paragraph 281 for abandonment.

280 Notice of Maturity**A Notifying Producers**

No earlier than 60 calendar days and no later than 45 calendar days before maturity date, notify each producer who has an outstanding loan that the loan is a recourse loan and **must** be repaid by the maturity date. Inform the producer that:

- if a loan is **not** repaid, CCC will:
 - remove the seed cotton from storage
 - have the cotton ginned
 - warehouse the lint cotton for CCC's account
 - sell the cotton

- if the proceeds from the sale of the lint cotton and cotton seed are:
 - less than the amount due on the loan principal, plus interest and charges, the producer will be liable for the difference

 - more than the amount of the loan principal, plus interest and charges, pay the difference to the producer.

No appeal rights are mentioned in this initial notification because no adverse action is being taken.

280 Notice of Maturity (Continued)

B Notice of Maturity Letter

Send the following notification letter to producers of maturing seed-cotton loans.

<p>UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY _____ COUNTY FSA OFFICE</p>
<p>(Date)</p>
<p>Dear _____:</p>
<p>This is to notify you that your (<i>enter crop year</i>) seed-cotton loan, No. (<i>enter loan number</i>) will mature on (<i>enter maturity date</i>). The maturity date of this loan cannot be extended.</p>
<p>Under the terms and conditions of the loan, this obligation must be repaid on or before the maturity date. The seed cotton cannot be delivered to CCC to satisfy this loan obligation.</p>
<p>If this loan is not repaid, CCC will:</p>
<ul style="list-style-type: none"> • remove the seed cotton from storage • have the cotton ginned • warehouse the lint cotton for CCC's account • sell the cotton.
<p>If the proceeds from the sale of the lint cotton and cotton seed are:</p>
<ul style="list-style-type: none"> • less than the amount due on the loan principal, plus interest and charges, the producer will be liable for the difference • more than the amount of the loan principal, plus interest and charges, the producer will be paid the difference.
<p>Sincerely,</p>
<p>County Executive Director _____ County FSA Office</p>

281 Abandonment and Foreclosure**A General Information**

[7 CFR 1427.173] Foreclose on seed cotton loans if the loan is **not** settled by loan maturity, or is considered abandoned.

B Producer Obligation

The producer is obligated to:

- authorize CCC to enter the storage premises and remove the cotton
- pay interest, ginning, and any other charges CCC incurs.

C Selling the Cotton

Once it is determined that foreclosure action will be taken, COC will:

- remove the seed cotton from storage, and have it:
 - ginned
 - classed
 - warehoused for CCC's account
- sell the seed cotton and:
 - if ginner is the buyer, credit the purchase amount against ginning costs
 - deposit any collections received from selling the seed cotton as loan repayment according to 3-FI
 - issue payment required to be made for ginning or other charges
 - include proceeds and payment in settlement with the producer.

281 Abandonment and Foreclosure (Continued)

D Settle With Producer

If the proceeds from the sale of the lint cotton and cotton seed are:

- less than the amount due on the loan, including interest, ginning, and other charges, collect the difference according to 3-FI
- more than the amount due on the loan, including interest, ginning, and other charges, pay the excess to producer according to 1-FI.

282 Demand Letters for Unpaid Seed Cotton Loans

A Demand Letter

Send the producer the following demand letter for a seed cotton loan obligation **not** paid by its maturity date.

UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY LYON COUNTY FSA OFFICE PO BOX 389 ROCK RAPIDS, TX 51246-0389
October 15, 2007
Any Farmer 1000 Green Bean Ave Springfield, TX 51241-7522
Dear Any Farmer:
<p>You were notified on (<i>date of loan maturity notification letter</i>) that your (<i>year</i>) crop (<i>commodity type</i>) loan (<i>number</i>) was due and payable on or before (<i>maturity date</i>). The loan has matured and the debt has not been repaid. Interest will continue to accrue until the amount due is repaid.</p>
<p>The following apply if the principal and charges plus interest, \$_____ as of the date of this letter, are not repaid on or before the 30th calendar day after the date of this letter:</p>
<ul style="list-style-type: none"> • foreclosure proceedings will begin • the amount due will be recorded for offset from any FSA or CCC payment due you • a claim will be established.
<p>If the value of the commodity delivered does not liquidate the outstanding balance, you will be expected to remit the deficiency promptly upon notification by CCC.</p>
<p>After the claim is established:</p>
<ul style="list-style-type: none"> • the claim may be reported to other Federal Agencies for offset from any amounts that may be due you • late payment interest, based on the rate established by the Department of the Treasury, will be applied to your debt on a daily basis from the date the claim is established until the debt is paid in full.
<p>An additional 3 percent interest will be assessed on the unpaid balance of the debt retroactively from the date the claim is established, if payment in full is not made within 60 calendar days after the date the claim is established.</p>
<p>We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments. If you have any questions regarding this matter, please do not hesitate to contact us.</p>
<p>If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. (<i>Insert COC address.</i>)</p>
<p>You may contact the County Office to receive a copy of the documents related to this determination.</p>
<p>Sincerely,</p>
<p>County Executive Director</p>

282 Demand Letter for Unpaid Seed Cotton Loan (Continued)

B Demand Letter (Appeal)

Send the producer the following demand letter on the 31st calendar day if the producer has responded to the notification letter and requests appeal or reconsideration of the debt.

Producer Name	Date
Producer Address	
Dear <i>Producer Name</i> :	
<p>By letter dated _____, you were notified that the County Committee had determined that you owe \$_____, plus interest as applicable. You requested an informal review and reconsideration of the debt. The County Committee has reconfirmed the debt determination. The debt is now past-due. Late payment interest will accrue on your debt at the rate of ___% per annum starting on the 31st day from the date of this letter until the debt is paid or otherwise resolved.</p>	
<p>Please pay your debt now. Make your check payable to “Commodity Credit Corporation” and send it to this office at the above address. If you are unable to pay the debt in full now, you may arrange to establish a mutually acceptable repayment agreement and pay in installments. If payment in full or arrangements to pay the debt in full are not made within 60 days from the date of this letter, or upon conclusion of the appeals process, whichever is later, the debt will be sent to the Kansas City Management Office for referral to the Department of Treasury for collection by offset of qualified disbursements and refunds, including any federal income tax refund to which you may be entitled.</p>	
<p>Because this debt may be collected by offset of your federal income tax refund, you may present, within 60 days from the date of this letter, evidence that all or part of the debt is not past-due or legally enforceable. Submit to this office a written explanation of your position that the debt is not past-due or legally enforceable, and include documentation to support your position. Of course, if you are continuing the appeal of the debt under the National Appeals Division procedures, and have included the issues of the past-due nature of the debt and its legal enforceability, we will rely on the final determination in the National Appeals Division process, and not make a separate determination on those issues. Please be assured that we will not send the debt to the Kansas City Management Office until completion of the National Appeals Division process.</p>	

282 Demand Letters for Unpaid Seed Cotton Loan (Continued)**B Demand Letter (Appeal) (Continued)**

Under Federal law and regulations, the following additional actions may be taken by USDA and the Department of Treasury to collect delinquent debts:

- Assessment of interest, administrative costs, and penalties.
- Administrative garnishment of wages.
- Offset of CCC and FSA payments.
- Reporting the debt to consumer and commercial credit bureaus.
- Referral of the debt to private collection agencies and Treasury-designated collection centers.
- Referral of the debt to Agency counsel or the Department of Justice for litigation.
- Reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged.

Our records do **not** indicate that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify your local USDA Service Center as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

Please contact this office at _____ if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If this debt is **not** resolved within 60 days of the date of this letter, or upon conclusion of the appeals process, the Kansas City Management Office will take additional collection action.

Please disregard this letter if you have already paid this debt.

Sincerely,

County Executive Director

283-285 (Reserved)

Part 6 LDP's

Section 1 Basic Requirements

286 Source of LDP's

A Where to Apply

[7 CFR 1427.23] LDP's (and loans) may be obtained by eligible producers only from any of the following:

- The Administrative County Office for the farm on which the cotton was produced (the Administrative County)
- an approved cotton clerk, according to 14-CN [7 CFR 1427.6]
- an approved CMA or LSA, according to 21-CN [7 CFR 1427.5(a) and 1427.6].

Multi-county producers may request LDP's in any county in which they have a farming interest. The actual LDP must be processed by the applicable County Office where the cotton acreage is reported.

287 Eligibility

A Type of Cotton

[7 CFR 1427.23] Upland cotton that has been ginned is eligible for LDP.

Note: LDP's are available on lint cotton obtained from seed cotton pledged as collateral for a seed cotton loan; however, the proceeds of the LDP **must** be applied to the outstanding seed cotton loan amount.

B Producer and Cotton Eligibility

[7 CFR 1427.5] Producers and cotton **must** meet the same eligibility requirements, according to paragraph 100, that are used for a regular upland cotton CCC-Cotton A loan, except that:

- CCC does **not** have to be the holder of EWR's for the bales
- cotton does **not** have to be stored in a warehouse or be represented by a warehouse receipt
- the producer is **not** required to have BI in the cotton if CCC-633 EZ, page 1 was signed and submitted before BI was lost.

Note: Any portion of the cotton production on which LDP is **not** requested is eligible for a loan, if stored in an approved warehouse.

Cotton remains eligible for loan and for repayment at principal plus interest or CCE if LDP has been requested on the cotton, but the LDP was denied because of either:

- adjusted gross income provisions
- payment limitation provisions
- actively engaged, member contribution and cash rent tenant provisions.

C Payment Limitation Provisions

[7 CFR 1400] See paragraph 43 for payment limitation provisions.

Cotton denied LDP because of adjusted gross income provisions or payment limitation provisions, the cotton is eligible for loan through the final loan availability date as long as all other eligibility requirements, including BI, are met.

Satisfaction of loan obligation for these loans can be either of the following:

- repaid at principal plus interest
- delivery of collateral to CCC
- Repaid at reduced rate with commodity certificate exchange.

Note: These loans are not eligible for a market loan gain.

287 Eligibility (Continued)

D Minimum Quality Requirements [7 CFR 1427.25(h)]

To be eligible for LDP, a bale of cotton **must** have a loan rate greater than zero. The loan rate is calculated by adjusting the prevailing base loan rate using premiums and discounts, based on the grade and quality of the cotton.

This requirement is consistent with the calculation of loan gain. CCC policy is that the gain from repaying a MAL **must not** exceed the loan value of the commodity. Thus, if the loan value of the cotton is zero, the loan gain or LDP for the cotton is also zero.

Note: CCC does **not** provide loans for cotton having a computed loan value of zero or less.

E Eligibility of Destroyed Cotton

LDP's:

- are **not** available for cotton that was lost or destroyed before ginning

Note: For an LDP to be calculated the weight and classification of the cotton **must** have been determined. Therefore, LDP's **cannot** be provided for unginning seed cotton even if intention to obtain an LDP had been:

- indicated by submission of CCC-633 EZ, page 1
 - requested based on a module-lock-in using CCC-633 EZ, page 1.
- are available for cotton that was lost or destroyed **after** ginning, if classification information is available for lost or destroyed cotton and CCC-633 EZ, page 1 had been executed on the ginned cotton bales before the loss or destruction occurred.

287 Eligibility (Continued)**F Submitting CCC-633 EZ's**

A CCC-633 EZ, page 1 can be submitted to any County Office in which the producer has an interest. However, the CCC-633 EZ, page 3 **must** be sent to the Administrative County Office where the farm records are kept for the farm on which the commodity was produced. Requests **must** be submitted:

- in person
- by mail
- by FAX
- scanned and e-mailed
- through eForms.

County Offices are to forward a copy of the CCC-633 EZ, Page 1 for multi-county producers to the other County Offices the producer reports having an interest in the cotton crop.

Following submission and approval of CCC-633 EZ, page 1, eLDP requests can be submitted by eligible producers who have:

- a customer profile
- level 2 eAuthentication account access.

287 Eligibility (Continued)

G Multi-County Producers

If the producer farms in more than 1 county, the County Office first contacted will:

- accept the LDP request on page 3
- contact the other County Offices when either of the following applies:
 - the request covers eligible production from more than 1 farm and the farm program records are kept in more than 1 County Office
 - LDP's were received from more than 1 County Office
- Scan and email or FAX LDP requests to the applicable administrative County Office for completion.

If a single CCC-633 EZ, page 3 includes production from multiple farms that are located in a different county, the County Office that accepts the LDP request **must** indicate in item 56 that "multi-county; multiple LDP's".

Note: The applicable administrative County Office **must**:

- verify the COC-established maximum yield for the eligible production in the applicable county
- document in item 56 where the verification of information was obtained.

288 Establishing LDP Eligibility Before BI Is Lost**A Eligibility When BI Lost**

A producer may apply for LDP benefits after BI is lost if the producer submitted CCC-633 EZ, page 1 before BI was lost on the cotton.

CCC-633 EZ, page 1 is:

- only a statement of intentions
- **not** an LDP request for an identified quantity.

Producers who submit CCC-633 EZ, page 1 before BI is lost:

- may request LDP on production identified on CCC-633 EZ after BI has been lost; see options in subparagraph 290 A
- may request a marketing assistance loan on the covered quantity as long as BI is retained at the time of the loan request
- are **not** irrevocably committed to request either a loan or LDP for cotton identified on CCC-633 EZ.

This policy does **not** guarantee or provide LDP eligibility in all circumstances where BI was lost. Cotton will lose eligibility for LDP unless CCC-633 EZ, page 1 is submitted before BI is lost.

B Using CCC-633 EZ to Establish LDP Eligibility

CCC-633 EZ, page 1 **must** be submitted **before** BI is lost on the cotton to be assured eligibility for LDP.

289 Completing CCC-633 EZ's

A Page 1

Complete CCC-633 EZ, Page 1 according to the following.

Item	Instructions
1	Enter name and address of the producer (individual, joint operation, or legal entity) for which benefits may be requested.
2	Enter telephone/cell number, including area code, of the producer.
3	Enter last 4 digits of TIN for the producer in item 1.
4	Enter crop year for the commodities covered by CCC-633 EZ.
5	Enter States and counties where the producer has an interest for the designated crop year. Note: CCC-633 EZ covers interests in all eligible LDP commodities of the producer in item 1. The County Office that first receives page 1, will forward to other County Offices, as applicable, by FAX or mail.
Part A – Terms and Conditions	
All producers requesting LDP will review and understand the terms and conditions of this agreement.	
Part B – Methods of Payment Request	
All producers requesting LDP will review and understand the methods by which a payment request may be initiated under this agreement.	
Note: Page 3 must be received in the County Office before the final loan availability date (May 31 after the calendar year after the cotton was planted).	

289 Completing CCC-633 EZ's (Continued)

A Page 1 (Continued)

Item	Instructions
Part C – Producer Signature and Certification	
6 and 7	<p>After reading the certification statement, the producer needs to sign and date in items 6 and 7. The signatures indicate the producer has reviewed and agrees to the conditions listed. There will be one CCC-633 EZ, Page 1 per producer. Multiple signature lines are provided for cases where multiple signatures are required to act for an operation or legal entity. If additional signature lines are needed, the producer will use page 5, Part C.</p> <p>In item 6B, “Title/Relationship”, the signatory will enter their relationship authorizing them to sign on behalf of the producer; for example, power of attorney, position in the company, spouse, etc.</p> <p>Example: Treasurer of Smith Bros., Inc.</p> <p>If the applicant is not signing in the representative capacity, leave field 6B blank. If “SELF” is written to indicate the producer is signing on behalf of their own self, it is acceptable; however, not necessary.</p> <p>Note: Generally, there will be one CCC-633 EZ, Page 1 per producer. Multiple signature lines are provided for cases where multiple signatures are required to act for the operation or legal entity. If additional signature lines are needed, the producer will use page 5, Part C.</p>
Part D – CCC Agreement (FSA Use Only)	
8	Enter signature of authorized CCC representative.
9	Enter title of authorized CCC representative.
10	Enter date of CCC representative’s signature.
11	Enter additional information pertinent to the approval or disapproval of agreement.
12	Enter name and address of the County FSA Office, LSA, or DMA receiving and signing the original page 1. The County Office may enter their assigned State and county code in place of their name and address.

Note: Page 3 **must** accompany all requests for payment. If additional information is needed to determine eligible producer, net quantity, and payment rate, then the request will **not** be paid until evidence is provided.

289 Completing CCC-633 EZ's (Continued)

B Page 3

Complete CCC-633 EZ, Page 3 for cotton LDP's according to the following:

- gin-direct LDP's according to subparagraph 303 J
- irrevocable module lock-in LDP's according to subparagraph 304 E
- irrevocable post-ginning according to subparagraph 304 E
- lost BI according to subparagraph 305 B.

289 Completing CCC-633 EZ's (Continued)

C Page 5

CCC-633 EZ, page 5 is a continuation sheet for additional signatures, if required. Complete CCC-633 EZ, page 5 according to the following.

Item	Instructions
Title Block	ENTER "3" on the line "Attach to Form CCC-633 EZ, Page _____".
Part C – Producer Certification	
	If this is a continuation page for CCC-633 EZ page 1, check (✓) box in front of Part C.
6 and 7	<p>After reading the certification statement on page 1, Part C, the additional producers on this agreement will sign and date.</p> <p>In item 6B, "Title/Relationship", enter the relationship authorized for you to sign on behalf of the producer; for example, power of attorney, position in the company, spouse, etc.</p> <p>Example: Treasurer of Smith Bros., Inc.</p>
Part J – Producer Certification (complete as applicable)	
	If this is a continuation page for page 3, check the box in front of Part J, as applicable.
43 through 45	<p>After reading the certification, the producer signs, enters the share percentage of the LDP quantity, and dates.</p> <p>In "Title/Relationship", the signatory will enter their relationship authorizing them to sign on behalf of the producer; for example, power of attorney, position in the company, spouse, etc.</p> <p>Example: Treasurer of Smith Bros., Inc.</p> <p>If the applicant is not signing in the representative capacity, leave "Title/Relationship" field blank. If "SELF" is written to indicate the producer is signing on behalf of their own self, it is acceptable; however, not necessary.</p>

289 Completing CCC-633 EZ's (Continued)

D Example of CCC-633 EZ

The following is an example of CCC-633 EZ page 1.

This form is available electronically.

CCC-633 EZ (03-28-14)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. Name and Address of Producer (Include ZIP Code) (Please Print) William Green 510 Hwy 123 Anywhere, ST 00001	
LOAN DEFICIENCY PAYMENT (LDP) AGREEMENT AND REQUEST				2. Telephone or Cell Number (Include Area Code): 999-555-1212	
All eligible producers entering into this agreement MUST meet marketing assistance loan eligibility and have beneficial interest in the quantities covered by this agreement for the applicable crop year when signing this form. A producer is considered to have beneficial interest in the specified quantities if the producer has ALL of the following:				3. ID Number (Last 4 Digits): XXXX	
• title to the commodity				4. Crop Year: 20XX	
• control of the commodity				5. State(s) and County(s) State, Jones County	
File this form BEFORE loss of beneficial interest (title and control) to indicate your intentions to receive Loan Deficiency Payment (LDP) benefits for this crop year for all counties and all eligible harvested, sheared, or slaughtered commodities for the individual, joint operation, or entity identified in Item 1. The CCC-633 EZ - LDP Request (Page 2), Cotton LDP Request (Page 3), or Request for Wool, Mohair, or Unshorn Pelt LDP (Page 4) must be completed BEFORE the final loan/LDP availability date to receive LDP benefits.					
PART A - TERMS AND CONDITIONS					
• The LDP rate will be based on the earlier of: a) the date beneficial interest is lost as applicable to specific commodity provisions; or b) the LDP request date as submitted on the CCC-633 EZ (Page 2) Part E, or CCC-633 EZ (Page 4) for wool, mohair, and unshorn pelts. For cotton LDP's requested on CCC-633 EZ Cotton (Page 3), the LDP rate will be based on the information provided on Page 3.					
• Quantities covered by this agreement were produced by the producer and not purchased or acquired directly or indirectly from any other source or committed under a marketing agreement to a Cooperative Marketing Association (CMA).					
• As a condition of receiving an LDP, a producer (or members of a CMA) must first resolve delinquent federal non-tax debt(s). The debt(s) must be resolved before the final loan/LDP availability date.					
• CCC may request copies of contracts and supplemental documentation to determine eligible quantity and when beneficial interest was lost.					
• If a Marketing Assistance Loan (MAL) is disbursed for a quantity covered by this agreement and the MAL is repaid at a price less than principal and interest, this agreement becomes null and void for that specific quantity.					
• All producers with an interest in the quantity covered by this agreement must sign a CCC-633 EZ Part C, to obtain LDP benefits.					
PART B - METHODS OF PAYMENT REQUEST (Request must be submitted by final loan/LDP availability date.)					
• For quantities represented by verifiable production evidence under this agreement, submission of evidence in combination with Part E, Part N, or Part O of this form as applicable shall be considered a request for payment. Evidence must include sufficient data to determine producer and commodity eligibility and LDP rate.					
• For quantities for which verifiable evidence is unavailable (i.e., certified quantities, fed quantities, quantities used for seed, silage, etc.), the request for payment shall be initiated by recording a certification of quantity on Part E, Part N, or Part O of this form as applicable. Additional information may be requested by CCC to determine producer and commodity eligibility and LDP rate.					
• Submission of an eLDP shall be a request for payment. The CCC-633 EZ Part E is not required for that specific quantity.					
• For Cotton Producers Only: Producer agrees: a) any request for a module lock-in or post-ginning LDP is irrevocable and cannot be cancelled or revised unless the LDP is denied due to AGI; b) any request for a gin-direct LDP is irrevocable on or after the date of ginning; c) entry of information on Page 3 of this application constitutes an irrevocable application for the Adjusted World Price (AWP) to be locked in on the date an accurately completed application is submitted for an LDP based on gin-provided documentation identifying the bales produced from the module/storage unit for which the AWP lock-in applies.					
PART C - PRODUCER SIGNATURE AND CERTIFICATION (For additional signatures, complete CCC-633 EZ Continuation, Part C)					
I/we certify all information entered on this form is true and correct. By certifying to the terms and conditions in Part A, the producer(s) hereby enters into this agreement with CCC for all eligible commodities. The producer(s) agrees: 1) any false claim or false statement may lead to civil liability or criminal prosecution; 2) LDP's may be selected for spot-check and the producer will be required to provide supplemental documents to determine program eligibility; 3) to forgo a commodity loan on the quantity requested for LDP unless a quantity is denied LDP due to payment limitation; 4) not to refund any LDP amount in order to obtain a commodity loan; 5) this agreement and subsequent payment request is subject to CCC determination of producer and commodity eligibility subject to 7 CFR Parts 1421, 1425, 1427 and 1434; 6) that CCC shall require refund of LDP, plus interest, from the date of payment if producer(s) and/or commodity is later determined ineligible by CCC; 7) CCC shall assess administrative penalties and/or liquidated damages in accordance with 7 CFR Parts 1421, 1425, 1427 and 1434, as applicable, if producer(s) misrepresented the eligible quantity and/or commodity covered by this agreement; 8) the maximum eligible quantity and yield determinations must equal the quantity and yield determinations for disaster or crop insurance indemnity payments, when and if applicable; and 9) to submit the applicable CCC-633 EZ, Page 2, Page 3, Page 4 or an eLDP online request before obtaining LDP amounts.					
6A. Producer's Signature (BY) <i>/s/ William Green</i>		7. Date (MM-DD-YYYY) 04-01-2014		6B. Producer's Signature (BY) _____	
6B. Title/Relationship (Individual Signing in a representative capacity)		7. Date (MM-DD-YYYY)		6B. Title/Relationship (Individual Signing in a representative capacity)	
PART D - CCC AGREEMENT (FOR CCC USE ONLY)					
8. Signature of CCC Representative <i>/s/ John Doe</i>		10. Date (MM-DD-YYYY) 04-01-2014		11. Additional Information	
9. Title of CCC Representative CED		10. Date (MM-DD-YYYY)		12. Name and Address of County FSA Office or LSA or DMA Jones County FSA Office 1521 Main Street Snywhere, ST 00001	
NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1421, 7 CFR Part 1425, 7 CFR Part 1427, 7 CFR Part 1434, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246) as amended by the American Taxpayer Relief Act of 2012, and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility for loan deficiency payment program benefits. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for loan deficiency payment program benefits. This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F - Administration). The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.					
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If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html , or at any USDA office, or call (866) 632-9892 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov . USDA is an equal opportunity provider and employer.					

289 Completing CCC-633 EZ's (Continued)

D Example of CCC-633 EZ (Continued)

The following is an example of CCC-633 EZ, Page 3.

CCC-633 EZ (03-28-14)								
PART H - REQUEST FOR COTTON LDP								
33A. Contact Name and Address of Producer (Include Zip Code) <i>(Please Print)</i> William Green 510 Hwy 123 Anywhere, St 00001			33B. ID No. <i>(Last 4 digits)</i> XXXX	34. Telephone or Cell Number <i>(Include Area Code) (Optional)</i> 999-555-1212	35. Farm Number 66	36. Crop Year 20XX	37. Are you or any co-applicant delinquent on any federal non-tax debt? If "YES", explain in item 56. <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
38. Producer Initials to verify LDP type and bale quantity	Type of LDP Requested	Must be Requested	Must have Beneficial Interest at Time of LDP Application?	The LDP Rate will be the rate in effect on the:	39. Quantity: (Use Part K for file sequence number(s))			
	Irrevocable Module Lock-In	After Harvest, Before Ginning	YES	Date an Accurately Completed Request is Submitted. ▶	Identified by gin as being produced from the module(s) listed in Part I and identified by bale list or file sequence number(s).			
Wbg	Gin-Direct	Before Date of Ginning	YES	Date of Ginning ▶	GIN DIRECT ONLY: For each farm number producer enters number of bales or "ALL" to be identified by bale list or file sequence number.			
					A. FARM NO.	B. NO. BALES	A. FARM NO.	B. NO. BALES
					666	315		
	Irrevocable Post-Ginning	After Ginning	YES	Later of: 1) date of request or 2) date bale list submitted ▶	C. Producer enters bale quantity (to be verified by bale list or file sequence number): N/A			
	Lost Beneficial Interest	After Ginning	NO	Date Beneficial Interest Lost ▶	D. Producer enters bale quantity (to be verified by bale list or file sequence number): N/A			
PART I - MODULE IDENTIFICATION OF SEED COTTON (Completed for Module Lock-In LDP Request)								
40. Gin Code:				41. Module Location at Farm or Gin:				
42. Gin's Module/Trailer Number:								
PART J - PRODUCER CERTIFICATION (For additional signatures, complete CCC-633 EZ Continuation, Part J)								
I certify all information entered on this form is true and correct.								
43A. Producer's Signature (By) <i>Wd William Green</i>	43B. Title/Relationship (Individual Signing in a Representative Capacity) Self	44. Share % 100%	45. Date (MM-DD-YYYY) 11-15-20XX	43A. Producer's Signature (By)	43B. Title/Relationship (Individual Signing in a Representative Capacity)	44. Share %	45. Date (MM-DD-YYYY)	
PART K - INFORMATION FOR LDP REQUEST (Complete Upon Receipt of Bale Data Files) (FOR CCC USE ONLY)								
46. LDP Number 11456	47. File Sequence Number(s) 0234	48. Date File(s) Received (MM-DD-YYYY) 11-20-20XX	49. Bale Count 315					
PART L - CCC APPROVAL (FOR CCC USE ONLY)								
50A. Signature of CCC Representative <i>Wd John Doe</i>	50B. Title of CCC Representative CED	53. Date Request Submitted (MM-DD-YYYY) 11-15-20XX	55. Name and Address of FSA County Office or LSA Jones Co FSA Office 1521 Main Street Anywhere, ST 00001	56. Additional Information/Second Party Review				
51. Action: <input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED	52. Date of Signature by CCC Representative (MM-DD-YYYY) 11-21-20XX	54. AWP on Applicable Date 96.69						

289 Completing CCC-633 EZ's (Continued)

D Example of CCC-633 EZ (Continued)

The following is an example of CCC-633 EZ, Page 5.

CCC-633 EZ Continuation (03-28-14)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation				
CONTINUATION SHEET FOR LOAN DEFICIENCY (LDP) PAYMENT AGREEMENT AND REQUEST (Use with CCC-633 EZ Pages 1, 2, 3, or 4)						
Attach to Form CCC-633 EZ, Page _____						
Enter a Check by the Appropriate Part to Indicate which Section this Form Applies.						
<input type="checkbox"/> PART C - PRODUCER CERTIFICATION (CCC-633 EZ Page 1) (Continuation)						
6A. Producer's Signature (By)	6B. Title/Relationship (Individual Signing in a representative capacity)	7. Date (MM-DD-YYYY)	6A. Producer's Signature (By)	6B. Title/Relationship (Individual Signing in a representative capacity)	7. Date (MM-DD-YYYY)	
<input type="checkbox"/> PART F - PRODUCER CERTIFICATION (CCC-633 EZ Page 2) (Continuation for LDP Request)						
25A. Producer's Signature (By)	25B. Title/Relationship (Individual Signing in a representative capacity)	26. Share %	27. Date (MM-DD-YYYY)	25A. Producer's Signature (By)	25B. Title/Relationship (Individual Signing in a representative capacity)	26. Share % 27. Date (MM-DD-YYYY)
<input type="checkbox"/> PART J - PRODUCER CERTIFICATION (CCC-633 EZ Page 3) (Continuation for Cotton LDP Request)						
43A. Producer's Signature (By)	43B. Title/Relationship (Individual Signing in a representative capacity)	44. Share %	45. Date (MM-DD-YYYY)	43A. Producer's Signature (By)	43B. Title/Relationship (Individual Signing in a representative capacity)	44. Share % 45. Date (MM-DD-YYYY)
<input type="checkbox"/> PART P - PRODUCER CERTIFICATION (CCC-633 EZ Page 4) (Continuation for Wool, Mohair, or Unshorn Pelt LDP Request)						
79A. Producer's Signature (By)	79B. Title/Relationship (Individual Signing in a representative capacity)	80. Share %	81. Date (MM-DD-YYYY)	79A. Producer's Signature (By)	79B. Title/Relationship (Individual Signing in a representative capacity)	80. Share % 81. Date (MM-DD-YYYY)

Note: See 8-LP, Part 10 for examples of CCC-633 EZ, pages 2 and 4 for other loan commodities.

290 LDP Options Relative to Harvest and Ginning

A LDP Request Options

Cotton LDP’s may be disbursed, in all cases, only on eligible, ginned cotton upon presentation of production evidence in the form of a warehouse receipt or bale list.

Producers requesting LDP **must** submit **both** CCC-633 EZ, pages 1 and 3 for any of the following options.

Type	RATE used for LDP is rate effective on...	BI status at time of application...
Irrevocable module lock-in.	date an application is received which includes all required signatures and the gin module/trailer numbers	producer has BI.
Gin-direct.	date of ginning	
Irrevocable post-ginning.	date an application is received which includes all required signatures and the bale list (electronic file or paper list)	
Lost BI before application.	the date BI was lost based upon the date on the sales document or invoice	BI lost.

- Irrevocable module lock-in.** For harvested cotton in modules, before ginning, a producer may submit CCC-633 EZ, page 3 to request lock-in of AWP rate to be used for LDP calculation. AWP/LDP rate is that which is effective on the date a request is submitted with all required signatures **and** gin module/trailer numbers. After the cotton is ginned, the producer provides bale information that corresponds to the cotton identified by the trailer or module number. These requests for lock-in of AWP and LDP **cannot** be revised or canceled. See subparagraph 304 E.
- Gin-direct.** A producer may request gin-direct LDP’s using CCC-633 EZ, page 3. The LDP rate provided is the payment rate effective on the date the cotton is ginned according to paragraph 303. These requests are allowed to be revised or terminated under certain circumstances. See subparagraphs 303 F and G. Producer must enter farm number and number of bales in Item 39.
- Irrevocable post-ginning.** On cotton that has been ginned, a producer may request LDP using CCC-633 EZ, Page 3 supported by a bale list. The AWP/LDP rate is the rate that is effective on the date the bale list is provided, if it is **not** submitted at the same time as a signed Page 3. These LDP requests once submitted, cannot be revised or cancelled. See subparagraph 304 E.
- Lost BI.** If BI has been lost before the LDP is requested, **and** the producer had filed CCC-633 EZ, page 1 before the date BI was lost, then the producer may request LDP using CCC-633 EZ, page 3. For these LDP’s, the only payment rate provided is the rate applicable on the date that BI was lost. The producer **must** provide a sales document or invoice to determine the date BI was lost on the applicable quantity.

290 LDP Options Relative to Harvest and Ginning (Continued)**A LDP Request Options (Continued)**

LDP applications submitted under any of these options are not considered complete if received without classification information. In these cases, the approval for disbursement is to be made after classification information is received.

Cotton can be subject to only 1 loan or 1 LDP application at any moment. Benefits, whether a loan or LDP, are provided only once on any quantity of cotton. No concurrent applications for the same cotton are ever allowed.

291 Availability Dates**A Availability Dates**

[7 CFR 1427.5(a)] Cotton LDP's are available by executing an LDP application from the date loan rates are announced through May 31 after the calendar year in which the crop is planted. This application deadline applies:

- to all types of LDP's
- regardless if applicant has, or has lost, BI at the time of application.

Reminder: The disbursement date will be no later than 30 calendar days after the final date of availability. When the final availability date falls on a nonworkday, the final date will be extended to the next workday.

B Accepting and Date-Stamping LDP Documents

If CCC-633 EZ was signed by the producer more than 15 calendar days before delivery or mailing (postmark date) to the County Office, the County Office:

- will **not** accept the application if presented by a Cotton Clerk
- may accept the application if presented by a producer.

All pages of CCC-633 EZ will be date-stamped upon receipt.

Note: A patron postage meter date stamp is **not** a post mark.

291 Availability Dates (continued)**C Effective Times for AWP and CCA**

LDP rates are based on the same announced AWP's and CCA's, and the same effective times of these prices, as are applicable to loan redemptions. See subparagraphs 22 A through D for the effective times of announced prices.

292 Research and Promotion Fee**A Fee**

[7 CFR 1427.13(d)] The Cotton Research and Promotion Act requires producers to remit to CCC an assessment based on LDP. CCC transmits this assessment to the Cotton Board.

Note: Assessments for research and promotion **do not** apply to ELS cotton loans.

For LDP's, this regulation provides that the rate will be up to 1 percent of LDP. The current assessment is less than this regulatory maximum level.

An additional Cotton Board assessment for cotton receiving LDP is paid to the Cotton Board by the cotton buyer. FSA plays no role in collecting or transmitting this additional component of the fee to the Cotton Board.

B Computation Method

For recent crops, the actual rate has been established at ½ percent (0.005) of the total LDP. LDP software calculates this amount and deducts it from the payment provided to the producer.

Note: This assessment is paid to the Cotton Board by Kansas City.

293 LDP Rate**A LDP Rate for Upland Cotton**

[7 CFR 1427.23(c) and (d)] The LDP rate for each bale of cotton will be the smaller of:

- the loan value
- the difference between national loan rate and AWP.

B Date Used to Establish Payment Rate

The date used to determine the cotton LDP payment rate varies depending on the LDP option selected by the producer. See subparagraph 290 A for an explanation of these options and to determine the date used for setting the LDP rate.

C When CCA and/or FCA is Applicable

See paragraph 26 to determine any allowable CCA and/or FCA. When CCA or FCA is applicable, it is either added to the LDP rate for the bale or subtracted from AWP.

294 Production Evidence**A Production Evidence Defined**

Production evidence **must** include the following:

- acceptable warehouse receipts according to paragraph 163

Note: It is **not** required that warehouse receipts be issued by a CCC-approved warehouse for LDP eligibility.

- a gin tag list including both of the following:
 - either gin tag number and gin date, or warehouse receipt number and storage start date
 - either warehouse net bale weight, or both tare weight and gross bale weight
- the date of ginning, if a gin direct LDP rate is requested.

B Verifying Electronic Production Evidence

The County Office will ensure that production evidence submitted by electronic means, corresponds with the quantity for which the loan or LDP was requested by:

- accepting applications only when accompanied by production evidence
- requiring the producer to review and agree to a printed copy of any electronically submitted evidence
- otherwise ensuring that this electronic production evidence is the same quantity to which the loan or LDP request applies.

C Dating Receipt of Production Evidence

All production evidence **must** be date-stamped to indicate the date of receipt of the production evidence by CCC, by either a paper record or electronic file.

This date may be needed to determine the date the LDP application is received. See subparagraph 303 B.

294 Production Evidence (Continued)

D Contracts or Certification Requirement

Contract or applicable certifications **must** be provided if BI is questioned according to paragraph 100 B.

E Spotchecks of Modules

The County Office will conduct spotchecks on no less than 2.5 percent of the requests for a lock-in of the AWP and LDP rates on upland cotton in modules according to subparagraph 304 H.

295 LDP's Based on Locked-in Rate**A Policy**

Applications for LDP's based on a locked-in rate are available for cotton before it has been ginned. Such applications have the following unique requirements:

- applications are irrevocable, so they **cannot** be cancelled, amended, or withdrawn

Exception: Cotton denied LDP because of adjusted gross income or payment limitation provisions is eligible for loan, subject to all loan, producer, and bale eligibility requirements.

- applicants **must** agree to identify the unginned cotton for which the locked-in LDP rate is requested by submitting a module (or other storage unit) number for each individual unit of storage
- after such cotton is ginned, the bales produced from each locked-in unit **must** be identified to CCC by the corresponding module number.

Notes: Any application for which production evidence is **not** provided is a violation subject to liquidated damages.

Modules are the largest storage unit eligible for identification and **must** be identified and distinguished from one another by discrete numbers.

295 LDP's Based on Locked-in Rate (Continued)**A Policy (Continued)**

Generally, LDP's under this option will be provided only for the bales produced from the unginning cotton for which the locked rate is provided up to a **maximum of 24 bales per module** (or the maximum established by STC). Bales exceeding this maximum may receive the locked-in rate only if a higher maximum is successfully appealed to STC.

Module Types Include:

- Traditional Module- 24 Bales
- ½ Module- 7 Bales
- Round Module- 4 Bales.

Average load size for modules of picked cotton:

- Traditional Module- 17.8 Bales
- ½ Module- 6.5 Bales
- Round Module- 3.74 Bales.

If a gin provides information that a module included under a lock-in request was ginned **before** the date of the lock-in request, LDP for such bales will be based on LDP rate applicable:

- to the requested lock-in, if the producer had BI in the bales at the time the lock-in was requested
- on the date BI was lost, if the producer:
 - had completed CCC-633 EZ, page 1 before loss of BI
 - lost BI in the bales before the lock-in was requested.

B Applications for Module Lock-In LDP

Applicants apply for a module lock-in LDP using CCC-633 EZ, page 3 according to instructions provided in paragraph 289.

295 LDP's Based on Locked-in Rate (Continued)**C Processing LDP for Excessive Bales**

Bales that are submitted for LDP based on a locked-in rate, but exceed the maximum number approved for payment, are referred to as excessive bales and will receive LDP based on the following process.

Bales exceeding the approved maximum level are to be paid at:

- the rate prevailing on the date the bale information was submitted
- the locked-in rate for excessive bales if approved by STC.

County Offices will:

- identify for producers the excessive bales submitted under the request for a locked-in rate
- notify producer of option to appeal to STC the payment rate on the excessive bales
- if the excessive bales are:
 - successfully appealed to STC for the locked-in rate, use the original CCC-633 EZ as the basis for providing LDP based on the locked-in rate
 - **not** appealed to STC for the locked-in rate, or appealed but denied the locked-in rate under the appeal, have producer submit a separate CCC-633 EZ and provide LDP based on the payment rate effective on the date the production evidence containing the excessive bales was submitted.

295 LDP's Based on Locked-in Rate (Continued)

D Violations for Failure to Provide Production Evidence

As soon as a violation can be determined following the May 31 LDP application deadline, but **not** later than June 30, assess liquidated damages to each module or other storage unit of an application for which production evidence was **not** submitted.

The responsibility to pay any such damages is jointly shared by all applicants who signed the LDP application. Establish a receivable for liquidated damages according to 64-FI using:

- for the first charge program code, enter program code LIDAUPCN and the dollar amount of liquidated damages
- for the first reference number, enter the farm number
- for the type, ENTER "FM"
- for the receivable due date, enter the current system date
- for the basis of debt code, enter 10306.

County Offices will:

- issue automated notification letter generated when receivable was created. Insert explanation that debt occurred due to "failure to provide production evidence for an irrevocable LDP rate lock-in on module"
- issue the first demand letter if debt remains unpaid after 30 calendar days after the date of the notification letter
- if the debt is not repaid within 120 days it will become eligible for Treasury offset.

296 LDP Document Retention and Distribution**A Distribution to the Producer**

Each signing producer should receive a copy of the following:

- signed CCC-633 EZ, pages 1 and 3
- CCC-Cotton AA-1
- application summary for eLDP's
- Producer's Disbursement Transaction statement
- other documents signed by the producer for this LDP.

B Documents for LDP Folder

File the following documents in the loan folder:

- CCC-633 EZ, pages 1 and 3; may be signed original or signed copy
- original CCC-Cotton AA-1
- copies of the following:
 - application summary for eLDP's
 - original Producer's Disbursement Transaction statement
 - other documents signed by the producer pertaining to this LDP, such as a bale list
 - all printouts from eLDP Software, including validation review reports and bale lists.

297- 300 (Reserved)

Section 2 LDP Processing and Issuance

301 Before Processing LDP

A Eligibility

The eligibility requirement for the producer (according to paragraph 100) and cotton will be determined according to Part 2 before processing LDP's. A second-party review of eligibility and the LDP application will be performed before disbursement and will be recorded by the second-party by initialing and dating CCC-633 EZ.

B Required Production Evidence

For an LDP request to be processed, the required production evidence is, for:

- an LDP based on a module lock-in, **both** the module numbers submitted at the time of an LDP is requested for an irrevocable module lock-in, **and** a list of bales corresponding to the module
- gin-direct LDP's and LDP's requested after ginning, whether the rate is based on the date of request or date beneficial interest was lost, a list of bales.

C Divided or Undivided Shares

If the bales are divided among producers, give each producer on the farm an opportunity to choose whether to obtain a loan or LDP.

Note: These instructions about divided or undivided bales also apply when a producer requests lock-in of the AWP rate to be used for the LDP calculation. Therefore, modules or any other unit of unginned cotton **must** be divided if a joint LDP is **not** being requested.

D No Deferred Payments

LDP's **cannot** be deferred or delayed at any time. All payments **must** be made as soon as possible after the date of request.

E Determining Date Documents Received

When a gin provides a County Office preprocessed bale data by e-mail or CD, for determining the "date documents received" for processing the LDP application, the date of receipt of the data is:

- the date the electronic data was received
- **not** the date the producer signed and dated a paper copy of the bale data.

302 FAXed Applications Not Received**A Handling Unreceived FAXed Applications**

If a producer inquires about a FAXed LDP application and the application is subsequently **not** received, County Offices will:

- require producers to submit a copy of the FAX transmission report or some type of documentation to verify that the FAX transmission was attempted to verify that the application was FAXed
- accept producer's completed LDP application
- document the date that the LDP application was FAXed and the reason the FAX was **not** received
- approve, with concurrence, the LDP application
- use the LDP rate in effect on the date printed by the FAX machine on the original LDP application
- **not** accept or approve producer's LDP application if the actual date of the FAX **cannot** be verified by the producer.

303 Gin-Direct LDP's

A Applicability

[7 CFR 1427.23] Producers who want to receive LDP's based on the date ginned may file CCC-633 EZ, page 3.

- on or before the date of ginning
- for 1 or more farm's expected production
- for all or a portion of the expected production.

B Time of Executing Gin-Direct LDP Request

CCC-633 EZ, page 3 **must** be submitted on or before the date of ginning.

Notes: An application may be entered into after ginning begins; however, any cotton ginned before the date of the application is **not** covered.

See paragraph 304 for instructions on preparing CCC-633 EZ, page 3 for lost BI LDP.

303 Gin-Direct LDP's (Continued)

C Quantity Included on Application

The entire quantity included on the application is eligible for the LDP rate, including a zero rate that is in effect **on** the date of ginning.

Note: If the LDP rate on the date of ginning is zero, the producer will **not** receive LDP and will **not** be eligible for a loan on that quantity shown on the application.

Example: Producer submits CCC-633 EZ, page 3 for all the production of cotton from all farms. The producer produced 500 bales of cotton on all farms. Of the 500 bales, 50 bales were ginned on a date when LDP was equal to zero. These 50 bales are **not** eligible for LDP or loan.

D Specifying Delivery Locations

Producers who want gin-direct LDP provisions to be applicable for production delivered to a specific location or buyer may designate that quantity on the application.

Note: Because the cotton LDP rate is based on the date of ginning, cotton producers may designate only the cotton delivered directly from the gin to a specific location or buyer. The date of ginning will continue to be used to determine the LDP rate for the designated quantity.

Example: If the producer wants all production from Farm 57 that will be delivered to Bob River Mills, Inc. to be the only production from Farm 57 covered by the gin-direct application, the producer should enter the following onto the application in CCC-633 EZ, page 3, item 39.

Farm Number	Production Units
57	All to Bob River Mills, Inc.
40	All
37	300 Bales

Notes: All production from Farm 57 **not** delivered to Bob River Mills, Inc. is eligible for a loan or LDP if all eligibility requirements are met.

All the production from Farm 40 would be covered by the gin-direct LDP request.

300 bales from Farm 37 would be covered.

303 Gin-Direct LDP's (Continued)**E Signatures Required for Approval**

If more than 1 producer shares in a bale of cotton, each producer who has a share in the bale **must** sign the LDP request before it can be approved.

CED or designee may approve LDP request for CCC.

Note: Only the share of the production applicable to the producers who sign the request will be considered covered.

F Revising Gin-Direct Applications

Gin-direct LDP applications may only be revised before ginning. If a producer wants to revise a gin-direct application, require the producer to:

- line through the applicable quantity to be revised
- enter the revised quantity and initial and date the entry.

Note: All producers who signed the application **must** initial and date all revisions for the farms of which they share in the production.

Example: If a producer signed the application for all the cotton on Farm 40, the producer could gin 300 bales and before ginning any more, revise the application to cover only the 300 bales, leaving the bales remaining to be ginned eligible for a loan or LDP in the normal manner.

303 Gin-Direct LDP's (Continued)**G Terminating Gin-Direct LDP Request**

Gin-direct LDP applications may only be terminated if the producer has **not** ginned any of the cotton covered by the application.

Example: If a producer signed an application for all the cotton on Farm 40 and 300 bales had been ginned as of the current date, the producer would **not** be allowed to terminate the agreement for the 300 bales ginned, but COC may permit the producer to revise the application so cotton **not** yet ginned would **not** be covered by the application.

Note: Cotton for which LDP is requested, but for which LDP is **not** provided because of adjusted gross income provisions, may be pledged for loan if otherwise eligible and BI has been maintained. This loan is not eligible for a market loan gain.

H Production Evidence

To receive LDP on requested production, the producer **must** provide acceptable production evidence according to paragraph 294 on or before May 31 after the calendar year in which the crop is planted. Production evidence **must** show the date each bale is ginned.

Note: Producers are **not** required to provide evidence for all production covered by the application before LDP may be made. Multiple LDP's may be made under the terms of any gin-direct LDP application.

I Processing LDP

Once production evidence is provided, follow 15-PS for entering data into eLDP.

Notes: Use AWP and CCA in effect on the date cotton was ginned.

Use the date the application was approved as the LDP Approval Date.

More than one LDP may be required when a different AWP and CCA are applicable for the production listed on any gin-direct LDP application.

303 Gin-Direct LDP's (Continued)

J Completing CCC-633 EZ, Page 3 for Gin-Direct LDP

Upland cotton producers may request gin-direct LDP's using CCC-633 EZ, page 3.

For gin-direct LDP requests, complete CCC-633 EZ, page 3 according to the following table.

Item	Instruction
Part-H Request for Cotton LDP	
33A	Enter the producer's name and address.
33B	Enter the last 4 digits of the producer's SSN or tax ID.
34	Enter the producer's telephone/cell number.
35	Enter the farm number(s) where cotton was produced.
36	Enter the crop year of the commodity for which the LDP is requested.
37	<p>Producer answers question by checking (√) either the "Yes" or "No" box.</p> <p>Note: If the producer answers "Yes", then the producer uses the remarks section of the continuation page to explain the amount owed, the Federal agency owed, and terms of any repayment agreement.</p>
38	Producer enters initials in box to the left of "Gin-Direct" in row 2.
39A and 39B	Producer may request LDP's for 1 or more farms. For each individual farm an LDP is requested for some or all production, the producer must enter the farm number and, in box B adjacent to the farm number, must enter either "All" to indicate that LDP is requested for all bales, or must enter the exact number of bales from the farm to which the LDP request applies.
Part I – Module Identification of Seed Cotton (Completed for Module Lock-in DPD Request)	
40-42	This part is not applicable to gin-direct LDP requests.
Part J – Producer Certification (Complete as Applicable)	
43-45	<p>Each producer with a share in the production on the application submitted must enter:</p> <ul style="list-style-type: none"> • their signature in item 43 • their percent share of the quantity in item 44 • the date of signature in item 45.
Part K – Information for LDP Request (Complete Upon Receipt of Bale Files) (For CCC Use Only)	
46-49	<p>Item 46: Enter LDP number.</p> <p>Item 47: Enter file sequence number of all applicable bale files provided as production evidence.</p> <p>Item 48: Enter date the bale list or data file was received.</p> <p>Item 49: Enter number of bales represented by each bale list or data file.</p>

303 Gin-Direct LDP's (Continued)

J Completing CCC-633 EZ, Page 3 for Gin-Direct LDP (Continued)

Item	Instruction
Part L - CCC Approval (For CCC Use Only)	
50-56	<p>Item 50A: CCC representative enters signature. Second-party review will be recorded by entering reviewer's initials and date of review in the margin of CCC-633 EZ, page 3.</p> <p>Item 50B: Enter title of CCC representative.</p> <p>Item 51: Check (✓) box indicating approval or disapproval.</p> <p>Item 52: Enter date of signature by CCC representative (MM-DD-YYYY).</p> <p>Item 53: See subparagraph B to establish the date a completed application was submitted.</p> <p style="text-align: center;">Note: Applications for gin-direct must be received on or before the date of ginning, and no later than May 31.</p> <p>Item 54: Enter applicable AWP effective on the date of ginning. Entry of date is not required.</p> <p>Item 55: Enter the name/address of the FSA County Office or LSA.</p> <p>Item 56: Second party review, and may be used to amend gin-direct LDP's or to explain "Yes" answer to item 37.</p>

K Example CCC-633 EZ, Page 3

See subparagraph 289 D for an example of CCC-633 EZ, page 3.

304 Module Lock-In and Post-Ginning LDP

A Request for Payment

Requests for module lock-in or post-ginning LDP's may be submitted on CCC-633 EZ, page 3. These LDP requests **must** be made:

- by all producers having an interest in the cotton
- before BI in the cotton is lost
- after the beginning-of-harvest date for cotton in the county as established by COC
- on or before the final loan availability date.

One payment may be made for more than 1 farm, or multiple payments may be made for 1 farm.

By submitting any LDP request, producers certify that production:

- is eligible for loan
- has **not** been previously used for loan or LDP
- will **not** be used for a subsequent loan or LDP.

Requests for module lock-in or post-ginning LDP's, once submitted, **cannot** be canceled or revised. See policy in paragraph 295.

B Approval

The LDP application will be approved by CCC on the day that application form, signed and dated by all applicable producers, and the accompanying production evidence are **both** provided, **and** all of the eligibility requirements have been met according to paragraph 100. If the application, production evidence, or required eligibility documents according to paragraph 100 are provided on separate days, the approval date is the later date.

When an application is to request AWP lock-in for modules, the LDP application is **not** approved for payment until the corresponding bales are identified. Interest is **not** payable for the period between AWP lock-in and submission of bale information.

Exception: CCC may approve an application for a module lock-in or post-ginning LDP before classing data is presented if:

- classing data is **not** yet available

Note: Producer is required to submit classing data as soon as it is available from AMS.

- acceptable gin tag or warehouse receipts are submitted
- all producers sharing in the cotton have signed the application.

Note: If BI is questioned, follow paragraphs 103.

304 Module Lock-In and Post-Ginning LDP (Continued)

C Returning Warehouse Receipts

If acceptable warehouse receipts are presented as production evidence and the producer requests that the receipts be returned the same day, the County Office will only return warehouse receipts on the same day if all requirements are met, except providing classing data, and all of the following occur:

- the application is approved
- either:
 - a list of the warehouse receipts showing the same information as the receipts are presented with the warehouse receipts

Note: County Office will verify that the information on the list matches the negotiable warehouse receipts.

- photocopies of the warehouse receipts can be obtained.

Note: If the photocopies are **not** made by the County Office, County Office will verify that the photocopies represent the negotiable warehouse receipts presented.

Exception: If CCC is the holder of EWR, e-LDP **must not** be processed **before** releasing the receipt. This requirement will be discontinued when software can be modified.

304 Module Lock-In and Post-Ginning LDP (Continued)**D Policy for Module Lock-In LDP**

Use CCC-633 EZ, page 3 to process LDP applications when the following 3 conditions are met:

- producers request to “lock-in” AWP
- producer’s eligible cotton has been harvested
- the cotton has **not** been ginned.

Such requests lock-in the LDP payment rate for payments that will be disbursed after the cotton is ginned and bale information is provided. Procedures in subparagraph A apply. Lock-in requests will expire if bale information is **not** provided before the final availability date (May 31). See paragraph 162.

Notes: Requests for LDP’s based on a locked-in rate, once submitted, may **not** be canceled or revised by the producer. However, cotton for which the lock-in is provided, but LDP is **not** provided because of adjusted gross income provisions, is eligible to be pledged for loan. **Any initial AWP lock-in on CCC-633 EZ, page 3 does not apply to these loans.**

If the modules or trailers:

- are divided among producers, give each producer on the farm an opportunity to choose to obtain a LDP
- are **not** divided, a joint LDP **must** be requested.

Interest is **not** payable for the period between the AWP lock-in and the presentation of production evidence (the list of bales corresponding to the module for which lock-in is provided).

304 Module Lock-in and Post Ginning LDP (Continued)

E Using CCC-633 EZ for Module Lock-In and Post Ginning LDP

For module lock-in and post-ginning LDP requests, complete CCC-633 EZ, page 3 according to the following table.

Item	Instruction
Part H - Request for Cotton LDP	
33A	Enter the producer's name and address.
33B	Enter the last 4 digits of the producer's SSN or tax ID.
34	Enter the producer's telephone/cell number.
35	Enter the farm number (s) where cotton was produced.
36	Enter the crop year of the commodity for which the LDP is requested.
37	<p>Producer answers question by checking (√) either the "Yes" or "No" box.</p> <p>Note: If the producer answers "Yes", then the producer uses the "Remarks" section of the continuation page to explain the amount owed, the Federal agency owed, and terms of any repayment agreement.</p>
38	Producer enters initials in box to the left of either "Irrevocable Module Lock-in" or "Irrevocable Post-Ginning".
39	This item does not apply to either module lock-in or post-ginning LDP requests.
Part I – Module Identification of Seed Cotton (Completed for Module Lock-in DPD Request)	
40-42	<p>If the request is for a module lock-in LDP, the applicant completes Part I as follows.</p> <p>Item 40: Enter the gin code of the gin that supplied the module numbers and that will gin the cotton.</p> <p>Item 41: Enter the module location at the farm or gin so the module can be located if selected for spot-check.</p> <p>Item 42: Enter all gin-assigned numbers that are affixed to the storage unit to identify it with this LDP request. If additional space is needed, attach a separate list that has been initialed and dated by the producer.</p> <p>Note: This part is not applicable to post-ginning LDP requests.</p>
Part J – Producer Certification (Complete as Applicable)	
43-45	<p>Each producer with a share in the production on the application submitted must enter:</p> <ul style="list-style-type: none"> • their signature in Item 43 • their percent share of the quantity in Item 44 • the date of signature in Item 45.

304 Module Lock-in and Post Ginning LDP (Continued)

E Using CCC-633 EZ for Module lock-in and Post Ginning LDP (Continued)

Item	Instruction
Part K – Information for LDP Request (Complete Upon Receipt of Bale Files) (For CCC Use Only)	
46-49	Item 46: Enter the LDP number. Item 47: Enter the file sequence number of all applicable bale files provided as production evidence. Item 48: Enter the date the bale list or data file was received. Item 49: Enter the number of bales represented by each bale list or data file.
Part L – CCC Approval (For CCC Use Only)	
50-56	Item 50A: CCC representative enters signature. Item 50B: Enter title of CCC representative. Item 51: Check (✓) box indicating approval or disapproval. Item 52: Enter date of signature by CCC representative (MM-DD-YYYY). Item 53: See subparagraph 302 B to establish the date a completed application was submitted. <p style="text-align: center;">Note: All LDP requests must be received before May 31.</p> Item 54: Enter the applicable AWP on the date the request was submitted, for both the module lock-in and post-ginning LDP requests. Entry of the date is not required. Item 55: Enter the name/address of the FSA County Office or LSA. Item 56: Second party review, and may be used to amend gin-direct LDP’s or to explain “Yes” answer to Item 37.

F Example CCC-633 EZ, Page 3

See subparagraph 289 D for an example of CCC-633 EZ, page 3.

304 Module Lock-In and Post-Ginning LDP (Continued)

G Distributing CCC-633 EZ

Distribute the approved CCC-633 EZ as follows:

- file original in LDP folder with CCC-Cotton AA-1
- provide 1 copy to each signing producer.

If more than 1 LDP is processed based on the original signed CCC-633 EZ, County Offices or LSA's may elect to photo or electronically copy any pages of the original signed CCC-633 EZ for filing with CCC-Cotton AA-1.

H Conducting Module Spotchecks Using CCC-Cotton AA-2

County Offices will:

- conduct spotchecks:
 - on no less than 2.5 percent of the requests for a lock-in of the AWP and LDP rates on upland seed cotton
- Note:** The 2.5 percent is based on the number of requests and **not** the number of modules or storage units.
- each month based on the lock-in requests received that month
 - record the spotcheck results using CCC-Cotton AA-2 according to the following table.

Item	Instructions
1	Enter County Office name.
2	Enter State and county codes.
3	Enter crop year.
4	Enter farm number.
5	Enter gin-assigned number of the storage module or trailer selected for spotcheck.
6	Enter date of AWP lock-in from the corresponding CCC-Cotton AA.
7	Enter condition of the observed storage unit by entering either of the following: <ul style="list-style-type: none"> • a checkmark (✓) confirming the unginning cotton location at either farm or gin • the date of ginning of the module or trailer of cotton.
8 A-C	Signature and title of person performing the spotcheck and date.

305 Lost BI LDP

A Policy

BI policy allows producers to apply for LDP benefits after BI is lost if the producer submitted CCC-633 EZ, page 1 **before** BI was lost on the cotton.

Note: This policy does not guarantee or provide LDP eligibility in all circumstances where BI was lost. CCC-633 EZ, page 1 **must** be submitted **before** BI was lost on a quantity.

LDP’s requested for cotton for which BI has been lost will be:

- submitted only on CCC-633 EZ, page 3
- calculated based on the rate effective on the date BI was lost
- supported by acceptable:
 - production evidence as used for other LDP applications, including:
 - bale gin code/gin tag
 - bale weight
 - evidence of the date BI was lost.

B Instructions of Lost BI LDP Application

Producers submit applications for LDP’s for cotton on which BI has been lost using **only** CCC-633 EZ, page 3.

Complete CCC-633 EZ, page 3 for a lost BI LDP according to the following table.

Item	Instruction
Part H - Request for Cotton LDP	
33A	Enter the producer’s name and address.
33B	Enter the last 4 digits of the producer’s SSN or tax ID.
34	Enter the producer’s telephone/cell number.
35	Enter the farm number(s) where cotton was produced.
36	Enter the crop year of the commodity for which the LDP is requested.
37	Producer answers question by entering a check (√) in either the “Yes” or “No” box. Note: If the producer answers “Yes”, then the producer uses Item 56 to explain the amount owed, the Federal agency owed, and terms of any repayment agreement.

305 Lost BI LDP (Continued)

B Instructions of Lost BI LDP Application (Continued)

Item	Instruction
38	Producer enters initials in box to the left of “Lost Beneficial Interest”.
39	This item is not applicable to lost BI LDP requests.
Part I – Module Identification of Seed Cotton (Completed for Module Lock-in DPD Request)	
40-42	This part is not applicable to lost BI LDP requests.
Part J – Producer Certification (Complete as Applicable)	
43-45	<p>Each producer with a share in the production on the application submitted must enter:</p> <ul style="list-style-type: none"> • their signature in Item 43 • their percent share of the quantity in Item 44 • the date of signature in Item 45.
Part K – Information for LDP Request (Complete Upon Receipt of Bale Files) (For CCC Use Only)	
46-49	<p>Item 46: Enter LDP number.</p> <p>Item 47: Enter file sequence number of all applicable bale files provided as production evidence.</p> <p>Item 48: Enter date the bale list or data file was received.</p> <p>Item 49: Enter number of bales represented by each bale list or data file.</p>

305 Lost BI LDP (Continued)

B Instructions of Lost BI LDP Application (Continued)

Item	Instruction
Part L – CCC Approval (For CCC Use Only)	
50-56	<p>Item 50A: CCC representative enters signature.</p> <p>Item 50B: Enter title of CCC representative.</p> <p>Item 51: Check (✓) box indicating approval or disapproval.</p> <p>Item 52: Enter date of signature by CCC representative (MM-DD-YYYY).</p> <p>Item 53: See subparagraph 303 B to establish the date a completed application was submitted.</p> <p style="text-align: center;">Note: Completed LDP requests and supporting documentation must be received before May 31.</p> <p>Item 54: Enter the applicable AWP for the date BI was lost, as documented by sales invoices or other acceptable evidence.</p> <p>Item 55: Enter the name/address of the FSA County Office or LSA.</p> <p>Item 56: Second party review and may be used to amend gin-direct LDP's or to explain "Yes" answer to Item 37.</p>

C Example CCC-633 EZ, Page 3

See subparagraph 289 D for an example of CCC-633 EZ, page 3.

306, 307 (Reserved)

308 Preprocessed Bale Data

A Overview

Beginning with the 2005 crop year, all eLDP's will be based on data stored in COPS. This will require bale data that will be entered in eLDP to be downloaded using COPS.

Notes: eLDP bales are downloaded during the eLDP process and do **not** have to be downloaded using COPS.

The use of manual data entry and the practice of copying bale data files directly into eLDP will only be allowed by using a system password issued by the State Office. Therefore, the State Office must request the password through eLDP main menu Administrative link.

Support the validation of duplicate benefits and data errors before the LDP/eLDP is disbursed.

Because each bale is identified by a unique PBI number, eLDP's **must** be formatted using the "extended" format as provided in Exhibit 13.

Note: Warehouse code and bale weights are provided in the "extended" format.

Although **not** required, EWR's will be used for eLDP's when the data is available in COPS.

B Data Received by Electronic File

Preprocessed data can be accepted by electronic file or e-mail. County Offices will print and retain these listings in the loan folder and process the LDP using the table in subparagraph 167 B.

See paragraph 317 to process cotton bale data received electronically. Any electronic file should be saved in the cotton EWR folder. A paper copy can serve as the official record. County Offices will ensure a paper copy exists before disposing of any electronic files according to established regulations.

308 Preprocessed Bale Data (Continued)**C Determining Date Documents Received**

Subparagraph 181 B lists numerous documents that, in addition to a loan or LDP request, **must** be received to establish the “date documents received” in loan/LDP software. The “date documents received” is the date the last of the required documents was received.

One document that **must** be provided is a list of the bales that may be:

- a paper list
- an electronic pre-processed bale file.

This step ensures that CCC is acting upon a request that has been validated by the producer so that benefits are **not** mistakenly provided based on an erroneous bale list.

If the date the bale list, however submitted, is a determining factor for establishing the “date documents received”, then:

- use the date the bale list, whether paper or electronic, was received
- do **not** use the date the producer signed and dated a paper version of an electronic bale list.

309 Processing LDP’s Through eLDP**A Processing References**

County Offices will process LDP’s through eLDP according to 15-PS.

310-312 (Reserved)

Section 3 eLDP Processing

313 Processing Upland Cotton eLDP's

A General Information

County Offices will use the eLDP system for processing LDP requests submitted by a producer using CCC-Cotton AA.

Beginning with crop year 2005, external customers having a Level 2 eAuthentication ID and password can apply for LDP's online.

Cotton eLDP system:

- operates through a Kansas City-based central web site
- is available 24 hours a day, except during routine backup and maintenance periods
- interfaces with SCIMS to obtain customer name and address information
- uses pre-processed bale data files
- interfaces with ACRS to calculate the applicable LDP rate
- is supported by the NPS for payment processing.

313 Processing Upland Cotton eLDP's (Continued)

B County Office Action

County Offices will:

- assist producers with requesting eLDP services
- establish customer profiles according to 15-PS
- set up customer profiles according to 15-PS to allocate reasonable quantity
- take eLDP applications that will be process by the County Office according to paragraph 317
- process eLDP's according to paragraph 316 by:
 - entering applications
 - approving payments
 - printing and distributing forms.
- contact their State Price Support Specialist for assistance.

314 eLDP Options**A General Information**

The cotton eLDP system provides the following eLDP options:

- warehouse-stored
- gin direct/loss of BI
- module lock-in.

Each option will display specific dates that are used to determine the applicable AWP rate and prompt payment interest.

B Warehouse-Stored eLDP's

Warehouse-stored eLDP option will be used to process irrevocable post-ginning LDP's.

Warehouse-stored option uses the following:

- “Date Documents Received” to determine the applicable AWP and prompt payment interest
- “Warehouse Code” to determine the applicable county loan rate.

The warehouse-stored option is the **only** option available to external customers and will use the current date to determine the applicable AWP rate.

314 eLDP Options (Continued)

C Gin Direct/Loss of BI eLDP's

Gin direct/loss of BI eLDP option will be used to process:

- gin-direct LDP applications
- LDP's where loss of BI has occurred.

This option will use the following:

- "Ginning/Loss of BI Date" to determine the applicable AWP rate
- "Date Documents Received" to determine prompt payment interest
- the base loan rate for the storing warehouse location when calculating LDP rate.

Enter the following applicable warehouse codes:

- warehouse code for the storing warehouse if cotton is stored in a warehouse
- "999999" for cotton that is **not** stored in a warehouse.

All bales in a single file **must** have a ginning/loss of BI date within the same weekly AWP rate period. If there are multiple ginning/loss of BI dates within the weekly AWP period, then enter the latest date as the "Ginning/Loss of BI Date".

The gin/loss of BI option is **not** available to external customers and **must** be processed in the County Office.

D Module Lock-In eLDP's

The module lock-in eLDP option will be used to process module lock-in LDP applications.

This option will use the following:

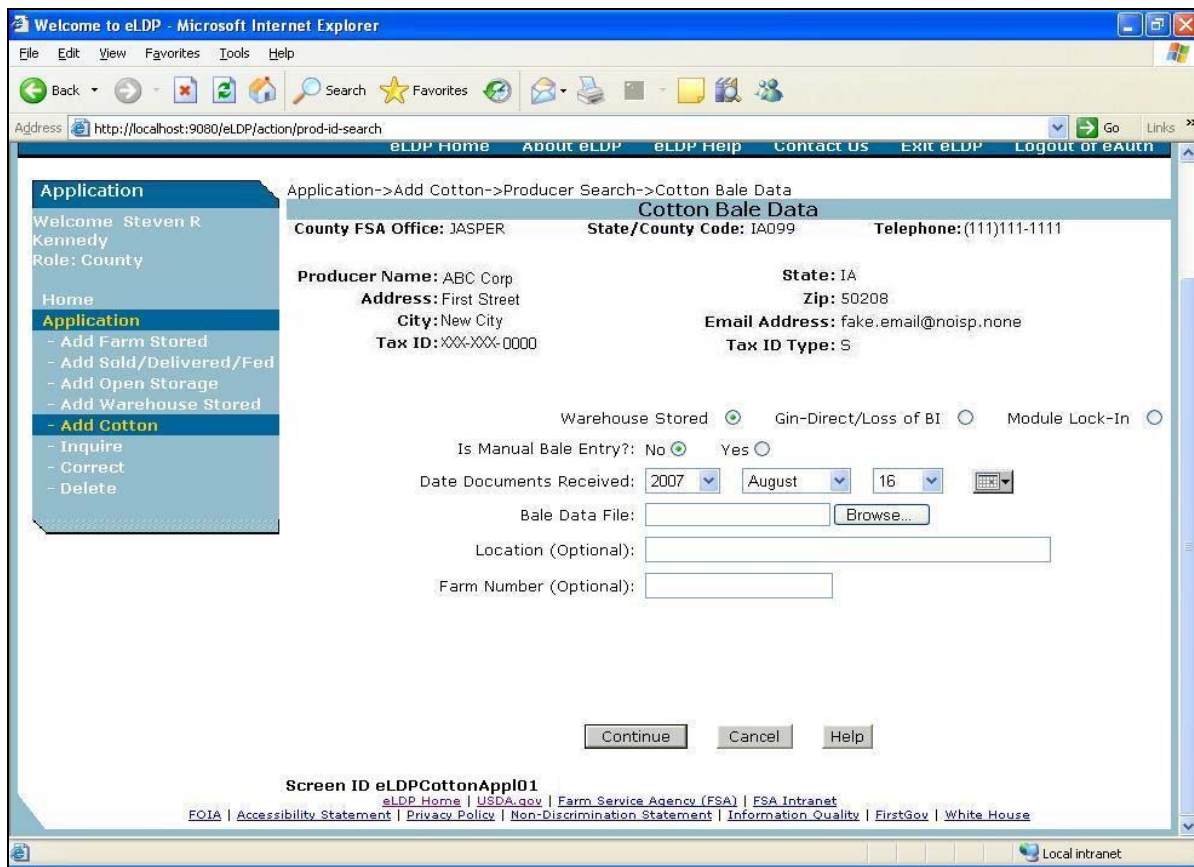
- "Lock-in Date" to determine the applicable AWP rate
- "Date Documents Received" to determine prompt payment interest.

Module lock-in option is **not** available to external customers and **must** be processed in the County Office.

314 eLDP Options (Continued)

E eLDP Options Screen

The following is an example of the eLDP options available on Screen ID eLDP CottonApp101 Application Process Screen.



315 Access to the eLDP Processing Site

A Security, User ID's, and Passwords

Access to the eLDP central processing site is secured using a user ID and password through the **eAuthentication** registration level 2 process.

County Office users **must** have a valid eAuthentication user ID and password to access the eLDP processing site.

B Accessing eLDP Processing Site

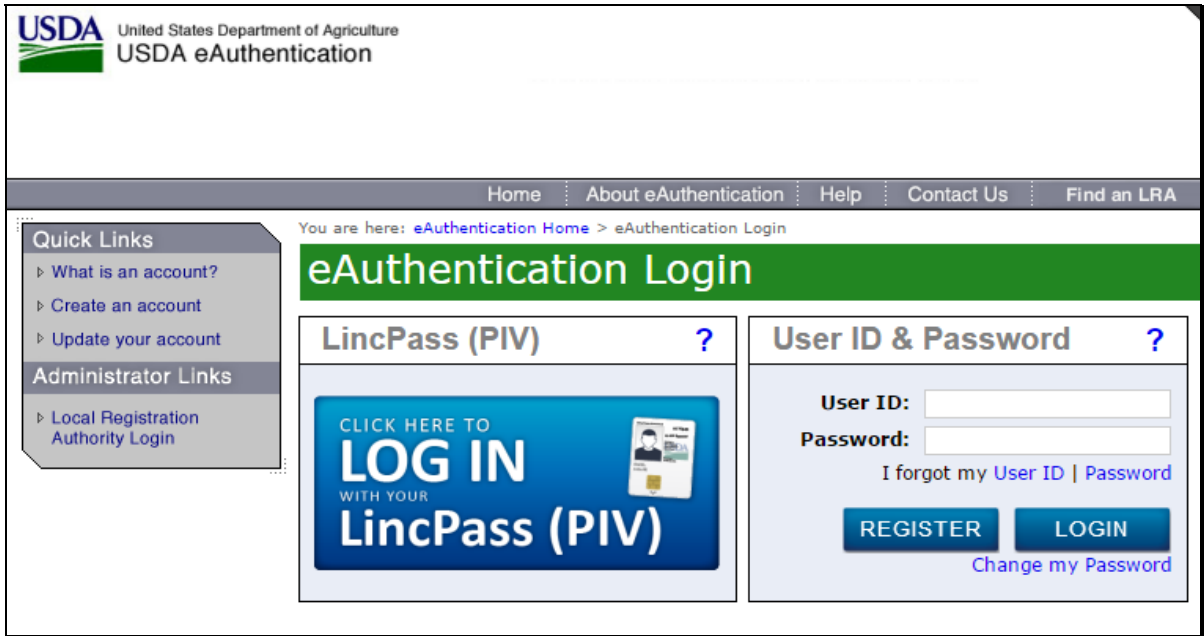
County Office users will access the eLDP web site at **<https://apps.fsa.usda.gov/eLDP/action/login>**.

The eAuthentication Screen will be displayed.

315 Access to the eLDP Processing Site (Continued)

C eAuthentication Login

This is an example of the eAuthentication Screen for entry of a user ID and password.



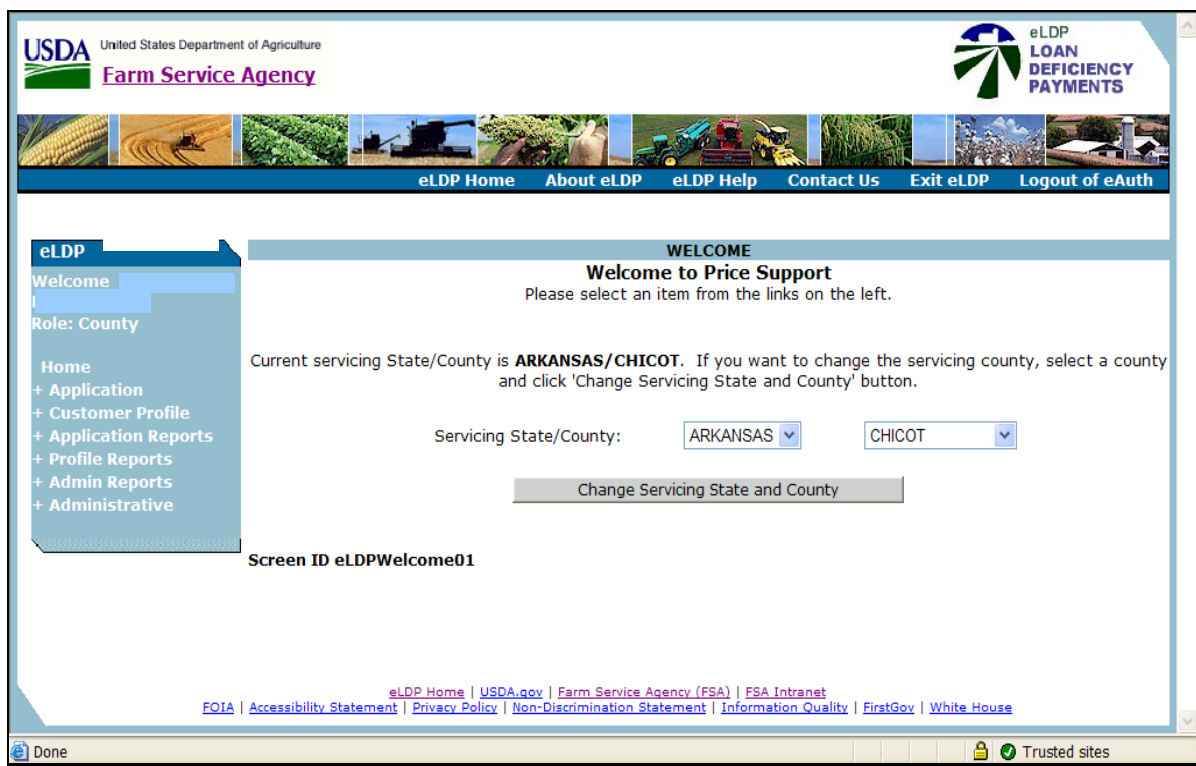
After successful login through eAuthentication, eLDP:

- **County Office** users will be directed to a county eLDP site, from which all County Office eLDP actions will be initiated
- **State Office** users will have inquiry capabilities to view customer profiles and eLDP transactions processed within the State.

315 Access to the eLDP Processing Site (Continued)

D Welcome to Price Support Page

After logging-in through eAuthentication according to subparagraph C, County Offices are directed to the **Welcome to Price Support** Screen ID eLDPWELCOME01, as shown in the following example.



316 Using Pre-Processed Bale Data Files for eLDP

A Creating a Folder for eLDP Files

Preprocessed bale data files submitted to the County Office for eLDP processing will be saved according to subparagraph 167 B.

317 Entering eLDP Applications

A General Information

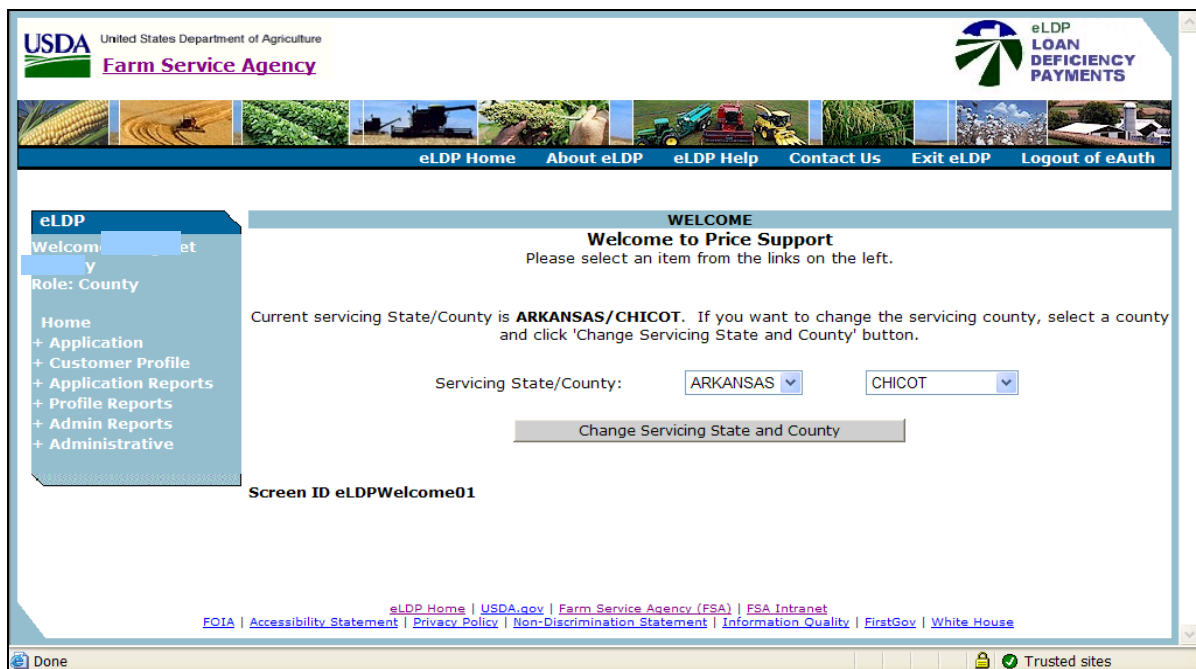
County Offices will follow 15-PS for processing LDP applications through the central eLDP system and retrieving the bale date as follows.

- Bale data will be entered in the eLDP application process using:
 - preprocessed bale data file saved folder according to subparagraph 167 B
 - manual data entry according to paragraph 321.
- The eLDP site will pass the bale data to COPS to be matched with a classing record, and if available, EWR. This will ensure that the gin tag number represents a valid bale and is **not** included in another loan or LDP.
- COPS will return an error code for all bales that do **not** pass validation.
- Once matched to data in COPS, the bale is placed in a “pending” status for the requesting County Office. The bale will remain in “pending” status until the earlier of:
 - 1 hour
 - eLDP system updates the bale record to reflect payment.
- If EWR is available and CCC is the current holder, EWR will be automatically released to the previous holder when the record is updated to reflect payment.
- After the bale data file has been validated, COPS will calculate the LDP rate for each valid bale and return the data to the eLDP processing site.
- The eLDP processing system will:
 - calculate:
 - the gross LDP amount for each bale by multiplying the LDP rate times the net weight
 - research and promotion fees
 - net LDP amount by subtracting the research and promotion fees from the gross LDP amount
 - pass the applicable payment information to the NPS for payment certification and special processing
 - pass the payment data to COPS to update the bale record.

317 Entering eLDP Applications (Continued)

B Welcome to Price Support Screen

This is an example of the Welcome to Price Support Screen ID eLDPWELCOME01.



This screen will be defaulted to the user’s State and county. If the county is a shared management County Office, select the applicable County Office.

Users will click on “+Application” link to begin the eLDP application process.

317 Entering eLDP Applications (Continued)

C Application Process Screen

This is an example of Screen ID eLDPAPPLMAIN01 that shows application options.



CLICK “Add Cotton” to create cotton eLDP’s.

317 Entering eLDP Applications (Continued)

D Cotton Application Screen

This is an example of Screen ID eLDPSearch01 that allows the user to select a single or multiple producers for this eLDP.

Application->Add Cotton->Producer Search

Application: Add Cotton -> Producer Search

County FSA Office: JASPER State/County Code: IA099 Telephone: (111) 111-1111

Producer ID:

Tax ID Type:

Crop Year: 2005

Start all operations from this page for current session

List All Producers Add Producer ID Help

1 Records Found 1 to 1 of 1

	Producer Name	Tax ID	Tax ID Type	Address	City	State	Status
<input checked="" type="checkbox"/>	ABC Corp	#0000	S	First Street	New City	IA	A

Select All Clear All

Clear List Remove Producer ID Continue

Screen ID eLDPSearch01

eLDP Home | USDA.gov | Farm Service Agency (FSA) | FSA Intranet
FOIA | Accessibility Statement | Privacy Policy | Non-Discrimination Statement | Information Quality | FirstGov | White House

Local Intranet

User will select producers as follows.

- For a single producer, enter the producer ID and tax ID type. Continue with subparagraph F.
- For multiple producers, click on "List All Producers" button. The profiles process will display all persons for whom a Common Customer Profile has already been established by the County Office. County Office will select desired producer and CLICK "OK".

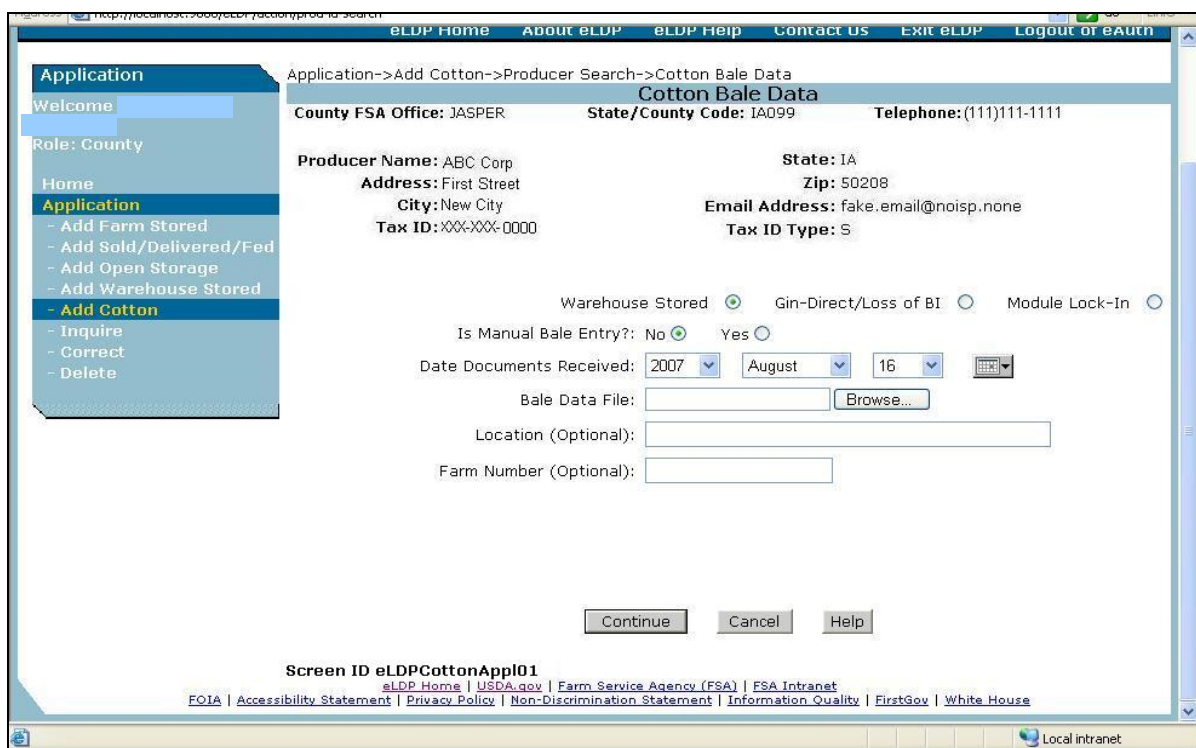
The crop year will be defaulted to the current crop year. A different crop year can be selected from the drop down menu.

317 Entering eLDP Applications (Continued)

E Entering eLDP Application Data

This is an example of Screen ID eLDPcottonApp101 that allows the user to enter:

- shares
- request date
- pre-processed bale data file
- location or farm number
- producer shares.



Enter the following eLDP types and dates according to the following table.

IF eLDP is...	THEN enter...	WHICH determines...
warehouse-stored eLDP	“Date Documents Received”	<ul style="list-style-type: none"> • AWP rate • prompt payment interest.
gin direct/loss of BI	“Ginning/Loss of BI Date”	AWP rate.
	“Date Documents Received”	prompt payment interest.
module lock-in	“Lock-in Date”	AWP rate.
	“Date Documents Received”	prompt payment interest.

317 Entering eLDP Applications (Continued)

F eLDP File Summary Prior to Calculations

This is an example of Screen ID eLDP Cotton Appl02 that provides the eLDP File Summary.

The screenshot shows the USDA Farm Service Agency eLDP application interface. The top navigation bar includes links for eLDP Home, About eLDP, eLDP Help, Contact Us, Exit eLDP, and Logout of eAuth. The main content area is titled 'Cotton Bale Data Verify' and displays the following information:

- Application Path:** Application->Add Cotton->Producer Search->Cotton Bale Data->Manual Bale Entry->Cotton Bale Data Verify
- County FSA Office:** JASPER
- State/County Code:** IA099
- Telephone:** (111)111-1111
- Producer Name:** ABC Corp
- Address:** First Street
- City:** New City
- Tax ID:** XXX-XX-0000
- State:** IA
- Zip:** 50208
- Email Address:** fake.email@noisp.none
- Tax ID Type:** S

The **eLDP FILE SUMMARY:** section displays:

- Producer Name:** ABC Corp
- Gin Code:** 37000
- File Sequence Number:** CTA00076
- Crop Year:** 2005
- Total Bales:** 5

At the bottom of the screen, there are buttons for Continue, Back, Cancel, and Help. The footer includes the screen ID 'Screen ID eLDP Cotton Appl02' and various links such as eLDP Home, USDA.gov, Farm Service Agency (FSA), FSA Intranet, FOIA, Accessibility Statement, Privacy Policy, Non-Discrimination Statement, Information Quality, FirstGov, and White House.

Review the file summary. If the information displayed is:

- **incorrect**, CLICK “Back” and the previous screen will allow the user to select another pre-processed bale data file
- **correct**, CLICK “Continue” and the bale data will be sent to COPS for validation and rate calculation.

317 Entering eLDP Applications (Continued)

G eLDP Application Summary After Calculations

This is an example of Screen ID eLDPCottonApp104 that provides the eLDP Application Summary. This screen will be displayed with the:

- total valid bales and net weight
- total error bales that did **not** pass validation, if any
- total eLDP amount
- associated farm numbers from the Customer Profile
- location or farm number entered from application
- request date.



317 Entering eLDP Applications (Continued)

G eLDP Application Summary After Calculations (Continued)

eLDP Application Summary, Screen ID eLDPcotton04, provides the following functions.

- Submit eLDP. To submit the eLDP as displayed on the eLDP Application Summary Screen, CLICK “Submit”. The eLDP application will be submitted to NPS. Continue with instructions in subparagraph J.
- End processing and select another pre-processed bale data file. CLICK “Back”.
- Edit bales. Delete or add removed bales by clicking “Edit Bales”. Continue with instructions in paragraph 318.
- Review error bales. CLICK “View Error Bales”. A PDF form will open in a new window that will provide a list of error bales and error message. See subparagraph H for an example of the Error Bale Information.
- Cancel the operation and go back to main page. CLICK “Cancel”.
- View the help document for this page. CLICK “Help”.

If all bales on an application fail validation, Screen ID “eLDPcottonApplSumErrBales01” will be displayed as follows.

The screenshot displays the 'eLDP APPLICATION SUMMARY' screen. On the left is a navigation menu with options: Add Open Storage, Add Warehouse Stored, Add Cotton (highlighted), Inquire, Correct, and Delete. Below the menu is 'Version 12'. The main content area shows the following information:

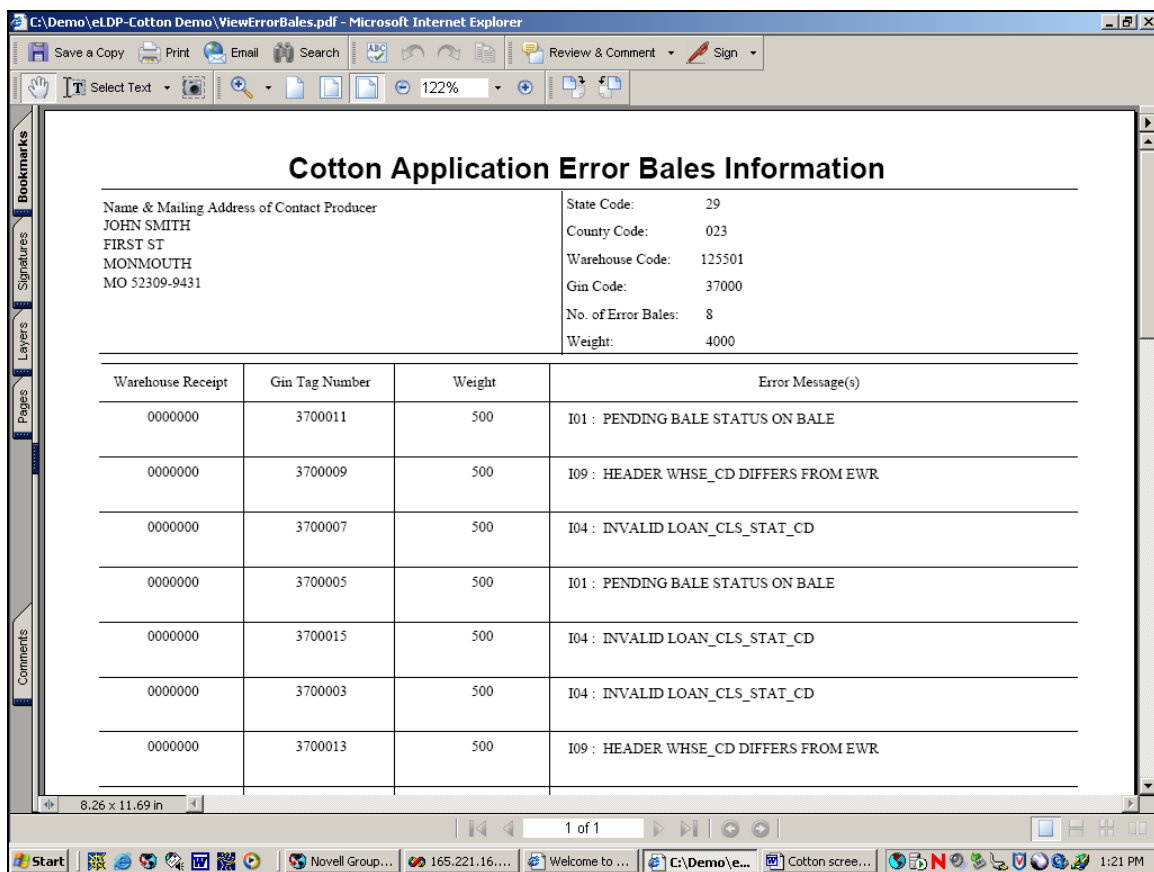
- File Producer Name:** ME
- File Sequence Number:** ABC50003.DAT
- Crop Year:** 2007
- Commodity:** COTTON
- Class/Variety/Type:** Upland
- Gin Code:** 35000
- Warehouse Code:** 999999
- Type:** Warehouse Stored
- Total Valid Bales:** 0
- Total Error Bales:** 4
- Total Net Weight:** 0.00 Lbs.
- Total Amount:** \$0.00
- Research And Promotion Fee:** \$0.00
- Clerk Fee:** \$0.00
- Total Disbursement Amount:** \$0.00
- Associated Farm Numbers:**
- Location:**
- Date Documents Received:** Thu. Oct 11, 2007

At the bottom, there are four buttons: Back, View Error Bales, Cancel, and Help. Below the buttons, the screen ID is listed as 'Screen ID eLDPcottonApplSumErrBales01'. At the very bottom, there is a footer with various links: eLDP Home, USDA.gov, Farm Service Agency (FSA), FSA Intranet, FOIA, Accessibility Statement, Privacy Policy, Non-Discrimination Statement, Information Quality, FirstGov, and White House.

317 Entering eLDP Applications (Continued)

H Viewing Error Bales

This is an example of the Cotton Application Error Bales Information Report. This report will be displayed in a new window by clicking on the “View Error Bales” button on the eLDP Application Summary Screen.



317 Entering eLDP Applications (Continued)

I eLDP Application Summary After Submitting to NPS

This is an example of Screen ID eLDP_CottonAppISum05 **after** the application has been submitted to NPS.

File Producer Name: ABC Corp	File Sequence Number: CTA00076
Crop Year: 2005	eLDP Number: 52053
Commodity: COTTON	Class/Variety/Type: Upland
Gin Code: 37000	Warehouse Code: 125501
Type: Warehouse Stored	
Date Documents Received: Tue. Jun 06, 2006	
Disbursement Date: Mon. Aug 20, 2007 11:59 AM	
Confirmation#:	
Confirmation Date: Not Available	
Total Valid Bales: 5	
Total Net Weight: 2,383.00 Lbs.	
Total Amount: \$20.26	
Research And Promotion Fee: \$0.10	
Clerk Fee: \$0.00	
Total Disbursement Amount: \$20.16	
Amount Balance: \$48,649.75	
Quantity Balance: 4,375.36 Lbs.	
Associated Farm Numbers: 0001985	
Location:	
<input type="button" value="OK"/> <input type="button" value="AA-1 Summary"/> <input type="button" value="Application Summary as PDF"/>	
Screen ID eLDP_CottonAppISum05	
eLDP Home USDA.gov Farm Service Agency (FSA) FSA Intranet FOIA Accessibility Statement Privacy Policy Non-Discrimination Statement Information Quality FirstGov White House	
http://intranet.fsa.usda.gov/fsa/ Local intranet	

After the user submits the eLDP application to NPS, this screen will be displayed with the following additional information:

- disbursement date/time
- confirmation number

Note: This number is assigned by NPS.

- confirmation date.

317 Entering eLDP Applications (Continued)**I eLDP Application Summary After Submitting to NPS (Continued)**

The County Office will do the following.

- Click on the "AA-1 Summary" button to view CCC-Cotton AA-1 in PDF in a new window. See subparagraph K for an example of CCC-Cotton AA-1. Print CCC-Cotton AA-1. File a copy in the LDP folder and send a copy to the producers.
- Click on "Application Summary in PDF" button to view application summary including customer profile information in a new window. See subparagraph K for an example of the summary. Print the Application Summary. File a copy in the LDP folder and send a copy to the producers.
- Click on the "OK" button to go to Main Page.

Important: After all eLDP applications have been submitted to NPS, the NPS **payment worklist must be processed** by applicable County Office employees before the payments can be released for disbursement.

317 Entering eLDP Applications (Continued)

J CCC-Cotton AA-1

This is an example of the PDF version of CCC-Cotton AA-1

http://localhost:9080/eLDP/action/fop-render?popUp=true¤tLDPId=0&renderMethod=AA-1%20Summ - Microsoft Internet Explorer

(See CCC-Cotton AA for Privacy Act Statement) Form Approved - OMB No. 0560-0129

CCC - Cotton AA-1 (07-25-96)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. St. & Cty. Codes & Farm No. Where Produced 19 - 099 -							
2. Name & Mailing Address of Contact Producer ABC Corp. First Street New City IA 50208				3. WAREHOUSE CODE 125501	4. GIN CODE 37000						
5. LDP No. : 52061/CTA00346 Crop Year : 2005 Prep Code : 1F No. Bales : 2 LDP Quantity : 1,006.00		6. Gross LDP Amt. for R & P : \$ 8.55 Date of Disbursement : 09/17/2007		7. Total LDP Amt. : \$ 8.55 Research and Promotion : \$ 0.04 Clerk Fee : \$ 0.00 Denied Market Gain : \$ 0.00 TOTAL DISBURSEMENT : \$ 8.51							
Warehouse Receipt & GIN Tag Number	Grade Staple & Mike	Strength & Uniformity	Leaf & Other	Premiums	Discounts	Course Count AWP Only	Adj. Loan Rate	Adj. AWP	LDP Payment Rate	Net Wt.	LDP Amount (DOLLARS)
3700377 /3700377	62 28 2.5	19.5 77.4	7 00	0.00	51.50	0.0000	0.0085	0.0912	0.0085	514.00	\$ 4.37
3700378 /3700378	62 28 2.5	19.5 77.4	7 00	0.00	51.50	0.0000	0.0085	0.0912	0.0085	492.00	\$ 4.18
Total Net Wt. :				1,006.00		Total LDP Amount : \$ 8.55					

317 Entering eLDP Applications (Continued)

K Cotton eLDP Summary

This is an example of the PDF version of the Cotton eLDP Summary.

Cotton ELDP Summary

County FSA Office: BUTLER	State/County Code: MO023	Telephone: 555-555-5555
Producer Name: JOHN SMITH	File Sequence Number: MVZ40016.EWR	
Crop Year: 2004	Gin Code: 37000	
Commodity: Upland	Warehouse Code: 125501	
LDP Number: 50018	Requested Date/Time: Tue, Oct 12, 2004	
Location: FSN #10	Disbursement Date/Time:	

Total Bales: 8	Payment Type:
Total Net Weight: 3,930.00	Total Amount: \$ 393.00
Associated Farm Numbers: 0010	

Producer Information

Name	Address	Crop Land Factor	Share Percent (%)	Quantity	Amount	Available Quantity	Available Amount
JOHN SMITH (Contact Producer)	FIRST ST MONMOUTH MO 52309-9431	0.5000	50.00	1,965.00	\$ 196.50	3,035.00	\$ 4,803.50
MIKE TURNER	123 ST ADRIAN MO 71909	0.5000	50.00	1,965.00	\$ 196.50	3,035.00	\$ 4,803.50

8.26 x 11.69 in
1 of 1

318 Editing eLDP Bales

A Deleting Bales From eLDP

Bales can be deleted from eLDP before submitting the application for payment. Click on the “Edit Bales” button on the eLDP Application Summary Screen ID eLDPCottonApplSum04. The eLDP Bale Data List, Screen ID eLDPCottonApplSum04, will be displayed as shown in this example.

Role: County

Home

Application

- Add Farm Stored
- Add Sold/Delivered/Fed
- Add Open Storage
- Add Warehouse Stored
- Add Cotton
- Inquire
- Correct
- Delete

Producer Name: ABC Corp. State: IA
 Address: First Street Zip: 50208
 City: New City Email Address: fake.email@noisp.none
 Tax ID: XXX-XX-0000 Tax ID Type: S

eLDP Bale Data List

File Sequence Number: CTA00349
 Crop Year: 2005 eLDP Number: 52063

4 Records Found 1 to 4 of 4

	Gin Tag	Weight	Amount
<input type="checkbox"/>	3700373	514	4.37
<input type="checkbox"/>	3700374	499	4.24
<input checked="" type="checkbox"/>	3700375	477	4.05
<input checked="" type="checkbox"/>	3700376	504	4.28

Total Bales: 4
 Total Net Weight: 1,994
 Total Disbursement Amount: \$16.86

eLDP Available Quantity: 5,990.36
 eLDP Regular Available Amount: \$57,592.96

Done Remove Bales Cancel Help

Screen ID eLDPCottonAppl03
 eLDP Home | USDA.gov | Farm Service Agency (FSA) | FSA Intranet
 FOIA | Accessibility Statement | Privacy Policy | Non-Discrimination Statement | Information Quality | FirstGov | White House

Done Local intranet

Place a check (✓) in front of the applicable gin tag number. After all bales have been selected, click on the "Remove Bales" button.

The eLDP Bale Data List, Screen ID eLDPCottonApplSum03, will be redisplayed. Screen totals will be automatically adjusted for the bales that were deleted.

After bales have been removed, County Offices will:

- click on “Show Removed Bales”
- screen print a list of the removed bales
- provide a copy to the producer as a record of bales that were deleted from the application
- file a copy in the producer’s LDP folder.

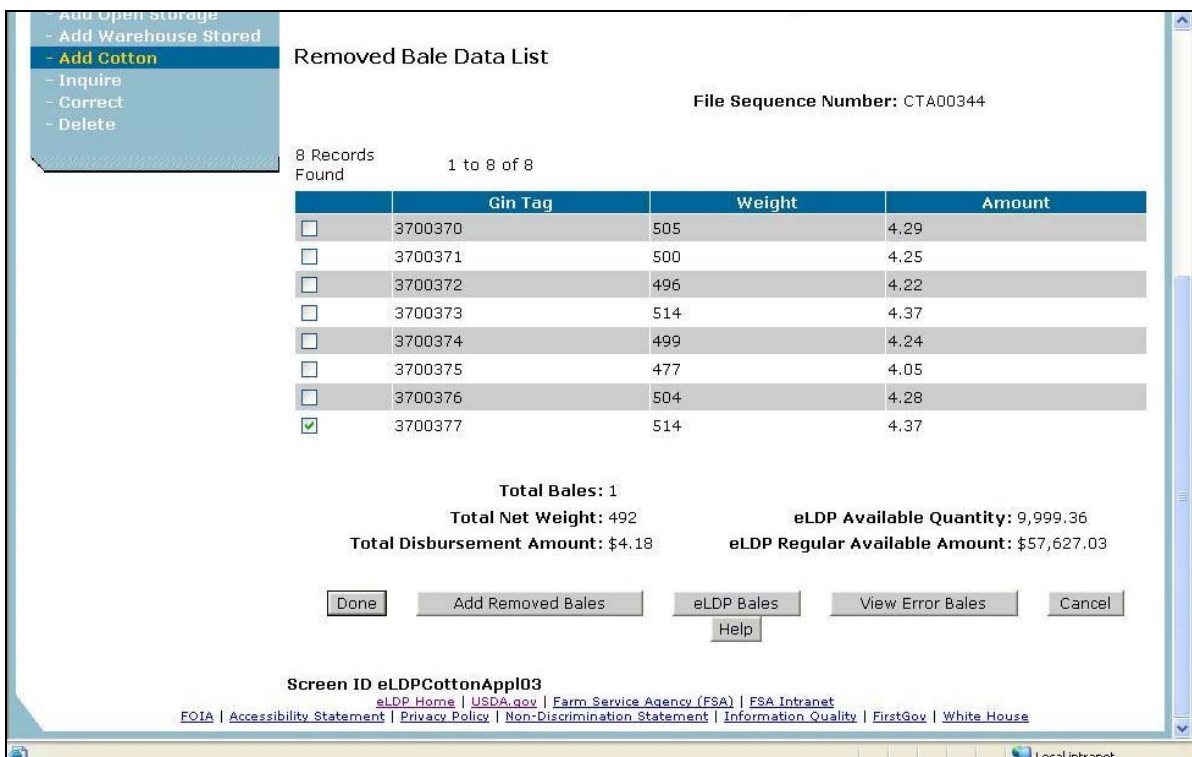
To remove additional bales, click on the "Remove Bales" button and select additional bales.

When all bales have been deleted, click on the "Done" button. The eLDP Application Summary Screen, Screen ID eLDPCottonAppl04, will be displayed.

318 Editing eLDP Bales (Continued)

B Adding Removed Bales Back on the eLDP Application

Bales that have been removed from the eLDP application can be added back on the application before the application is submitted to NPS for payment. The Removed Bale Data List Screen ID eLDPcottonApp103 will be displayed as shown in this example.



Place a check (✓) in front of the gin tag number that is to be added back on the application. After selecting all bales, click on the "Add Removed Bales" button. The Removed Bale Data List Screen will be redisplayed. The bales that were added back to the application will **not** be displayed.

CLICK "Done" to return to the eLDP Application Summary Screen.

319 Correcting eLDP's

A Correction Process

The eLDP system provides the capability for County Office users to correct or modify cotton eLDP applications as follows:

- allow the following modification/corrections:
 - delete 1 or more bales
 - revise producer shares
 - change eLDP type from warehouse to module lock-in, or vice versa
 - revise the following dates:
 - date documents received
 - ginning/loss of BI date
 - lock-in date
- **not** allow the following:
 - add or delete producer
 - reduce producer share to zero
 - add bales
 - modify EWR records
 - re-access paid application to disburse unpaid producer amount because of denied market gain or ineligibility.

Note: Correcting these errors require that the eLDP be deleted and re-entered. See paragraph 320.

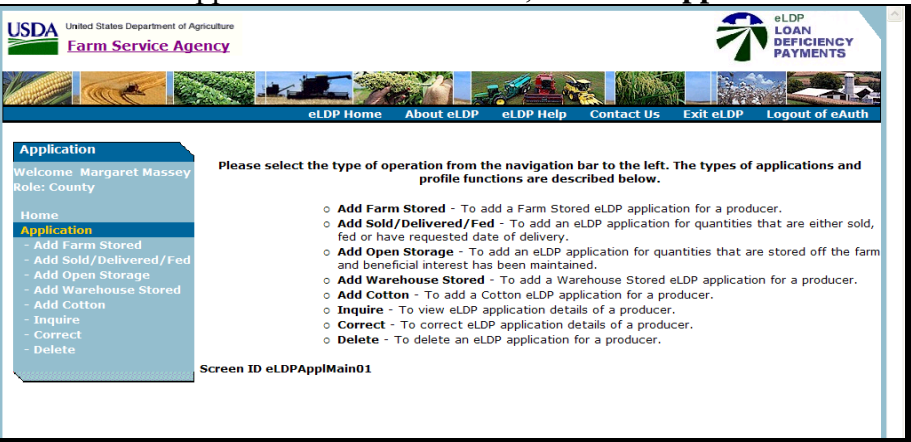
319 Correcting eLDP’s (Continued)

A Correction Process (Continued)

- if the original eLDP payment:
 - has been signed, correction process will:
 - allow the user to re-access and correct the application
 - use existing NPS overpayment/underpayment process to create:
 - receivables when the modified/corrected eLDP amount is less than the original disbursement
 - payables when the modified/corrected eLDP amount is more than the original disbursement.
- Note:** Prompt payment interest will be issued, if applicable.
- has **not** been signed, correction process will:
 - allow the user to re-access the application
 - automatically delete the original payable
 - accept modification or correction to the original application
 - submit the corrected/modified payable to NPS.

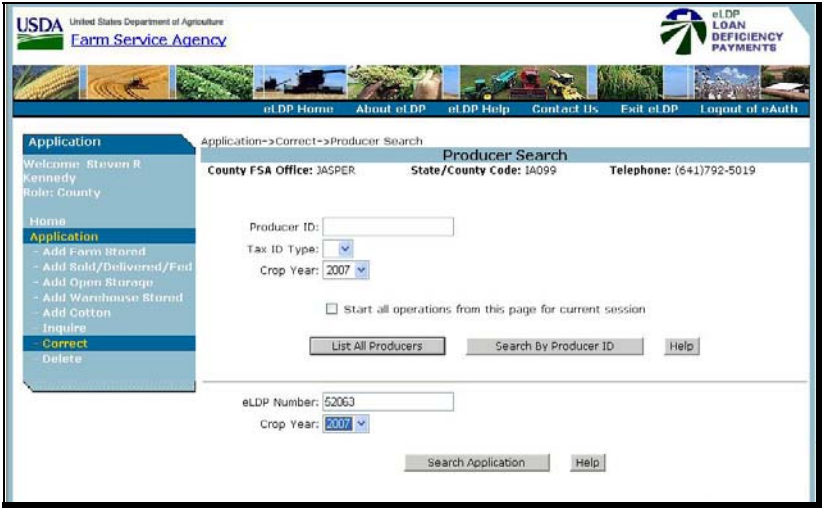
B Selecting Cotton eLDP for Correction

Select the cotton eLDP to be corrected according to the following table.

Step	Action
1	On the Welcome to Price Support Screen, use the drop-down box to select the producer’s State and County.
2	<p>On the eLDP Application Process Screen, CLICK “Application” in left menu bar.</p> 

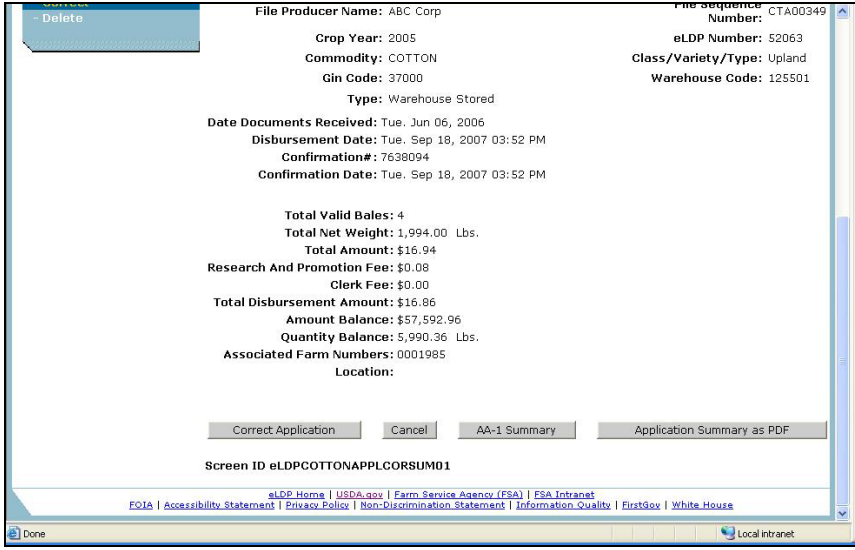
319 Correcting eLDP's (Continued)

B Selecting Cotton eLDP for Correction (Continued)

Step	Action								
3	<p>CLICK “Correct”. The following screen will display.</p> 								
4	<table border="1"> <thead> <tr> <th data-bbox="449 940 747 976">TO select by...</th> <th data-bbox="747 940 1503 976">THEN follow these steps...</th> </tr> </thead> <tbody> <tr> <td data-bbox="449 976 747 1098">producer ID</td> <td data-bbox="747 976 1503 1098"> <ul style="list-style-type: none"> enter the producer/entity ID number and type CLICK “Search by Producer ID” CLICK “Next” to proceed to application. </td> </tr> <tr> <td data-bbox="449 1098 747 1514">list of producers and their applications</td> <td data-bbox="747 1098 1503 1514"> <ul style="list-style-type: none"> CLICK “List All Producers” for a list of producers with applications select the applicable producer CLICK “OK” and all applications for the selected producer will be displayed select the applicable application CLICK “OK”. </td> </tr> <tr> <td data-bbox="449 1514 747 1669">eLDP number and crop year</td> <td data-bbox="747 1514 1503 1669"> <ul style="list-style-type: none"> enter eLDP number enter the crop year from the drop-down box CLICK “Search Application” select the applicable application. </td> </tr> </tbody> </table>	TO select by...	THEN follow these steps...	producer ID	<ul style="list-style-type: none"> enter the producer/entity ID number and type CLICK “Search by Producer ID” CLICK “Next” to proceed to application. 	list of producers and their applications	<ul style="list-style-type: none"> CLICK “List All Producers” for a list of producers with applications select the applicable producer CLICK “OK” and all applications for the selected producer will be displayed select the applicable application CLICK “OK”. 	eLDP number and crop year	<ul style="list-style-type: none"> enter eLDP number enter the crop year from the drop-down box CLICK “Search Application” select the applicable application.
TO select by...	THEN follow these steps...								
producer ID	<ul style="list-style-type: none"> enter the producer/entity ID number and type CLICK “Search by Producer ID” CLICK “Next” to proceed to application. 								
list of producers and their applications	<ul style="list-style-type: none"> CLICK “List All Producers” for a list of producers with applications select the applicable producer CLICK “OK” and all applications for the selected producer will be displayed select the applicable application CLICK “OK”. 								
eLDP number and crop year	<ul style="list-style-type: none"> enter eLDP number enter the crop year from the drop-down box CLICK “Search Application” select the applicable application. 								

319 Correcting eLDP's (Continued)


B Selecting Cotton eLDP For Correction (Continued)

Step	Action
5	<p>The selected application will be displayed.</p>  <p>The screenshot shows a web application window with a 'Delete' button in the top left. The main content area displays the following information:</p> <ul style="list-style-type: none"> File Producer Name: ABC Corp File Sequence Number: CTA00349 Crop Year: 2005 eLDP Number: 52063 Commodity: COTTON Class/Variety/Type: Upland Gin Code: 37000 Warehouse Code: 125501 Type: Warehouse Stored Date Documents Received: Tue, Jun 06, 2006 Disbursement Date: Tue, Sep 18, 2007 03:52 PM Confirmation#: 7638094 Confirmation Date: Tue, Sep 18, 2007 03:52 PM Total Valid Bales: 4 Total Net Weight: 1,994.00 Lbs. Total Amount: \$16.94 Research And Promotion Fee: \$0.08 Clerk Fee: \$0.00 Total Disbursement Amount: \$16.86 Amount Balance: \$57,592.96 Quantity Balance: 5,990.36 Lbs. Associated Farm Numbers: 0001985 Location: <p>At the bottom of the screen, there are four buttons: 'Correct Application', 'Cancel', 'AA-1 Summary', and 'Application Summary as PDF'. Below the buttons is the text 'Screen ID eLDP COTTON APPL COR SUM 01'. The footer contains links for 'eLDP Home', 'USDA.gov', 'Farm Service Agency (FSA)', 'FSA Intranet', 'FOIA', 'Accessibility Statement', 'Privacy Policy', 'Non-Discrimination Statement', 'Information Quality', 'FirstGov', and 'White House'. The taskbar at the bottom shows 'Done' and 'Local intranet'.</p> <p>If the displayed application is:</p> <ul style="list-style-type: none"> • the application to be corrected, CLICK “Correct Application” to begin the correction process • not the application to be corrected, CLICK “Cancel” and the user will be returned to the Application Process Screen.

319 Correcting eLDP's (Continued)

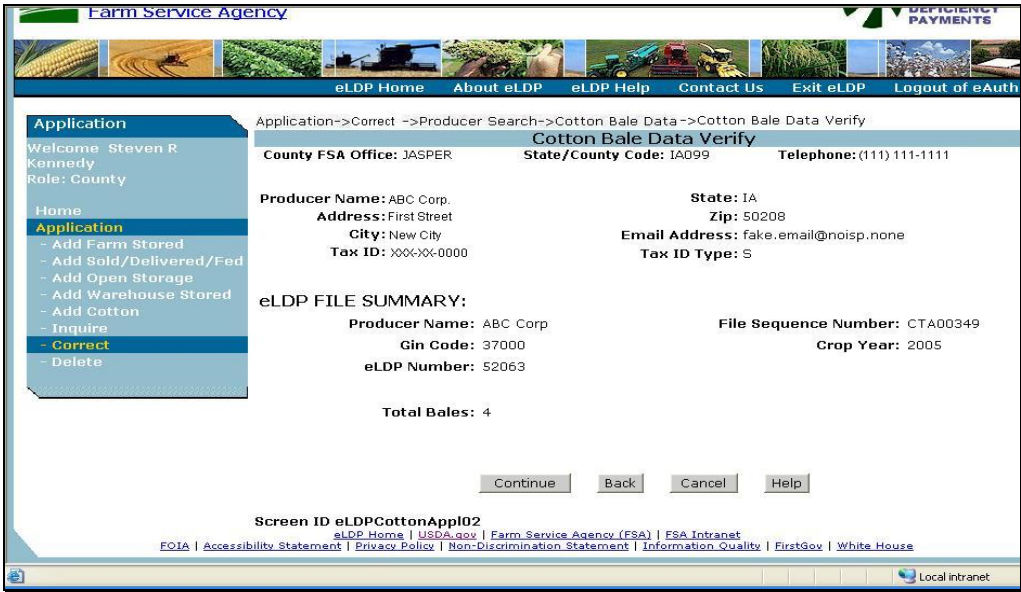
C Correcting Application

County Offices will process eLDP corrections for cotton eLDP applications according to the following table.

Step	Action
1	<p>Select the application to be corrected and CLICK “Correct Application”; the following screen will be displayed.</p>  <p>The following changes can be made from this screen:</p> <ul style="list-style-type: none"> • revise producer shares • change eLDP type • revise dates. <p>Note: To delete bales from application, continue to Step 3.</p> <p>User will CLICK:</p> <ul style="list-style-type: none"> • “Cancel” to end the correction process; changes will not be saved • “Continue” to save changes and proceed to next screen • “Back” to return to the previous screen.


319 Correcting eLDP's (Continued)

C Correcting Application (Continued)

Step	Action
2	<p>The following screen will be displayed, showing changes that were made.</p>  <p>User will CLICK:</p> <ul style="list-style-type: none"> • “Continue” to continue the correction process • “Back” to return to the previous screen to make additional changes • “Cancel” to end the correction process; changes will not be saved.

319 Correcting eLDP's (Continued)

C Correcting Application (Continued)

Step	Action
3	<p>The eLDP process will:</p> <ul style="list-style-type: none"> recalculate eLDP based on changes that have been made to the application up to this point display the recalculated eLDP as follows.  <p>User will CLICK:</p> <ul style="list-style-type: none"> “Back” to return to the previous screen to make additional changes “Edit Bales” to remove bales from this application “Cancel” to end the correction process; changes will not be saved “Submit” to submit the corrected eLDP to NPS; continue to step 4.

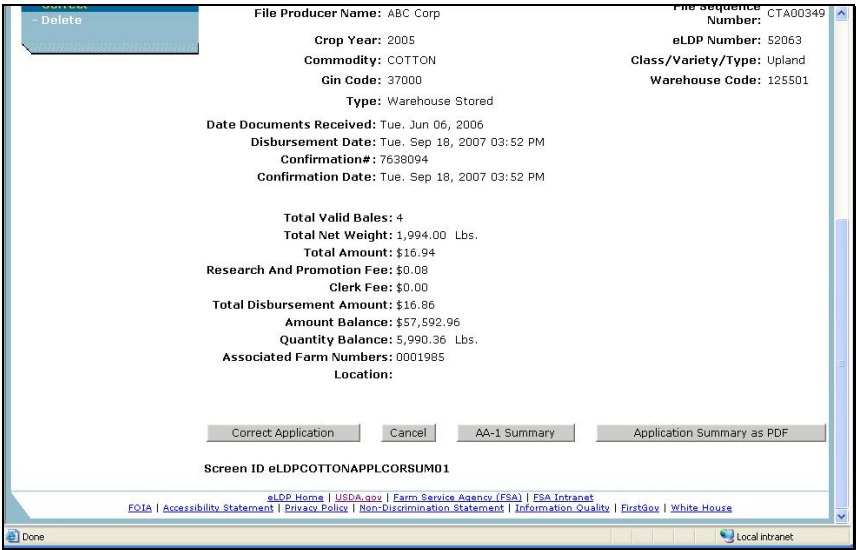
319 Correcting eLDP's (Continued)

C Correcting Application (Continued)

Step	Action		
4	<p>After submitting the revised application, the screen will be redisplayed with the eLDP application with applicable messages indicating action taken.</p> <p>Note: Because the revised CCC-Cotton AA-1 and Application Summary will reflect eLDP amount after corrections, users must print this screen for documentation and file in the LDP folder.</p>		
	IF the initial application...	AND corrections resulted in...	THEN the following messages will be displayed...
	was not signed	no change to the disbursement amount	“The application amount did not change”.
		changes to the disbursement amount	<ul style="list-style-type: none"> • “The application has been corrected” • “(Producer Name) – The previous payment was cancelled and a replacement disbursement issued for \$x.xx”.
	was signed	no changes	“The application amount did not change”.
		overpayment	<ul style="list-style-type: none"> • “The application has been corrected” • “(Producer Name) - A receivable was created for the difference of \$x.xx”.
		underpayment	<ul style="list-style-type: none"> • “The application has been corrected” • “(Producer Name) - An additional disbursement was created for the difference of \$x.xx”.
5	<p>User will:</p> <ul style="list-style-type: none"> • print Cotton AA-1 and Application Summary • CLICK “OK” to return to the Application Screen. 		

319 Correcting eLDP's (Continued)

C Correcting Application (Continued)

Step	Action
5	<p>The selected application will be displayed.</p>  <p>If the displayed application is:</p> <ul style="list-style-type: none"> the application to be corrected, CLICK “Correct Application” to begin the correction process not the application to be corrected, CLICK “Cancel” and the user will be returned to the Application Process Screen.

320 Deleting eLDP's

A Correction Process

If it is determined that a disbursed eLDP **must** be modified or corrected for errors other than allowable modifications or corrections, the erroneous eLDP **must** be:

- deleted in the eLDP system
- reissued as a corrected eLDP using the original request date in the eLDP system.

If the eLDP is deleted:

- before the payment worklist is signed, the payment will be removed from the worklist and no receivable will be created
- after the payment worklist is signed, a receivable will be automatically created by NPS.

The corrected LDP can be processed in:

- the eLDP system **only** if the request date is within the last 30 calendar days; entering a request date earlier than 30 calendar days will create prompt payment interest

Note: The amount for the corrected eLDP will be automatically reduced by the receivable amount of the original eLDP, if applicable.

- APSS:
 - as a manual transaction
 - using a 90,000 series LDP number
 - answering "N" to the question, "Is this a re-entry of a corrected LDP?"

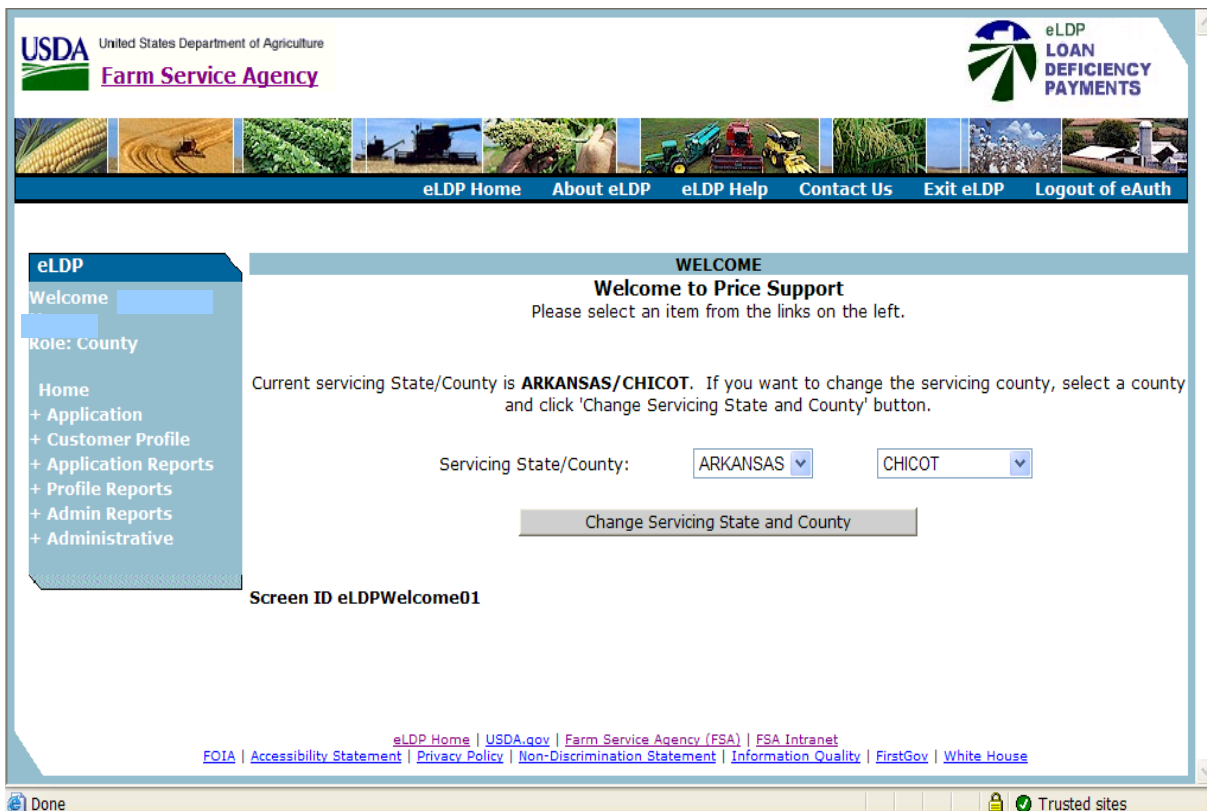
Note: APSS will **not** accept a 50,000 series LDP number.

- using the original loan approval, date documents received, and disbursement dates to avoid calculations of late payment interest
- using the resulting LDP check to repay the receivable amount of the original LDP, if applicable.

320 Deleting eLDP's (Continued)

B Deletion Process

This is an example of the Welcome to Price Support Screen ID eLDPWelcome01 that shows application options.



This screen will be defaulted to the user’s State and county. If the county is a shared management County Office, select the applicable County Office.

User will click on “+Application”.

320 Deleting eLDP's (Continued)

B Deletion Process (Continued)

This is an example of the Application Process Screen ID eLDPAppMain01 that shows application options.

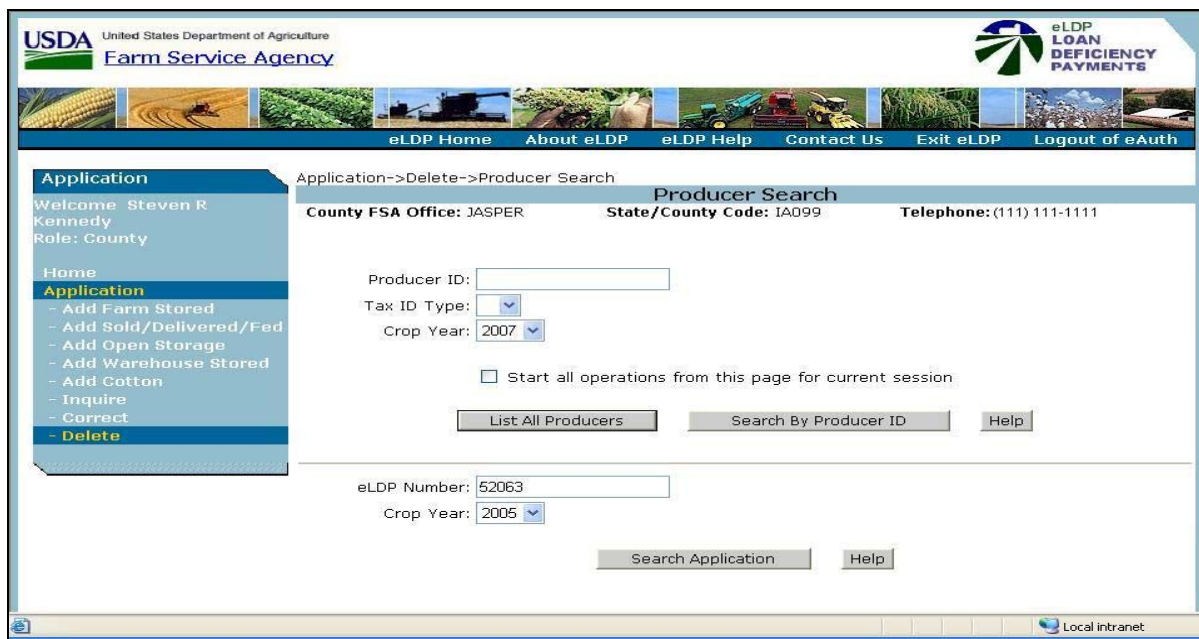


CLICK "Delete" to delete eLDP that has been disbursed.

320 Deleting eLDP's (Continued)

B Deletion Process (Continued)

The following is an example of the Producer Search Screen.



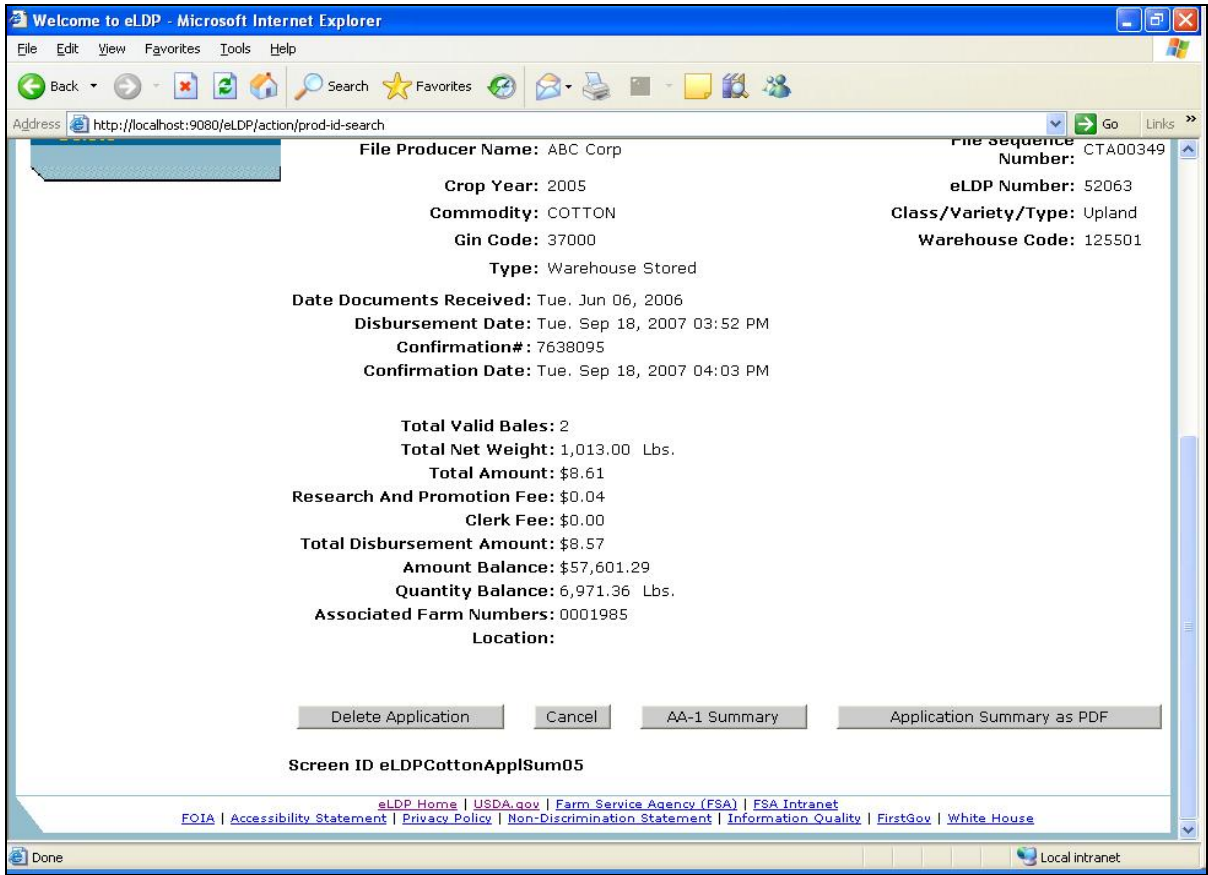
Select the application to be corrected according to the following table.

TO select by...	THEN follow these steps...
producer ID	<ul style="list-style-type: none"> • enter the producer/entity ID number and type • CLICK “Search by Producer ID” • CLICK “Next” to proceed to application.
list of producers and their applications	<ul style="list-style-type: none"> • CLICK “List All Producers” for a list of producers with applications • select the applicable producer • CLICK “OK” and all applications for the selected producer will be displayed • select the applicable application • CLICK “OK”.
eLDP number and crop year	<ul style="list-style-type: none"> • enter eLDP number • enter the crop year from the drop-down box • CLICK “Search Application” • select the applicable application.

320 Deleting eLDP's (Continued)

B Deletion Process (Continued)

The eLDP Application Summary for the selected LDP number will be displayed.

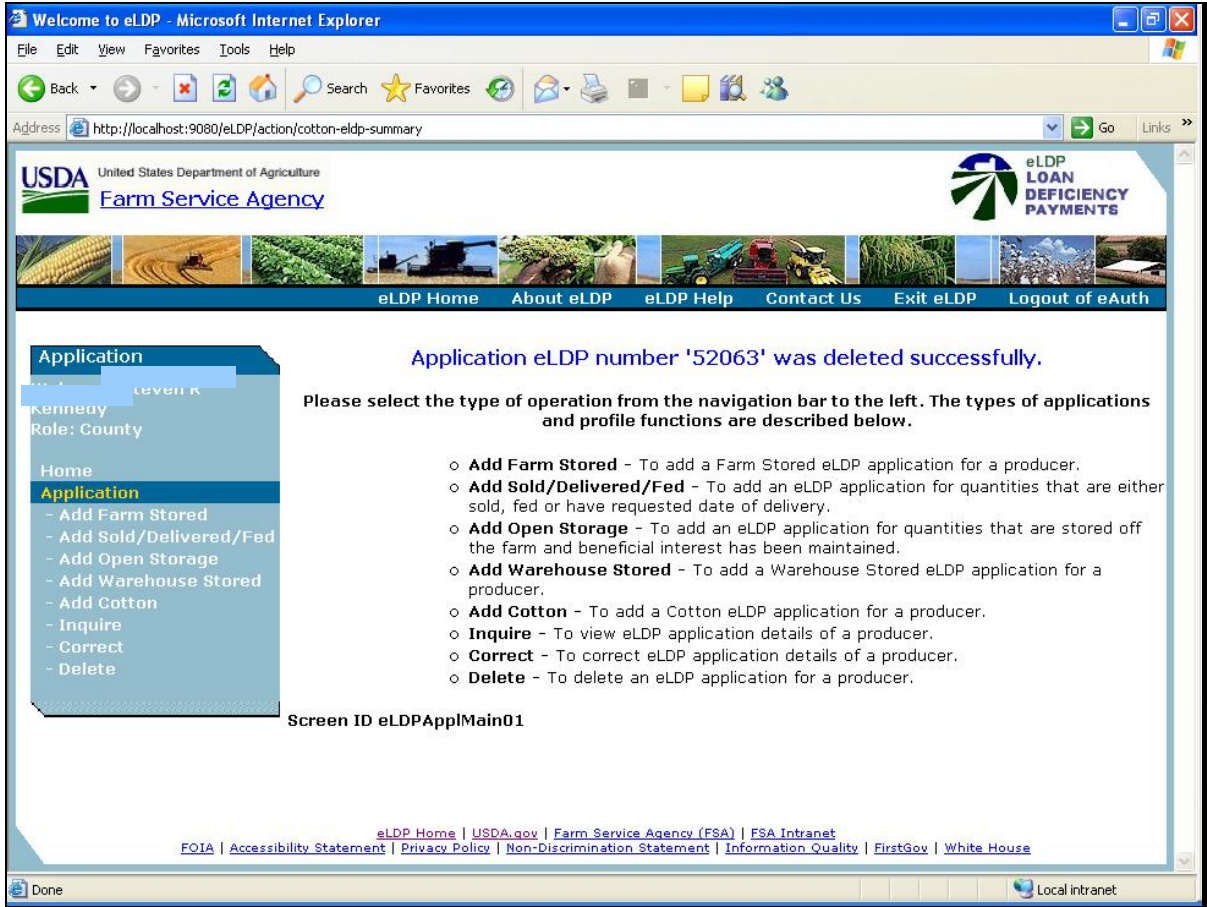


CLICK "Delete Application".

320 Deleting eLDP's (Continued)

B Deletion Process (Continued)

A message will be displayed on the Application Process Screen ID eLDPAppMain01 that confirms the eLDP was successfully deleted.



321 Manually Entering Bale Data

A General Information

The eLDP system provides the option to manually enter bale data directly into the eLDP application when a bale detail file is unavailable. This option:

- requires using a State Office-issued password
- provides the option to build the file as:
 - EWR file that only requires entering the gin tag number
 - non-EWR file that requires entering gin tag number and bale weight
- provides auto-fill capability.

Contact the State Office Price Support Specialist to obtain a password.

Note: This option **must only be used** if a bale data file **cannot** be provided.

B Invoking Manual Entry Option

Cotton eLDP has been modified to add the question, “Is Manual Bale Entry?”, on Screen ID eLDPCOTTONAPPL01. To invoke the manual entry option, County Office users will answer “Yes” by clicking on the applicable radio button. A pop-up box will then be displayed that prompts the user to enter a State Office-issued password. After the password is entered, users will enter or select the following:

- type of eLDP
- applicable dates according to type of eLDP
- location, which is optional
- farm number, which is optional
- EWR or non-EWR file
- producer name
- gin code

321 Manually Entering Bale Data (Continued)

B Invoking Manual Entry Option (Continued)

- warehouse code for storing location

Note: If **not** stored in warehouse, ENTER “999999”.

- total number of bales
- starting gin tag number
- gin tag increment (defaulted to “0”).

Note: The file sequence number will be automatically assigned.

After all data is entered, CLICK “Continue” to proceed to Screen ID eLDPCottonAppl02A.

C eLDP File Type

The manual data entry option allows the user to build the following eLDP file types:

- EWR file that requires **both** the classing record and EWR receipt
- non-EWR file that **only** requires the classing record.

Note: The EWR file type will be selected **only** if EWR’s have been submitted to COPS for processing. If this is unknown, users may query COPS to verify that EWR’s were submitted or build a non-EWR file that does **not** require EWR.

D Building EWR File

For EWR files, the user will only enter the gin tag number on Screen ID eLDPCottonAppl02A. COPS will search for both the classing record and corresponding EWR. If **both** records are:

- found, the process will continue
- **not** found, the file will be returned with invalid bales.

Users have the following options:

- save the EWR file and resubmit at a later time
- delete invalid bales and continue to process eLDP for valid bales.

If EWR’s are never submitted to COPS for processing, the user **must** create a **new**, non-EWR file for processing. An EWR file type **cannot** be changed to a non-EWR file.

321 Manually Entering Bale Data (Continued)**E Building Non-EWR Files**

For non-EWR files, the user will enter the following data on Screen ID eLDPCottonAppl02A:

- gin tag number
- bale weight.

COPS will search for the corresponding classing record and EWR, if available. If EWR is:

- available, COPS will return the classing data, receipt number, and bale weight, and the eLDP process will continue
- **not** available, COPS will return the classing data; the eLDP process will continue using the bale weight entered by the user.

Important: The non-EWR file type can be used for **all types** of eLDP's because the process continues with whichever records are available in COPS. The EWR file type can only be used if EWR is available.

F Auto-Fill Capability

The manual entry option provides an auto-fill capability.

The eLDP system will automatically fill the gin tag numbers according to the gin tag increment and starting gin tag number entered on Screen ID eLDPCottonAppl01.

Examples: Entering "0" will leave all tag numbers blank.

Entering "1" will auto-fill each tag number using the sequence "1, 2, 3, 4, 5, 6, 7, 8, 9, etc."

Entering "2" will auto-fill every second tag number using the sequence "1, 3, 5, 7, 9, 11, etc."

Entering "3" will auto-fill every third tag number using the sequence "1, 4, 7, 10, 13, etc."

321 Manually Entering Bale Data (Continued)

F Auto-Fill Capability (Continued)

To auto-fill, position the cursor in a “Gin Tag Number” field in which a gin tag number has been entered. CLICK “Update” and all “Gin Tag Number” fields following that field will be filled in sequence.

To auto-delete, position the cursor in a “Gin Tag Number” field. Delete all numbers from the field. CLICK “Update” and all “Gin Tag Number” fields following that field will be cleared.

G Screen Options

Screen ID eLDPCottonAppl02A provides the following options.

Option	Description
Done	CLICK “Done” to: <ul style="list-style-type: none"> • complete the Manual Bale Entry operation • advance to the Cotton Bale Data Verify Screen.
Save Bales	CLICK “Save Bales” to save the bale entry information on the local drive. The File Save Dialogue Screen will be displayed for entering the bale data file name that will be defaulted to the file sequence number assigned by the system. To: <ul style="list-style-type: none"> • continue processing, CLICK “Done” • end processing, CLICK “Cancel” to delete the application. <p>Note: The data file is still available for a subsequent eLDP.</p>
Back	CLICK “Back” to take the user back to the Cotton Bale Data Verify Screen.
Cancel	CLICK “Cancel” to: <ul style="list-style-type: none"> • erase all information from the application • return to the Application Menu. <p>However, if the file was saved before taking this option, it can be used for a subsequent eLDP.</p>

321 Manually Entering Bale Data (Continued)

H Screen ID eLDPCottonApp101

The following is an example of Screen ID eLDPCottonApp101.

Home
 Application
 - Add Farm Stored
 - Add Sold/Delivered/Fed
 - Add Open Storage
 - Add Warehouse Stored
 - Add Cotton
 - Inquire
 - Correct
 - Delete

Address: First Street Zip: 50208
 City: New City Email Address: fake.email@noisp.none
 Tax ID: XXX-XXX-0000 Tax ID Type: S

Warehouse Stored Gin-Direct/Loss of BI Module Lock-In

Is Manual Bale Entry?: No Yes

Date Documents Received: 2006 June 6

File Sequence Number: CTA00076

Location (Optional):

Farm Number (Optional):

For Manual Bale Data Entry Only

Non EWR Entry EWR Entry

Producer Name: ABC Corp Gin Code: 37000

Warehouse Code: 000000 Total Bales: 5

Start Gin Tag Number: 3700143 Gin Tag Increment: 1

Continue Cancel Help

I Screen ID eLDPCottonApp102A

The following is an example of Screen ID eLDPCottonApp102A.

Application
 Welcome Steven R Kennedy
 Role: County

Home
 Application
 - Add Farm Stored
 - Add Sold/Delivered/Fed
 - Add Open Storage
 - Add Warehouse Stored
 - Add Cotton
 - Inquire
 - Correct
 - Delete

Application->Add Cotton->Producer Search->Cotton Bale Data->Manual Bale Entry

County FSA Office: JASPER State/County Code: IA099 Telephone: (111)111-1111

Producer Name: ABC Corp State: IA
 Address: First Street Zip: 50208
 City: New City Email Address: fake.email@noisp.none
 Tax ID: XXX-XXX-0000 Tax ID Type: S

File Sequence Number: CTA00076 Crop Year: 2005
 Gin Code: 37000 Warehouse Code: 000000
 Total Bales: 5 Total Net Weight: 0

Gin Tag Increment: 1

Gin Tag	Update	Gin Tag	Update	Gin Tag	Update
3700143	Update	3700144	Update	3700145	Update
3700146	Update	3700147	Update		

Done Save Bales Page Forward Back Cancel Help

Screen ID eLDPCottonApp102A

322-325 (Reserved)

Part 7 Correcting Loan Transactions

326 General Information

A Introduction

Follow 16-PS to correct loan transactions.

327-350 (Reserved)

Part 8 Violations**351 Overview****A Terms and Conditions**

CCC has determined that producers who violate the terms and conditions of loan note and security agreements or LDP applications will cause harm or damage to CCC. These violations result in funds being disbursed to producers for a quantity of cotton that may **not** exist or a quantity for which the producer is **not** eligible.

This part describes what actions are required to be taken if a producer is found in violation of the terms and conditions of a loan or LDP.

B Violations Not Applicable

This part does **not** apply if the cotton is determined ineligible because of the following types of violations:

- HELC
- WC
- FFC.

C CED Actions

When duplicate benefits are provided, CED **must**:

- determine whether a violation may have occurred according to subparagraph 301 D
- refer any suspected violations to COC for a violation determination
- obtain repayments:
 - for violations (determined by COC) at principal plus interest plus liquidated damages
 - for nonviolations at principal plus interest without referral to COC.

D Distinguishing Violations From Nonviolations

Duplicated payments are to be considered a violation if the producer knew, or had reason to know, that an application would generate a duplicate benefit.

An example of a violation is a benefit (whether loan or LDP) provided under duplicated producer application to multiple County Offices or to both CMA/LSA and County Office.

The following are examples of **nonviolations**:

- bale misidentified by gin/warehouse without producer knowledge
- bale assigned to multiple producers by gin/warehouse
- bales misdirected by gin/warehouse
- County Office keystroke errors or other misaction/misinformation.

352 **Producer Violation Notification**

A Initial Producer Notification

County Offices will send the following letter to notify producers of potential loan/LDP violations.

Note: Determine what actions are to be taken and the amounts due according to paragraph 42.

UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY LYON COUNTY FSA OFFICE PO BOX 389 ROCK RAPIDS, TX 51246-0389			
October 15, 2007			
Thomas Grant 1003 Brees Ave Payton, TX 51241-7522			
Dear Thomas Grant:			
This is to notify you that the Farm Service Agency has determined that you have a debt arising from:			
(Insert explanation and pertinent facts.)			
The amount you owe consists of:			
<u>Principal</u>	<u>Interest</u>	<u>Other Charges</u>	<u>Total</u>
Interest will continue to accrue at a rate of _____% until the total amount due is repaid. The amount shown above has been recorded for offset from any FSA, CCC or other Federal Agency payment, which may be due you.			
We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments. If you have any questions regarding this matter, please do not hesitate to contact us.			
If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. (Insert COC address.)			
You may contact the County Office to receive a copy of the documents related to this determination.			
If you should need further assistance, please feel free to contact the FSA Service Center.			
Sincerely,			
Harvey Lee County Executive Director			
USDA is an Equal Opportunity Provider and Employer			

352 **Producer Violation Notification (Continued)**

B Actions To Be Taken After Notification

Use the following table to determine what actions are required after the notification letter in subparagraph A has been sent to the producer.

IF the producer...	THEN COC will...	
does not respond within the 30-calendar-day notification period	<ul style="list-style-type: none"> • follow subparagraph 353 C • send the producer, as applicable, the demand letter according to paragraphs 42 and 35 • for loans, process forfeiture according to paragraph 222. 	
appeals the determination	follow paragraph 23.	
responds within the 30-calendar-day notification period, but does not appeal	determine, based on the evidence provided by the producer, whether the producer acted in good faith.	
	IF good faith...	THEN follow subparagraph...
	is determined and the producer has been involved in less than 2 violations in the previous 24 months	353 A, using the demand letter in subparagraph 353 D.
cannot be determined or the producer has already been involved in at least 2 violations in the previous 24 months	353 C, using the demand letter according to paragraphs 42 and 35.	

353 Loan and LDP Violations

A Good Faith Determinations

[7 CFR 1427.18] A producer is considered to have acted in “good faith” if 1 of the following apply:

- there is evidence to support that the producer made every effort to comply with the terms and conditions of CCC-601 and CCC’s security interest was protected
- the violation was inadvertent, accidental, or unintentional
- the actions that resulted in a violation prevented the spoilage of the commodity or was necessary to protect CCC’s security interest in the commodity.

If producers can show they acted in good faith when the loan or LDP violation occurred and the producer has had 2 or fewer loan or LDP violations in the previous 24 months, COC will demand:

- as applicable, repayment of the:
 - loan principal and charges, plus interest, applicable to the loan quantity affected by the violation
 - LDP amount and charges, plus interest, applicable to the LDP quantity affected by the violation
- payment of liquidated damages equal the product of multiplying the quantity in violation by 10 percent of the loan or LDP rate.

Note: See subparagraph:

- B if the amount due is **not** repaid within 30 calendar days of demand
- C if the producer has already had more than 1 loan or LDP violation in the previous 24 months
- E for authority to waive liquidated damages.

353 Loan and LDP Violations (Continued)**B Good Faith Determined, But Amounts Due Not Repaid Within 30 Calendar Days**

If amounts due for loans and LDP's, as determined according to subparagraph A, are **not** repaid within 30 calendar days:

- for loans:
 - call the loan, if still outstanding, involved in the violation and require repayment of any previously realized market gain and unearned storage credit on the loan, plus interest
 - follow paragraph 35 for any quantity determined ineligible for the loan
- for LDP's, require repayment of the entire LDP, plus interest.

C Good Faith Not Determined or Multiple Violations Are Applicable

If COC **cannot** determine the producer acted in good faith when the violation occurred or if the producer has already had 2 or more loan or LDP violations in the previous 24 months, COC will:

- demand payment of liquidated damages equal to 25 percent of the loan or LDP rate times the quantity affected by the violation

Note: See subparagraph E for authority to waive liquidated damages.

- for loans:
 - call the loan, if still outstanding, involved in the violation and require repayment of any previously realized market gain and unearned storage credit on the loan, plus interest
 - follow paragraph 35 for any quantity determined ineligible for the loan
- for LDP's, require repayment of the entire LDP, plus interest.

353 Loan and LDP Violations (Continued)

D Good Faith Demand Letter

If good faith is determined and the producer has been found in violation of less than 2 violations in the previous 24 months, use the following demand letter.

<p>RE: (Enter crop year, commodity, and loan/LDP number)</p> <p>Dear _____:</p> <p>The County FSA Committee has determined that you acted in good faith concerning the violation of the (loan agree/LDP application) of which we had previously notified you. Based on this determination and because this is your (first/second) violation in the previous 24 month, the following amounts are now due: (enter as applicable):</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">• (loan principal)</td> <td style="width: 33%;">• (interest)</td> <td style="width: 33%;">• (LDP amount)</td> </tr> <tr> <td>• (liquidated damages)</td> <td>• (market gain)</td> <td>• (unearned storage credit)</td> </tr> <tr> <td>• (other charges paid by CCC).</td> <td></td> <td></td> </tr> </table> <p>Applicable interest will continue to accrue from the date of this letter until these amounts are repaid or transferred to claims. If these amounts are not repaid within 30 calendar days, the following actions will be taken: (enter as applicable):</p> <ul style="list-style-type: none"> • outstanding loan will be immediately called • foreclosure proceeding will begin on the ineligible cotton • a receivable will be established for the following amount due: (enter as applicable) <ul style="list-style-type: none"> • (all market gain realized on the loan, plus interest) • (entire LDP amount, plus interest) • (loan amount plus accrued interest applicable to the ineligible cotton) • (amount of liquidated damages) • (other charges). <p>After the receivable is established:</p> <ul style="list-style-type: none"> • the receivable may be reported to other Federal Agencies for offset from any amounts that may be due • late payment interest, based on the rate established by the Department of Treasury, will be applied to your debt on a daily basis from the date the claim is established until your debt is paid in full. <p>An additional 3 percent will be assessed on the unpaid balance of the debt retroactively for the date the claim is established if payment in full is not made within 60 calendar days after the date the claim is established.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>If this demand letter is a result of a producer’s appeal and the appeal was not granted in full, this letter will contain appeal rights to the State FSA Committee.</p> </div>	• (loan principal)	• (interest)	• (LDP amount)	• (liquidated damages)	• (market gain)	• (unearned storage credit)	• (other charges paid by CCC).		
• (loan principal)	• (interest)	• (LDP amount)							
• (liquidated damages)	• (market gain)	• (unearned storage credit)							
• (other charges paid by CCC).									

353 Loan and LDP Violations (Continued)

E Authority to Waive Liquidated Damages

COC's may grant relief by waiving any or all of the liquidated damages for a first offense if COC determines the producer acted in good faith.

STC's may grant relief by waiving any or all of the liquidated damages for any offense.

Note: Determinations to waive liquidated damages **must** be determined on a case-by-case basis.

354-357 (Reserved)

Part 9 Cotton Warehouse Receipt Process**358 General Provisions****A Downloading EWR's**

EWR's are issued by warehouses through a provider system. A warehouse may only use 1 provider and **must** issue all receipts as EWR's. When a producer wants to receive a loan or LDP, the provider's system **must** forward EWR to CCC.

Once a EWR is received and validated, a receipt acknowledgement is transmitted back to the provider. Classing data is obtained from AMS and then EWR is available for download to a County Office.

County Offices transmit a request for download that consists of the gin code and gin tag. Upon receipt of EWR's, County Offices may process loans and LDP's. Once EWR is downloaded by a County Office, no other office can download that receipt. Inquiry capability is available to all offices on all EWR's.

358 General Provisions (Continued)

B Releasing EWR's

County Offices release EWR's when the bale is repaid, LDP is complete, for correction or if downloaded in error.

- For EWR's downloaded in error, the release places EWR back on CRTS and makes EWR available for download again.
- For EWR's released for correction, EWR is transmitted to the provider and the previous holder becomes the holder. This allows corrections to the warehouse receipt data to be made. EWR may be resubmitted to CCC.
- For EWR's released because of repayment, the County Office enters the holder ID provided by the person repaying the loan. Upon receipt of the release transmission, the holder ID is validated against the list of valid ID's supplied by the provider. Released EWR's with a valid holder ID are transmitted to the provider. EWR's with an invalid holder ID are returned to the County Office. The provider sends a release acknowledgement back to CCC when the released EWR is successfully processed.

359-364 (Reserved)

365 Providing Loan Files to Merchants

A Providing Loan Files

Generally, information about an individual commodity loan or repayment is **not** provided to entities other than the producer because this information is protected by the Privacy Act.

A loan summary can be printed from CLPS and may be provided to a merchant if the producer requests and authorizes FSA to provide the information to a specified third party.

When a County Office is requested to provide a cotton loan summary by:

- an entity that is **not** a signatory of CCC Cotton A, decline the request and inform the entity that the loan information can be provided only if requested by the producer
- a producer who signed CCC Cotton A, the information may be provided as requested by the producer.

Note: Providing loan summaries to merchants has no workload priority over activities directly affecting producer benefits, such as loan making or LDP applications.

366-372 (Reserved)

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None.

Forms

This table lists all forms that are referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification		46, 100, 181, 267, Ex. 22
CCC-10	Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents	181	242
CCC-257	Schedule of Deposit		217
CCC-258	Wire Transfer of Funds		209
CCC-491	Beneficial Interest Certification for Loan and Loan Deficiency Payments	104	
CCC-500M	Loan Repayment Receipt	200	209, 217
CCC-500-1	Loan Repayment Receipt Continuation Sheet		200
CCC-601	Commodity Credit Corporation Note and Security Agreement Terms and Conditions	Ex. 15	Text
CCC-601 ELS Appendix	Appendix to CCC-601, Note and Security Agreement Terms and Conditions for Outside Storage of ELS Cotton	Ex. 20	191, 234, 243, 249,
CCC-605	Authorization of Electronic Agent and Designation of Agent - Cotton	207	Text, Ex. 21, 22
CCC-605-1	Designation of Agent - Cotton (Continuation Sheet to CCC-605)	207	201, 204, 206, Ex. 22
CCC-605-2	Designation of Subsequent Agent - Cotton	207	204-206
CCC-633 EZ	Loan Deficiency Payment (LDP) Agreement and Request	289	Text

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

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-664	Agreement to Permit Assumption of a Commodity Credit Corporation (CCC) Loan		28
CCC-666	Commodity Loan Request		53
CCC-674	Certification for Contracts, Grants, Loans, and Cooperative Agreements	37	
CCC-677	Farm Storage Note and Security Agreement		37
CCC-678	Warehouse Storage Note and Security Agreement		37
CCC-679	Lien Waiver	124	41, 101, 164, 170, 181, 267
CCC-683	Commodity Loan Seal	269	266, 268
CCC-686	Application for Loan or Loan Deficiency Payment by Heirs (On a Commodity Produced by a Person Who Has Died)	106	
CCC-694-2	Acknowledgement of Commodity Certificate Purchase		201
CCC-697	Request to Lock in a Market Loan Repayment Rate		197
CCC-734	Notification of Pending Redemption and/or LDP Request	49	

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

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-770 CottonMAL	Warehouse-Received Cotton and Outside-Stored ELS Marketing Assistance Loan Checklist	53	
CCC-770 Eligibility	Eligibility Checklist		53
CCC-770 LDP/eLDP	Loan Deficiency Payment (LDP) and eLDP Program Review Checklist	53	
CCC-809	Cooperating Ginner's Bagging and Bale Ties Certification and Agreement	72	71, 73, 76, 77
CCC-877	Seed Cotton Loan Worksheet	268	191, 266, 267
CCC-879	Application for Approval of Cotton Gin Under Seed Cotton Loan Program	79	80
CCC-880	Ginner's Seed Cotton Agreement	80	
CCC-881	Seed Cotton Producer's Note and Security Agreement		277
CCC-881-1	Seed Cotton Producer's Note and Security Agreement, Continuation Sheet		277
CCC-883	Seed Cotton Removal, Ginning and Marketing Authorization	277	274, 275
CCC-901	Members Information Agricultural Act of 2014		100, Ex. 22
CCC-902	Farm Operating Plan for Payment Eligibility 2009 and Subsequent Program Years		40, 46, 100, 181, Ex. 22
CCC-902E	Farm Operating Plan for an Entity 2009 and Subsequent Program Years		Ex. 22
CCC-902I	Farm Operating Plan for an Individual 2009 and Subsequent Program Years		Ex. 22
CCC-941	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information - Agricultural Act of 2014		46, 100, 110, 181, Ex. 22

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

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-Cotton A	Cotton Producer's Note and Security Agreement		Text, Ex. 2
CCC-Cotton A Continuation	CCC Cotton A Continuation Sheet		191
CCC-Cotton A-1	Schedule of Pledged Cotton		189, 191
CCC Cotton A-5	Statement of Eligibility and Information Worksheet	182	191, 244
CCC-Cotton AA <u>1</u> /	Upland Cotton Producer's Loan Deficiency Payment Application and Certification		304, 313
CCC-Cotton AA-1	Schedule of LDP for Upland Cotton	317	296, 304, 319
CCC-Cotton AA-2	Spotcheck of Upland Cotton Subject to AWP Lock-In	304	
CCC-Cotton G	Cotton Cooperative Loan Agreement		Ex. 2
FSA-211	Power of Attorney		45, 267
FSA-578	Report of Acreage		100, 118, 184, 267, Ex. 22
KC-232	Notice of Approval or Change in Status of Storage Agreement or Contract	47	
SF-LLL	Disclosure of Lobbying Activities	37	
SF-LLL-A	Disclosure of Lobbying Activities Continuation Sheet	37	
UCC-1	National Financing Statement		124, 181, 201, 242
UCC-1F	Effective Financing Statement		124

1/ This form is obsolete.

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

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
APD	Analysis and Procedures Division, KCAO ITSD	10
BI	beneficial interest	Text
CCA	coarse count adjustment	Text
CCE	Commodity Certificate Exchange	200, 201, 215, 287,
CCR	Centralized Cotton Redemption	Text, Ex. 17, 21
CLPS	Commodity Loan Processing System	Text, EX. 17
COPS	Cotton Online Processing System	Text, Ex. 17, 21
CMD	Commodity Management Division, KCCO	10, 11, 47, 57, 121
CORE	CCC Core Accounting System	10
CRTS	Cotton Receipt Tracking System	218, 358
CSA	Cotton Storage Agreement	121, 208, 222, Ex. 18
EAD	Electronic Agent Designation	Text, Ex. 17, 21
eLDP	electronic Loan Deficiency Payment	Text
FCA	fine count adjustment	22, 26, 197, 201, 293
GPR	graduated payment reduction	32
HVI	high volume instrument	Ex. 12
JCIBPC	Joint Cotton Industry Bale Packaging Committee	4, 14, 70-74, 76, 125,
MLG	market loan gain	43, Ex. 22
PBI	permanent bale identifier	308, EX. 12
PSCAO	Price Support and Commodity Applications Office	49, 223, Ex. 13
REFREP	Refund Repayment	218
SCB	Storage Contract Branch, CMD, KCCO	10, 11, 47, 57, 121, 191

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

Redelegations of Authority

Redelegation of authority is provided in paragraph 14.

Redelegation	Reference
<p>CED may redelegate, in writing, the authority to approve all forms and documents prepared according to this handbook, except those in which the person approving has a monetary interest.</p> <p>Exceptions: Only CED will approve loans for:</p> <ul style="list-style-type: none"> • STC members • SED's • State and County Office employees • COC members. 	<p>14</p>

Definitions of Terms Used in This Handbook

Acceptable Warehouse Receipt

[7 CFR 1427.3] Acceptable warehouse receipt means an original or replacement receipt that may or may not be certificated for delivery for a futures-pricing contract.

For 2008 and subsequent crop cotton, an EWR record issued by the warehouse and recorded in a central filing system, or systems maintained in 1 or more locations, that are approved by FSA to operate the system.

AMS National Database

The AMS national database is:

- composed of all of the classing data on cotton that is classed by AMS
- located at the AMS office in Memphis, Tennessee.

Approved Cotton Clerk

An approved cotton clerk means a person outside the County Office who is approved to prepare loan and LDP documents for producers.

Approved Gin Location

Approved gin location means a location that is approved by CCC.

Approved Provider

[7 CFR 1427.17] Approved provider means providers that enter into a user agreement with CCC that ensures:

- EWR's are maintained in a secure central filing system
- all EWR data is in a format that meets MAL and LDP program requirements.

Approved Warehouse

Approved warehouse means a public warehouse for which a CCC storage agreement is in effect.

Arid Region

An arid region is a region of low rainfall and low humidity.

Bagging and Ties

Bagging and ties means wrapping materials used to secure a bale of cotton.

Definitions of Terms Used in This Handbook (Continued)

CCC-Cotton A Loan

CCC-Cotton A loan means a cotton loan made to an individual by a County Office.

CCC-Cotton G Loan

CCC-Cotton G loan means a cotton loan made to an approved cotton marketing cooperative through a servicing agent bank.

Central Filing System

Central filing system means an electronic computer system operated and maintained by an approved provider where information relating to EWR's is recorded.

Color Group

Color group means cotton that is in 1 of the following color groups:

- White
- Light Spotted
- Spotted
- Tinged
- Yellow Stained.

Commodity Loan Gain

Commodity Loan Gain means the difference between the loan principal amount and the AWP bale value when the quantity is exchanged with a commodity certificate.

Commodity Loan Processing System (CLPS)

Commodity Loan Processing System (CLPS) means the automated system for processing CCC commodity marketing assistance loans.

Compression Status

Compression status means the density of the bale of cotton. In APSS, the compression status of a bale is expressed as an alpha code, called the "compression code".

Cotton

[7 CFR 1427.3] Cotton means upland and ELS cotton meeting the definitions in this exhibit, **excluding** cotton **not** meeting such definitions.

Definitions of Terms Used in This Handbook (Continued)

Cotton Board

[80 Stat. 297] Cotton Board means the board that was authorized under the Cotton Research and Promotion Act to collect the research and promotion fee assessed on upland cotton.

Cotton Clerk

[7 CFR 1427.3] Cotton clerk means a person approved by CCC to assist producers in preparing loan and loan deficiency documents.

Cotton Online Processing System (COPS)

COPS means CCC's system for processing cotton management operations.

Date Documents Received

Date documents received (entered on CCC Cotton A-5, item 8) means the later of the following dates that CCC received any of the following documents required for the loan:

- receipt of a signed CCC Cotton A-5 and all other required documents listed in subparagraph 181 B
- CCC was made holder of EWR's as specified on the EWR Validation Review Report

Note: The date CCC was made holder of EWR is **not** necessarily the same date as the date that a County Office downloaded EWR's.

- paper warehouse receipts were delivered to the County Office.

Debar

Debar means to prohibit from doing business with CCC.

Delinquent Debt Status

Delinquent debt status means, for barring delinquent debtors from obtaining additional Federal loans or loan insurance or guarantees, any of the following.

- **For farm program debts**, the debt is in delinquent status 90 calendar days after the date of the first demand letter. The notification is not the first demand letter.
- **For farm storage facility loans**, the debt is in delinquent status if not paid in full within 90 calendar days after the due date; however, if the installment principal balance is less than \$25, then the farm storage facility loan is **not** considered delinquent.

Note: FLM's are responsible for informing County Office personnel of any FLP delinquent debts, as applicable.

Definitions of Terms Used in This Handbook (Continued)

Electronic Warehouse Receipt (EWR)

EWR means an electronic file in a central filing system that has been identified to an EWR holder and contains warehouse receipt information relative to a bale of cotton.

Note: EWR's are issued:

- only by licensed cotton warehouse operators
- by transmitting all necessary information to an approved provider who maintains EWR's in a central filing system.

Eligible Cotton

Eligible cotton means upland and ELS cotton that:

- was produced by an eligible producer in the U.S. in the current crop year
- meets eligibility requirements.

Eligible Producer

Eligible producer means a person or legal entity that:

- has complied with annual program requirements including:
 - reporting acreage for applicable crops according to 2-CP
 - completing AD-1026 according to 6-CP
 - CCC-941 according to 5-PL
 - completing applicable 902 according to 5-PL for both loans and LDP's

Note: CCC-902 is required for foreign person determination on both loans and LDP's.
See subparagraph 181 B.

- has a beneficial interest in the eligible commodity for which a loan or LDP is requested
- shares in the risk of producing the applicable commodity.

The person or legal entity may be any of the following:

- landowner
- landlord or waterlord
- tenant
- sharecropper.

Definitions of Terms Used in This Handbook (Continued)**ELS Cotton**

[7 CFR 1427.3] ELS cotton, or American Pima, means 1 of the botanical groups (Gossypium barbadense) of cotton grown in the U.S. Staple length is usually longer than upland cotton, 1 $\frac{3}{8}$ inches or longer.

False Packed Cotton

False packed cotton means cotton in a bale:

- containing substances entirely foreign to cotton
- containing damaged cotton in the interior with or without any indication of the damage on the exterior
- composed of good cotton on the exterior and decidedly inferior cotton in the interior, but not detectable by customary examination
- containing pickings or linters worked into the bale.

File Sequence Number

File sequence number means an assigned 8-digit alphanumeric number used to identify each separate loan or LDP.

Gin Cut Cotton

Gin cut cotton means cotton that shows damage in ginning through cutting by the saws to an extent that reduces its value more than 2 grades.

Impress Signature

Impress signature means a signature that is stamped, embossed, or a mechanically-reproduced signature.

Joint Cotton Industry Bale Packing Committee (JCIBPC)

JCIBPC means the committee, selected by the industry that approves and publishes the bale packaging specifications that are acceptable to industry for each crop cotton. To be eligible for loan, CCC requires cotton to be wrapped in materials that meet the specifications approved and published by JCIBPC.

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

LDP means a payment made to a producer who, although eligible to obtain a CCC commodity loan, agrees to forgo the loan in return for a payment on the eligible commodity.

LDP Amount

LDP amount means the difference between the county loan rate and CCC-determined value for the applicable commodity or class of commodity times the eligible quantity.

Lint Cotton

[7 CFR 1427.3] Lint cotton means cotton that has passed through the ginning process.

Lint Turnout Factor

Lint turnout factor means the percentage of lint cotton in a lot of seed cotton.

Loan Commodity

Loan commodity means authorized commodity eligible for CCC loan, which includes baled upland and ELS cotton, and seed-cotton.

Loan Servicing Agent

[7 CFR 1427.3] Loan servicing agent means a legal entity that enters into a written agreement with CCC to act as a loan servicing agent for CCC in making and servicing CCC-Cotton A cotton loans and performing other devices which are specifically prescribed by CCC.

Market Loan Gain

Market loan gain means the difference between the loan principal amount and the AWP bale value when redeemed with cash.

Mixed-Packed Cotton

Mixed-packed cotton means cotton in a bale that is assigned a special condition code by AMS indicating a mixture of upland and pima growth types.

Definitions of Terms Used in This Handbook (Continued)**Option to Purchase**

Option to purchase means an agreement allowing the buyer, at the buyer's option, to enter into a contract at a later date to buy a commodity. The option to purchase does **not** give the buyer any interest in the commodity and expires at a specified time.

Overdisbursement

Overdisbursement means the amount of price support loan received by a producer exceeds the amount the producer is entitled to receive.

Overpayment

Overpayment means the amount of LDP received by a producer exceeds the amount the producer is entitled to receive.

Preparation Codes

Preparation codes indicate:

- who prepared the documents required for the loan
- the method by which the documents were prepared.

Provider

A provider is an individual or entity that has a provider agreement with CCC, maintains EWR's in a central filing system in a format meeting loan program requirements that can be downloaded into APSS through PC's.

Recourse Loan on Seed Cotton

Recourse loan on seed cotton means a loan that **must** be settled by the maturity date of the loan. CCC will **not** accept the seed cotton to settle the loan.

Reginned Cotton

Reginned cotton means cotton that, after baling, has been opened for cleaning or any other processing through machinery and then rebaled.

Definitions of Terms Used in This Handbook (Continued)**Repacked Cotton**

Repacked cotton means cotton that is composed of factor's, brokers' or other samples, or of loose miscellaneous lots that have been collected and rebaled, or a bale composed of cotton from 2 or more smaller bales or parts of bales that are combined after the cotton leaves the gin. If the cotton was combined at the gin, it is **not** repacked and may be eligible for a loan or a joint loan, if owned by more than 1 eligible producer.

Rick Storage

Rick storage means stacks or piles of seed cotton stored in a manner that will adequately protect the cotton against damage.

Seed Cotton

[7 CFR 1427.3] Seed cotton means cotton that has **not** passed through the ginning process.

Spot Check

Spot Check means to verify measurements, quantity, storability, and sanitary of loan collateral.

Tare Weight

Tare weight means the weight of the cotton bale packaging materials that when deducted from the gross bale weight yields the net bale weight.

Title to the cotton

Title to the cotton means a producer has not sold or delivered the cotton, including delivering warehouse receipts.

Upland Cotton

[7 CFR 1427.3] Upland cotton means cotton produced in the U.S. from other than pure strain varieties of the Barbados species, any hybrid thereof, or any variety of cotton that is 1 or more of these varieties. Upland cotton varies in staple length from about $\frac{7}{8}$ inch to $\frac{1}{4}$ inches.

DCIA Guidelines

A DCIA Questions and Answers

If a producer has an unresolved delinquent Federal nontax debt, can the producer lock-in AWP on a module lock-in LDP request?

No. If the producer has an unresolved delinquent Federal nontax debt at the time of the request, the producer cannot be provided a lock-in.

If a partnership applies for LDP and 1 member (25 percent shareholder) of the partnership has a delinquent Federal nontax debt, is the partnership eligible to receive LDP?

Yes. The partnership will receive 75 percent of LDP and the delinquent debtor's pro-rata share (25 percent shareholder) of the partnership is offset and applied to the delinquent Federal nontax debt. See 58-FI, subparagraph 161 A.

Are delinquent producers who enter into Federal agency-approved payment agreements eligible for MAL's and LDP's if the producer is current on the payment agreement?

Yes. The producer is eligible if the producer is able to resolve the delinquent Federal nontax debt with the creditor approved payment agreement on or before the date MAL's and LDP's are issued.

If a producer assigns the MAL disbursement or payment from LDP to cover part or all of the producer's delinquent Federal nontax debt, can MAL or LDP be issued?

Yes, as long as an approved payment agreement has been completed according to 58-FI and the MAL disbursement or payment from LDP is applied to the delinquent debt under the terms of the approved payment agreement.

Note: It is the creditor agency and the producer who develop the terms in the approved payment agreement that will resolve the delinquent Federal nontax debt. If the LDP will resolve the delinquent Federal nontax debt in full or in part, the producer may apply the LDP to the delinquent Federal nontax debt and make acceptable payment arrangements with the creditor for the remainder of the delinquent Federal nontax debt. For FLP purposes, at the time of disbursement MAL or LDP must cure the delinquency in full.

DCIA Guidelines (Continued)

B DCIA Questions and Answers

If a producer repays MAL and a market gain is earned and it is later discovered that the producer has a delinquent Federal nontax debt at the time of the MAL repayment, is the producer entitled to retain the market gain?

No. The producer must repay the market gain with interest since it was discovered that he/she had a delinquent Federal nontax debt at the time of MAL repayment.

If 2 producers sign the same LDP request and Producer A is not a delinquent debtor but Producer B has a delinquent Federal nontax tax, can FSA pay Producer A his/her share of LDP?

Yes. Producer A is entitled to receive LDP on his/her share of bales (bales must be physically divided) and **if** Producer B resolves the delinquent Federal nontax debt before the final loan availability date, he/she then will be entitled to receive his/her share of LDP.

Schedule of Premiums and Discounts for Grade, Staple Length, and Leaf for Upland Cotton

A Policy

The discount for all grades, length, and leaf content **not** shown in this exhibit is .4000 (40 cents/lb.) and additional discounts may also apply.

The discount for leaf 8 for all color grades is .4000, except for color grades white 11&21, 31, 41, 51, 61, and 71 with leaf 8, which will have a discount of .2000 (20 cents/lb.).

--For 2019 crop upland cotton, the national average loan rate is \$0.52 pound. The minimum-- loan rate is zero, and no loan rate can be adjusted below zero by any discounts. CCC does **not** provide a loan on a bale unless the computed loan rate is greater than zero.

B Color Grade Symbols

The following color grade symbols are used in this exhibit to designate the different grades:

- SM - Strict Middling
- MID - Middling
- SLM - Strict Low Middling
- LM - Low Middling
- SGO - Strict Good Ordinary
- GO - Good Ordinary
- BG - Below Grade.

**Schedule of Premiums and Discounts for Grade, Staple Length, and Leaf for Upland Cotton
(Continued)**

C White Cotton

*--Following are premiums and discounts for 2019 crop upland cotton classed as “White”. Coarse count adjustment applies to shaded cells; the fine count adjustment applies to the cells with **bold** entries.

2019 Crop White Cotton Premiums and Discounts									
Grade Code	Leaf	Staple Length (Inches)							
		13/16 Through 31/32	1	1-1/32	1-1/16	1-3/32	1-1/3	1-5/32	Longer Than 1-5/32
		(26-31)	(32)	(33)	(34)	(35)	(36)	(37)	(38 and Longer)
SM 11&21 BETTER	1-2	-285	-215	-40	125	290	410	465	475
	3	-355	-240	-65	100	230	360	405	420
	4	-395	-260	-155	55	145	280	315	315
	5	-495	-360	-270	-70	60	150	160	160
	6	-665	-500	-425	-275	-225	-175	-175	-175
	7	-740	-590	-530	-375	-320	-275	-270	-270
MID 31	1-2	-395	-245	-80	75	230	370	420	430
	3	-435	-260	-90	75	205	340	380	395
	4	-500	-300	-205	35	95	210	235	240
	5	-570	-400	-300	-120	5	75	85	85
	6	-730	-530	-440	-295	-265	-230	-230	-230
	7	-825	-620	-540	-390	-355	-325	-320	-320
SLM 41	1-3	-555	-345	-190	30	85	195	215	225
	4	-605	-370	-290	0	55	140	165	170
	5	-665	-480	-395	-200	-95	-10	-5	-5
	6	-815	-600	-530	-380	-330	-270	-270	-270
	7	-930	-710	-655	-500	-440	-400	-400	-400
LM 51	1-4	-710	-590	-450	-270	-200	-155	-150	-150
	5	-760	-680	-620	-415	-335	-285	-280	-280
	6	-920	-760	-710	-530	-480	-435	-435	-435
	7	-1020	-850	-820	-655	-595	-555	-555	-555
SGO 61	1-5	-810	-730	-680	-485	-425	-390	-390	-390
	6	-945	-840	-795	-660	-610	-570	-570	-570
	7	-1045	-965	-910	-745	-695	-660	-660	-660
GO 71	1-6	-1010	-1000	-950	-805	-760	-730	-730	-730
	7	-1090	-1045	-1000	-835	-815	-790	-790	-790
BG 81	1-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000

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Schedule of Premiums and Discounts for Grade, Staple Length, and Leaf for Upland Cotton
(Continued)

D Light Spotted Upland Cotton

*--Following are premiums and discounts for 2019 crop upland cotton classed as “Light Spotted”. Course count applies to shaded selections; the fine count adjustment applies to the cells with **bold** entries.

2019 Crop Light Spotted Upland Cotton Premiums and Discounts									
Grade Code	Leaf	Staple Length (Inches)							
		13/16 through 31/32	1	1-1/32	1-1/16	1-3/32	1-1/3	1-5/32	Longer Than 1-5/32
		(26-31)	(32)	(33)	(34)	(35)	(36)	(37)	(38 and Longer)
SM 12&22 BETTER	1-2	-475	-275	-125	50	175	300	305	315
	3	-520	-300	-140	40	130	255	265	275
	4	-550	-330	-245	-60	75	215	225	230
	5	-660	-485	-430	-260	-95	-50	-45	-45
	6	-820	-605	-560	-430	-350	-320	-315	-315
	7	-905	-695	-660	-535	-465	-435	-430	-430
MID 32	1-2	-520	-355	-210	-55	25	90	90	95
	3	-560	-380	-230	-80	-10	70	70	75
	4	-630	-445	-310	-175	-75	-5	-5	-5
	5	-745	-595	-495	-330	-245	-200	-200	-200
	6	-905	-680	-625	-485	-430	-405	-405	-405
	7	-1015	-780	-715	-595	-535	-510	-510	-510
SLM 42	1-3	-640	-515	-420	-235	-155	-75	-75	-75
	4	-690	-570	-435	-270	-210	-130	-130	-130
	5	-805	-705	-600	-420	-325	-305	-305	-305
	6	-1010	-780	-735	-565	-510	-485	-485	-485
	7	-1095	-890	-810	-690	-615	-595	-595	-595
LM 52	1-4	-855	-710	-620	-515	-435	-420	-420	-420
	5	-930	-785	-735	-595	-525	-515	-515	-515
	6	-1140	-935	-880	-735	-680	-665	-665	-665
	7	-1220	-1035	-990	-845	-790	-775	-775	-775
SGO 62	1-5	-980	-895	-840	-710	-665	-650	-650	-650
	6	-1170	-1060	-1005	-865	-830	-815	-815	-815
	7	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
BG 82	1-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000

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**Schedule of Premiums and Discounts for Grade, Staple Length, and Leaf for Upland Cotton
(Continued)**

E Spotted Upland Cotton

*--Following are premiums and discounts for 2019 crop upland cotton classed as “Spotted”.
Course count applies to shaded selections.

2019 Crop Spotted Upland Cotton Premiums and Discounts									
Grade Code	Leaf	Staple Length (Inches)							
		13/16 through 31/32	1	1-1/32	1-1/16	1-3/32	1-1/3	1-5/32	Longer Than 1-5/32
		(26-31)	(32)	(33)	(34)	(35)	(36)	(37)	(38 and Longer)
SM 13&23 BETTER	1-2	-770	-590	-525	-290	-215	-170	-145	-145
	3	-815	-615	-550	-315	-240	-195	-170	-170
	4	-845	-690	-620	-365	-290	-245	-220	-220
	5	-970	-785	-745	-490	-415	-355	-330	-330
	6	-1075	-860	-810	-565	-500	-440	-410	-410
	7	-1155	-960	-900	-640	-605	-545	-515	-515
MID 33	1-2	-890	-665	-600	-345	-295	-255	-225	-225
	3	-890	-665	-600	-350	-300	-255	-225	-225
	4	-965	-740	-670	-400	-350	-305	-275	-275
	5	-1110	-855	-785	-545	-475	-415	-390	-390
	6	-1170	-930	-905	-615	-590	-530	-500	-500
	7	-1250	-1035	-965	-740	-695	-635	-605	-605
SLM 43	1-3	-940	-830	-730	-545	-500	-465	-450	-450
	4	-1015	-880	-775	-580	-520	-485	-470	-470
	5	-1135	-940	-860	-700	-650	-625	-610	-610
	6	-1220	-1015	-940	-785	-760	-735	-720	-720
	7	-1300	-1135	-1035	-885	-860	-830	-820	-820
LM 53	1-4	-1100	-995	-905	-735	-695	-670	-655	-655
	5	-1195	-1070	-1010	-835	-810	-785	-770	-770
	6	-1315	-1170	-1090	-920	-900	-875	-860	-860
	7	-1395	-1245	-1205	-1030	-1010	-985	-975	-975
SGO 63	1-5	-1320	-1155	-1090	-905	-860	-835	-820	-820
	6	-1395	-1250	-1175	-1005	-975	-950	-935	-935
BG 83	1-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000

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Schedule of Premiums and Discounts for Grade, Staple Length, and Leaf for Upland Cotton
(Continued)

F Tinged Upland Cotton

*--Following are premiums and discounts for 2019 crop upland cotton classed as “Tinged”. Coarse count applies to shaded selections.

2019 Crop Tinged Upland Cotton Premiums and Discounts									
Grade Code	Leaf	Staple Length (Inches)							
		13/16 through 31/32	1	1-1/32	1-1/16	1-3/32	1-1/3	1-5/32	Longer Than 1-5/32
		(26-31)	(32)	(33)	(34)	(35)	(36)	(37)	(38 and Longer)
SM 24 BETTER	1-2	-970	-790	-740	-485	-465	-415	-390	-390
	3	-970	-790	-740	-485	-465	-415	-390	-390
	4	-1095	-915	-840	-585	-565	-515	-490	-490
	5	-1190	-1015	-960	-710	-690	-640	-615	-615
	6	-1350	-1170	-1120	-905	-880	-830	-805	-805
MID 34	1-2	-985	-805	-755	-500	-480	-430	-405	-405
	3	-985	-805	-755	-500	-480	-430	-405	-405
	4	-1110	-930	-855	-600	-580	-530	-505	-505
	5	-1205	-1030	-975	-725	-705	-655	-630	-630
	6	-1365	-1185	-1135	-920	-895	-845	-820	-820
SLM 44	1-3	-1100	-925	-870	-620	-595	-545	-520	-520
	4	-1175	-1025	-920	-670	-645	-595	-570	-570
	5	-1265	-1100	-1020	-770	-745	-695	-670	-670
	6	-1425	-1250	-1195	-980	-960	-910	-885	-885
LM 54	1-4	-1200	-1050	-995	-735	-720	-670	-655	-655
	5	-1300	-1130	-1050	-845	-830	-785	-770	-770
	6	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
	7-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
BG 84	1-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000

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**Schedule of Premiums and Discounts for Grade, Staple Length, and Leaf for Upland Cotton
(Continued)**

G Yellow Stained Upland Cotton

*--Following are premiums and discounts for 2019 crop upland cotton classed as “Yellow Stained”.
Coarse count applies to shaded selections.

2019 Crop Yellow Stained Upland Cotton Premiums and Discounts									
Grade Code	Leaf	Staple Length (Inches)							
		13/16 through 31/32	1	1-1/32	1-1/16	1-3/32	1-1/3	1-5/32	Longer Than 1-5/32
		(26-31)	(32)	(33)	(34)	(35)	(36)	(37)	(38 and Longer)
SM 25	1-2	-1230	-1050	-1000	-745	-725	-675	-650	-650
	3	-1230	-1050	-1000	-745	-725	-675	-650	-650
	4	-1355	-1175	-1100	-845	-825	-775	-750	-750
	5	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
	6	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
	7-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
MID 35	1-2	-1245	-1065	-1015	-760	-740	-690	-665	-665
	3	-1245	-1065	-1015	-760	-740	-690	-665	-665
	4	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
	5	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
	6	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
	7-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
BG 85	1-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000

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Schedule of Discounts for Extraneous Matter in Upland Cotton

--The following discounts for extraneous matter apply to 2019 crop upland cotton.--

Note: The discounts for bark vary by State.

Extraneous Matter Codes and Discounts (Points per Pound)		
Description of Code	Extraneous Matter Code	Discount (Points per Pound) *--2019 Crop
No Extraneous Matter	(00)	0
Preparation		
Level 1	(01)	-195
Level 2	(02)	-650
Bark		
Kansas, New Mexico, Oklahoma, Texas		
Level 1	(11)	-345
Level 2	(12)	-520
All other States		
Level 1	(11)	-460
Level 2	(12)	-705--*
Grass		
Level 1	(21)	-400
Level 2	(22)	-705
Seed Coat Fragments		
Level 1	(31)	-400
Level 2	(32)	-705
Oil		
Level 1	(41)	-400
Level 2	(42)	-705
Spindle Twist		
Level 1	(51)	-400
Level 2	(52)	-705
Other		
Level 1	(61)	-400
Level 2	(62)	-705
Plastic		
Level 1	(71)	*-- -510
Level 2	(72)	-775--*

Schedule of Premiums and Discounts for Uniformity in Upland Cotton

--The following premiums and discounts for uniformity apply to 2019 crop upland cotton in all-- States. Uniformity is expressed as a percent and no other code is used.

Uniformity (Percent)	Points
77.9 & Below	*-- -105
78.0 – 78.9	-60
79.0 – 79.9	-50--*
80.0 – 80.9	0
81.0 – 81.9	0
82.0 – 82.9 (Base Level)	+5
83.0 – 83.9	*--+10
84.0 – 84.9	+15
85.0 – 85.9	+25
86.0 & above	+30--*

Schedule of Premiums and Discounts for Strength for Upland Cotton

The following are the premiums and discounts for strength for 2019 crop upland cotton.

Strength (Grams per Tex)	Discounts and Premiums (Points per Pound) 2019 Crop
17.9 or less	-500
18.0 - 18.9	*-- -270
19.0 - 19.9	-270
20.0 - 20.9	-270--*
21.0 - 21.9	-270
22.0 - 22.9	-230
23.0 - 23.9	-210
24.0 - 24.9	-200
25.0 - 25.9	-165
26.0 - 26.9 (Base level)	0
27.0 - 27.9 (Base level)	0
28.0 - 28.9	0
29.0 - 29.9	+5
30.0 - 30.9	+25
31.0 - 32.9	+40
33.0 and higher	+50

Schedule of Premiums and Discounts for Micronaire of Upland Cotton

The minimum loan rate is greater than zero, and no loan rate can be adjusted to zero, or below zero by any discounts. CCC does **not** provide a loan on a bale unless its computed loan rate is greater than zero.

*--The following are the micronaire premiums and discounts for 2019 crop upland cotton.

Micronaire Reading	Discounts and Premiums (Points per Pound) 2019 Crop
2.4 and below	-1670
2.5 through 2.6	-1240
2.7 through 2.9	-815
3.0 through 3.2	-535
3.3 through 3.4	-360--*
3.5 through 3.6	0
3.7 through 4.2	+10
4.3 through 4.9	0
5.0 through 5.2	-230
5.3 and above	*-- -380--*

Note: The premiums apply only to:

- White Grades:
 - 11 through 41, leaf 1 through 6
 - 51, leaf 1 through 5.
- Light Spotted Grades:
 - 12 through 32, leaf 1 through 5
 - 42, leaf 1 through 4
 - 52, leaf 1 through 3.

Schedule of Loan Rates for ELS Cotton (American-Pima) by Color, Leaf, and Staple

*--The national average loan rate for **2019 crop** ELS cotton is \$0.9500 per pound. The following schedule of loan rates is applicable for eligible qualities of 2019 crop ELS cotton stored in approved warehouses at all locations. ELS cotton with a staple length of less than 44/32 is ineligible for loan.

2019 Crop ELS Cotton Loan Rates by Color, Leaf, and Staple				
Color	Leaf	Staple Length (Inches)		
		1-3/8 Inches (44/32)	1-7/16 Inches (46/32)	1-1/2 Inches (48/32) and Longer
1	1-2	90.45	96.10	96.75
	3	87.00	92.65	93.30
	4	86.85	92.50	93.15
	5	86.75	92.40	93.05
	6	86.65	92.30	92.95
	7	86.65	92.30	92.95
2	1-2	90.10	95.75	96.40
	3	86.65	92.30	92.95
	4	86.50	92.15	92.80
	5	86.40	92.05	92.70
	6	86.30	91.95	92.60
	7	86.30	91.95	92.60
3	1-2	84.70	89.70	89.70
	3	81.25	86.25	86.25
	4	81.10	86.10	86.10
	5	81.00	86.00	86.00
	6	80.90	85.90	85.90
	7	80.90	85.90	85.90
4	1-4	67.85	72.85	72.70
	5	64.15	69.15	69.00
	6	64.05	69.05	68.90
	7	64.05	69.05	68.90
5	1-5	57.70	60.25	60.10
	6	53.90	56.45	56.30
	7	53.90	56.45	56.30
6	1-6	52.35	54.30	54.30
	7	48.55	50.50	50.50
7	1-7	48.45	48.45	48.45

Notes: The rates shown for color grade/staple length/leaf are calculated based on the NALR of \$0.9500/lb. adjusted by the estimated national average incidence of discounts for micronaire and for strength. A discount of **-3.80** has already been applied to the loan rate of **52.25** for color 7 leaf 1-7.

All grades of ELS cotton are subject to the loan rate adjustments for micronaire, extraneous, and strength matter as shown in Exhibit 11. Starting crop year 2019, ELS strength ranges will be reported as whole numbers. ELS cotton loan rates **cannot** be adjusted below zero.--* CCC does **not** provide a loan on a bale unless the computed loan rate is greater than zero.

Schedules of Discounts for ELS Cotton

A ELS Micronaire Discounts

*--The following are the micronaire discounts for 2019 crop ELS cotton.

Micronaire Reading	Points per Pound 2019 Crop--*
2.6 and below	-1900
2.7 through 2.9	-1400
3.0 through 3.2	-900
3.3 through 3.4	-400
3.5 and above	0

B ELS Extraneous Matter Discounts

--The following are the extraneous matter discounts for 2019 crop ELS cotton.--

Description of Code	Code and Discounts (Points per Pound)	
	Code	Discount
No Extraneous Matter	(00)	0
Preparation		
Level 1	(01)	-810
Level 2	(02)	-1095
Grass		
Level 1	(21)	-715
Level 2	(22)	-1035
Spindle Twist		
Level 1	(51)	-715
Level 2	(52)	-1035
Bark, Seed Coat Fragments, Oil, Other		
Level 1	(11), (31), (41), (61)	-715
Level 2	(12), (32), (42), (62)	-1035
Plastic		
Level 1	(71)	-715
Level 2	(72)	-1035

C ELS Strength Discounts

--The following are the strength discounts for 2019 crop ELS cotton.--

Strength Reading (g/tex)	Points per Pound
37.5 and above	0
36.5 – 37.4	-850
35.5 – 36.4	-1100
35.4 and below	-1350

Explanation of AMS Cotton Codes

Universal Classification Data Format

Column	Code Explanation / 7-CN Reference	Classification Code and Notes					
1-5	Gin Code Number (5-digit number)	First 2 digits = classing code; last 3 digits – gin identification					
6-12	Gin Bale Number (gin-assigned 7-digit bale number)	Permanent Bale Identification (PBI) = code + bale numbers					
13-20	Date Classed	YYYYMMDD					
21	Single Bale, or Module or Trailer Average Sample	0: Single Bale	1: Module Avg			2: Trailer Avg	
22-26	Gin-Assigned Module/Trailer Number (5 digits)	5 digit number to identify module/trailer – assigned by gin					
27, 28	Bales in Module/Trailer (2 digits)						
29, 30	Color Grade (Upland) or Special Condition		White	Light Spotted	Spotted	Tinged	Yellow Stained
	Good Middling	GM	11	12	13		
	Strict Middling	SM	21	22	23	24	25
	Middling	MID	31	32	33	34	35
	Strict Low Middling	SLM	41	42	43	44	
	Low Middling	LM	51	52	53	54	
	Strict Good Ordinary	SGO	61	62	63		
	Good Ordinary	GO	71				
	Below Grade	BG	81	82	83	84	85
	Upland Special Condition	96: Mix of Upland and Pima (Ineligible)		97: Fire Damaged (Ineligible)		98: Water Damaged (Ineligible)	
	Pima Color Grades	01, 02, 03, 04, 05, 06, 07 (Below Grade)					
	Pima						
31, 32	Fiber Length in 32 nd inches	See columns 54-56 for length in inches.					
33, 34	Micronaire (“Mike”)	(fineness)					
35-37	Strength (Grams per Tex)	Weak: 23 and less; Intermediate: 24-25; Average: 26-28; Strong: 29-30; Very Strong: 31+					
38	Leaf Grade (One digit)	Identified by Grades 1-7. Leaf grade 8 (Below Grade) has more leaf than leaf grade 7.					

Explanation of AMS Cotton Codes (Continued)

Universal Classification Data Format

Column	Code Explanation/7-CN Reference	Classification Code and Notes	
39, 40	Extraneous Matter (Exhibit 6)	Level 1	Level 2
	Preparation	01	02
	Bark	11	12
	Grass	21	22
	Seed Coat Fragments	31	32
	Oil	41	42
	Spindle Twist	51	52
	Other	61	62
41, 42	Remarks (See individual code for loan eligibility)	75 Sides have different color grades or groups (Eligible)	78 Redder than normal ELS (Eligible)
		76 Reginned Cotton (Ineligible)	92 Pima Ginned on Saw Gin (Ineligible)
		77 Repacked Cotton (Ineligible)	
43, 44	HVI Color Grade	The first 2 digits are the color grade; the third digit is the color-grade division that denotes differences within a color grade.	
45	Color Quadrant		
46-48	Color Rd (Indicator of greyness or reflectance.)	Indicates location of HVI measurement of greyness.	
49-51	Color +b (Indicator of yellowness.)	Indicates location of HVI measurement of yellowness.	
52, 53	Non-lint content (Trash percent surface)	Example: Code 04 indicates that trash particles cover 0.4 percent of the sample surface.	
54-56	Fiber Length (100 th Inch Basis)	See columns 31 and 32 for lengths in 32nds of inch.	
57-59	Length Uniformity Index (Percent)	Very Low: Below 76.5; Low: 76.5-79.4; Average: 79.5-82.4; High: 82.5-85.4; Very High: Above 85.4	
60	Upland or Pima	Upland: 1	Pima: 2
61	Record Type	0 = Original 1 = Review 2 = Rework 3 = Duplicate	
62	Record Status	0 = Not a correction 1 = Correction	
63-67	CCC Loan Premiums and Discounts or Loan Rate (Blank if ineligible for loan).	For Upland: Entry is (+) if Premium points or (-) if Discount points. Entry is blank if not loan eligible.	

Cotton Data File Format Requirements

1 General Requirements

A General Format Requirements

Cotton data submitted to the County Office must be formatted according to this exhibit.

General instructions for all cotton data files are in this paragraph. Additional instructions are in paragraphs 2 and 3 based on whether it is a loan or LDP request. The following table provides guidance on which cotton data file format will be used.

IF data is for...	THEN follow additional instructions in...
Loan	paragraph 2 or 3.
LDP	paragraph 2 only .

Note: Cotton data files for LDP **must** be submitted using the extended format in paragraph 2 this format includes the bale weights.

Cotton data files not properly formatted cannot be processed by the County Office and will be returned for corrections. For first-time users, a test may be submitted to the following address for review:

FRED GUSTAFSON
FSA ADC PSCAO CLG
STOP 8148
P.O. BOX 419205
KANSAS CITY, MO 64141-6205.

E-mail: fred.gustafson@kcc.usda.gov.

Cotton Data File Format Requirements (Continued)

1 General Requirements (Continued)

B File Naming Conventions

Format standards require that each cotton loan/LDP bale data file name consist of the following:

- 3-character “X” alphabetic prefix code that identifies the creating entity
- 5-digit “N” numeric file sequence number
- suffix, when applicable, that indicates the file contains EWR data.

The file name format will be:

- “XXXNNNNN”, for paragraph 2 submissions
- “XXXNNNNN.EWR”, for paragraph 3 submissions.

Effective with the 2001 crop, the first digit of the 5-digit file sequence number will be the last digit of the crop year. Each file sequence number is increased by 1 for each file created by the entity during the crop year.

Example: “Big Cotton Gin, Inc.” has a file prefix code “BCG”. Its files would be named as follows for the 2001 crop year:

- BCG10001 (first file created)
- BCG10002 (second file created).

C Requesting Entity Codes

Entities wanting to submit data under this process must contact Laura Schlote at laura.schlote@wdc.usda.gov to be assigned a unique 3-character entity code to be used as the file prefix.

Cotton Data File Format Requirements (Continued)

1 General Requirements (Continued)

D Method of Submission

Cotton data files may be submitted by e-mail.

Multiple files may be attached and submitted with 1 e-mail.

E Record Length

Each record must be 128 bytes plus a carriage return (Hex 0D) and a line feed (Hex 0A) character. This is a total of 130 bytes.

F Basic Format

Each file will consist of the following:

- header record
- separate bale record for each warehouse receipt or gin tag on the loan or LDP
- trailer record.

G Separate Files Required by AWP for Gin-Direct LDP's

Separate files are required by AWP applicable to the bales being reported for LDP's. Multiple files may be submitted on 1 compact disc or attached and submitted with 1 e-mail.

H County Office Distribution

County Offices will distribute this exhibit to individuals and firms that prepare cotton data files.

Cotton Data File Format Requirements (Continued)

2 Loan or LDP Using Extended Format

A Header Record Format

Each file must have a header record with the following format.

Position	Size	Type	Justified	Explanation	Example
1	2	Numeric	Right	Code for the State where the loan or LDP will be made. This code must remain consistent throughout the entire file.	05
3	3	Numeric	Right	Code for the county where the loan or LDP will be made. This code must remain consistent throughout the entire file.	017
6	2	Numeric	Right	2-digit crop year.	0X
8	5	Numeric	Right	File sequence number which begins with the last digit of the crop year and the number 0001 for each crop year and increases by 1 for each file created by the entity. This number must remain consistent throughout the entire file.	X0001
13	1	Alpha	Left	Enter the letter "A".	A
14	17	Alpha	Left	Space fill.	
31	5	Alpha	Left	Commodity code, "UP" for upland or "ELS" for extra long staple.	UP or ELS

Cotton Data File Format Requirements (Continued)

2 Loan or LDP Using Extended Format (Continued)

A Header Record Format (Continued)

Position	Size	Type	Justified	Explanation	Example
36	6	Numeric	Right	Warehouse code. Note: For LDP's not based on warehouse receipts, enter "999999" as the warehouse code.	866503
42	6	Numeric	Right	For cotton clerks that are charging the producer a fee, enter the amount of the clerk fees without the decimal. For example, enter \$23.45 as 002345.	002345
48	6	Numeric	Right	Gin code where cotton was ginned.	070123
54	2	Numeric	Right	Tare weight according to subparagraph 72 C.	05
56	4	Numeric	Right	Zero fill.	0000
60	1	Alpha	Left	If receiving charges are prepaid, enter "Y". If receiving charges are not prepaid, enter "N".	Y
61	1	Alpha	Left	Space fill.	

Cotton Data File Format Requirements (Continued)

2 Loan or LDP Using Extended Format (Continued)

A Header Record Format (Continued)

Position	Size	Type	Justified	Explanation	Example
62	2	Alpha	Left	Compression code according to subparagraph 183 B.	GU
64	1	Alpha	Left	Space fill.	
65	1	Numeric	Left	Enter zero.	0
66	2	Alpha	Left	Space fill.	
68	33	Alpha	Left	Producer's name.	Bob Jones
101	9	Numeric	Right	Zero fill.	000000000
110	19	Alpha	Left	Space fill.	
129	1	Alpha	Left	Enter a carriage return (Hex 0D).	
130	1	Alpha	Left	Enter a line feed (Hex 0A).	

Cotton Data File Format Requirements (Continued)

2 Loan or LDP Using Extended Format (Continued)

B Bale Record Format

Each file must have 1 or more bale records with the following format.

Position	Size	Type	Justified	Explanation	Example
1	2	Numeric	Right	Code for the State where the loan or LDP will be made. This code must remain consistent throughout the entire file.	05
3	3	Numeric	Right	Code for the county where the loan or LDP will be made. This code must remain consistent throughout the entire file.	017
6	2	Numeric	Right	2-digit crop year.	0X
8	5	Numeric	Right	File sequence number which begins with the last digit of the crop year and the number 0001 for each crop year and increases by 1 for each file created by the entity. This number must remain consistent throughout the entire file.	X0001
13	1	Alpha	Left	Enter the letter "W".	W
14	1	Alpha	Left	Space fill.	
15	8	Numeric	Right	Warehouse receipt number for the bale. This must be numeric and there may be no duplicates within the file. For LDP's not based on warehouse receipts, enter the gin tag number for the bale.	00076362

Cotton Data File Format Requirements (Continued)

2 Loan or LDP Using Extended Format (Continued)

B Bale Record Format (Continued)

Position	Size	Type	Justified	Explanation	Example
23	8	Alpha	Left	Space fill.	
31	6	Date		Date bale was classed. Enter in MMDDYY format.	10300X
37	2	Numeric	Right	Color grade code.	31
39	2	Numeric	Right	Staple code.	35
41	2	Numeric	Right	Micronaire code. Enter without the decimal. For example, enter 3.4 as "34".	34
43	1	Numeric	Left	Yellow stained code for upland. If AMS-assigned color grade is 25 or 35, enter "Y"; otherwise enter "N".	N
44	6	Date		Date the receipt was issued. Enter in MMDDYY format. For LDP's not based on warehouse receipts, enter the date of ginning as MMDDYY.	10300X
50	6	Date		Storage start date. Enter in MMDDYY format.	10300X

Cotton Data File Format Requirements (Continued)

2 Loan or LDP Using Extended Format (Continued)

B Bale Record Format (Continued)

Position	Size	Type	Justified	Explanation	Example
56	3	Numeric	Right	Gross bale weight. May contain zeros if net bale weight is entered in the next field.	505
59	3	Numeric	Right	Net bale weight. If the bale weighs over 600 pounds, enter 600 in this field and the actual net bale weight in the next field.	500
62	3	Numeric	Right	If the actual bale weight is over 600 pounds, enter the actual net bale weight in this field; otherwise enter zeros in this field.	000
65	2	Numeric	Right	Other extraneous matter code. Enter "00" if no extraneous matter code for the bale.	11
67	4	Numeric	Right	Zero fill.	0000
71	2	Numeric	Right	Remarks code. Enter "00" if no remarks code for the bale.	76
73	3	Numeric	Right	Strength code. Enter without the decimal. For example, enter 21.5 as "215".	215
76	7	Numeric	Right	Gin tag number for the bale.	0013579
83	1	Numeric	Left	Leaf grade.	1
84	42	Alpha	Left	Space fill.	
126	3	Numeric	Right	Uniformity Code (do not include decimal point).	Unif. of 77.3 to be entered as 773
129	1	Alpha	Left	Enter a carriage return (Hex 0D).	
130	1	Alpha	Left	Enter a line feed (Hex 0A).	

Cotton Data File Format Requirements (Continued)

2 Loan or LDP Using Extended Format (Continued)

C Trailer Record Format

Position	Size	Type	Justified	Explanation	Example
1	2	Numeric	Right	Code for the State where the loan or LDP will be made. This code must remain consistent throughout the entire file.	05
3	3	Numeric	Right	Code for the county where the loan or LDP will be made. This code must remain consistent throughout the entire file.	017
6	2	Numeric	Right	2-digit crop year.	0X
8	5	Numeric	Right	File sequence number which begins with the last digit of the crop year and the number 0001 for each crop year and increases by 1 for each file created by an entity. This number must remain consistent throughout the entire file.	X0001
13	2	Alpha	Left	Enter the letters "ZZ".	ZZ
15	4	Numeric	Right	Enter the numbers "9999".	9999
19	12	Alpha	Left	Space fill.	
31	4	Numeric	Right	Enter the total number of bales on the loan or LDP. This must total the number of warehouse receipt records in the file.	0085
35	94	Alpha	Left	Space fill.	
129	1	Alpha	Left	Enter a carriage return (Hex 0D).	
130	1	Alpha	Left	Enter a line feed (Hex 0A).	

Cotton Data File Format Requirements (Continued)

3 Loan Using Abbreviated Format (Continued)

A Header Record Format

Each cotton EWR bale data file must have a header record with the following format.

Position	Size	Type	Justified	Explanation	Example
1	2	Numeric	Right	Code for the State where the loan or LDP will be made. This code must remain consistent throughout the entire file.	05
3	3	Numeric	Right	Code for the county where the loan or LDP will be made. This code must remain consistent throughout the entire file.	017
6	2	Numeric	Right	2-digit crop year.	0X
8	5	Numeric	Right	File sequence number which begins with the last digit of the crop year and the number 0001 for each crop year and increases by 1 for each file created by an entity. This number must remain consistent throughout the entire file.	X0001
13	1	Alpha	Left	ENTER "A".	A
14	22	Alpha	Left	Space fill.	
36	12	Numeric	Right	Zero fill.	000000000
48	6	Numeric	Right	Gin code where cotton was ginned.	070123
54	6	Numeric	Right	Zero fill.	000000
60	5	Alpha	Left	Space fill.	
65	1	Numeric	Left	Enter zero.	0
66	2	Alpha	Left	Space fill.	
68	33	Alpha	Left	Producer's name.	Bob Jones
101	9	Numeric	Right	Zero fill.	000000000
110	19	Alpha	Left	Space fill.	
129	1	Alpha	Left	Enter a carriage return (Hex 0D).	
130	1	Alpha	Left	Enter a line feed (Hex 0A).	

Cotton Data File Format Requirements (Continued)

3 Loan Using Abbreviated Format (Continued)

B Bale Record Format

Each cotton EWR bale data file must have 1 or more bale records with the following format.

Position	Size	Type	Justified	Explanation	Example
1	2	Numeric	Right	Code for the State where the loan will be made. This code must remain consistent throughout the entire file.	05
3	3	Numeric	Right	Code for the county where the loan will be made. This code must remain consistent throughout the entire file.	017
6	2	Numeric	Right	2-digit crop year.	0X
8	5	Numeric	Right	File sequence number which begins with the last digit of the crop year and the number 0001 for each crop year and increases by 1 for each file created by an entity. This number must remain consistent throughout the entire file.	X0001
13	1	Alpha	Left	ENTER "W".	W
14	1	Alpha	Left	Space fill.	
15	8	Numeric	Right	Enter gin tag number.	00013579
23	8	Alpha	Left	Space fill.	
31	45	Numeric	Right	Zero fill.	00000000
76	7	Numeric	Right	Gin tag number.	0013579
83	26	Numeric	Right	Zero fill.	00000000
109	1	Alpha	Left	Space fill.	
110	4	Numeric	Right	Zero fill.	0000
114	15	Alpha	Left	Space fill.	
129	1	Alpha	Left	Enter a carriage return (Hex 0D).	
130	1	Alpha	Left	Enter a line feed (Hex 0A.)	

Cotton Data File Format Requirements (Continued)

3 Loan Using Abbreviated Format (Continued)

C Trailer Record Format

Each cotton EWR bale data file must have a trailer record with the following format.

Position	Size	Type	Justified	Explanation	Example
1	2	Numeric	Right	Code for the State where the loan will be made. This code must remain consistent throughout the entire file.	05
3	3	Numeric	Right	Code for the county where the loan will be made. This code must remain consistent throughout the entire file.	017
6	2	Numeric	Right	2-digit crop year.	0X
8	5	Numeric	Right	File sequence number which begins with the last digit of the crop year and the number 0001 for each crop year and increases by 1 for each file created by an entity. This number must remain consistent throughout the entire file.	X0001
13	2	Alpha	Left	ENTER "ZZ".	ZZ
15	4	Numeric	Right	ENTER "9999".	9999
19	12	Alpha	Left	Space fill.	
31	4	Numeric	Right	Enter the total number of bales on the loan or LDP. This must total the number of warehouse receipt records in the file.	0085
35	94	Alpha	Left	Space fill.	
129	1	Alpha	Left	Enter a carriage return (Hex 0D).	
130	1	Alpha	Left	Enter a line feed (Hex 0A).	

CCC-601, Commodity Credit Corporation Note and Security Agreement Terms and Conditions

This is an example of CCC-601.

This form is available electronically.
CCC-601
(11-13-17)

See Page 7 for Privacy Act and Paperwork Reduction Act Statements.
U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

**COMMODITY CREDIT CORPORATION
NOTE AND SECURITY AGREEMENT TERMS AND CONDITIONS**

NOTE: Marketing Assistance Loans and Commodity Loans may be reduced by a specified percentage due to a sequester order required by Congress and issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011. Should a reduction be required, the total loan amount shall be reduced by the required sequestration reduction.

1. GENERAL.

(a) Definitions. The following definitions shall apply to this form, CCC-601, and any appendix thereto.

"Amount Due" means that amount of the loan due CCC on the maturity date which is (A) the sum of: (1) the total loan amount; (2) any applicable charges; as determined by CCC and applicable interest as provided in the definitions found in this agreement, or (B) at CCC's discretion, an amount that is less than the sum of the amount of the loan principal plus charges and applicable interest.

"CCC" means the Commodity Credit Corporation.

"Classification" means the measurement results provided by the Agricultural Marketing Service of color grade, leaf, staple length, uniformity, extraneous matter and micronaire, and for upland cotton, strength.

"Collateral" means the kind, class, type, and quantity of the commodity which has been pledged by the producer as collateral for the satisfaction of the loan as identified in the Note. The collateral consists of (A) with respect to farm-stored loans, the entire quantity of the commodity which is stored as identified in the Note and any authorized replacement of such quantity; or (B) with respect to warehouse-stored loans, the commodity represented by the warehouse receipts identified in the Note and any required supporting documents.

"Interest" means for a CCC commodity loan disbursed by a U.S. Treasury issued check or by EFT, an amount calculated when repaid on a daily basis from the date of disbursement to, but not including, the second day before the date of repayment (7 CFR Part 1405).

"Loan Service Fee" means the service fee deducted at loan disbursement and is calculated as follows: (A) for wheat, feed grains, oilseeds, lentils, dry peas, chick peas, wool, mohair, peanuts, rice, and seed cotton, the smaller of $\frac{1}{2}$ of 1 percent (.005) times the gross loan amount or \$45 per loan plus \$3 for each storage structure, warehouse receipt, rick or module, as applicable, over 1; (B) for ginned cotton, the smaller of $\frac{1}{2}$ of 1 percent (.005) times the gross loan amount or \$7.50 per loan plus 90 cents for each bale; (C) for sugar, \$60 per loan; and (D) for distress loans, \$45 per loan.

"Note" means any CCC Note and Security Agreement which by reference incorporates this form.

"Reduced Loan Amount" means the total loan principal amount after any sequestration reduction.

"Regulations" means the regulations in Title 7 of the Code of Federal Regulations which are applicable to the crop of the commodity described in the Note.

"Schedules of Premiums and Discounts" means the premiums and discounts established by CCC which are applicable to the grade or classification of the commodity as determined from the grading factors reflected on a: (A) warehouse receipt; (B) Federal Grain Inspection Service official grading certificate; (C) Agricultural Marketing Service Classification; or (D) Core test report from a CCC-approved testing facility. These premiums and discounts shall be used in the settlement of a nonrecourse loan if the producer does not repay the loan as required by the program regulations. Copies of the schedules of premiums and discounts are available in State or county Farm Service Agency offices.

"Sequestration Reduction Rate" means the reduction rate required by the Budget Control Act of 2011, and applicable to specified programs to reduce government spending.

"Total Disbursement Amount" means the disbursement amount after the sequestration reduction, service fees, applicable commodity assessment, and other fees are subtracted. This amount includes any offsets paid to others on the producer's behalf by CCC.

**CCC-601, Commodity Credit Corporation Note and Security Agreement Terms and Conditions
(Continued)**

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Page 2 of 7

"Total Loan Amount" means the amount so identified in the Note, and is the applicable statutory loan rate for the specified commodity at the storage location identified, including those premiums and discounts applicable at loan making, times the loan quantity.

All other words and phrases shall have the meanings assigned to them in the regulations found at 7 CFR Parts 718, 1400, 1403, 1405, 1421, 1425, 1427, 1434 and 1435.

- (b) **Joint and Several Liability.** Each producer signing the Note is jointly and severally liable for payment of the amount due. If a producer has granted another person the authority to act on behalf of the producer with respect to any, or all, of the provisions of this note, if the actions of such other person result in loss or damage to CCC, the producer and such person shall be jointly and severally liable for payment to reimburse CCC for each losses or damages.
- (c) **Notification.** Several of the terms and conditions of the Note require the producer to notify CCC of actions to be taken by the producer. Any such notification must be made by notifying a representative of CCC at the Farm Service Agency county office that prepared the Note. All notices which CCC must provide to the producer will be mailed to the producer at the address maintained by that office. The producer will be deemed to have received such notice upon deposit, as first class or priority mail, in the U.S. Mail.
- (d) **Applicable Sections.** Except as may otherwise be stated herein: (i) Sections 1 through 3, 5 through 7 and 11 are applicable to all loans; (ii) Section 4 is only applicable to nonrecourse loans; (iii) Section 8 is only applicable to farm-stored nonrecourse loans; (iv) Section 9 is only applicable to warehouse-stored nonrecourse loans; (v) Section 10 is only applicable to recourse loans.
- (e) **Applicable Regulations.** The Note evidences a CCC loan made in accordance with Title 7 of the Code of Federal Regulations. Applicable parts of Title 7 of the Code of Federal Regulations are incorporated by reference as a part of the Note.
2. **EQUAL OPPORTUNITY.** Participation in CCC Programs is open to all eligible applicants without regard to race, color, religion, national origin, age, sex, marital status, or disability.
3. **LOAN MATURITY.** The Note will mature at the earlier of the maturity date stated in the Note or any earlier date determined by CCC. If CCC makes demand for payment before the stated maturity date, the producer will be notified in writing of the accelerated maturity date.
4. **LIQUIDATION OF NONRECOURSE LOANS.** On or before the loan maturity date, the producer may repay the loan by paying the amount due. If the producer repays the loan at a rate less than the sum of the loan principal plus charges and interest, the producer must provide to CCC evidence of production of the commodity which had been pledged as collateral for the loan. In lieu of repayment of the amount due, the producer may, in accordance with Sections 8 and 9, deliver the collateral to CCC. In the case of farm-stored loans, the producer shall bear all expenses including receiving charges of the delivery of the collateral to the delivery point stated in the delivery instructions issued by CCC. The producer will pay to CCC any costs incurred by CCC if the producer fails to deliver the collateral in accordance with such instructions. All wool and mohair nonrecourse marketing assistance loans not repaid by the loan maturity date must be liquidated through local sales at the farm storage location within a 60-calendar day period at no storage expense to CCC. Any charges incurred by CCC as a result of the local sale will be paid by the producer.
5. **WAIVER OF PRESENTMENT.** The producer waives presentment for payment, demand, protest, notice of protest, and notice of non-payment of the Note.
6. **PRODUCER'S RESPONSIBILITY.**
- (a) **General.** The producer must be in compliance with all applicable program requirements and must have beneficial interest in the commodity pledged as collateral for the loan.
- (b) **Liens.** The producer must pledge commodities that are eligible for loan and that are free and clear of all liens including Federal and State tax liens, security interests, and other encumbrances. No additional liens or encumbrances shall be placed on the loan collateral after the loan is approved.
- (c) **Movement of Collateral.** The producer will not move any collateral from the location stated in the Note without prior approval of CCC and then only in accordance with instructions issued by CCC or provisions of CCC-699C, Cotton Transfer Agreement. If such movement is not completed as instructed by CCC or the collateral is disposed of, either CCC may at its discretion accelerate the loan maturity date, assess liquidated damages as specified in Section 6(g), and take other administrative actions, as determined appropriate by CCC, including denial of future loans.

**CCC-601, Commodity Credit Corporation Note and Security Agreement Terms and Conditions
(Continued)**

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- (d) **Access to Collateral.** The producer will allow CCC to enter the premises and inspect the collateral. In the case of high moisture collateral stored in oxygen-limiting structures, the producer must open the facility when requested by CCC to permit inspection of the collateral. If safe access to the collateral is not provided or if the inspection cap on the facility is not opened to permit visual inspection of the collateral, the loan maturity date may be accelerated.
- (e) **Certification.** The producer must provide an accurate certification of the quantity of the commodity to be pledged as collateral for a loan. If CCC determines that the producer has filed an incorrect certification of such eligible quantity, CCC may at its discretion accelerate the loan maturity date, assess liquidated damages, as specified in Section 6(g), and take other administrative actions, as determined by CCC, including denial of future loans.
- (f) **Loss or Damaged Loan Collateral.** The producer is responsible for any loss in quantity or quality of the commodity pledged as collateral for a farm-stored or warehouse-stored loan. CCC shall not assume any loss in quantity or quality of the loan collateral regardless of where stored.
- (g) **Liquidated Damages.** If CCC determines that the producer has violated provisions of Section 6(c), 6(e), or 7(a), liquidated damages may be assessed on the quantity of the commodity which is involved in the violation. For each violation, CCC will review the actions of the producer to determine if the producer acted in good faith to comply with such provisions.
- (i) For producers determined to have violated provisions of Section 6(c) and if CCC determines that the producer acted in good faith, liquidated damages may be assessed by multiplying the quantity involved in the violation by 10 percent of the loan rate. The producer shall pay such liquidated damage penalties plus the lesser of (1) the principal amount of the loan and charges plus interest, (2) CCC determined value on the date the violation occurred plus 15 percent of the applicable loan rate with respect to the quantity involved in the violation within 30 days of notification by CCC, or CCC will call the loan involved in the violation and require full payment at principal and charges plus interest. For honey, the producer shall pay the principal amount of the loan and charges plus interest.
- (ii) For producers determined to have violated provisions of Section 6(e) or 7(a), and if CCC determines the producer acted in good faith, liquidated damages may be assessed by multiplying the quantity involved in the violation by 10 percent of the loan rate. The producer shall pay such liquidated damages plus the principal amount of the loan and charges plus interest with respect to the quantity involved in the violation, within 30 days of notification by CCC, or CCC will call the loan involved in the violation.
- (iii) If CCC determines that the producer did not act in good faith with regard to the violation, or for cases other than the first or second offense, CCC will call the loan involved in the violation and may assess liquidated damages computed by multiplying the quantity involved in the violation by 10 percent of the loan rate. The producer shall pay such liquidated damages plus the principal amount of the loan and charges plus interest.
- (h) **Delinquent Federal Nontax Debt.** If it is discovered that a producer incorrectly certified to the DCIA question, the producer will be notified that the loan must be repaid at principal and interest immediately.
- If a producer receives a loan and it is later discovered that the producer has a delinquent Federal nontax debt, the producer will be notified that the delinquent Federal nontax debt must be resolved before the final loan availability date for the applicable commodity. If the delinquent Federal nontax debt is not resolved before the final loan availability date, the producer must repay the loan at principal plus interest.
- (i) **Certification for Contracts, Grants, Loans and Cooperative Agreements.** If it is discovered that a producer did not comply with lobbying disclosure requirements (31 U.S.C. 1352), applicants for and recipients of :1) A Federal loan exceeding \$150,000; or 2) A Federal contract, grant, or cooperative agreement payment exceeding \$100,000 must file, with the disbursing office a SF-LLL if they have or will use monies received for lobbying purposes. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.
- (j) **Miscellaneous Charges.** Miscellaneous charges, such as but not limited to storage and receiving are the sole responsibility of the producer requesting the MAL or commodity loan.

**CCC-601, Commodity Credit Corporation Note and Security Agreement Terms and Conditions
(Continued)**

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7. LIABILITY OF PRODUCER.

- (a) **Fraud or Conversion.** If the producer has made a fraudulent representation in obtaining the loan or has engaged in or aided in the conversion of the collateral, the producer will be liable for the amount of the loan, for any additional amounts paid to the producer, and for all costs which CCC would not have incurred had it not been for the fraudulent representation or conversion, plus interest on such amounts. In addition, CCC may assess liquidated damages, as specified in Section 6(g), and take other administrative actions, as determined by CCC, including denial of future farm-stored loans.
- (b) **Poisonous Substances and Contamination.** The producer will be liable for any damage resulting from tendering to CCC any commodity, whether or not accepted by CCC, containing mercurial compounds, toxin producing molds or other substances poisonous to humans or animals.
- (c) **Over-disbursement or Under-collection.** If the amount disbursed under the Note exceeds the amount authorized by the applicable regulations or a repayment made by the producer is insufficient to repay the amount due, the producer will be liable for repayment of such amounts and charges, if any, plus interest.
- (d) **Claims.** If the producer fails to settle the loan within 30 calendar days from the maturity date of the loan, or such other date as CCC may agree to, a claim for the amount due will be established in accordance with applicable statutes and regulations.
- (e) **Ineligible Commodities.** If at any time CCC determines that the commodity pledged as collateral is ineligible to be pledged as collateral for the loan, the producer shall be liable for the amount of the loan or if the producer repaid the loan at a rate less than the sum of the loan principal plus charges and interest for the ineligible quantity, the producer must repay to CCC the difference between such sum and the repayment amount, plus interest on such amounts. If the producer has received credit from CCC for storage, such amount must also be repaid. Ineligible commodities may not be delivered to CCC in satisfaction of the amount due, except as may be determined by CCC. If CCC allows the producer to deliver the commodity to CCC in satisfaction of the amount due, the value of the commodity shall be determined as specified by either Section 8(b) or 9(c).

8. FARM-STORED NONRECOURSE LOANS.

- (a) **General.** This section is applicable to a loan made with respect to collateral stored in CCC-approved storage under the control of the producer and not in a public warehouse.
- (b) **Settlement.** (i) If the producer elects to deliver the collateral to CCC in satisfaction of the amount due in accordance with Section 4, CCC will not accept delivery of any quantity of commodity in excess of 110 percent of the eligible outstanding loan quantity, at time of settlement, as determined by CCC. If a quantity in excess of the eligible quantity is included on the warehouse receipt tendered to CCC for such delivery, the producer shall provide for the correction of such warehouse receipt and other applicable documents. If the producer does not take action to correct such warehouse receipt, CCC shall provide for such corrected documents and any charges incurred by CCC shall be for the account of the producer. The collateral shall be delivered in bulk form except as determined by CCC. If the loan collateral is delivered to CCC in satisfaction of the amount due, in accordance with Section 4, the value of the collateral for purposes of settlement will be determined using the applicable schedules of premiums and discounts on the basis of the quality of the collateral for the quantity which is delivered to CCC. (ii) Settlement of corn collateral will be made on a shelled corn basis. (iii) If the value of the collateral at settlement is less than the amount due because of any loss in quantity or quality of the collateral, the producer will pay to CCC the amount of such deficiency and charges, plus interest on such deficiency from the date of disbursement. (iv) If the value of the collateral at or subsequent to the time of settlement is greater than the amount due, CCC will retain such excess and will not pay such amount to any party. (v) If at any time prior to the maturity date of the loan the collateral can no longer be properly stored due to deterioration or for any other reason, the producer may authorize CCC to sell such collateral on behalf of the producer. (vi) Title to the collateral will vest in CCC only after delivery of the collateral to CCC in accordance with Section 4.

9. WAREHOUSE-STORED NONRECOURSE LOANS.

- (a) **General.** This section is applicable to a loan that has been made with respect to eligible commodities pledged as loan collateral which is stored in a warehouse approved by CCC.
- (b) **Rights of CCC.** At any time prior to the date CCC takes title to the collateral or the date the producer redeems such collateral, in order to protect its interest, CCC may move the collateral from one storage location to another storage location, take actions to protect or determine the quality of the collateral, or accelerate the maturity date of such loan. Any charges incurred by CCC as the result of such actions will be paid by the party redeeming such collateral.

**CCC-601, Commodity Credit Corporation Note and Security Agreement Terms and Conditions
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- (c) **Settlement.** (i) If the producer elects to forfeit the collateral in satisfaction of the amount due in accordance with Section 4, the value of the collateral for purposes of settlement will be determined using the applicable schedules of premiums and discounts on the basis of the weight, grade, and other quality factors stated on the warehouse receipt or supporting documents. (ii) If the value of the collateral at or subsequent to the time of settlement is less than the amount due, the producer will pay to CCC the sum of the amount of such deficiency plus charges, and interest which has accrued on such deficiency from the date of disbursement. (iii) If the value of the collateral at settlement is greater than the amount due, CCC will retain such excess and will not pay such amount to any party. (iv) Title to the collateral will vest in CCC on the day following the loan maturity date. (v) CCC may elect to calculate such settlement values based on the net weight, good condition, and classification as reflected on the warehouse receipt delivered to CCC, whether such receipt is the receipt issued by the original storing warehouse and presented for calculating the loan amount or a receipt issued by a subsequent warehouse due to the transfer of such commodity while pledged as collateral for a CCC loan.
- (d) **Cotton EWR's.** For all bales on the cotton loan specified in the Note that are represented by an electronic warehouse receipt (EWR), the producer hereby: 1) acknowledges having exclusive authority to authorize and designate an entity to transfer holdership of EWR's to CCC; 2) authorizes the individual or entity that transfers holdership of EWR's to CCC for loan, in accordance with requirements of the EWR provider, to (a) establish at the direction of the producer an Electronic Agent Designation (EAD) for the loan cotton as identified on CCC-605, Designation of Agent, and (b) identify the loan cotton eligible for electronic redemption; 3) agrees that the designate agent, or any subsequent agent, identified by form CCC-605 or by the agent field of the EWR is authorized to repay the CCC loan obligation of the cotton; 4) requests and authorizes CCC to accept repayment from, and release loan collateral of the note to the individual or entity identified in the agent field of the EWR for the bales; 5) agrees to hold CCC harmless for any errors that may result from reliance on the information supplied by the producer, producer's agent, or subsequent agent through the EWR or otherwise; and 6) acknowledges that the loan may be removed from the EAD redemption process by specific request to the FSA County Office that processed the loan (see question on CCC-Cotton A-S).
- (e) **Cotton Loan Redemptions and Settlement.** (i) The amount by which an upland cotton loan repayment value may be reduced for the value of storage charges during the period of the loan shall be zero for any period the cotton is stored outside and shall otherwise be calculated based on the maximum payment rate determined for the warehouse and announced by CCC. Cotton shall be considered by CCC to be stored outside if it is stored outside any time during the period of the loan exceeding the 15-day period that starts with the first day the warehouse is notified the cotton is pledged as collateral for a CCC loan. (ii) If the producer elects to forfeit either upland cotton or ELS cotton loan collateral to CCC in satisfaction of the amount due in accordance with Section 1(a), the producer shall pay to CCC: (at rates that are specified in the storage agreement between the warehouse where the cotton is stored and CCC) (1) all warehouse storage charges associated with the forfeited cotton that accrued before the cotton was pledged as collateral for the loan; (2) any accrued warehouse receiving charges associated with the forfeited cotton, including, if applicable, charges for new bale ties, unpaid warehouse compression, or other charges as may be levied by the storing warehouse; and (3) Warehouse storage charges for periods of outside storage or charges that exceed the maximum storage credit rates for the loan period paid by CCC to the warehouse.
- (f) **Transfer of CCC Upland or ELS Cotton or Peanut Loan Collateral.** Collateral for an upland or ELS cotton or peanut marketing assistance loan may be transferred from a CCC-approved warehouse to another CCC-approved warehouse if CCC holds as security for the loan a warehouse receipt with respect to such commodity and the following terms and conditions of this subsection are met. (i) The producer may grant authorization to transfer loan collateral only to the agent designated and authorized by the producer to redeem all or a portion of the loan collateral. Any authorization to transfer loan collateral granted by the producer may be transferred by such agent of the producer to a subsequent agent as provided by the terms of applicable CCC forms. A producer is not obligated by CCC to grant authorization to transfer loan collateral as a condition of designating and authorizing any agent to redeem from loan all or a portion of the loan commodity. (ii) CCC will calculate any loan redemption for transferred cotton based on the credits, and charges with respect to the shipping warehouse under the transfer authorization. If a producer delivers transferred cotton to CCC in satisfaction of a loan obligation, CCC will settle such collateral delivery based on the charges effective at the receiving warehouse plus any unpaid charges at the shipping warehouse. (iii) As a condition for CCC to approve the transfer of cotton loan collateral, the requestor of a transfer, whether such requestor is the producer, or the producer's agent, must agree to pay all charges that may result from such transfer or intended transfer and be responsible for all losses of quantity or quality that result from the transfer. Despite any such agreement, the producer is responsible for any charges associated with the transfer of CCC cotton loan collateral including those that are not paid by any agent, or subsequent agent, the producer authorized to request such a transfer and who agreed to pay such charges. All such unpaid charges are for the account of the producer and shall not be charged to the outstanding balance of the loan obligation. CCC will not assume any liability for any charge associated with the transfer of any cotton loan collateral. (iv) The producer is responsible to CCC for all losses of quantity or quality associated with the transfer of CCC cotton loan collateral including unpaid losses on transfers made at the request of an agent of the producer even if the agent had agreed to pay such charges. CCC does not assume any loss in quantity or quality resulting from transfer of the loan collateral. (v) If at any time prior to the maturity date of the loan the collateral can no longer be properly stored due to deterioration or for any other reason, the producer may authorize CCC to sell such collateral on behalf of the producer. (vi) Title to the collateral will vest in CCC only after delivery of the collateral to CCC in accordance with Section 4.

**CCC-601, Commodity Credit Corporation Note and Security Agreement Terms and Conditions
(Continued)**

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10. RECOURSE LOANS.

- (a) **General.** CCC may make recourse loans available to eligible producers of high moisture corn, high moisture grain sorghum, seed cotton, and other commodities, as determined by CCC. If such loans are available, the producer is liable for the entire amount due and may not deliver the collateral to CCC in satisfaction of the amount due, except as may be determined by CCC.
- (b) **Availability of Nonrecourse Loans.** In limited circumstances, CCC may allow the producer to pledge as collateral for a nonrecourse loan the commodity which has been previously pledged as collateral for a recourse loan. The maturity date for such loans shall be as determined by CCC. If this option is made available by CCC, the producer must immediately repay the entire amount due under the recourse loan.
- (c) **High Moisture.** Producers of corn and grain sorghum who normally harvest all or a portion of their crop in a high moisture condition may obtain recourse loans from CCC. High moisture means moisture content in excess of: (i) for corn, 15.5 percent; and (ii) for grain sorghum, 14.0 percent. Producers of such high moisture commodities who deliver such commodities to a feedlot, feed mill, or commercial or on farm high moisture storage that does not meet CCC's requirements for approved storage may acquire, in the same county, a like quantity of such commodity to replace the applicable quantity of high moisture feed grains to obtain a loan. Such producers must: (i) complete the applicable CCC forms; and (ii) provide to CCC: (A) certified scale tickets which adequately describe the commodity, the weight of the commodity and the moisture content of the commodity; or (B) if such scale tickets are not available, measurements of the high moisture feed grain made while the commodity was in the field or in storage. Such loans will be made on a quantity of feed grains of the same crop acquired by the producer equivalent to a quantity not to exceed the quantity determined by multiplying: (i) the acreage of the feed grain in a high moisture condition harvested on the producer's farm; by (ii) the lower of the farm program yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which such high moisture feed grains were obtained.
- (d) **Seed Cotton.** The producer may, prior to the maturity date, with the written approval of CCC move seed cotton from the location where stored to a gin in order to gin such cotton and sell the cottonseed obtained therefrom. (i) If prior to the maturity date the amount due has not been paid, the producer will pay to CCC an amount equal to the proceeds obtained from the sale of the cottonseed and the lint cotton or, if a loan or loan deficiency payment is made by CCC with respect to the lint cotton, CCC will deduct the amount due from any such proceeds which are disbursed. (ii) If prior to the maturity date the amount due has not been paid or the collateral has not been ginned, the producer must, as instructed by CCC, move the collateral to a gin at the producer's expense. If the producer fails to move the collateral as instructed by CCC, CCC may enter the premises and remove, gin, and sell the collateral. Any proceeds from the sale of the collateral will be retained by CCC and applied to the amount due. (iii) If the amount due has not been paid and warehouse receipts have been issued with respect to lint cotton obtained from the collateral, the producer will deliver the receipts to CCC or allow CCC to obtain from any person such receipts. CCC may sell such cotton, if the amount due has not been paid by the maturity date.
- (e) **Discretionary Loans.** Commodities which are pledged as collateral for a non-recourse loan as provided in Sections 8 and 9 but which are determined to be ineligible to be pledged as collateral for such a loan due to the quality of the commodity or other factors affecting value of the commodity; or the storage of the commodity is unapproved storage, may, at CCC's sole discretion, be pledged as collateral for a recourse loan.
- (f) **Settlement.** (i) If CCC allows the producer to deliver to CCC in satisfaction of the amount due the quantity of the collateral which is described in the Note, the value of the collateral for purposes of settlement will be equal to the proceeds received from the sale or barter of the commodity. Title to the collateral will vest in CCC only after delivery of the collateral to CCC in accordance with Section 4. (ii) If the value of the collateral at settlement is less than the amount due, the producer will pay to CCC the amount of such deficiency plus charges, and applicable interest with respect to such deficiency from the date of disbursement. (iii) If the proceeds received from the sale or barter of the commodity are greater than the sum of the amount due plus any costs incurred by CCC in conducting the sale of the commodity, the amount of such excess will be paid to the producer or, if applicable, to any secured creditor of the producer.

CCC-601, Commodity Credit Corporation Note and Security Agreement Terms and Conditions (Continued)

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11. ADMINISTRATIVE AND JUDICIAL REVIEW.

The producer may obtain an administrative hearing in accordance with 7 CFR Part 780 with respect to a dispute arising between CCC and the producer concerning the Note, and must exhaust such administrative remedy prior to initiating a judicial action in a court of competent jurisdiction.

12. DISCLOSURE TO PRODUCERS.

CCC, in its capacity as lien holder of collateral pledged commodities, may share non private information with potential buyers of these commodities. This information may include, but not be limited to, loan quantity and principal.

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a – as amended). The authority for requesting the information identified on this form is 7 CFR Part 1421, 7 CFR Part 1427, 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under a CCC loan program through documentation of producer acknowledgement of, and agreement to, the terms and conditions of the CCC note and security agreement. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in Routine Uses identified in the USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under a CCC loan program.*

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

CCR Sequence of Events

Following are the steps for the CCR sequence of events.

	Step	Action
	1	Producers may designate a loan for CCR (EAD) redemption at loanmaking.
	2	If the producer designates CCR (EAD) redemption at loanmaking, and the County Office answers questions in recording the loan in CLPS, the EAD flag is automatically set.
COPS	3	If the producer does not designate the loan for CCR (EAD) redemption at loanmaking, the County Office can set the EAD status to “Y” in COPS for each applicable loan. See the User Guide in COPS for instructions.
	4	The buyer requests an invoice of desired bales from COPS.
	5	COPS sends an e-mail to a County Office employee listing the loan numbers for which an invoice has been sent to the buyer. The subject line reads “CCR in Progress”. If any action needs to be taken against the loan during “CCR in Progress”, contact the State Office. The CCR invoice is valid for 21 calendar days, but may be canceled by the merchant any time before payment is submitted. An e-mail will be issued when a buyer cancels a CCR invoice.
	6	The buyer wires the money through Kansas City to FRB and COPS releases the warehouse receipts to the buyer.
	7	COPS sends an e-mail to the County Office employee providing the repayment invoice number that is available for downloading from COPS.
	8	The County Office will go into “Invoice Review” in COPS. Select “Cotton Redemption Invoice” from the “Invoice Type” drop-down list and CLICK “List”. CLICK “Line No.” for the desired invoice number and do the following: <ul style="list-style-type: none"> • click the following buttons and print the reports for each file: <ul style="list-style-type: none"> • invoice detail • loan recap • print invoice screen • CLICK “Download Invoice”. <p>Note: See the User Guide in COPS for instructions.</p>

CCR Sequence of Events (Continued)

	Step	Action
CLPS	9	In CLPS, go into the repayment option and record the repayment using option 3 from the Centralized Repayment Menu. Basic repayment screens will display. Answer "N" to the question, "Is this the recording of a manually made action?" Enter "1EFT" in the "Check/Item Number" field and enter the total amount of the invoice on the first repayment. On subsequent repayments on that invoice, choose that remittance.
	10	Prepare and close the schedule.

Kansas City will release EWR's. Do **not** release the bales in the PC. Do **not** send CCC-500 to buyers because they receive an electronic copy.

Note: See paragraph:

- 217 for handling invoices with negative repayments
- 218 for handling CCR repayments for loans that have COPS errors.

Comparison of Payment of Charges for Cotton, Normal Loan vs. Transfer

Following are the comparison of payment of charges for cotton, normal loan vs. transfer.

Charge	Loan Without Transfer	Transfer of Loan Collateral	
	Original Storing Warehouse	Shipping (Original) Warehouse	Receiving Warehouse
Receiving at warehouse	Paid by buyer upon load-out. If collateral is forfeited, paid by CCC, then billed to producer.	Paid by requestor of transfer.	Paid by requestor of transfer at load-out. If forfeited, paid by CCC, then billed to producer.
Pre-loan storage	Paid by producer or buyer. If collateral is forfeited, paid by CCC and billed to producer based on the CSA rate for loan cotton.	Paid by requestor of transfer.	Not applicable. Cotton is under loan when received under a transfer.
Accrued storage during loan period	Paid by buyer for redeemed cotton. CCC may reduce the loan repayment amount by all or a portion of the storage charges during the loan period based on CCC's storage credit rate for the warehouse. If cotton forfeits, charges are paid by CCC and any amount exceeding the storage-credit rate is billed to producer.	Paid by requestor of transfer.	Paid by buyer for redeemed cotton. The loan redemption amount may be reduced based on the CCC storage credit rate applicable at the shipping warehouse for the entire loan period; credits are reduced by a fixed 2-day period for time in transit and may be subject to the 75-day limit from date new EWR is issued by receiving warehouse. If cotton forfeits, CCC pays receiving warehouse based on its rate for loan cotton; any amount exceeding the storage-credit rate at receiving warehouse is billed to producer.
After loan storage	Paid by buyer. If forfeited, CCC pays the warehouse at the CSA rate for CCC-owned cotton.	Not applicable because under a transfer any after-loan storage charges would occur at the receiving warehouse.	Paid by buyer. If forfeited, CCC pays the warehouse at the CSA rate for CCC-owned cotton.
Compression	Paid by buyer upon load-out, regardless of whether loan is repaid or if cotton is bought from CCC. If cotton forfeits, billed by CCC to producer.	Paid by requestor of transfer.	Paid by buyer upon load-out, regardless of whether loan is repaid or if cotton is bought from CCC. If cotton forfeits, billed by CCC to producer based on rate at receiving warehouse.
Load-out	Paid by buyer.	Paid by requestor of transfer.	Paid by the buyer.
Freight to receiving warehouse	Paid by the producer.	N/A	Paid by the requestor of transfer.

Areas Approved for Outside-Stored Loan Bales

Outside-stored loan bales are approved in the following areas.

Crop Year	Type Cotton	Type Loan	State	Approved Areas
2014	Upland	Warehouse-Received	AZ, CA, FL, MO, OK, TX	Entire State
	ELS	Warehouse-Received	AZ, CA, FL, MO, OK, TX	Entire State
			Farm-Stored	AZ
		CA		<ul style="list-style-type: none"> • Imperial and Kings Counties. • Fresno County west of Hwy 90. • Kern and Tulare Counties west of Hwy 99. • Merced County south of Hwy 152.
		NM		Dona Ana and Luna Counties
		TX		El Paso County
2015	Upland	Warehouse-Received	FL, KS, MO	Entire State
ELS	Warehouse-Received	FL, KS, MO	Entire State	
		Farm-Stored	AZ	Maricopa, Pinal, and Yuma Counties
	CA		<ul style="list-style-type: none"> • Imperial and Kings Counties. • Fresno County west of Hwy 90. • Kern and Tulare Counties west of Hwy 99. • Merced County south of Hwy 152. 	
	NM		Dona Ana and Luna Counties	
	TX		El Paso County	

CCC-601 ELS Appendix, Note and Security Agreement Terms and Conditions for Outside Storage of ELS Cotton

This is an example of CCC-601 ELS Appendix.

This form is available electronically.
CCC-601-ELS Appendix
(11-13-17)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

APPENDIX TO CCC-601, NOTE AND SECURITY AGREEMENT TERMS AND CONDITIONS FOR OUTSIDE STORAGE OF ELS COTTON

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a – as amended). The authority for requesting the information identified on this form is 7 CFR Part 1421, 7 CFR Part 1427, 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under a CCC loan program through documentation of producer acknowledgement of, and agreement to, the terms and conditions of the CCC note and security agreement concerning outside storage of ELS cotton submitted to CCC as collateral for a marketing assistance loan. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in Routine Uses identified in the USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under a CCC loan program.*

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration). The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.

PART A – TERMS AND CONDITIONS

A producer submitting cotton to the Commodity Credit Corporation (CCC) as collateral for a marketing assistance loan may store such collateral outside subject to the following terms and conditions:

- (1) **Collateral Identification.** The producer must identify all outside-stored cotton loan collateral by providing CCC, for each individual bale, the gin code number (5-digit number) and gin bale number (gin-assigned 7-digit number) as presented to the Agricultural Marketing Service (AMS) for classification services, and the bale net weight.
- (2) **Collateral Location.** The producer must provide CCC the address, and any additional storage location information sufficient to enable a CCC representative to locate the cotton.
- (3) **Classification Information for Forfeited ELS Cotton.** The producer is responsible to provide, within 30 days after the date of delivery of the cotton into a warehouse designated by CCC, AMS classification information, based on bale samples collected by an AMS-approved sampler.
- (4) **Settlement.** Notwithstanding provisions of paragraph 9(c) of the Note and Security Agreement Terms and Condition (form CCC-601), if the producer elects to forfeit outside-stored loan collateral in satisfaction of the amount due: (i) the value of the collateral for purposes of settlement will be determined using the applicable schedules of premiums and discounts on the basis of the classification information provided after delivery of the cotton to CCC; and, (ii) the collateral shall be delivered to CCC in the original bags with original bale identification as provided by the ginner.
- (5) **Settlement Charges.** If the producer forfeits outside-stored ELS cotton loan collateral to CCC in satisfaction of the amount due, the producer is liable, in addition to charges included in paragraph 4 of the Note and Security Agreement Terms and Condition (form CCC-601), for (i) expenses or charges associated with the storage of the cotton during the period of the loan, and (ii) charges levied by the warehouse associated with receiving, weighing, compression, issuance of an electronic warehouse receipt, other charges as may be levied by the warehouse specific to outside-stored cotton, and for classification services as required under paragraph (3) of this appendix.

PART B – PRODUCER CERTIFICATION

I accept that the terms and conditions of this appendix apply to the cotton pledged as collateral for this loan. I certify that the cotton pledged as collateral for this loan is packaged in a hermetically sealed bag, packaged at a measured internal humidity level established by the gin as appropriate to safeguard cotton quality, using packaging materials that meet or exceed industry minimum standards. I further certify that the cotton pledged as collateral for this loan meets the quality requirements set forth at 7 CFR 1427.5(c), has not been ginned on a saw gin, is not represented by a warehouse receipt, and is not reginned, repacked, mixed ELS and upland cotton, or fire damaged or water damaged. I further certify that the storage area is suitable for cotton storage, is constructed to prevent water accumulation under the cotton and is serviced by bale handling and transport equipment that will not damage the sealed bag or degrade the drainage characteristics of the storage area.

1A. Signature of Contact Producer <i>/s/ James Smith</i>	1B. Title/Relationship of the individual signing in the Representative Capacity	1C. Date (MM-DD-YYYY) January 3, 2017
2A. Signature of Other Producer <i>/s/ Jason Smith</i>	2B. Title/Relationship of the individual signing in the Representative Capacity	2C. Date (MM-DD-YYYY) January 3, 2017
3A. Signature of Other Producer <i>/s/ Jake Smith</i>	3B. Title/Relationship of the individual signing in the Representative Capacity	3C. Date (MM-DD-YYYY) January 3, 2017

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

Guide for Using CCC-605 and EAD

Following are instructions for County Offices when setting the EAD status flag.

WHEN redemption request is made through...	AND EAD status flag for loan is set to...	THEN...
CCR by merchant who is EAD	“Yes”	<ul style="list-style-type: none"> • CCC-605 is faxed to County Office by any merchant only to set flag and cotton is released to EAD, not necessarily to agent shown on CCC-605 • an original CCC-605 identifying EAD is not required in County Office for CCR loan redemption to occur or for County Office to enter the redemption into APSS.
the County Office by merchant	“No”, and EAD status is known to have never been set to “Yes” Note: This is the common situation for merchants not using CCR to redeem cotton.	<ul style="list-style-type: none"> • merchant must present CCC-605 that authorizes the merchant to redeem the requested loan collateral • County Office processes loan redemption under traditional (non-CCR process) and releases cotton • EAD status flag is never set to “Yes”.
CCR by merchant who is not EAD	“Yes”	<ul style="list-style-type: none"> • County Office would not be aware of this redemption request • CCR rejects request; no invoice is sent to County Office and no County Office action occurs.
CO by producer	“Yes”	<ul style="list-style-type: none"> • producer must cancel CCC-605 in writing • County Office sets flag to “No” to stop redemption requested in CCR by any EAD.
County Office by producer Note: This event possibly occurs if a producer does not designate agent and redeems own cotton.	“No”	producer must cancel any outstanding CCC-605 in writing before redemption can be processed.

Guide for Using CCC-605 and EAD (Continued)

WHEN redemption requests is made through...	AND EAD status flag for loan is set to...	THEN...	
County Office by any merchant	"No" because a producer cancelled CCC-605 and the flag was reset from "Yes" to "No"	County Office must check COPS to determine whether the merchant requesting the redemption is EAD or not and take the following action.	
		IF the merchant is...	THEN...
		EAD in COPS	producer only must reset flag to "Yes" for EAD to be able to redeem at County Office.
		not EAD in COPS and presents CCC-605 to County Office	<p>producer has executed 2 competing CCC-605's. County Office will require producer to take 1 of the following actions before any redemption is processed:</p> <ul style="list-style-type: none"> • cancel both CCC-605's in writing and redeem loan with producer's own funds • cancel, in writing, CCC-605 of non-EAD merchant and allow EAD to redeem the cotton • instruct current EAD to designate non-EAD merchant as new EAD, allowing new merchant to redeem under CCR.
not EAD in COPS and does not present CCC-605	this merchant is ineligible to redeem the requested cotton.		

Guide for Using CCC-605 and EAD (Continued)

WHEN redemption requests is made through...	AND EAD status flag for loan is set to...	THEN...	
County Office by any merchant	"Yes"	County Office must check COPS to determine whether the merchant is current EAD and take the following action.	
		IF the merchant requesting the redemption is...	THEN...
		EAD in COPS	<ul style="list-style-type: none"> • CCC-605 bearing the merchant's name is not needed in County Office • County Office processes redemption and releases cotton to merchant "X".
		not EAD in COPS and has CCC-605	<p>producer has executed 2 competing CCC-605's. County Office will require producer to take 1 of the following actions before any redemption is processed:</p> <ul style="list-style-type: none"> • cancel both CCC-605's in writing and redeem loan with producer's own funds • cancel, in writing, CCC-605 of non-EAD merchant and allow EAD to redeem the cotton • instruct current EAD to designate non-EAD merchant as new EAD, allowing new merchant to redeem under CCR.
not EAD in COPS and does not have CCC-605	<p>County Office will deny redemption request.</p> <p>Note: Any merchant must either be EAD or have CCC-605 to be authorized to redeem any loan.</p>		

Eligibility Requirements and Forms for MAL Disbursements, MLG’s, and LDP’s

Following are the eligibility requirements and forms required for MAL disbursements, MLG’s, and LDP’s.

Eligibility Requirement	Form Required Before		
	MAL Disbursement and Principal/Interest Repayment	MAL Repayment with MLG	LDP
FSA-576 on file showing share in requested commodity	FSA-578.	FSA-578.	FSA-578.
Actively Engaged and Cash Rent Tenant Determinations	N/A	CCC-902 and CCC-901 if an entity.	CCC-902 and CCC-901 if an entity.
AGI Determination	N/A	CCC-941, according to 5-PL.	CCC-941, according to 5-PL.
BI in commodity <u>1/</u>	Producer must retain BI in commodity from time of planting through date MAL is redeemed or CCC takes title.	Producer must retain BI in commodity from time of planting through date MAL is redeemed.	Producer must retain BI in the commodity from time of planting through date CC-633 EZ, page 1 is filed in the County Office.
Conservation Compliance Determination	AD-1026.	AD-1026.	AD-1026.
Controlled Substance Determination	Program participants convicted under Federal or State law of planting, cultivating, growing, producing, harvesting or storing a controlled substance are ineligible for MAL’s and LDP’s for current and 4 succeeding crop years.		
Delinquent Debt Determination (producer certification)	CCC Cotton A.	CCC Cotton A-5.	CCC-633 EZ, page 1.
Foreign Person Determination	CCC-902I, Part B and CCC-902E, Part C.	CCC-902.	CCC-902.

1/ BI is defined as the producer maintaining control of and title to the commodity.

Eligibility Requirements and Forms for MAL Disbursements, MLG's, and LDP's (Continued)

Eligibility Requirement	Form Required Before		
	MAL Disbursement and Principal/Interest Repayment	MAL Repayment with MLG	LDP
Fraud Determination (including FDIC fraud)	Determination made and records updated in the National Office.		
LDP Agreement	N/A	N/A	CCC-633 EZ, page 1 filed in the County Office.
Member contribution	N/A	CCC-902 and CCC-901.	CCC-902 and CCC-901.
Power of Attorney	FSA-211, CCC-605, or CCC-605-1 to designate agent authorized to redeem MAL collateral.	FSA-211, or CCC-605, or CCC-605-1 to designate agent authorized to redeem MAL collateral.	FSA-211.

Note: Eligibility flags for the entity and **all** entity members must be updated in the subsidiary file, according to 3-PL and 5-PL, to show that both the entity and individual member is eligible. If the required determinations are not made and the subsidiary files updated, a market gain repayment and/or a LDP will be denied or reduced to the producer or payment entity. Entity members are required to complete CCC-941 and AD-1026 according to 5-PL and 6-CP respectively.