

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

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**Cotton Loans and Loan Deficiency Payments**  
**7-CN (Revision 15)**

**Amendment 32**

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



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**Amendment Transmittal**

**A Reasons for Amendment**

Paragraph 4 has been amended to provide updated web site addresses.

Paragraph 5 has been added to reference the alphabetical index in Exhibit 3.5.

Subparagraph 13 A has been amended to include determination of the beginning of harvest for upland cotton. This will provide a date, before which producers will not be allowed to apply for cotton LDP's based on a module lock-in rate.

Subparagraph 22 B has been amended to reflect that the AWP, CCA, and LDP rate have the same effective time period.

Subparagraph 22 E has been amended to include a new web site for weekly cotton rates.

Subparagraphs 25 A through E have been removed because they are not related to rate calculations.

Subparagraph 33 F has been amended to clarify policy for adjusting loan amounts for principal plus interest repayments.

Subparagraph 44 C has been amended to include policy that producers are responsible for monitoring their own payment limitation.

Subparagraph 48 A has been amended to clarify procedure for notifications of warehouse status.

Subparagraph 48 B has been amended to clarify that "removal" and "suspension" are synonymous and refer to a temporary condition, as opposed to "termination", which refers to a permanent or long-term condition.

Subparagraph 48 C has been amended to reflect that the relocation of cotton loan collateral is now defined as a transfer, not a reconcentration. Reconcentration is now defined as the relocation of CCC-owned cotton.

## **Amendment Transmittal (Continued)**

### **A Reasons for Amendment (Continued)**

Subparagraph 49 B has been amended to reflect new policy applicable to 2006 and subsequent crop loan collateral.

Paragraph 54 has been added to provide checklist policy and instructions.

Paragraph 78 has been withdrawn because the needed information is in subsequent paragraphs and a letter of credit is not a requirement for a gin to be approved as a location for a seed-cotton loan.

Subparagraph 100 A has been amended to:

- include the requirements for “person determination”, “actively engaged in farming”, “percent of cropland factor”, and “permitted entity share”
- clarify that applications submitted before all eligibility forms are provided shall be processed after submission of required forms and at the rate effective on the date of application.

Subparagraph 100 L has been added as a reminder that policy about foreign person eligibility is provided in 1-PL, Part 3.

Subparagraph 119 E has been added to provide eligibility policy for production from double-cropped acreage.

Subparagraph 121 A has been amended to reflect new storage policy applicable to 2006 and subsequent crop cotton. Under this new policy, cotton loan collateral may be stored outside in areas determined by CCC to be storage deficit if the warehouse meets new special storage and reporting requirements.

Subparagraph 124 A has been amended to reflect new policy for lien searches. Additionally, subparagraphs 163 B through I have been moved to subparagraphs 124 B through I to combine lien policy and instructions at 1 location in the handbook.

Subparagraphs 124 J and K have been added to provide policy about filing UCC-1 or UCC-1F.

Subparagraph 125 C has been amended to establish that before a loan is made on a receipt with an incorrect bale weight, the County Office will only require issuance of a new receipt and take no action to correct the weight.

Subparagraphs 125 D and E have been added to define and provide approved tare weights.

Subparagraph 162 A has been amended to eliminate prior policy that the disbursement date for a loan or LDP must be no more than 30 calendar days from the availability date. The 30-calendar-day restriction has been eliminated because of the recent decision to not allow manual checks.

## **Amendment Transmittal (Continued)**

### **A Reasons for Amendment (Continued)**

Subparagraph 162 B has been removed because the 15-calendar-day restriction is no longer appropriate.

Paragraph 163 has been withdrawn because the lien policy and procedure information has been incorporated into paragraph 124.

Subparagraph 170 B has been amended to clarify required bale list notations by producers.

Subparagraph 170 C has been amended to delete duplicated information.

Paragraphs 171 and 183 have been withdrawn because the tare weight information has been incorporated into paragraph 125.

Subparagraph 181 E has been added to clarify policy that the filing of UCC-1 is not required for warehouse-stored upland cotton loans because CCC's security interest has been perfected because CCC holds the warehouse receipts.

Paragraph 181.5 has been added to provide instructions for CCC-10.

Subparagraph 182 B has been amended to:

- provide that for items 1 through 7, only the last 4 digits shall be entered where a producer's tax ID or Social Security number is requested
- provide that for item 9, the date is the date the application is received by CCC
- provide that for Part B, the date CCC enters is the date CCC receives the application
- include a revised CCC Cotton A-5. The revisions are to enter only the last 4 digits of the ID number in item 1A, change item 9 to date application received, and include in Part B certifications that the producer was at risk and has not been convicted of a controlled substance violation.

Paragraph 184 has been amended for clarity and to distinguish currently used compression codes from codes no longer used.

Subparagraph 188 A has been amended to clarify that authorization from both DAFP and DAM is required for issuance of manual checks.

Subparagraph 191 B has been amended to remove:

- discontinued compression codes
- CCC-Cotton A-1, item 12.

Subparagraphs 200 A and 210.5 D have been amended to include distribution of CCC-500.

## **Amendment Transmittal (Continued)**

### **A Reasons for Amendment (Continued)**

Subparagraph 202 B has been amended to provide for using a national average bale weight of 500 pounds. Using estimated State average bale weights is eliminated to simplify program administration.

Subparagraph 202 C has been removed because estimated average bale weights by State are no longer used.

Subparagraph 207 A has been amended to include the current instructions for, and version of, CCC-605.

Subparagraphs 211 A and B have been amended to reflect new policy that provides for unpaid compression charges on forfeited cotton to be billed to the producer. The term “reconcentration” now refers to the relocation of CCC inventory cotton, for which CCC pays all charges. For the transfer of loan cotton collateral, CCC does not pay any charges.

Part 3, Section 5 has been amended to rename it to “Transferring Ginned Cotton” because the term “reconcentration” now refers to the relocation of CCC-owned cotton. The term “transfer” means the relocation of cotton loan collateral.

Paragraphs 218, 219, and 220 have been withdrawn because of a change in policy.

Paragraph 226 has been withdrawn because the UCC-1 and UCC-1F information has been incorporated into paragraph 124.

Subparagraphs 261.5 B and 274 K have been amended to include the current version of CCC-633 EZ.

Subparagraph 263 B has been amended to provide for date-stamping all pages of CCC-633 EZ.

Subparagraph 275 A has been amended to include that LDP’s based on the module lock-in option cannot be requested before the beginning-of-harvest date established by COC.

Subparagraph 280 C has been amended to clarify required bale list notations by producers.

Subparagraph 303 A has been amended to reflect new methods for calculating liquidated damages.

Exhibit 3.5 has been added to provide an alphabetical index of subjects.

Exhibit 16 has been amended to include the current version of CCC-601. This version contains important revisions in item 10D reflecting payment of charges and the maximum storage credit rates applicable to 2006 crop loans.

Exhibit 17.5 has been added to clarify the sequence of events under CCR.

Exhibit 18 has been amended to reflect new policy about payment of charges by producers for transferred cotton loan collateral.

**Amendment Transmittal (Continued)**

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### 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
- 7-AS for County Office correspondence
- 1-CM for common provisions relating to signature requirements, power of attorney, maintaining the name and address file, and assignments
- 2-CM for common farm and program provisions
- 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 misinformation and misaction provisions
- 1-FI for issuing CCC-184's
- 3-FI for depositing remittances

**3 Related Handbooks (Continued)**

**A Related FSA Handbooks (Continued)**

- 50-FI for interest rates
- 58-FI for claims and withholdings
- 61-FI for Prompt Payment Act provisions
- 62-FI for reporting data to IRS

\* \* \*

•\*--3-PL for web-based subsidiary files--\*

- 12-PS for processing seed cotton loan repayments

\* \* \*

- 20-PS for State Office APSS operations.

## 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	<a href="https://dlnt01.fsa.usda.gov">https://dlnt01.fsa.usda.gov</a>
Reports of loan and LDP activity by national, date, and county level for cotton and other commodities (a PSD web site)	*-- <a href="http://www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=prsu&amp;topic=psr">http://www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=prsu&amp;topic=psr</a>
Cotton AWP, LDP Rates, and CCA (weekly table)	<a href="http://www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=ecpa&amp;topic=fta-uc--*">http://www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=ecpa&amp;topic=fta-uc--*</a>
Cotton Merchant Registry	<a href="http://intranet.fsa.usda.gov/psda">http://intranet.fsa.usda.gov/psda</a> (select "Cotton Merchant Registry")
Loan Rates: Cotton (and other commodities) by State/county	*-- <a href="http://www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=prsu&amp;topic=lor">http://www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=prsu&amp;topic=lor</a>
Specifications for Cotton Bale Packaging Materials of JCIBPC	<a href="http://www.cotton.org/tech/bale/index.cfm">http://www.cotton.org/tech/bale/index.cfm</a>
Forms: FFAS Employee Site	<a href="http://intra3.fsa.usda.gov/dam/ffasforms/forms.html">http://intra3.fsa.usda.gov/dam/ffasforms/forms.html</a> (select "Find Current Forms Using Our Form Number Search")
Notices	<a href="http://www.fsa.usda.gov/FSA/notices?area=home&amp;subject=lare&amp;topic=not&amp;setflag=FORMURL&amp;getData=None">http://www.fsa.usda.gov/FSA/notices?area=home&amp;subject=lare&amp;topic=not&amp;setflag=FORMURL&amp;getData=None</a> (select "Cotton Program" from the "Subject" drop-down list)
E-Authentication	<a href="http://www.eauth.egov.usda.gov/--*">http://www.eauth.egov.usda.gov/--*</a>
Warehouses:  List of approved cotton warehouses  Receiving and storage rates	<a href="https://dlnt01.fsa.usda.gov">https://dlnt01.fsa.usda.gov</a> (COPS web site) (click "Home Pages", then "Warehouse Home", then "Online Lists", then "CSA & Tariff Rates")
***	***
*--AMS: Weekly Cotton Market Report	<a href="http://www.ams.usda.gov/cotton/mncs/index.htm">http://www.ams.usda.gov/cotton/mncs/index.htm</a>
National Cotton Council: industry news	<a href="http://www.cotton.org">http://www.cotton.org</a>
Price Support Training Modules	<a href="http://www.fsa.usda.gov/Internet/FSA_File/eldp_training_modules.pdf--*">http://www.fsa.usda.gov/Internet/FSA_File/eldp_training_modules.pdf--*</a>

**\*--5 Alphabetical Index**

**A Index for This Handbook**

Exhibit 3.5 provides an alphabetical index to cotton program policy and instructions provided in this handbook. This index can be used as a supplement to the Table of Contents.

Suggestions for this index should be sent to PSD by e-mail to **gene.rosera@wdc.usda.gov.--\***

**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 shall 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 shall:

- 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, BCD:
  - Merchandising Branch
  - \* \* \*
  - IMB
- KCAO, APD, COPSS
- KC-ITSDO, PSCAD, Commodity Loans Branch
- KC-ITSTO
- KCFO.

**B KCAO Responsibilities**

KCAO shall:

- provide users and contractors with procedures, directives, methods, and analyses in support of the following:
  - ACRS
  - APSS
  - COPS
  - CRTS
- 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

11 **STC Responsibilities (Continued)**

**C Suspected Violations**

STC shall:

- request investigations of suspected program violations according to 9-AO by:
  - producers
  - approved cotton clerks
  - other program participants
- \*--report to KCCO, BCD, IMB 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 shall:

- 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 (either higher or lower than 20 bales per module) that is consistent with locally used field storage equipment.

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.

**12 SED Responsibilities**

**A Responsibilities**

SED shall:

- 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 shall:

- administer the programs at the county level, according to program provisions
- determine whether an irrevocable letter of credit is necessary from approved cooperative for seed cotton loans
- 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.

**B Approving CED Loans**

**COC shall approve loans for CED.**

## 14 CED Responsibilities

### A Responsibilities

CED shall:

- 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 ginnerers who want to participate as cooperating ginnerers 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 ginnerers, 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 275 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 shall 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.

Deficiencies of \$9.99 or less, including interest, may be disregarded unless demand for payment is made by CCC.

**22 AWP and CCA Announcement Times****A Announcement Time**

[7 CFR 1427.25] AWP and CCA shall normally be announced by the National Office at 5 p.m. e.t. each Thursday. They become effective for calculations as specified subparagraph B.

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

**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, 5 p.m. e.t.
- on a Friday at 8 a.m. e.t. 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 shall 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**

Effective October 31, 2002, for transactions of all crop years, the “dead hour”, the time during which applications for loan repayments and LDP’s were not accepted, was terminated.

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 rate are not announced for any reason, requests for loan repayments and LDP’s shall be accepted at the County Office. Such applications shall be subject to AWP and CCA subsequently announced as effective for 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 shall 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**

If a loan repayment is received by mail, courier, or wire transfer of funds, use AWP and CCA in effect on the date the repayment is received in the County Office.

\* \* \*

**E Accessing AWP and CCA**

The cotton AWP, LDP rate, and CCA are available on the FSA intranet site at  
\*--<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=ecpa&topic=fta-uc-->\*--\*

Click on the “COTNXXXX.TXT” to select rates for the preferred date, where “XXXX” is the 4-digit entry representing month and date.

**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 shall:

- 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, shall:

- immediately call the loan and handle in the normal manner
- take no additional actions if 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 shall 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 shall:

- \*--flag all the debtor's loans as "bankruptcy" according to 12-PS, paragraph 1275--\*
- 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 shall continue to forward all future notices from the court to the State Office.

**E State Office Action**

State Offices shall:

- 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.

**B LDP Gain Amount**

The gross LDP, before deducting the research and promotion fee, is subject to payment limitation.

**C Remaining Payment Limitation Balance**

The remaining payment limitation balance shall be the difference between:

- the payment limitation assigned to the producer in the county where benefits are being received
- the sum of the following:
  - LDP amounts previously received in the applicable county
  - market loan gain amounts previously received in the applicable county
  - LDP and market loan gain amounts denied in the applicable county because of percent of cropland factor or permitted entity shares are less than 1.0000.

**Note:** If the producer is not a multiple-county producer, the payment limitation assigned is \$75,000. Multiple-county producers are assigned a payment limitation for each county by the control County Office.

**A Determining \* \* \* CCA**

[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 either the cash loan repayment rate or the price of commodity certificates to be exchanged 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.

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

**\*--27 CCA: Applicable Bales--\***

**A Applicable Grades**

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

<b>Staple</b>	<b>Color</b>	<b>Grade</b>	<b>Leaf</b>
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	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	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	Strict Low Middling or Better (24, 34, and 44)	All
		*--Low Middling (54) and Below Grade (84)--*	All
	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, refer to 12-PS, Part 11, Section 1 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.

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

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

**D Changing Names on Loan Agreement**

\*--Follow 12-PS, Part 11 to change the names of the producers on the loan agreement.--\*

**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 shall 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, shall be assessed interest beginning on the loan disbursement date through the day after the date of repayment
- wire transfer, shall 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 shall be the date repayment is received in the County Office.

**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, LDP's, and forfeitures shall be reported to IRS for Federal income tax purposes. Market gains from commodity certificate exchanges are not reported by FSA but may be considered by IRS to be taxable income. 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 loan, the cotton cannot be forfeited to CCC in settlement of the loan.

**Note:** See paragraph 257 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 call the loan. Use the letter in subparagraph E to notify the producer of the loan call.

**Note:** When COC determines that the cotton or producer is ineligible for loan, do not allow the loan to be exchanged for commodity certificates or 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 loan call.

**D Foreclosure Action**

When a loan is not repaid and a claim is established, COC shall:

- sell the cotton according to paragraph 36
- apply the sales proceeds to the claim.

**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 claims with collateral remaining on the farm
- by issuing CCC-184's according to 1-FI.

When applicable, deposit CCC-184 according to 3-FI.

**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, block (3)
- **after** the filing date of any recorded lien or notification of an unrecorded lien, the creditor agency debt shall be offset **only** if the lienholder agrees to disburse the loan proceeds solely to the producer by checking CCC-679, block (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 or warehouse storage charges.

**Note:** See paragraph 165 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, block (3), 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 block (1) or (3). If any lienholder checks block (2), the loan shall 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 justness 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.

## 44 Monitoring Payment Limitation

### A Control County Office

Control payment limitations for multiple-county producers according to 1-PL. Do not establish a control County Office that is different from the control County Office established for other program purposes for cotton LDP's and market gains.

### B Market Gain Reports

Monitor payment limitation by using the market gain reports in paragraph 38.

### \*--C Producer Responsibility

Producers are responsible for monitoring their own payment limitation.

It is not the responsibility of FSA staff, LSA's, or cotton clerks to keep track of payments to notify producers that payment limitation has been, or is about to be, reached. Thus, if a producer reaches their payment limitation, it is not, *per se*, a misaction or misinformation on the part of FSA or a representative of FSA.

If producers request a report on their payment limitation, see paragraph 38 about market gain reports.--\*

When the payment limitation is reached, \* \* \* LDP's can no longer be made, and loans repaid with cash must be at a level that is the lesser of the following:

- loan level and charges, plus interest on the bales
- higher of the following:
  - loan level determined for the bales, plus, if applicable, any interest accrued during the extended period
  - AWP, as determined by CCC, in effect on the day the repayment is received by the County Office, plus, if applicable, any interest accrued during the extended period.

**Notes:** After payment limitation has been reached, storage charges and interest on loans will continue to be forgiven. Thus, accrued warehouse charges that are normally credited to the repayment when AWP is less than principal and charges, plus interest, are not subject to the payment limitation and shall be credited in the normal manner.

Commodity certificate exchanges are not subject to the payment limitation.

## 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 shall **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 shall 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, 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, grantor selects item 7, Other
- under item 7, specifies "executing CCC-605".

**Important:** If FSA-211 does not meet all of the requirements, the appointed attorney in fact shall 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.--\*

48 Warehouse Status Notification

\*--A Notifying State and County Offices and Producers

[7 CFR 1427.10] IMB shall 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. IMB shall indicate by a checked box, which is below the signature of the contracting officer, whether a public announcement is required.

<b>IF KC-232 indicates...</b>	<b>THEN the State Office shall...</b>	<b>AND the County Office shall...</b>
“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)  <b>Note:</b> This is a temporary status. No new loans are permitted.	notify the County Office	issue a news release:  <ul style="list-style-type: none"> <li>• if indicated by the checked box</li> <li>• according to subparagraph B.</li> </ul>
“Terminated”  <b>Note:</b> 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”  <b>Note:</b> 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”  <b>Note:</b> 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”  <b>Note:</b> These changes generally do not affect loan eligibility and are for information only for State and County Offices.	do nothing  <b>Note:</b> Generally, notification of the County Office is not required unless KC-232 specifies public announcement.	do nothing.  <b>Note:</b> Generally, no release is needed. Issue a news release only if specifically by instructions on KC-232.

--\*

## 48 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, IMB shall 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 shall 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 shall:

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

48 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:

- \*--IMB shall provide affected State Offices with instructions for identifying all--\* outstanding loans in the warehouse to be terminated
- State Offices shall immediately identify and notify County Offices with outstanding loans in the warehouse to be terminated
- County Offices shall 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 shall 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).

--\*

48 Warehouse Status Notification (Continued)

E When Warehouse Is Reinstated

\*--If the warehouse is reinstated, IMB shall notify the State Office.--\*

The State Office shall 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 stated today.

Suspension of the warehouse, dated \_\_\_\_\_, 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 BCD IMB--\*  
STOP 8748  
PO BOX 419205  
KANSAS CITY MO 64141-6205.

48 Warehouse Status Notification (Continued)

\*--G Example of KC-232

The following is an example of KC-232.

<b>KC-232</b> (01-24-03)				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	<input type="checkbox"/> PSA <input type="checkbox"/> SSA <input type="checkbox"/> UGRSA	AGREEMENT NO.	NOTICE DATE 7-Jun-06
<b>NOTICE OF APPROVAL OR CHANGE IN STATUS OF STORAGE AGREEMENT OR CONTRACT</b>								WAREHOUSE CODE 123456	FEDERAL LICENSE NO.	INITIATOR'S REFERENCE LINE BCD/SCB/KWD		
NAME AND ADDRESS OF WAREHOUSE OPERATOR Murray Compress and Bait Shop P.O. Box 123 Herndon, VA								WAREHOUSE LOCATION (City, County, State) Murray Compress Main Street Herndon, VA				
<input type="checkbox"/> APPROVED				<b>Capacity</b>				<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"/> DELETED				
<input type="checkbox"/> Capacity Change -				From: _____ To: _____				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.				
<input checked="" type="checkbox"/> OTHER (See explanation below.)								<input type="checkbox"/> REINSTATED				
<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).				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).				
EXPLANATION OF CHANGE To recognize a change from a U.S. Warehouse Act Licensed facility to an Alabama State Licensed facility.												
COMMODITY CREDIT CORPORATION: BY: _____ CONTRACTING OFFICER												
TO: SED, Alabama State FSA Office								<b>PUBLIC ANNOUNCEMENT</b>				
FROM: Director, Kansas City Commodity Office								<input checked="" type="checkbox"/> Should be made (please notify interested counties)				
COPIES TO:								<input type="checkbox"/> Should NOT be made				
<b>DISTRIBUTION (Check all applicable designations)</b>												
<input checked="" type="checkbox"/> SED, Alabama State FSA Office								<input type="checkbox"/> KC-1117				
<input checked="" type="checkbox"/> Alabama State Licensing Authority												
<input checked="" type="checkbox"/> Warehouse Licensing & Examination Division - EB and/or LB								<input type="checkbox"/> GIMS:				
<input checked="" type="checkbox"/> Contract Reconciliation Division - FRB								<input type="checkbox"/> PCIMS:				
<input checked="" type="checkbox"/> Contract File Copy								<input type="checkbox"/> Other:				
<input checked="" type="checkbox"/> Reading File Copy												
<input checked="" type="checkbox"/> 01028												

--\*

## 49 \* \* \* Warehouse Storage and Receiving 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 (i.e, will reduce the loan repayment amount) when a loan is repaid
- shall 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 shall be used to calculate accrued warehouse charges on--\* upland cotton loans when loan collateral is redeemed before the original maturity date.

\* \* \*

### C Cotton Warehouse Storage Rates

Storage rates charged by approved cotton warehouses are listed in COPS.

The storage rates listed in COPS are:

- CSA rates, that are rates paid by CCC under negotiated agreements for receiving and storage
- tariff rates, that are:
  - commercial rates charged to the general public
  - used to calculate any forgiven storage under upland cotton MAL.

**52 Accessing COPS (Continued)****D Password Expiration**

COPS passwords expire after 30 calendar days and can be reset by the user at the COPS Sign-On screen. If **not** reset, the COPS password will be:

- revoked after 36 calendar days
- suspended after 90 calendar days
- put on the delete list after 120 calendar days
- deleted after 180 calendar days.

If users have **not** accessed COPS recently, it may be necessary to update the password. Instructions are in the COPS User Guide, Section 1.3. On COPS Home Page, CLICK “System Access Instructions” link under the “Administrative” tab.

A pop-up box will appear on COPS if a user tries to change a password that does not conform to the new rules. The screen will identify the specific error, such as “does not include a numeric character.”

A new button labeled “Password Rules” has been added to the Secure System Password Reset Screen. Users can click “Password Rules” to obtain details of the new password requirements.

Three attempts to change the password will be allowed before the password is suspended. If problems are encountered while resetting a password, contact FSA Security Office at 816-926-6537.

**\*--53 Eligibility Review****A Review**

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

**\*--54 CCC-770 UPLDP's and CCC-770 CottonMAL's**

**A Applicability**

Before every individual loan or LDP is disbursed, the appropriate checklist for the application must be completed. Additionally, refer to 3-PL, subparagraph 3 C for requirements for CCC-770 Eligibility. CCC-770 Eligibility is recompleted only if a determination or certification changed from a previously entered determination or certification.

Checklists:

- do **not** supersede or replace handbook procedure
- are used as reminders of required actions
- applicable to the cotton program are:
  - for cotton loans:
    - CCC-770 CottonMAL
    - CCC-770 Eligibility
  - for upland cotton LDP:
    - CCC-770 UPLDP
    - CCC-770 Eligibility.

**B Instructions for CCC-770 CottonMAL**

Complete CCC-770 CottonMAL according to this table.

Item	Instructions
1	Enter the name of the loan applicant.
2	Enter the loan number.
3	Enter the State Office name.
4	Enter the County Office name.
5	Enter the farm number.
6	Enter the crop year.

--\*

\*--54 CCC-770 UPLDP's and CCC-770 CottonMAL's (Continued)

**B Instructions for CCC-770 CottonMAL (Continued)**

Item	Instructions
7 - 11	Enter the following: <ul style="list-style-type: none"> <li>• checkmark under “YES”, “NO”, or “N/A”, as applicable for each entry</li> <li>• initials</li> <li>• date items checked.</li> </ul>
12	Enter any remarks that may explain special circumstances or explanation for items checked as “NO”.
13A and B	Any employee that initials 1 or more items from items 7 through 11 shall certify by signing as preparer and entering date of signature.
14A, B, and C	CED or designated representative shall certify by: <ul style="list-style-type: none"> <li>• in item 14A, indicating concurrence or not if CCC-770 CottonMAL items have been verified and completed</li> <li>• in item 14B, signing as Second Party Reviewer</li> <li>• in item 14C, entering date of signature.</li> </ul>
15A, B, and C	If CCC-770 CottonMAL is selected for spot check, DD shall certify by: <ul style="list-style-type: none"> <li>• in item 15A, indicating concurrence or not if CCC-770 CottonMAL items have been verified and completed</li> <li>• in item 15B, signing as spot-checker</li> <li>• in item 15C, entering date of signature. This item remains blank if CCC-770 CottonMAL is not selected for spot check.</li> </ul>

--\*

\*--54 CCC-770 UPLDP's and CCC-770 CottonMAL's (Continued)

C Example of CCC-770 CottonMAL

Following is an example of CCC-770 CottonMAL.

This form is available electronically. <b>CCC-770 CottonMAL</b> U.S. DEPARTMENT OF AGRICULTURE (01-24-07) Commodity Credit Corporation		1. Applicant's Name	2. Loan Number				
<b>WAREHOUSE-RECEIPTED COTTON AND                  OUTSIDE-STORED ELS                  MARKETING ASSISTANCE LOAN CHECKLIST</b>		3. State Office Name	4. County Office Name				
		5. Farm Number	6. Crop Year				
		<b>Note:</b> Complete this checklist for each individual loan application. Provisions of 7-CN are applicable.					
<b>7. Loan Request (ELS Outside-Stored Only)</b>		<b>Handbook or Other Applicable References</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>Initials</b>	<b>Date</b>
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, 222.7, 223.8 and 224					
B. Are bales represented by warehouse receipts? (If "YES", cotton is ineligible for outside-stored loan.)		7-CN, paragraph 189					
C. Is CCC-10 on file? (except for turn-around loans)		7-CN, paragraphs 181 and 223.7					
D. Is the cotton located in an area approved for outside storage?		7-CN, Exhibit 18.5					
<b>8. Loan Request (Warehouse-Stored, ALL Types)</b>							
A. Is CCC Cotton A-5 completed, signed by producer, and signed and dated (date received) by CCC representative?		7-CN, paragraphs 182, 222.7, 223.8 and 224					
B. Is CCC holder of the cotton EWR's and has acceptable classing information for all bales been obtained?		7-CN, subparagraph 166 and 167					
C. Is CCC-10 on file? (except for turn-around loans)		7-CN, subparagraphs 181, and 223.7					
D. Is the warehouse an approved cotton storage warehouse that is not in removed or terminated status?		7-CN, paragraph 121					
<b>9. Producer/Commodity Eligibility</b>							
A. Has the FSA-578 been properly completed and filed?		7-CN, subparagraph 118B					
B. Has the CCC-770 Eligibility checklist been completed and verified?		7-CN, subparagraph 53A					
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, subparagraph 101B					
D. Has the loan been requested on or before the final loan availability date of May 31 following harvest?		7-CN, subparagraph 162A					
E. Is the quantity requested within the COC-established reasonable yield for the commodity? County Offices MUST run queries.		7-CN, subparagraph 119B					
F. Has a second party review been properly completed? Ensure that the loan application was initiated by the reviewer.		7-CN, subparagraph 182B					
<b>10. MAL Processing/Approval</b>							
A. Has lien search been performed for each application?		7-CN, subparagraph 124A					
B. Has CCC-679 (lien waiver) been obtained from all parties with a security interest in the producer's crop?		7-CN, paragraph 163					
C. If producer is signing in a representative capacity, was indicator "by" or "for" used?		7-CN, paragraph 189					
D. Has "date documents received" (Item A8 of Cotton A-5) 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 181					
E. Is there any evidence or knowledge that the commodity is no longer in existence or has been damaged from the indicated quantity?		7-CN, paragraph 189					
F. Has a bale data file been created using preprocessed bale data in Cotton PC by diskette, email, or by manual entry?		7-CN, paragraph 321					
G. Have EWR's and classing information been downloaded in Cotton PC?		7-CN, paragraph 321					

--\*

\*--54 CCC-770 UPLDP's and CCC-770 CottonMAL's (Continued)

C Example of CCC-770 CottonMAL (Continued)

<b>CCC-770 CottonMAL (01-24-07)</b>		Page 2
<b>10. MAL Processing/Approval, Continued from Page 1</b>		
H. Has UCC-1 been filed and verification of the filing received?	7-CN, paragraphs 163, 226, and 223.7	
I. Has loan file been transferred from Cotton PC to APSS?	7-CN, paragraph 189	
J. Has loan been completed in APSS, or if loan is saved for later disbursement was the loan printed out and saved?	7-CN, paragraph 189	
K. If applicable, has form CCC-674 or SF-LLL been obtained for loans greater than \$150,000?	7-CN, paragraph 37	
L. Have CCC-601 (version 08/29/06) and the CCC-601 ELS Appendix been provided to producer?	7-CN, paragraph 222.7, 223.8 and 224	
<b>11. Distribution of Loan Documents</b>		
A. Has CCC Cotton A-5 been distributed as follows? <ul style="list-style-type: none"> <li>• copy in County Office records</li> <li>• copy to producer</li> <li>• copy to cotton loan clerk, if applicable</li> </ul>	7-CN, paragraph 182	
B. Are the following documents filed in a locked, fireproof custody file? <ul style="list-style-type: none"> <li>• original signed and approved CCC Cotton A and Continuation, if applicable</li> <li>• original CCC Cotton A-1</li> <li>• original transaction summary report</li> </ul>	7-CN, paragraph 190	
C. Are the following documents filed in the producer's loan folder? <ul style="list-style-type: none"> <li>• copy of signed and approved CCC Cotton A</li> <li>• copy of signed CCC Cotton A Continuation, if applicable</li> <li>• copy of CCC Cotton A-1</li> <li>• copy of transaction summary report</li> <li>• other documents signed by producer pertaining to this loan</li> <li>• original of Producer's Disbursement Transaction Statement</li> <li>• all printouts from Cotton PC, including Validation Review Reports, Classing Data, and Bale Recap Listings</li> </ul>	7-CN, paragraph 190	
D. Have the following documents been provided to the producer? <ul style="list-style-type: none"> <li>• copy of signed and approved CCC Cotton A</li> <li>• copy of signed CCC Cotton A Continuation, if applicable</li> <li>• copy of CCC Cotton A-1</li> <li>• copy of transaction summary report generated by APSS</li> <li>• copy of Producer's Disbursement Transaction Statement</li> <li>• CCC-601</li> <li>• copy of Bale Recap List</li> <li>• copies of other documents signed by producer pertaining to this loan</li> </ul>	7-CN, paragraph 190	
<b>12. Remarks</b>		
<i>Certifications:</i>		
<b>I (we) the undersigned certify the above items have been verified or updated accordingly.</b>		
13A. Signature of Preparer(s)		13B. Date (MM-DD-YYYY)
<b>14A. I concur/do not concur the above items have been verified or updated accordingly.</b> <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur		
14B. CED Signature for Spotcheck		14C. Date (MM-DD-YYYY)
<b>15A. I concur/do not concur the above items have been verified or updated accordingly.</b> <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur		
15B. DD Signature for Spotcheck		15C. Date (MM-DD-YYYY)
<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. 20250-4110, or call (800) 725-3272 (voice) or (202) 720-6962 (TDD). USDA is an equal opportunity provider and employer.</small>		

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\*--54 CCC-770 UPLDP's and CCC-770 CottonMAL's (Continued)

**D Instructions for CCC-770 UPLDP**

Complete CCC-770 UPLDP according to this table.

Item	Instructions
1	Enter the name of the producer.
2	Enter the last 4 digits of the producer's ID number.
3	Enter the State Office name.
4	Enter the County Office name.
5	Enter the farm number.
6	No entry required because it is pre-filled.
7	Enter the crop year.
8	Enter the LDP number.
9 - 27	Enter the following: <ul style="list-style-type: none"> <li>• checkmark under "YES", "NO", or "N/A", as applicable for each entry</li> <li>• initials</li> <li>• date items checked.</li> </ul>
28	Enter any remarks that may explain special circumstances or explanation for items checked as "NO".
29A and B	Any employee that initials 1 or more items from items 9 through 27 shall certify by signing as preparer and entering date of signature.
30A, B, and C	CED or designated representative shall certify by: <ul style="list-style-type: none"> <li>• in item 30A, indicating concurrence or not if CCC-770 UPLDP items have been verified and completed</li> <li>• in item 30B, signing as Second Party Reviewer</li> <li>• in item 30C, entering date of signature.</li> </ul>
31A, B, and C	If CCC-770 UPLDP is selected for spot check, DD shall certify by: <ul style="list-style-type: none"> <li>• in item 31A, indicating concurrence or not if CCC-770 UPLDP items have been verified and completed</li> <li>• in item 31B, signing as spot-checker</li> <li>• in item 31C, entering date of signature. This item remains blank if CCC-770 UPLDP is not selected for spot check.</li> </ul>

--\*

\*--54 CCC-770 UPLDP's and CCC-770 CottonMAL's (Continued)

**E Example of CCC-770 UPLDP**

Following is an example of CCC-770 UPLDP.

<b>This form is available electronically.</b>		1. Producer's Name		2. Producer ID <i>(Last 4 Digits)</i>			
<b>UPLAND COTTON LOAN DEFICIENCY PAYMENT (LDP) CHECKLIST</b>		3. State Office Name		4. County Office Name			
		5. Farm Number		6. Program <b>Upland Cotton LDP</b>			
		7. Crop Year		8. LDP Number			
<b>Note:</b> Complete this checklist for each LDP application. Provisions of 7-CN are applicable.							
	<b>Handbook or Other Applicable References</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>Initials</b>	<b>Date</b>	
9. If signed in a representative capacity, was the contract signed using an indicator such as by or for?	1-CM, Part 25						
10. Is there a properly completed CCC-633EZ page 1 and 3 on file? <i>(Explain "NO" answer):</i>	7-CN, subparagraphs 261.5 and paragraph 274						
11. Is the quantity requested for LDP within the COC-established reasonable yield for the commodity? <i>(Use Price Support queries)</i>	7-CN, Subparagraph 119B						
12. Is LDP rate correct for the date beneficial interest was lost, if on the date of the request the producer no longer has beneficial interest?	7-CN, subparagraph 262A						
13. If signed in a representative capacity, is proper signature authority on file?	1-CM, Part 25						
14. Did the COC or designated authority approve the contract/application?	7-CN, subparagraph 261.5						
15. Has acceptable production evidence been submitted, namely either a bale list (date-stamped on arrival) or acceptable warehouse receipts?	7-CN, paragraph 266						
16. To best of knowledge, has applicant been convicted of a controlled substance violation making the applicant ineligible under provisions of 1-CM?	1-CM						
17. Did the producer certify that they were not delinquent on a Federal non-tax debt on form CCC-633EZ?	7-CN, subparagraph 261.5 and paragraph 274						
18. If request is for LDP based on date BI was lost, was the CCC-633EZ page 1 filed prior to loss of beneficial interest? <i>Reject application if answer is "NO".</i>	7-CN, subparagraph 261.5 and paragraph 274						
19. If request is for a module-lock-in LDP, is the request date after the beginning-of-harvest-date for the County?	7-CN, subparagraph 261.5 and paragraph 274						
20. 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, subparagraph 275B						
21. Was classification information downloaded before LDP was issued? <i>(Explain "NO" answer):</i>	7-CN, subparagraph 267B						
22. Was acreage reported according to 2-CP using FSA-578?	7-CN, subparagraph 100A 2-CP, paragraph 15						
23. Was a 2 <sup>nd</sup> party review of application completed and the request initiated?							
24. Was eligibility checklist CCC-770 Eligibility completed?	7-CN, subparagraph 53A						
25. Has form CCC-674 or SF-LLL been obtained, if applicable? <i>(LDP greater than \$100,000)</i>	7-CN, subparagraph 37B						
26. Is assignment, if applicable, on file and recorded in Financial Services as "LDP" and LDP Web"?	15-PS						
27. For eLDP <b>ONLY</b> :							
A. Has eLDP customer profile been established?	7-CN, subparagraph 285B						
B. Has eLDP application been submitted and printed?	7-CN, subparagraph 285.2 15-PS, Part 3						
C. Has eLDP payment been "certified" and "signed" in National Payment Services (NPS)?	15-PS, paragraphs 502 and 503						

--\*

\*--54 CCC-770 UPLDP's and CCC-770 CottonMAL's (Continued)

E Example of CCC-770 UPLDP (Continued)

<b>CCC-770 UPLDP</b> (12-15-06) Page 2	
28. Remarks:	
<b>Certifications:</b> <i>I (we) the undersigned certify the above items have been verified or updated accordingly.</i>	
29A. Signature of Preparer(s)	29B. Date (MM-DD-YYYY)
30A. I concur/do not concur the above items have been verified or updated accordingly.	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur
30B. CED Signature for Spotcheck	30C. Date (MM-DD-YYYY)
31A. I concur/do not concur the above items have been verified or updated accordingly.	<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur
31B. DD Signature for Spotcheck	31C. Date (MM-DD-YYYY)
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.	

--\*

**\*--54 CCC-770 UPLDP's and CCC-770 CottonMAL's (Continued)**

**F Instructions for CCC-770 Eligibility**

An example CCC-770 Eligibility and instructions for its completion are provided in 3-PL, paragraph 3.

**G Spot Check Policy**

CCC-770 UPLDP and CCC-770 CottonMAL shall be randomly selected for spot check.

CCC-770 UPLDP's and CCC-770 CottonMAL's shall be spot-checked to verify that they were properly completed, filed, and to ensure that accurate MAL and LDP approvals and denials were completed.

**H CED Spot Checks**

CED's:

- are required to perform spot checks of CCC-770 UPLDP's and CCC-770 CottonMAL's
- shall spot-check CCC-770 UPLDP's and CCC-770 CottonMAL's at a minimum every FY quarter, according to this table

Number of Checklists	Number of Checklists to Spot-Check
10 or less	5
11 through 1,000	10
more than 1,000	20

- shall spot-check CCC-770 UPLDP's and CCC-770 CottonMAL's for every STC, COC, and/or employee
- shall sign CCC-770 UPLDP and CCC-770 CottonMAL and check the "Concur" or "Do Not Concur" box for the randomly selected CCC-770 UPLDP's and CCC-770 CottonMAL's
- shall report to COC and the STC representative any CCC-770 UPLDP's and CCC-770 CottonMAL's that is checked "Do Not Concur".--\*

**\*--54 CCC-770 UPLDP's and CCC-770 CottonMAL's (Continued)**

**I State Office Spot Check Selection**

The State Office shall select the following number of CCC-770 UPLDP's and CCC-770 CottonMAL's for spot-check by STC or their representative, at a minimum, every FY.

Number of Checklists	Number of Checklists to Spot-Check by State Office
10 or less	3
11 through 1,000	5
more than 1,000	10

**J STC or Designee Spot Checks**

STC or their designee shall:

- spot-check the checklists selected by the State Office in subparagraph I
- spot-check, at a minimum, 50 percent of CED's spot checks in subparagraph H
- sign CCC-770 UPLDP and CCC-770 CottonMAL and check the "Concur" or "Do Not Concur" box for the selected determination or certification changes
- submit the results of the spot checks to SED.--\*

**\*--54 CCC-770 UPLDP's and CCC-770 CottonMAL's (Continued)****K National Report**

At the end of FY, State Offices shall compile a report of spot-check results from each quarter for submission to the National Office. Each report must be categorized by the following:

- quarter
- county
- number of MAL's and LDP's received in the County Office
- number of CCC-770 UPLDP's and CCC-770 CottonMAL's:
  - selected for spot check
  - concurred by CED or designee
  - concurred by STC or designee
  - not concurred by CED or designee
  - not concurred by STC or designee.

Reports of results are due to PSD no later than October 31 of each year. Reports may be submitted by either of the following:

- e-mail to **gene.rosera@wdc.usda.gov**
- FAX to 202-690-1536.--\*

**55, 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 shall follow this paragraph.

**B Additional Information Required**

State Offices shall request services of OIG 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 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 shall take action according to OGC instructions.

**E Reporting to KCCO**

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

\*--KCCO BCD IMB--\*  
 STOP 8748  
 PO BOX 419205  
 KANSAS CITY MO 64141-6205.

**Note:** State Offices shall send a copy of the report to PSD.

**F Reporting to PSD**

State Offices shall report in writing to PSD cases of alleged or suspected program violations by CMA's and LSA's.

**58 Supervision****A DD Review**

\*--SED's shall annually require DD's to verify that cotton and producers are eligible and that loans or LDP's are properly being made, serviced, and redeemed in each county.

For each of the following activities, the minimum number of loans or LDP's to be annually reviewed is 2.5 percent, but no more than 10 reviews per county with DD's having discretion to expand the number of reviews if problems are observed:

- upland cotton loans
- ELS cotton loans
- seed cotton loans
- upland cotton LDP's.

**Note:** DD's shall ensure that the selection of loans include loans that have been extended, redeemed, and forfeited. LDP's shall include a representative quantity of LDP's for which an AWP lock-in was requested.--\*

**B Overseeing County Offices**

State Offices shall 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, class cards, or other documentation.

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

**A If All Gins in the County Are Cooperating**

If all ginnerers 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 newsletter that all gins are cooperating.

**B If 1 or More Ginnerers in the County Are Noncooperating**

If 1 or more ginnerers in the county are noncooperating, the County Office shall send to each cotton producer, LSA, and cotton CMA a copy of the list of noncooperating ginnerers in paragraph 76.

**78 (Withdrawn--Amend. 32)**



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.

This form is available electronically.

<p><b>CCC-879</b> U.S. DEPARTMENT OF AGRICULTURE (09-16-03) Commodity Credit Corporation</p> <p style="text-align: center;"><b>APPLICATION FOR APPROVAL OF COTTON GIN UNDER SEED COTTON LOAN PROGRAM</b></p>	<p>1. NAME AND ADDRESS OF COUNTY FSA OFFICE</p> <p>BARTON COUNTY FSA 1234 Ginner Avenue Upland, Texas 46782</p> <p>TELEPHONE NO. (Include Area Code):</p> <p>2. CROP YEAR: 2004</p>	
<p><b>NOTE:</b> The authority for collecting the following information is Pub. L. 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 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 3729, may be applicable to the information provided. <b>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</b></p>		
<p><b>PART A - APPLICATION</b></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>46880</u>.</p> <p style="font-size: small; text-align: center;">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><b>PART B - DESCRIPTION OF SEED COTTON STORAGE FACILITIES AND INSURANCE</b></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:</p> <p>Ginner <input checked="" type="checkbox"/> Producer <input type="checkbox"/></p>	<p>13. If carried by Ginner, does it cover full loan value of cotton?</p> <p>YES <input checked="" type="checkbox"/> NO <input type="checkbox"/></p>	<p>14. Is the insurance payable to the Producer?</p> <p>YES <input checked="" type="checkbox"/> NO <input type="checkbox"/></p>
<p><b>PART C - CERTIFICATION</b></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 (Signed)</p>	<p>16. TITLE Manager</p>	<p>17. DATE (MM-DD-YYYY) 07-04-2004</p>
<p style="font-size: x-small;">The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, 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, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.</p>		



## 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:

- produced 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
- reported acreage according to 2-CP using FSA-578
- completed AD-1026 according to 6-CP
- completed CCC-526 according to 1-PL.

Effective with the 2002 crop, cotton is eligible for a marketing assistance loan whether or not it was produced on acreage covered by a PFC or DCP contract.

The following applicant information is needed for each individual or entity requesting LDP or loan gains.

- "Person determination". The person determination is made according to 1-PL, including the combined entity status. Determine combinations by printing the combined entity report according to 1-PL.
- "Actively engaged in farming" status and "percent of cropland factor". This factor and status are determined for each farming operation according to 1-PL.
- "Permitted entity share". Determine according to 1-PL.

Cotton program benefits, specifically a loan or LDP, may be requested before the filing of required eligibility forms. However, the LDP, loan disbursement, or loan repayment shall:

- **not** be processed until all required forms are filed
- be processed based on the rates effective on the date of request.--\*

## 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.--\*

- risk of loss

**Note:** A producer is considered to have the risk of loss in the cotton if the producer is responsible for any loss of or damage to the cotton. If the cotton is insured, any indemnity to be paid must be paid to the producer or the producer's account.

- 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.

**100 Determining Producer Eligibility (Continued)**

**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 shall 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, shall not cause BI to be transferred unless the payment is conditioned on the eventual sale of the cotton.

**K Combination Lease Agreement**

COC shall 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 102.

**\*--L Eligible Foreign Person**

See 1-PL, Part 3 to determine eligibility requirements.--\*

**\*--100.5 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 shall take when a producer is a delinquent Federal nontax debtor.

<b>IF...</b>	<b>THEN...</b>
the 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.
the 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 <b>not</b> 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.

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 shall:

- 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.--\*

**\*--100.5 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 7 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.--\*

## 101 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.

**Note:** See paragraph 32 for GPR provisions.

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 FCIC

Starting with the 2002 crops, as a condition of eligibility for price support benefits, producers are **no longer required** to either carry catastrophic crop insurance or waive eligibility for certain USDA payments.

### C Controlled Substances

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

**119 Eligible Quantity****A Quantity Eligible for Loan or LDP**

[7 CFR 1427.165(b)] 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 shall:

- 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.

**C Questionable or Commingled Production**

If the quantity submitted by a producer for loan or LDP exceeds the yield that COC has previously determined could reasonably be produced on the eligible acreage, CED or staff shall **not** approve the loan or LDP for any quantity exceeding COC's previously established yield.

If the producer is **not** satisfied with the maximum quantity that COC staff has approved for benefits, then provide the producer the right to appeal to COC. If appeal is requested, COC may approve loan and LDP quantities exceeding the yield previously established by COC if:

- the producer provides acceptable evidence of actual production for the crop year and other documentation to corroborate the evidence of actual yield, such as receipts from production inputs
- COC determines the quantity reasonable for the crop year based on the producer's farming practices, production evidence, and supporting documentation.

FSA's procedures for agency informal appeals, alternative dispute resolutions, and appeals to NAD are found in 1-APP.

**119 Eligible Quantity (Continued)****D COC May Not Delegate Yield Determination**

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

**\*--E Double-Cropping Acreage**

Double-cropping acreage is eligible for MAL's and LDP's if COC determines:

- it is normal practice for the producer to harvest a subsequent crop after the initial crop is mechanically harvested or harvested for silage or hay
- the planted crops are of a type or variety that could produce grain that would meet the U.S. standards for grain.

The crops must be reported on the annual acreage report. For crops that are harvested as silage or hay, COC shall base the reasonable yield on farming practices and other pertinent information that may impact the yield determination.--\*

**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.

Outside storage of cotton loan collateral may be authorized by CCC 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.--\*

**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.

**121 Storage Requirements (Continued)**

**C Approved Warehouses**

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

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

\*--KCCO BCD IMB--\*  
STOP 8748  
PO BOX 419205  
KANSAS CITY MO 64141-6205

\*--Tel: 816-926-6420  
FAX: 816-926-1804.--\*

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

- receiving charge
- monthly storage charge.

State Offices shall send County Offices copies of the lists.

**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 specified grade, leaf, strength, staple length, and micronaire reading 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 26.5 - 28.4 grams per tex
- length uniformity of 81 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 usually not classed before being pledged for loan, an average quality is ordinarily used in determining loan rate.

However, if the seed cotton is classed by the AMS classing office the cotton quality shall be the quality shown on the applicable documentation.

**\*--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 or loans provided for immediate commodity certificate exchange because, in either case, there is no opportunity for dispute over who has the superior security interest in the loan collateral.--\*

**\*--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"> <li>• loan or LDP violation in current or preceding year</li> <li>• existing lien on crop</li> <li>• at time of request, either bankruptcy or OIG investigation?</li> </ul>			
Answer	Loan Type	Conduct Lien Search	File UCC-1 or Equivalent if No Fee
<b>Loan Value Less Than \$25,000</b>			
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
<b>Loan or Aggregate Loan Value <u>1/</u> of \$25,000 and More</b>			
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.

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"> <li>• conduct a lien search</li> <li>• file UCC-1.</li> </ul>
zero	imposed	<ul style="list-style-type: none"> <li>• conduct a lien search only</li> <li>• do <b>not</b> file UCC-1.</li> </ul>
imposed	zero	<ul style="list-style-type: none"> <li>• file UCC-1</li> <li>• conduct a lien search if the loan or aggregate loan amount is \$25,000 or more.</li> </ul>
imposed	imposed	<ul style="list-style-type: none"> <li>• conduct a lien search if the loan or aggregate loan amount is \$25,000 or more</li> <li>• do <b>not</b> file UCC-1.</li> </ul>

**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 shall 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 State notifies the County Office in writing of the existence of an unrecorded statutory lien 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**

When required under basic policy, CCC-679's shall be obtained by the producer, 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 Federal and State tax liens.--\*

**\*--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.

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 shall be performed for **all** loan requests according to subparagraph B.

**D Completing CCC-679 for Producers**

County Offices shall complete:

- CCC-679 according to this table
- item 8, block (3), if applicable, according to subparagraph E.

Item	Instructions
1	Enter the producer's name and address.
2	Enter the crop year.
3	Enter the commodity.
4	Enter the farm number or numbers, as applicable. If liens are waived on all farms, ENTER "All".
5	Enter State and county codes for the loanmaking county.
6	If the waiver releases: <ul style="list-style-type: none"> <li>• <b>all</b> of the commodity covered by CCC-679, ENTER "All" and the commodity</li> <li>• just a <b>quantity</b> of the commodity being pledged for loan, enter the applicable quantity, commodity, and farm number.</li> </ul>
7	Enter the State and county where the commodity was produced.
8	See subparagraph E.
9	If administrative offsets are deducted from the loan proceeds, enter the estimated net disbursement amount.
10	Enter the lienholder's or authorized agent's name and address.
11	The lienholder or authorized agent identified in item 10 must sign and date.

--\*

\*--124 Liens: Search, Waivers, and UCC-1 Requirements (Continued)

**E Completing CCC-679, Item 8, Block (3)**

Complete CCC-679, item 8, block (3) according to this table.

IF...	AND...	THEN...
an administrative offset does <b>not</b> apply		enter "none" on CCC-679, item 8, block (3), value line.
an administrative offset does apply	the lienholder is any of the following: <ul style="list-style-type: none"> <li>• United States of America, Acting through USDA or FSA</li> <li>• USDA</li> <li>• USDA, formerly FmHA</li> <li>• FSA</li> <li>• FSA, formerly FmHA</li> </ul>	enter the offset amount as of the date CCC-679 is prepared on CCC-679, item 8, block (3), value line. <ul style="list-style-type: none"> <li>• enter the offset amount as of the date CCC-679 is prepared on CCC-679, item 8, block (3), value line</li> <li>• calculate the estimated net disbursement amount as follows:                             <ul style="list-style-type: none"> <li>• multiply applicable county loan rate for the commodity times the quantity for loan</li> <li>• deduct assessments, fees, and administrative offsets, as applicable</li> </ul> </li> <li>• enter "estimated <b>net</b> disbursement amount is \$ ___" <b>before</b> CCC-679 is given to an FSA FLP representative.</li> </ul>
a statement of charges, according to paragraph 165, accompanies the warehouse receipt		do either of the following: <ul style="list-style-type: none"> <li>• add the total dollar amount of the charges to any other offset amounts</li> <li>• modify the statement to add language that states whose charges are being offset without specifying the type or amount of the charges.</li> </ul>

--\*

\*--124 Liens: Search, Waivers, and UCC-1 Requirements (Continued)

E Completing CCC-679, Item 8, Block (3) (Continued)

The following is an example of CCC-679.

This form is available electronically.		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		Form Approved - OMB No. 0560-0087
<b>CCC-679</b> (06-20-03)				
<b>LIEN WAIVER</b>				
1. NAME AND ADDRESS OF PRODUCER (include Zip Code): Bon Jefferson Route 3, Box 456 Hometown, TX 34967	2. CROP YR. 2003	3. COMMODITY Upland Cotton	4. FARM NO. 45879	5. ST. & CO. CODE 40 222
6. QUANTITY COVERED All		7. STATE AND COUNTY WHERE PRODUCED Minerva Co, TX		
<p><b>N O T E</b> The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Federal Agriculture Improvement and Reform Act of 1996 and the Commodity Credit Corporation Charter Act, as amended and regulations at 7 CFR Parts 1421, 1427, and 1435. The information will be used to determine to whom program benefits will be paid. Furnishing the requested information is voluntary; however, failure to furnish the correct and complete information will result in a determination of ineligibility for program benefits. 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 206, 207, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3723, may be applicable to the information provided.</p> <p>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 0560-0087. The time required to complete this information collection is estimated to average 6 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.</p>				
<p>8. 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 this loan shall be disbursed (lienholder must check one of the following):</p> <p>(1) <input checked="" type="checkbox"/> To the producer.</p> <p>(2) <input type="checkbox"/> Jointly to the producer and the undersigned lienholder.</p> <p>(3) <input type="checkbox"/> Jointly to the producer and the undersigned lienholder, less \$ <u>                    </u> administrative offset(s) as of <u>                    </u> (DATE) and charges due <u>                    </u> (DATE)</p>				
9. If administrative offsets are deducted from the loan proceeds enter estimated net disbursement amount: \$ <u>                    </u>				
10. NAME AND ADDRESS OF LIENHOLDER OR AUTHORIZED AGENT  SBA 45 Bankers Row Minerva, TX				
11A. SIGNATURE  /s/ Bill Taft			11B. DATE (MM-DD-YYYY)  08-24-2003	
<p>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, 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, White House Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.</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 shall, **before** disbursing the loan, ensure that the lienholder has:

- signed item 11A and dated item 11B
- checked appropriate block (1), (2), or (3) of item 8.

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.

<b>IF...</b>	<b>THEN, if the lienholder has checked block...</b>
<p>an administrative offset is:</p> <ul style="list-style-type: none"> <li>• required for FSA, CCC, or other creditor agencies</li> <li>• for a statement of charges submitted with a warehouse receipt, according to paragraph 165</li> </ul>	<ul style="list-style-type: none"> <li>• (2), do <b>not</b> disburse the loan</li> <li>• (1) or (3) in agreement with the offset, disburse the loan.</li> </ul> <p><b>Note:</b> 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 shall:

- 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 shall be placed on the cotton after the loan is approved.

**I Estimating Net Disbursement Amount**

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

<b>Step</b>	<b>Action</b>
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 deduction by adding the result of multiplying the following: <ul style="list-style-type: none"> <li>• result of step 3 times .005</li> <li>• number of bales times \$1.</li> </ul>
5	Determine the loan service fee by adding \$2.50 to the result of multiplying the number of bales times \$0.30.
6	The estimated net disbursement amount is the result of step 3 minus the following: <ul style="list-style-type: none"> <li>• the result of steps 4 and 5</li> <li>• amount of offset entered on CCC-679 and, if applicable, the amount of charges according to paragraph 165.</li> </ul> <p><b>Note:</b> Round result to whole dollars.</p>

--\*

**\*--124 Liens: Search, Waivers, and UCC-1 Requirements (Continued)**

**J UCC-1 or UCC-1F**

County Offices shall file UCC-1 or UCC-1F, as applicable, if there is no filing fee:

- for all seed cotton loans and outside-stored ELS loans (for which CCC does not, in either case, hold warehouse receipts as loan collateral) regardless of the loan account
- immediately after the lien search so that there can be no intervening security interest.

**Note:** See subparagraph A for basic policy.

**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 shall be executed according to State law.
- The borrower must pay any expense connected with releasing security instruments, if applicable under State law.--\*

**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
- 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. 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 shall require the issuing warehouse to issue a new receipt with the correct weight
- after loan is made, the County Office shall not increase or decrease the amount of the loan.

**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 APSS 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 shall 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
<b>Remarks Codes</b>			
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
<b>Special Condition Codes</b>			
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 (Withdrawn--Amend. 22)

127 AGI

**A Administering AGI Provisions**

If an individual or an entity has an average AGI that exceeds \$2.5 million, and less than 75 percent of the average AGI is derived from farming, ranching, or forestry operations, producers:

- can:
  - obtain a nonrecourse MAL and repay principal and interest
  - exchange outstanding loan quantity with commodity certificates
  - forfeit the collateral to CCC
  
- cannot
  - obtain LDP
  - repay the outstanding loan at the alternative repayment rate.

128-159 (Reserved)



**\*--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 shall be the next workday.

\* \* \*

**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 shall be the next workday.

**C CCC Action on Nonpayment at Maturity**

At CCC's choice, title to the cotton shall, 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 shall 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.

<b>Month Disbursed</b>	<b>Maturity Month (Last Day)</b>
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 (Withdrawn--Amend. 32)

**164 Warehouse Receipt Requirements****A Definition of Acceptable Warehouse Receipt**

[7 CFR 1427.11] An acceptable warehouse receipt is a negotiable receipt, meeting eligibility requirements, issued by a CCC-approved warehouse that is either of the following:

- a machine card-type warehouse receipt that is prenumbered and prepunched
- EWR recorded in a central filing system approved by CCC.

**B Allowance for Delivery of Cotton**

The warehouse receipt must provide for delivery of the cotton to the bearer or be properly assigned by endorsement in blank to vest title in the holder of the receipt.

**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**

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.

The warehouse code must be preprinted on nonelectronic receipts.

164 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.

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

Nonelectronic receipts showing any alterations in the weight shall not be accepted unless they bear on the face the following stamped legend, or similar wording, approved by CCC.

Corrected (gross, tare, or net) Weight _____
Warehouse Name _____
By _____

**Note:** The legend must be signed or initialed by an authorized warehouse representative.

**164 Warehouse Receipt Requirements (Continued)****L Signature Requirements on Receipt**

Warehouse receipts must be signed by the warehouse operator or authorized representative.

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.

**M 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.

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

For LDP's, the warehouse receipt does not have to be issued by a CCC-approved warehouse.

**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.

## 165 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 shall:

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

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.

Changes 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 8, block (1) or (3) on CCC-679. If item 8, block (2) is checked, advise the producer that the loan will not be approved or disbursed.

### B Handling as an Offset

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

County Offices shall 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 3, 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 shall be handled as an offset for an alternate payee.

\*--See subparagraph 124 D for an example.--\*

**170 Preprocessed Bale Data****A Purpose**

Beginning with the 2005 crop year, all loans will be based on data stored in COPS. The use of manual data entry directly into APSS will **only** be allowed by using a system password issued by the State Office. This will:

- require all loan data to be downloaded using the cotton PC software
- 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 Diskette or E-Mail**

Preprocessed bale data can be accepted by diskette or e-mail. \* \* \* County Offices shall print and retain in the loan folder these listings and process the loan using the table in paragraph 331.

Follow paragraph 330 to process cotton bale data received electronically. Any diskette received does not need to be retained; the signed, paper copy is sufficient record.

**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.

**170 Preprocessed Bale Data (Continued)**

**C Determining Date Documents Received (Continued)**

\* \* \*

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.

**170.5 Processing Loans Through Cotton Warehouse Receipt Process**

**A Processing References**

Beginning July 2, 2005, all loans will be based on classing and EWR data stored in COPS. The use of manual data entry and the practice of copying bale data files directly into APSS will **not** be allowed. This will:

- require loan data to be downloaded using the cotton PC software
- support the validation of duplicate benefits and data errors before the loan is disbursed.

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.

On Screen PLA000, option 4, “Warehouse Stored Regular”, can only be accessed using a password issued by the State Office.

County Offices shall process bale data for loans through the cotton warehouse receipt process according to the following table.

<b>IF data is for...</b>	<b>THEN follow instructions in paragraph...</b>
loans based on EWR's provided by:	
• preprocessed diskette	330
• e-mail	331
• paper listing	332.
gin-direct cotton loan	332.

**171 (Withdrawn--Amend. 32)**

**172 Loan Rates for Ginned Cotton**

**A Upland Cotton**

**Base Loan Rate**

[7 CFR 1427.1(b)] [7 CFR 1427.8(a)] Use base loan rates for SLM 1-1/16 inches upland cotton at each approved warehouse location as shown in Exhibit 15.

**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.



## Section 2 Loanmaking, Ginned Cotton

## 181 Before Processing the Loan

## A Eligibility

[7 CFR 1427.5] The eligibility requirement for the producer and cotton shall be determined according to Part 2 before processing loans.

## B Required Forms and Documentation

When a producer requests a regular cotton loan, the producer shall 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 164
- Note:** Cotton warehouse receipts must be held by CCC (EWR's must be "downloaded") for all loans whether repaid by cash or exchanged for a commodity certificate.
- acceptable classification data according to paragraph 167
  - AD-1026 according to 6-CP
  - Beneficial Interest Certification, when requested by COC, according to subparagraph 103 C
  - CCC-10, except for loans requested for immediate exchange for commodity certificates
  - CCC-526, or certification of average adjusted gross income according to 1-PL
  - \*--CCC-679, when applicable, according to subparagraph 124 D--\*
  - FSA-211, when applicable, according to paragraph 45
  - FSA-578 according to 2-CP
  - CCC-502, which is not required for a loan advance, but is required to process a loan repayment at a reduced rate.

**Important:** Enter the date that all of the applicable forms were provided for the loan by the producer to the County Office on Screen PLC10005 in the "Date Documents/Warehouse Receipts Received" field, according to subparagraph 182 B, item 8.

**181 Before Processing the Loan (Continued)****C Form Required for Loan Requested for Immediate Commodity Certificate Exchange**

When a producer requests a cotton loan for immediate exchange for a commodity certificate, the producers shall provide:

- the forms required by subparagraph B, except CCC-679
- signed and dated CCC-694-2, that includes entering the entity, and holder ID if applicable, to whom the cotton loan collateral is to be released, in item 9.

**Note:** CCC must be made holder of cotton EWR's as a precondition for a loan requested for immediate commodity certificate exchange and remain holder until the loan is processed and disbursed.

**D 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 shall be considered the date and time of receipt by FSA.

**\*--E 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.--\*

**\*--181.5 Completing CCC-10**

**A 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 the debtor's exact full legal name, if the debtor is an entity, and the type and location of the entity
- identifies the jurisdiction in which CCC will conduct lien searches
- authorizes CCC or FSA to file UCC-1's before executing a security agreement
- is not applicable for loans made to a producer who will immediately exchange the commodity certificate for all loan collateral according to 8-LP, Part 9, Section 8
- is applicable to warehouse loans to identify the jurisdiction in which to conduct lien searches, but for which UCC-1 is not filed.--\*

**\*--181.5 Completing CCC-10 (Continued)****B Obtaining Authorization**

County Offices shall obtain CCC-10 and signatures as follows:

- if a current 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
  - 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:
  - general partnerships and joint ventures, all partner's signatures are required
  - corporations, limited partnerships, and limited liability corporations, the person authorized to sign for the entity is required to sign
  - trusts, the trustee or trustees are required to sign
  - estates, the executor is required to sign
- allow spouses to sign CCC-10 for each other only as allowed according to 1-CM
- gather data and signatures concerning 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 "LP 1-2 Financing Statements."

**C CCC-10 Availability**

CCC-10 is available for download by FSA employees from the FSA Intranet at <http://intra3.fsa.usda.gov/dam/ffasforms/forms.html>.--\*

\*--181.5 Completing CCC-10 (Continued)

**D Instructions for Preparing CCC-10**

County Offices shall prepare CCC-10 according to this table.

Item	Instructions
Part A	Ensure that the producer understands the statements in this part.
1	Check the box for: <ul style="list-style-type: none"> <li>• “individual”, if the producer conducts a farming operation as an individual</li> <li>• “organization or entity”, if the producer conducts a farming operation as an organization or entity.</li> </ul>
2	If the box in item 1 is checked for: <ul style="list-style-type: none"> <li>• “individual”, enter the applicable Social Security number or tax identification number</li> <li>• “organization or entity”, enter the applicable tax identification number.</li> </ul>
3	If the box in item 1 is checked for: <ul style="list-style-type: none"> <li>• “individual”, enter the first, middle, and last name and, if applicable, a suffix</li> <li>• “organization or entity”, enter the full legal name of the organization or entity.</li> </ul> <p><b>Note:</b> This is the name that will be used on UCC forms.</p>
4	If the box in item 1 is checked for “individual”, enter the first, middle, and last name and, if applicable, a suffix for a spouse. <p><b>Note:</b> This is the name that will be used on UCC forms for additional debtors.</p>

--\*

## \*--181.5 Completing CCC-10 (Continued)

## D Instructions for Preparing CCC-10 (Continued)

Item	Instructions
5	If the box in item 1 is checked for “individual”, enter the name of the State and county of the producer’s primary residence. Unless otherwise advised by OGC, this is where to file UCC-1’s and to perform lien searches.
6	If the 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. Members of an informal joint operation or venture are treated as individuals.
7	If the 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.
8	If the organization or entity is <b>not</b> 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.
9	Ensure that the producer understands the statement in item 9.
9A-D	<p>If the box in item 1 is checked for:</p> <ul style="list-style-type: none"> <li>• “individual”, the producer enters signature as first, middle, and last name and, if applicable, a suffix</li> <li>• “organization or entity”, the producer enters the following: <ul style="list-style-type: none"> <li>• legal name of the organization or entity</li> <li>• the word “by”</li> <li>• producer’s signature</li> <li>• producer’s title.</li> </ul> </li> </ul> <p><b>Example:</b> Hobbitt Farms Inc. by John H. Smith, president.</p>

--\*

\*--181.5 Completing CCC-10 (Continued)

E Example of CCC-10

The following is an example of a completed CCC-10.

REPRODUCE LOCALLY. Include form number and date on all reproductions.		Form Approved - OMB No. 0560-0215
<b>CCC-10</b> (11-20-01)	<b>U.S. DEPARTMENT OF AGRICULTURE</b> 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		
<b>NOTE:</b> The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a). The authority for requesting the following information is Commodity Credit Corporation Charter Act, 15 U.S.C. (714 et seq.), the Federal Agriculture Improvement and Reform Act of 1996, and Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.). The information will be used to provide loan benefits. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in denial of loan benefits. 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 15 U.S.C. 714m, 18 U.S.C. 286, 287, 371, 641, 651, 1001, and 31 U.S.C. 3729, may be applicable to the information provided.		
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. <b>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</b>		
PART A - INTRODUCTION		
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. 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.		
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  111-XX-79X1	
3. UNDERSIGNED'S FULL LEGAL NAME  John Rosco Smith, Jr.	4. SPOUSE'S FULL LEGAL NAME  Anita LuAnne Baxter Smith	
5. STATE AND COUNTY OF PRIMARY RESIDENCE IF UNDERSIGNED IS AN INDIVIDUAL  New Jersey, Adams Co.	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. 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.		
9A. SIGNATURE OF UNDERSIGNED /s/ John Rosco Smith, Jr.	DATE 11-21-01	
9B. SIGNATURE OF UNDERSIGNED /s/ Anita LuAnne Baxter Smith	DATE 11-21-01	
9C. SIGNATURE OF UNDERSIGNED	DATE	
9D. SIGNATURE OF UNDERSIGNED	DATE	
The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, 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, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.		

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182 Using CCC Cotton A-5, Statement of Eligibility and Information Worksheet

**A General Information**

CCC Cotton A-5 shall be completed to serve as a source document for preparing cotton loans.

**B Completing CCC Cotton A-5**

Complete CCC Cotton A-5 according to this table.

Item	Instructions
Part A	
1-7	*--Enter the information provided by the producer. Only the last 4 digits of a producer's tax ID on Social Security numbers shall be entered.--*
8	Enter the <b>later</b> of the following dates: <ul style="list-style-type: none"> <li>• the date of receipt of a signed CCC Cotton A-5 and all other required documents listed in subparagraph 181 B</li> <li>• the date CCC was made holder of EWR's as specified on the EWR Validation Review Report</li> </ul> <p style="text-align: center;"><b>Note:</b> The date CCC was made holder of EWR is not necessarily the same date as the date that a County Office downloaded EWR's.</p> <ul style="list-style-type: none"> <li>• the date paper warehouse receipts were delivered to the County Office.</li> </ul>
9	*--Enter the date the application is received by CCC.--*
10	Leave blank or use for file sequence number of the loan.
11-14	Check the appropriate block based on information provided by the producer and County Office records.
15	Enter name and address of lienholder, if applicable.
16-19	Check the appropriate block based on information provided by the producer and County Office records.
20	Enter applicable date.
21	Producer shall check appropriate block.
22	Enter any clarifying remarks.
Part B	*--The producer shall sign and date. CCC signs and stamps or enters date received.--*
Part C	Enter disbursement data applicable to all setoffs and any payees other than the producer sharing in the loan's proceeds.

182 Using CCC Cotton A-5, Statement of Eligibility and Information Worksheet (Continued)

B Completing CCC Cotton A-5 (Continued)

\*--

<b>This form is available electronically.</b>																																																																															
<b>CCC Cotton A-5 U.S. DEPARTMENT OF AGRICULTURE</b> (01-19-07) Commodity Credit Corporation  <b>STATEMENT OF ELIGIBILITY AND INFORMATION WORKSHEET</b>				A. COUNTY OFFICE NAME AND ADDRESS South County FSA Route 66, Box 9 Midtown, GA 56798				B. CROP YEAR 2003																																																																							
<p><b>NOTE:</b> The authority for collecting the following information is Pub. L. 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 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). The authority for requesting the following information is the Agricultural Act of 1949, as amended, the Federal Agriculture Improvement and Reform Act of 1996, the Commodity Credit Corporation Charter Act, as amended, and regulations (7 CFR Part 7). The information will be used to determine eligibility for cotton loan program benefits. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for cotton loan program benefits. This information may be also provided to other USDA 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; 1014, 15 USC 714m; and 31 USC 3729, may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>																																																																															
<b>PART A - ELIGIBILITY AND RELATED INFORMATION</b>																																																																															
1A. CONTACT PRODUCER'S NAME, ADDRESS AND LAST 4 DIGITS OF IDENTIFICATION NUMBER John Producer 23 Main Street Cottontown, GA 34567				1B. CROP SHARE 50 %		4. FARM NUMBER WHERE COTTON WAS PRODUCED 2345		5. GIN CODE 18476																																																																							
2A. OTHER PRODUCER'S NAME, ADDRESS AND LAST 4 DIGITS OF IDENTIFICATION NUMBER Joe Neighbors 26 Brown Street Cottontown, GA 34567				2B. CROP SHARE 50 %		6. WAREHOUSE CODE OR COTTON LOCATION 647829		7. NO. OF WAREHOUSE RECEIPTS OR BALES 1300																																																																							
3A. OTHER PRODUCER'S NAME, ADDRESS AND LAST 4 DIGITS OF IDENTIFICATION NUMBER				3B. CROP SHARE		8. DATE ALL REQUIRED DOCUMENTS RECEIVED (MM-DD-YYYY) 9/22/2005		9. DATE APPLICATION RECEIVED (MM-DD-YYYY) 9/22/2005		10. FILE NAME																																																																					
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">ITEM</th> <th style="width: 5%;">N/A</th> <th style="width: 5%;">YES</th> <th style="width: 5%;">NO</th> <th style="width: 50%;">ITEM</th> <th style="width: 5%;">N/A</th> <th style="width: 5%;">YES</th> <th style="width: 5%;">NO</th> </tr> </thead> <tbody> <tr> <td>11. Did operator separate landlord's bales?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td></td> <td></td> <td>16. Can the operator sign as agent for the owner?</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td></td> <td></td> </tr> <tr> <td>12. Are the producer and cotton eligible for the loan?</td> <td></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td></td> <td>17. Must note be mailed for owner's signature?</td> <td></td> <td></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> <tr> <td>13. Is the producer on the debt records?</td> <td></td> <td></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>18. Will owner come to county office to sign note?</td> <td></td> <td></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> <tr> <td>14. Is there a lien on the crop?</td> <td></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td></td> <td>19. Are you or any co-applicant delinquent on any federal non tax debt? (If "YES", provide details in the remarks)</td> <td></td> <td></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> <tr> <td colspan="4">15. If answer to Item 14 is "YES", enter Name and Address of Lienholder(s) Cottonbank, 16 Main St. Cottontown, GA 34567</td> <td colspan="4">20. Date that note will be ready for signature and checks printed (MM-DD-YYYY) 9/30/2005</td> </tr> <tr> <td colspan="4">21. Do you agree that any agent you authorize to redeem this loan may use the automated EAD redemption process?</td> <td colspan="4" style="text-align: center;"> <input checked="" type="checkbox"/> YES    <input type="checkbox"/> NO                 </td> </tr> <tr> <td colspan="8">22. Remarks</td> <td colspan="4"></td> </tr> </tbody> </table>												ITEM	N/A	YES	NO	ITEM	N/A	YES	NO	11. Did operator separate landlord's bales?	<input checked="" type="checkbox"/>			16. Can the operator sign as agent for the owner?	<input checked="" type="checkbox"/>			12. Are the producer and cotton eligible for the loan?		<input checked="" type="checkbox"/>		17. Must note be mailed for owner's signature?			<input checked="" type="checkbox"/>	13. Is the producer on the debt records?			<input checked="" type="checkbox"/>	18. Will owner come to county office to sign note?			<input checked="" type="checkbox"/>	14. Is there a lien on the crop?		<input checked="" type="checkbox"/>		19. Are you or any co-applicant delinquent on any federal non tax debt? (If "YES", provide details in the remarks)			<input checked="" type="checkbox"/>	15. If answer to Item 14 is "YES", enter Name and Address of Lienholder(s) Cottonbank, 16 Main St. Cottontown, GA 34567				20. Date that note will be ready for signature and checks printed (MM-DD-YYYY) 9/30/2005				21. Do you agree that any agent you authorize to redeem this loan may use the automated EAD redemption process?				<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO				22. Remarks											
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22. Remarks																																																																															
<b>PART B - CERTIFICATION</b>																																																																															
<p>I certify, regarding the cotton to be pledged as collateral for this loan, that: (1) I have, and will retain, beneficial interest in it until satisfaction of any loan obligation; (2) I will provide CCC warehouse receipts for it; (3) any option-to-purchase granted by me does not provide that the buyer may direct me to pledge the cotton to CCC as collateral for this loan; (4) I had risk in the production of the cotton; (5) I have not been convicted of a controlled substance violation according to 1-CM; and, (6) I agree that if I do not sign the loan note and security agreement within 15 calendar days from the date entered into Item 20 of this application that the application may be voided or the date documents received may be amended.</p>																																																																															
1. SIGNATURE OF CCC REPRESENTATIVE				DATE (MM-DD-YYYY) 9/30/2005		2. SIGNATURE OF CONTACT PRODUCER				DATE (MM-DD-YYYY) 9/30/2005																																																																					
<b>PART C - DISBURSEMENT DATA</b>																																																																															
1. OFFSET(S) (Including debt I.D., if applicable) AND PAYEE(S).						2. DEBT IDENTIFICATION		3. CHECK AMOUNT (\$)																																																																							
<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) 795-3072 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</p>																																																																															
<input type="checkbox"/> ORIGINAL			<input type="checkbox"/> COUNTY OFFICE COPY			<input type="checkbox"/> AUTHORIZED LSA or LOAN CLERK COPY			<input type="checkbox"/> PRODUCER'S COPY																																																																						

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**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 (Withdrawn--Amend. 32)**

184 **Compression Status**

**A Definition of Compression Status**

\*--Compression status refers to the size and density of the bale of cotton. In APSS, 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:

- APSS
- cotton warehouse receipt process.

\*--

<b>Valid APSS Code</b>	<b>Valid Cotton PC Code</b>	<b>Code Explanation</b>
<b>Current Production Compression Codes</b>		
GS	3	Gin Standard Density Bales
GU	5	Gin Universal Density Bales
<b>Discontinued Compression Codes</b>		
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**

Cotton eligibility for loan is not affected by compression status. 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.--\*

**185 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 APSS, see subparagraph 187 B, step 21.

187 Regular Loan Processing in APSS (Continued)

B APSS Procedure (Continued)

Step	Action	Result	
10	PRESS "Cmd7".	Menu PCA005 will be redisplayed.  <b>Note:</b> Follow instructions in *--12-PS, paragraph 1434 for--* updating the Offer Shipping Rate Table.	
11	On Screen PLC10005, use the following table for entering data in the applicable fields.	Screen PLA11000 will be displayed.	
	<b>Field</b>	<b>Entry</b>	
	Gin Code Number	"Help" is available.	
	Tare Weight		
	Compression Status		
	Preparation Code		
	Are Receiving Charges Prepaid?	ENTER "Y" or "N".	
	Date Documents/ Warehouse Receipts Received	Enter the date from CCC Cotton A-5, item 8.	
After all entries are completed, PRESS "Enter".			
12	On Screen PLA11000:  <ul style="list-style-type: none"> <li>• enter applicable farm number</li> <li>• PRESS "Enter".</li> </ul>	<b>IF the loan is...</b>	<b>THEN...</b>
		a joint loan	Screen PLA12000 will be displayed. Go to step 13.
		<b>not</b> a joint loan	Screen PLC21500 will be displayed. Go to step 15.

187 Regular Loan Processing in APSS (Continued)

B APSS Procedure (Continued)

Step	Action	Result	
13	On Screen PLA12000, use the following table for entering data in the applicable fields.	<b>IF...</b>	<b>THEN go to...</b>
	<b>Field</b>	<b>Entry</b>	
	Last Name	Enter last name of producer who will share in the loan that was not entered previously, including producer entered in step 2.	
	ID Number	Enter applicable producer ID, if known.	
	Contact Point for Mailing	ENTER "Y" or "N".  If the producer whose name was entered in step 2 will be the contact producer, ENTER "N" for all producers entered during this step.  <b>Note:</b> Only 1 producer can be designated as the contact producer.	
<ul style="list-style-type: none"> <li>• ENTER "Y" or "N" to the question, "Are there additional producers?"</li> <li>• PRESS "Enter".</li> </ul>		<ul style="list-style-type: none"> <li>• Screen MACR04-01 is displayed</li> <li>• Screen PLC21500 is displayed</li> </ul>	<ul style="list-style-type: none"> <li>• step 14.</li> <li>• step 15.</li> </ul>
14	On Screen MACR04-01:  <ul style="list-style-type: none"> <li>• confirm the producer selected by entering the number of the desired producer</li> <li>• PRESS "Enter".</li> </ul>	<b>IF there are...</b> additional producers	<b>THEN...</b> Screen PLA12000 will be redisplayed. Return to step 13.
			<b>no additional producers</b>

**\*--188 Manual Loan Processing--\*****A When Manual Loans Shall Be Prepared**

If the APSS 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 shall prepare the loan manually, only if requested by the producer or authorized agent to do so.

**\*--Note:** Authorization must be provided by DAFP and DAM before a manual check can be provided for any purpose.--\*

**B When Not to Manually Prepare a Loan**

If the APSS 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.

**C Action Taken to Prepare and Disburse a Manual Loan**

County Offices shall:

- determine the eligibility of the producer and cotton
- use the premiums and discounts listed in the applicable exhibits of this handbook to figure loan rates
- complete CCC-Cotton A, CCC-Cotton A-1, and if applicable, CCC-Cotton A Continuation, according to paragraphs 189, 191, and 190, respectively
- follow procedure in 1-FI to disburse manual CCC-184's
- immediately when APSS is operable, enter the loan data according to paragraph 192.

**Note:** The total disbursement calculated for manual loans (the loan amount less fees) shall **not** be reduced to 75 percent of the computed amount.

189 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 APSS loanmaking procedure used to obtain a producer’s agreement with the note and security agreement. Blank CCC-Cotton A’s can be printed for manual loan preparation.

**Note:** Keep an adequate supply of blank CCC-Cotton A’s on hand for preparing manual loans when the computer is inoperable.

**B Completing CCC-Cotton A**

Complete CCC-Cotton A according to this table.

**Note:** These instructions are for manually-prepared loans, except for items 12 through 14 which are required to be entered on loans prepared and disbursed through APSS.

Item	Instructions
1	ENTER “X” if more space is needed: <ul style="list-style-type: none"> <li>• to enter producer information according to item 9</li> <li>• for producer signatures according to item 12.</li> </ul>
2	Enter name and address of contact producer from County Office records.
3	*--Enter warehouse code or address where stored.  <b>Note:</b> All bales pledged for 1 loan must have the same warehouse code or location.--*
4	Enter State and county codes and farm number where produced.

191 Using CCC-Cotton A-1, Schedule of Pledged Cotton

**A Description**

CCC-Cotton A-1 is a computer-generated form printed during the APSS loanmaking procedure or which can be printed in blank for manual loan preparation.

**Note:** Keep an adequate supply of blank forms on hand for preparing manual loans when the computer is inoperable.

**B Completing CCC-Cotton A-1**

The following table gives instructions for completing CCC-Cotton A-1.

**Note:** These instructions are for manually prepared loans.

Item	Instructions
1	Enter State and county codes.
2	Enter applicable crop year and the applicable commodity code.  <ul style="list-style-type: none"> <li>• “UP” for upland cotton.</li> <li>• “ELS” for ELS cotton.</li> </ul>
3	Enter loan number assigned from 90000 series.
4	Enter date of disbursement.
5	Enter name of contact producer.
6	Enter warehouse code from the warehouse receipt.  <b>Note:</b> All bales pledged for 1 loan must have the same warehouse code.
7	Enter gin code from the warehouse receipt. (ELS leave blank)  <b>Note:</b> All upland cotton pledged for 1 loan must be ginned at the same gin.

191 Using CCC-Cotton A-1, Schedule of Pledged Cotton (Continued)

B Completing CCC-Cotton A-1 (Continued)

Item	Instructions
8	Enter the applicable code listed below:  * * * <ul style="list-style-type: none"> <li>• “GS” - Gin Standard Density Bales</li> <li>• “GU” - Gin Universal Density Bales.</li> </ul> * * *  <b>Note:</b> If compression has been paid, enter an “X” following the applicable compression code.
9	Enter date warehouse receipts are received in the County Office.
10	Enter reconcentration order number provided by KCCO, BCD, IMB, if applicable.
11	Enter tare weight from the warehouse receipt.
* * *	* * *

191 Using CCC-Cotton A-1, Schedule of Pledged Cotton (Continued)

B Completing CCC-Cotton A-1 (Continued)

Column	Instructions
A	Enter warehouse receipt and gin tag numbers in numerical order.
B	Enter storage start date from the applicable warehouse receipt.
C	Leave blank.
D	Enter grade, staple, and mike from applicable classing data.
E	Enter strength and uniformity from applicable classing data.
F	Enter leaf and extraneous matter from applicable classing data.
G	Enter net weight from the applicable warehouse receipt.
H	Enter loan rate adjusted for premiums and discounts according to paragraph 172.
I	Leave blank.
J	Enter loan amount applicable to each warehouse receipt.  <b>Computation:</b> Loan rate (column H) x net wt. (column G) - storage deduction (column C) * * * .

191 Using CCC-Cotton A-1, Schedule of Pledged Cotton (Continued)

B Completing CCC-Cotton A-1 (Continued)

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Page of		(See CCC-601 for Privacy Act Statement)									
<b>CCC-Cotton A-1</b> (12-04-06)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation  <b>SCHEDULE OF PLEDGED COTTON</b>				1. ST. & CO. CODE		2. CROP YEAR/COMMODITY			
						40/300		2006/Upland			
						3. LOAN NO.		4. DISBURSEMENT DATE			
						90045		10/23/2007			
5. NAME OF CONTACT PRODUCER		6. WAREHOUSE CODE				7. GIN CODE					
Tom Kruse		586790				12345					
8. COMPRESS/PD STATUS			9. DATE DOCS/RECPTS REC.			10. RECON. ORDER NO.		11. TARE			
UD			10/15/2007			N/A		5			
WHSE. RECEIPT NO. (NUMERICAL ORDER)	STORAGE START DATE MTH. DAY YR.	STORAGE DEDUCTION	GRADE, STAPLE, AND MIKE	STRENGTH AND UNIFORMITY	LEAF AND OTHE R	NET WEIGHT	LOAN RATE (CENTS)	CHARGES	AMOUNT (DOLLARS)		
LINE	A	B	C	D	F	G	H	I	J		
1	34454023	10/15/07		4137 39	28.5/85	4 1	493	.4845	0	234.00	
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
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22											
23											
24											
25											
26											
27											
28											
29											
30						12. TOTAL NET WT.:		493	13. Total Amount:		234.00

--\*

192 Manual Loan Processing in APSS (Continued)

B APSS Procedure (Continued)

Step	Action		Result
5	On Screen PCA12000: <ul style="list-style-type: none"> <li>• enter the crop year and loan number of the original loan</li> <li>• PRESS “Enter”.</li> </ul>		Menu PLA000 will be displayed.
6	<b>IF preprocessed bale data according to paragraph 170 is...</b>	<b>THEN on Menu PLA000...</b>	
	not being used	ENTER “4”, and PRESS “Enter”.	Screen PLC10000 will be displayed. Go to step 9.
	being used	ENTER “8”, and PRESS “Enter”.	Screen PLC09000 will be displayed. Go to step 7.
7	On Screen PLC09000: <ul style="list-style-type: none"> <li>• enter the file name for the cotton data</li> <li>• PRESS “Enter”.</li> </ul>		Screen PLC09000 will be redisplayed.
8	<b>IF the producer displayed on Screen PLC09000 is...</b>	<b>THEN...</b>	
	correct	ENTER “Y”, and PRESS “Enter”.	Screen PLC10000 will be displayed. Go to step 9.
	incorrect	ENTER “N”, and PRESS “Enter”.	Screen PLC09000 will be redisplayed. Return to step 7.

192 Manual Loan Processing in APSS (Continued)

B APSS Procedure (Continued)

Step	Action		Result	
9	On Screen PLC10000, use the following table for entering data in the applicable fields.		<b>IF the warehouse code is...</b>	<b>THEN...</b>
	<b>Field</b>	<b>Entry</b>		
	Commodity	Enter either of the following: <ul style="list-style-type: none"> <li>• “UP” for upland cotton</li> <li>• “ELS” for ELS cotton.</li> </ul>	<b>not</b> on file	Screen PLC10000 will be redisplayed with the message, “Whse Code not found. If approved code, enter on the Offer Shipping Rate Table before continuing”. Go to step 10.
	Class	Leave blank.		
	Crop Year	Defaulted to the crop year entered in step 2.		
	Warehouse Code	Enter the warehouse code that is on the warehouse receipt.		
	Does this loan have multiple producers?	Enter either of the following: <ul style="list-style-type: none"> <li>• “Y” if a joint loan</li> <li>• “N” if <b>not</b> a joint loan.</li> </ul>		
	Loan Application Date	Leave blank for 1996 and subsequent year loans.		
	Is this a repledged loan?	“N” must be entered. Cotton cannot be repledged for loan.		
After all entries are completed, PRESS “Enter”.				
10	PRESS “Cmd7”.		Menu PCA005 will be redisplayed.  <b>Note:</b> Follow instructions in *--12-PS, paragraph 1434 for--* updating the Offer Shipping Rate Table.	
11	Follow subparagraph 187 B, steps 11 through 18.		Screen PLC11005 will be displayed.	

200 \* \* \* CCC-500, Loan Repayment Receipt

\*--A Content and Use of CCC-500

County Offices shall distribute CCC-500 to the following:

- producer
- merchant.

File a copy of CCC-500 in the producer’s loan file. This table explains the items on--\* CCC-500 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 redeeming collateral.
3	Loan number applicable to the bales being redeemed.
4	Crop year applicable to the bales being redeemed.
5	Commodity being redeemed.
6	Loan type and, if applicable, warehouse code.
7	The total dollar amount required to redeem the bales processed in this redemption.
8 A	Total number of pounds of cotton, including the number of bales, being redeemed.
8 B	Total principal amount for the bales redeemed.
8 C	Total amount of interest paid.  <b>Note:</b> When AWP is below the national loan rate, the entire interest amount is waived.
8 D	Average cost per pound for the bales redeemed.
9 A	Outstanding quantity, shown in pounds, including the number of bales remaining under loan after this redemption.
9 B	Outstanding principal amount remaining after this redemption.
10 A	Warehouse receipt numbers redeemed in this redemption.
10 B	Quantity, in pounds, redeemed in this redemption.
10 C	Applicable loan disbursement date.
10 D	Date bales were redeemed.
10 E	<ul style="list-style-type: none"> <li>• Dollar amount required to repay the bale without storage credit.</li> <li>• Dollar amount of storage credit applicable to the bale.</li> </ul>
10 F and G	Not applicable to cotton loans.
11 A	Total dollar amount of storage credit applicable to this redemption.
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"> <li>• explanation of the repayment</li> <li>• location differential</li> <li>• estimated receipt release date</li> <li>• total market gain for the repayment</li> <li>• AWP</li> <li>• compression charge, per bale</li> <li>• total CCA for the repayment.</li> </ul>
14	CED shall ensure that the box in item 1 is checked, if appropriate, then sign and date. Signature is only required on CCC-500 and is <b>not</b> required on any attached CCC-500-1’s. Provide a copy of CCC-500 and CCC-500-1, if applicable, to the following: <ul style="list-style-type: none"> <li>• contact producer</li> <li>• person making redemption if different than the contact producer</li> <li>• warehouse where the loan collateral was stored.</li> </ul>

200 \* \* \* CCC-500, Loan Repayment Receipt (Continued)

B Example of CCC-500

This is an example of CCC-500.

CCC-500 (07-25-96)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation					11. STATE AND COUNTY CODE	
<b>LOAN REPAYMENT RECEIPT</b> Form CCC-500-1 is incorporated into this page of CCC-500 when this box is marked <input type="checkbox"/>								
2. NAME AND ADDRESS			3. LOAN NO.	4. CROP YEAR	5. COMMODITY	6. TYPE LOAN	7. AMT. REC'D.	
Sam Jones Rt. 1, Box 630 Some City, SS 12345			628	9X	Cotton-UP	Warehouse Stored Whse Code: 810533	780.51	
8. REDEEMED WITH THIS PAYMENT				9. OUTSTANDING BALANCE AFTER THIS PAYMENT				
A. TOTAL QUANTITY	B. PRINCIPAL	C. INTEREST	D. UNIT COST	A. QUANTITY	B. AMOUNT (Excluding Interest)			
2,502.00 (5 Bales)	\$ 952.99	\$	\$ .31	( Bales)	\$			
10. BREAKDOWN OF COLLATERAL RELEASED AND OUTSTANDING BALANCE BY SEAL NO. OR WAREHOUSE RECEIPT NO.								
SEAL NO.(S) OR WAREHOUSE RECEIPT NO.(S)	QUANTITY REDEEMED	DATE DISBURSED	DATE REPAID	AMOUNT PAID (P & I)	BALANCE AFTER PAYMENT			
					QUANTITY	PRINCIPAL		
A 1	B 487.00	C 10/22/9X	D 03/22/9X	E 161.68/ 6.87	F	G		
2	518.00	10/22/9X	03/22/9X	171.98/ 6.87				
3	502.00	10/22/9X	03/22/9X	151.10/ 6.87				
4	499.00	10/22/9X	03/22/9X	167.41/ 6.87				
5	496.00	10/22/9X	03/22/9X	162.69/ 6.87				
11. RESERVE STORAGE AND OTHER CHARGES								
A. UNEARNED STORAGE			B. INTEREST ON UNEARNED STORAGE		C. LIQUIDATED DAMAGES			
WHSE CHRG CREDIT \$ 34.35								
12. DISHONORED CHECK NOTICE								
If this check is dishonored, there may be a \$25 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 amounts, 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, CCC.								
13. REMARKS								
The loan collateral shows on this receipt and on any attached CCC-500-1, was redeemed at a CCC Determined Value.								
Adjusted World Price	47.26	Compression Charge	.0000	Course Count Adjustment	.96			
Location Differential	-.05	Est. Receipt Release Date	03/22/9X	Market Gain	138.13			
Thank you for your remittance.								
14. Credit for this repayment is subject to collection of checks and verification of computations.								
COMMODITY CREDIT CORPORATION						DATE		
BY								

## 201 Commodity Certificate Exchange for Loan Collateral

### A Policy

Effective since February 22, 2000, upland cotton marketing assistance loan collateral has been eligible for exchange for commodity certificates **if AWP is less than NALR**. This exchange process no longer involves issuance of CCC-6.

\*--Commodity certificate exchanges:

- apply only to collateral of MAL's provided for ginned upland cotton represented by a warehouse receipt for which CCC is holder
- cannot occur unless the cotton is first placed under loan.

A certificate exchange is legally different from LDP because the cotton is:

- placed under loan
- purchased by CCC at loan value
- exchanged for a certificate sold by CCC at the exact loan-redemption value of the cotton.

These steps are required to be administered so that the transaction is not subject to payment limitation that applies to LDP's and gains from redeeming cotton at a reduced rate.--\*

Commodity certificates are **not** issued for any of the following:

- exchange with collateral of any low grade upland 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.

\* \* \* Gains from exchanging certificates for loan collateral are not:

- reported by FSA to IRS on CCC-1099-G
- subject to payment limitation.

Loan collateral exchanged for a commodity certificate:

- **must meet all eligibility requirements, including beneficial interest, according to paragraph 118**
- is **not** eligible to be repledged.

201 Commodity Certificate Exchange for Loan Collateral (Continued)

**B Commodity Certificate Exchange Process**

The following are the steps by which loan collateral is exchanged for commodity certificates.

Step	Action for Regular Loan Repayments Using Commodity Certificate Exchanges	Action for “Turn-Around” Loans (Loans Requested for Immediate Exchange for Commodity Certificates)
1	<p>CCC-694-2 may be signed, submitted, and accepted from:</p> <ul style="list-style-type: none"> <li>• a producer who submits CCC-694-2’s according to subparagraph 181 C</li> <li>• a producer’s agent authorized on CCC-605 or FSA-211.</li> </ul>	<p>only producers who submit forms according to subparagraph 181 B and an <b>original copy</b> of CCC-694-2 that is:</p> <ul style="list-style-type: none"> <li>• completed according to subparagraphs 181 C and 201 D</li> <li>• dated no earlier than the date of the loan application.</li> </ul>
2	<p>Identify loan and loan quantity and loan repayment amount using:</p> <ul style="list-style-type: none"> <li>• marketing loan option in APSS</li> <li>• producer- or producer agent-supplied repayment data according to *--subparagraph 202 D--*</li> <li>• estimated value using average bale weights according to subparagraph 202 B.</li> </ul>	
3	<p>AWP used to compute the certificate value is:</p> <p>AWP in effect on the day repayment funds are received in the County Office.</p>	<p>AWP on the date (<b>or later of multiple dates</b>) entered under CCC-694-2, item 8, even if this date is earlier than the date the County Office processes the transaction.</p>

**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.

**Note:** County Offices shall ensure that the estimated repayment amount takes into consideration the producer's remaining payment limitation.

**B Using Average Bale Weights**

County Offices may estimate loan repayment amounts for cash redemptions and certificate exchanges by multiplying the national average bale weight of 500 pounds times the number of bales being redeemed times the lesser of the following:

- AWP, according to paragraph 22, adjusted for any positive location differential
- highest loan rate applicable to the loan, plus applicable interest.

**Note:** The location differential is equal to the difference between the county loan rate where the cotton is stored minus NALR.

\* \* \*

**202 Estimating Upland Cotton Loan Repayments (Continued)****C Example Repayment Value Calculation**

Estimated loan repayment value is equal to the national AWP, adjusted for any positive location differential, times the average bale weight, times the number of bales being redeemed.

This example is for 10 bales of 2000 crop cotton stored at a warehouse in Lonoke County, Arkansas.

AWP = \$0.3380

Location Differential = \$0.0070 (\$0.5305 -\$0.5235)

Bale Weight = 480 (Arkansas average)

$(\$0.3380 + \$0.0070) \times 480 \text{ lbs.} = \$165.60 \times 10 = \$1,656.00.$

**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 APSS**

County Offices shall, 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 as a manual repayment through APSS according to paragraph 199.

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 shall not process the repayment before the earlier of:

- the date the additional amount is received
- 16<sup>th</sup> calendar day after the notification.

**Note:** Take action according to when additional amount is received as follows.

<b>IF additional amount is received...</b>	<b>THEN County Office shall...</b>
within the 15 calendar days	immediately release the additional warehouse receipts.
after the 15 <sup>th</sup> calendar day but before the repayment is processed in APSS	immediately release the additional warehouse receipts and, when repayment is processed in APSS, use the repayment rate in effect on the day: <ul style="list-style-type: none"> <li>• the initial repayment amount was received in the County Office for warehouse receipts that were initially released</li> <li>• the additional amount was received in the County Office for the additional warehouse receipts that were released.</li> </ul>
after the repayment has been processed in APSS	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 APSS 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 shall not make manually calculated refunds.

**G Reviewing Repayment Data, if Applicable**

If, after recording repayment data through APSS, 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 APSS
  - a determination has been made that the remittance is sufficient to redeem all bales requested.

**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 shall 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 shall 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 these instructions to be accepted.

Item	Instructions
<b>Part B</b>	
4A	Enter the crop year of the loan to which the designation of agent and authorization for CCR apply. A <b>separate</b> CCC-605 is required for each individual loan.
4B	Enter the loan number of the loan to which the designation of agent and authorization for CCR apply. A <b>separate</b> CCC-605 is required for each individual loan.
4C	Enter the maturity date of the loan to which the designation of agent and authorization for CCR apply. A <b>separate</b> CCC-605 is required for each individual loan.
4D	Enter the file sequence number for the bales.
5	<p>If the producer is designating the agent for the total loan quantity identified in item 4, check the “<b>ALL</b>” 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>
6	Producer reads Parts A and B and enters in item 6 the name, address, and <b>holder ID</b> 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).
7	Enter the address and FAX number of the FSA office where the documents for the loans identified in item 4 are maintained.
<b>Part C</b>	
8A	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.
8B	Enter the telephone number including area code.
8C	Enter the signature of the contact producer.
8D	Enter the date the contact producer signed item 8C.
9A-10B	Each individual producer (other than the contact producer) who signed the loan note and security agreement enters their signature and date of signature.
<b>Part D</b>	
11-14	Agents must endorse items 11 through 14 if they transfer their authority to a--* subsequent agent.

## 207 Completing Designation of Agent Forms (Continued)

## A Instructions for CCC-605 (Continued)

Item	Instructions
<b>Part E</b>	
*--15--*	A producer's agent enters their signature if such agent is returning CCC-605 to a County Office to exchange the loan commodity for a commodity certificate at the County Office. If the agent is using CCR for a certificate exchange, this item may be left blank.
<b>Part F</b>	
For FSA use.	
<b>*--Part G</b>	
17	Enter the crop year of the loan collateral. This is the same as entered in item 4A.
18	Enter the loan number of the loan. This is the same as entered in item 4B. A separate Part G is required for each individual loan.
19A	Enter the maturity date of the loan for which the transfer authorization is provided. This is the same as entered in item 4C for the loan.
19B	Enter the file sequence number of the loan to which the transfer authorization is granted. This is the same as entered in item 4D.
20	Enter the loan quantity to which the transfer authorization is granted. This is the same as entered in item 5.
21A	The producer reads Part G and enters the name, address, and holder ID of the agent designated by the producer in item 6.
21B	Enter the holder ID for the agent. This is the same as entered in item 6.
<b>Part H</b>	
22A	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 items 23A and 23B. Part H is continued on CCC-605, page 4, to provide additional signature space.
22B	Enter the telephone number including area code. This is the same as item 8B.
22C	Enter the signature of the contact producer.
22D	Enter the date the contact producer signed item 22C.
23A	Each individual producer (other than the contact producer) who signed the loan note and security agreement enters their signature.
23B	Enter the date of signature for each signature entered in item 23A.--*

207 Completing Designation of Agent Forms (Continued)

A Instructions for CCC-605 (Continued)

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This form is available electronically.		See Page 3 for Privacy Act and Public Burden Statements.	
<b>CCC-605</b> (08-31-06)		<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation	
<b>AUTHORIZATION OF ELECTRONIC AGENT AND DESIGNATION OF AGENT - COTTON</b>			
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 4 must sign Part C to authorize CCC to use the Electronic Agent Designation and authorize and designate an agent. Agents complete Part D to transfer designation to a subsequent agent and Part E to request Commodity Certificate Exchange.			
<b>PART A - TERMS OF AUTHORIZATION FOR CCC TO USE ELECTRONIC AGENT DESIGNATION</b>			
<p>1. For purposes of this authorization:</p> <p>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. As of September 1, 2006, the CCC-approved Providers were: EWR, Inc., FAMBRO Electronic Warehouse Receipts, Inc., Intelligent Storage Services, Inc., and Plains Cotton Cooperative Assoc. The list of Providers can change and may have changed by the time this document is executed.</p> <p>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 4 of this authorization.</p> <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 4 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 4 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>			
<b>PART B - DESIGNATION OF AGENT FOR LOAN REDEMPTION</b>			
<p>THE UNDERSIGNED PRODUCER(S) ("PRODUCER") hereby authorizes the agent identified in Item 6 or, if applicable, the subsequent agent identified by endorsement on 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 4 B. 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 Item 4 B, mark "ALL" in Item 5. 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 limitation 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>			
4. Loan Number to which authorization for electronic redemption applies to all bales:		5. LOAN QUANTITY APPLICABLE TO THIS AGENT DESIGNATION:	
A. CROP YEAR: 2002	B. LOAN NUMBER: 267894	<input checked="" type="checkbox"/> ALL <input type="checkbox"/> See attached Form CCC-605-1 or other list	
C. MATURITY DATE May 28, 2005	D. FILE SEQUENCE NUMBER ABC45678		
6. AGENT'S NAME, ADDRESS, AND HOLDER ID NUMBER: Fortune Cotton, Inc. 25 Greenback Lane South Lubbock, TX 59456 M99999		7. ADDRESS OF FSA OFFICE PROVIDING LOAN AND FAX NUMBER: Betlock County FSA 413 Cotton Lane Lubbock, TX 23187      (917) 345-6789	
<b>PART C - SIGNATURE OF PRODUCERS WHO SIGNED LOAN NOTE AND SECURITY AGREEMENT (CCC COTTON A) FOR LOAN(S)</b> <i>(SIGNATURES CONTINUED ON PAGE 4)</i>			
8A. Name and Address of Contact Producer (Include ZIP Code) Mary Louise Maddox 24 Sparkle Lane South Austin, TX 58736		8B. Telephone Number (Include Area Code) (678) 345-9367	
		8C. Signature of Contact Producer  (Signed)	8D. Date (MM-DD-YYYY) 7/15/2004
9A. Other Producers Signature	9B. Date (MM-DD-YYYY)	10A. Other Producers Signature	10B. Date (MM-DD-YYYY)

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207 Completing Designation of Agent Forms (Continued)

A Instructions for CCC-605 (Continued)

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**CCC-605** (Page 3 of 4) (08-31-06)

**PART G - AUTHORIZATION FOR AGENT TO TRANSFER LOAN COTTON** (If submitted by a producer or LSA, Part G 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 6 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 loan all or a portion of the cotton identified in Item 4B.
- Authorizes the agent identified in Part G, Item 21, or if applicable, the subsequent agent identified by endorsement on 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.
- Requests and authorizes CCC to settle the obligation of the loan identified in Item 18 based on the original loan terms and credits and charges applicable to the shipping warehouse that ships the loan cotton under this transfer authorization.
- Agrees to be responsible for all charges associated with the transfer of such cotton that may be unpaid by the requestor of such transfer, including: (a) at the shipping warehouse all charges plus storage charges that accrued during the period that the loan cotton was at the shipping warehouse; (b) all charges associated with the insurance of, load-out, and transportation of the cotton to the receiving warehouse; and (c) receiving charges at the receiving warehouse.
- Agrees to be responsible for all losses that result from the transfer of such cotton and understands that 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.

17. CROP YEAR:	18. LOAN NUMBER:	20. LOAN QUANTITY APPLICABLE TO THIS AGENT AUTHORIZATION:	
19A. MATURITY DATE	19B. FILE SEQUENCE NUMBER	<input type="checkbox"/> ALL	<input type="checkbox"/> See attached list
21A. AGENT NAME AND ADDRESS (Including Zip Code)			
21B. HOLDER ID NUMBER:			
<b>PART H - SIGNATURE OF PRODUCER(S) WHO SIGNED LOAN NOTE AND SECURITY AGREEMENT FOR LOAN COVERED BY THIS AUTHORIZATION</b>			
22A. Name and Address of Contact Producer (Including Zip Code)		22B. Telephone Number (Include Area Code)	
		22C. Signature of Contact Producer	
		22D. Date (MM-DD-YYYY)	
23A. Other Producer Signature	23B. Date (MM-DD-YYYY)	23A. Other Producer Signature	23B. Date (MM-DD-YYYY)

**NOTE:** The authority for collecting the following information is Pub. L. 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 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.

The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting the following information is the Cotton Loan Program Regulations at 7 CFR Part 1427. This information will be used to determine who may repay cotton loans. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO THE COUNTY OFFICE ADDRESS LISTED IN PART B, ITEM 7.**

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, audiotope, 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.

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209 Wire Transfer Repayments (Continued)

A Processing Wire Transfer Repayments (Continued)

Step	Action
1 (Cntd)	<ul style="list-style-type: none"> <li>• item 11 has BNF = /AC -4992 OBI=CCC/ pre-entered on all versions after which, on the same line, the County Office shall enter:                             <ul style="list-style-type: none"> <li>• “1” to show the type of payment, followed by “/”</li> <li>• State and county codes and check digit, followed by “/”</li> <li>• “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 “/”</li> </ul> </li> </ul> <p><b>Note:</b> An example of the complete entry in item 11 looks like the following:  <b>BNF=/AC -4992 OBI=CCC/1/XXXXXX/SCH#xxxx/</b></p> <ul style="list-style-type: none"> <li>• item 12 may be used by the County Office, at their option, to enter the name of the merchant or producer and the loan number or numbers for which payment will be wired</li> <li>• item 13 may be used by the County Office, at their option, to enter “FAX receipt of the Bank wire transfer to the County Office on the date of the wire transfer to the fax number entered in Item 14” as additional instruction to the bank</li> <li>• item 14 shall contain the voice and FAX telephone numbers for the County Office</li> <li>• item 15 is signed by the County Office representative.</li> </ul>
2	<p>Advise the merchant or producer that the completed CCC-258 is to be:</p> <ul style="list-style-type: none"> <li>• transmitted to the bank providing the wire transfer</li> <li>• <b>*--FAXed by the bank or the merchant to the County Office on the day of the--* wire transfer with the bank’s receipt of the wire transfer.</b></li> </ul>
3	<p>Accept the wire transfer receipt from the bank as confirmation of receipt of funds and record the repayment through APSS. The system will generate CCC-500 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 AWP and CCA in effect * * * on the date received.</p>

**210 Release of Warehouse Receipts****A Policy**

When a cotton loan is repaid with cash or the loan collateral is exchanged for a commodity certificate, 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 or certificate exchange.

**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 shall:

- 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.

**Section 3.5 Loan Redemptions Using CCR****210.5 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 users to select either a:
  - commodity certificate exchange when the AWP is less than NALR
  - principal plus interest repayment when the AWP is equal to or greater than the NALR
- releases receipts automatically to the merchant once funds have been received and posted to COPS.

**B CCR Business Rules**

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.

**\*--210.5 Redeeming Loans Using CCR (Continued)**

**B CCR Business Rules (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.--\*

**210.5 Redeeming Loans Using CCR (Continued)****C Merchant Action**

To use CCR, a merchant must:

- register to use the system
- obtain producer signature on CCC-605 dated June 21, 2004, or later

\* \* \*

- 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.

**D County Office Action**

County Offices shall:

- \*--review Exhibit 17.5 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 APSS, which completes the CCR process
- \*--provide copies of CCC-500 to the producer
- file CCC-500 in the producer's loan file.--\*

**210.6 (Withdrawn--Amend. 22)**

## 210.7 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 APSS**. APSS includes the question, “Are these bales covered by EAD?” The answer to this question entered into APSS 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 APSS) based on the following:
  - receiving CCC-605 in the County Office (set flag to “Yes”)
  - answer to the question on CCC Cotton A-5, item 21, or on CCC-Cotton A, “Do you agree that any agent you authorize to redeem this loan may use the automated EAD redemption process?” This question is included on CCC Cotton A-5 and CCC-Cotton A, dated September 30, 2005.--\*

**Section 4    Loan Forfeitures, Ginned Cotton****211    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 shall 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 warehouse tariff rate 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 224.6 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) shall be paid by CCC
- the transfer of cotton while under loan and before forfeiture to, and ownership by, CCC shall be paid by the requestor of the transfer. Any such transfer charges that are unpaid at the time of forfeiture to CCC shall be billed to the producer by CCC.--\*

211 Forfeiture Policy (Continued)

**C Processing Forfeitures**

\*--County Offices shall process cotton loan forfeitures **immediately** after the maturity date. However, County Offices may accept funds from a producer or buyer to repay a matured loan at principal plus interest if funds are submitted before the forfeiture has been processed.

**Note:** For commodities **other than cotton**, 8-LP directs County Offices to hold forfeited warehouse receipts for 10 workdays and process forfeitures on the 11<sup>th</sup> workday after the loan maturity date. County Offices shall **not** delay processing forfeitures according to 8-LP.--\*

Process loan forfeitures through APSS according to paragraph 212.

**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 214.

212 Loan Forfeitures Process Through APSS (Continued)

B Forfeiture Process (Continued)

Step	Action	Result	
5	On Screen PFA20000, select 1 of these options: <ul style="list-style-type: none"> <li>• “1”, full cotton forfeiture</li> <li>• “2”, partial cotton forfeiture - display receipt numbers to be forfeited</li> <li>• “3”, partial cotton forfeiture - enter receipt numbers to be forfeited</li> </ul>	<b>IF...</b>	<b>THEN...</b>
		“1” was selected	Screen PFA22000 will be displayed. Go to step 8.
		“2” was selected	Screen PFA21000 will be displayed. Go to step 6.
“3” was selected	Screen PFA21500 will be displayed. Go to step 7.		
6	Screen PFA21000 will display all of the warehouse receipt numbers. <p>If:</p> <ul style="list-style-type: none"> <li>• all warehouse receipt numbers displayed on the screen are to be forfeited, PRESS “Cmd22”</li> <li>• part of the receipt numbers displayed on the screen will be forfeited, ENTER “Y” by each receipt number to be forfeited. PRESS “Enter” to continue.</li> </ul>	Screen PFA22000 will be displayed.	
7	Screen PFA21500 will be displayed. <ul style="list-style-type: none"> <li>• Enter all receipt numbers that will be forfeited.</li> <li>• PRESS “Enter”.</li> </ul>	Screen PFA22000 will be displayed.	
8	Screen PFA22000 will be displayed for verification. <p>If:</p> <ul style="list-style-type: none"> <li>• statements are correct, PRESS “Enter”, and the loan will be updated and forfeited</li> <li>• statements are incorrect, PRESS “Cmd7” to end forfeiture. All forfeiture data will be deleted.</li> </ul>	The Price Support - Main Menu PCA005 will be redisplayed.	

**213 Sending Forfeiture Documents to KCCO**

**A When to Send**

Immediately after the loan maturity date and after the loan has been forfeited in APSS, County Offices shall send applicable documents to KCCO.

**B What to Send**

County Offices shall package the following together in a box or regular envelope:

- paper warehouse receipts, if applicable
- a copy of Producer Loan Statement B for reconcentrated cotton
- the transmittal control document that lists both paper and EWR’s warehouse receipts and that is generated by the end-of-day process.

**Note:** Identify packages as “1 of 2”, “2 of 2”, etc. County Office shall maintain a file of all documents sent to KCCO.

**C Marking the Package**

County Offices shall:

- show return address and the State and county codes on the outside of the package
- mark the front of the package or regular envelope, “COTTON FORFEITURE DOCUMENTS”.

**D Mailing the Documents**

County Offices shall send package or envelope by first-class mail to:

\*--KCCO BCD IMB--\*  
STOP 8748  
PO BOX 419205  
KANSAS CITY MO 64141-6205.

**215 Accessing and Updating Producer Collection Invoices (Continued)**

**E Recording Collections of Invoice Charges**

County Offices shall record a collection of invoice charges according to instructions in:

- 58-FI, Part 7, for claims
- 67-FI, Part 5, for receivables.

**Note:** Since COPS was updated with the receivable information, it is **not** necessary to update the producer collection invoice to “Paid”.

**216, 217 (Reserved)**

**Section 5 (Withdrawn--Amend. 32)**

**218-220 (Withdrawn--Amend. 32)**

**221 (Reserved)**



**222.6 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 18.5 to be eligible for an outside-stored loan.

**\*--222.7 Producer Responsibilities and Liabilities [7 CFR 1427.18]****A Terms and Conditions of Loan Note**

Producers shall 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 19 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
  - outside a 100-year floodplain
  - serviced by bale handling and transport equipment that will not damage the bag or the drainage characteristics of the storage area.--\*

**222.8 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
- beneficial interest
- 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. \* \* \*



**Part 4 Seed Cotton Loans****Section 1 Basic Policy****225 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 shall 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.

**E Repayment**

All loans must be repaid by the date specified in subparagraph C.

**226 (Withdrawn--Amend. 32)**



**Section 2 Loanmaking, Seed Cotton****236 Pre-Loan Inspections****A Requirements**

[7 CFR 1427.163(a)] [7 CFR 1427.164] Upon request for a loan, County Offices shall 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 shall:

- inspect the seed cotton, at CCC's expense
- prepare CCC-877 according to paragraph 238
- affix CCC-683 on each lot according to paragraph 239.

**C Percent of Loans To Be Inspected**

The commodity inspector shall 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 shall 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 shall:

- 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.

**237 Before Processing the Loan****A Eligibility**

[7 CFR 1427.167] The eligibility requirement for the producer and cotton shall 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 shall 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
- CAT or a written waiver according to subparagraph 101 B
- \* \* \*
- \*--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 238.

**Exception:** If a producer provides an ADP printout or other form showing all information required on CCC-877, CCC-877 is not required.

## 253 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"> <li>• 60 calendar days or number of days established by COC from the date CCC-883 is approved</li> <li>• loan maturity date.</li> </ul> <p><b>Note:</b> Under no circumstances shall 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"> <li>• before the release</li> <li>• authorized for removal</li> <li>• remaining in store under loan.</li> </ul>
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 shall complete these entries.

253 Request to Move Collateral Using CCC-883 (Continued)

D Preparing CCC-883 (Continued)

\*--

<b>This form is available electronically.</b>			
<b>CCC-883</b> (09-21-04)		<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation	
<b>SEED COTTON REMOVAL, GINNING AND MARKETING AUTHORIZATION</b>		<b>INSTRUCTIONS TO PRODUCER</b> Execute original and two copies. Return original to County Office immediately. Give copy to ginner.	<b>INSTRUCTIONS TO GINNER</b> Complete Item 10 and return to County Office immediately after cotton is ginned.
		<b>NOTE:</b> The authority for collecting the following information is Pub. L. 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 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.  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, 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. <b>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE</b>	
1. NAME AND ADDRESS OF PRODUCER (Include street, city, state, and Zip)		2. STATE AND COUNTY CODES	3. LOAN NUMBER
		4. CROP YEAR	5. TYPE OF COTTON
<b>6. PRODUCER'S REQUEST</b> 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 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.			
A. THIS AUTHORIZATION EXPIRES ON: (MM-DD-YYYY)		B. PRODUCER'S SIGNATURE	
		DATE (MM-DD-YYYY)	
7. Seed Cotton Released			
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.	
8. Repayment Amount			
A. IF REPAYMENT IS RECEIVED ON (Date): (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.	
		\$	
<b>NOTE:</b> Make check payable to CCC and deliver to the County FSA Office named below to be received by the date this authorization expires.			
9. Removal Authorization			
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 (Include Area Code):	
10. To Be Completed By Ginner			
I certify that the following bales were produced from the quantity of cotton released in Item 7C.			
A. LIST GIN BALE NUMBER(S)			
B. GINNER'S SIGNATURE			DATE (MM-DD-YYYY)
The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, 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, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.			
ORIGINAL <input type="checkbox"/>		PRODUCER'S COPY <input type="checkbox"/>	
		COUNTY OFFICE COPY <input type="checkbox"/>	

--\*

**\*--261.5 Establishing LDP Eligibility Before BI Is Lost****A Eligibility When BI Lost**

Effective for 2005 and subsequent crop upland cotton, a producer may apply for LDP benefits after BI is lost if the producer has 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, 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 262 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 new 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 was lost on a quantity for the cotton to be assured eligibility for LDP.

The following is an example of CCC-633 EZ, page 1 that is a statement of intentions to receive LDP on all eligible production.--\*

261.5 Establishing LDP Eligibility Before BI Is Lost (Continued)

B Using CCC-633 EZ to Establish LDP Eligibility (Continued)

\*--

<p><b>This form is available electronically.</b></p> <p><b>CCC-633 EZ</b> (06-07-08)</p> <p><b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation</p> <p><b>LOAN DEFICIENCY PAYMENT (LDP) AGREEMENT AND REQUEST</b></p> <p>All eligible producers entering into this agreement <b>MUST</b> 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:</p> <ul style="list-style-type: none"> <li>• risk of loss in the commodity</li> <li>• title to the commodity</li> <li>• control of the commodity</li> </ul> <p>File this form <b>BEFORE</b> loss of beneficial interest (risk of loss, 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 Felt LDP (Page 4) must be completed <b>BEFORE</b> the final loan/LDP availability date to receive LDP benefits.</p>		<p>Form Approved - OMB No. 0560-0129</p> <p>1. Name and Address of Producer (include ZIP Code) (Please Print)</p>	
<p><b>PART A - TERMS AND CONDITIONS</b></p> <ul style="list-style-type: none"> <li>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 felts. For cotton LDPs requested on CCC-633 EZ Cotton (Page 3), the LDP rate will be based on the information provided on Page 3.</li> <li>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).</li> <li>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 <b>before</b> the final loan/LDP availability date.</li> <li>CCC may request copies of contracts and supplemental documentation to determine eligible quantity and when beneficial interest was lost.</li> <li>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.</li> <li>All producers with an interest in the quantity covered by this agreement must sign a CCC-633 EZ Part C to obtain LDP benefits.</li> </ul>		<p>2. Telephone/Cell Number (include Area Code)</p> <p>3. ID Number (Last 4 Digits):</p> <p>4. Crop Year:</p> <p>5. State(s) and County(s)</p>	
<p><b>PART B - METHODS OF PAYMENT REQUEST (Request must be submitted by final loan/LDP availability date.)</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Submission of an eLDP shall be a request for payment. The CCC-633 EZ Part E is not required for that specific quantity.</li> <li>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 payment limitation; 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/lot/straw unit for which the AWP lock-in applies.</li> </ul>		<p><b>PART C - PRODUCER SIGNATURE AND CERTIFICATION (For additional signatures, complete CCC-633 EZ Continuation, Part C)</b></p> <p>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) LDPs 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.</p>	
<p>6. Signature of Producer</p>		<p>7. Date (MM-DD-YYYY)</p>	
<p>8. Signature of CCC Representative</p>		<p>9. Title of CCC Representative</p>	
<p>10. Date (MM-DD-YYYY)</p>		<p>11. Additional Information</p>	
<p>12. Name and Address of County FSA Office or LSA or DMA</p>			
<p><b>NOTE:</b> The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is 7 CFR Parts 1421 and 1427. The information will be used to determine eligibility and the amounts of program benefits. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in determination of ineligibility for program benefits. 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 3729, may be applicable to the information provided.</p> <p>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 0560-0129. 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. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</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>			

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261.5 Establishing LDP Eligibility Before BI Is Lost (Continued)

B Using CCC-633 EZ to Establish LDP Eligibility (Continued)

\*--

**CCC-633 EZ (06-07-06)**

**PART E - REQUEST FOR LDP**

13A. Contact Name and Address of Producer (Include Zip Code) (Please Print) \_\_\_\_\_

14. SSN (Last 4 Digits) or ID Number \_\_\_\_\_

15. Crop Year \_\_\_\_\_

17. Are you or any co-applicant delinquent on any federal non-tax debt? If "YES", explain in Item 32.  YES  NO

16. State and County where Farm Records are Maintained \_\_\_\_\_

13B. Telephone/Cell Number (Include Area Code) (Optional): \_\_\_\_\_

**A completed CCC-633 EZ, Page 1 must be on file before beneficial interest (risk of loss, title, and control) is lost in the requested quantity for this to be considered a valid request for payment. This request for payment, with acceptable production evidence (if applicable), must be submitted to the County FSA office that administers the farm records for the requested commodity and quantity.**

Complete Items 19 through 23 and sign/date below. Indicate in Item 21 if this is a certified LDP, request for measurement service, or indicate production evidence is attached, as applicable. When beneficial interest has been lost, indicate date of sale, fed, used for seed, etc, as applicable, in Item 23. If additional entries are needed, provide data on an additional CCC-633 EZ, Page 2.

18. LDP No. (CCC Use Only)	19. Commodity Class, Variety, Type	*20. Net Quantity Requested and Unit of Measure (bu., tons, cwt., lbs., etc.)	21. Source of Quantity (Check one of the following)			22. Stored or Delivery Location, if applicable (State, County, Warehouse, or Bin Site)  Examples: Warehouse-Stored: Ohio, Athens Co., ABC Warehouse Farm-Stored: Texas, Webb Co., 30' Butler Bin, North of House	23. Effective Date of LDP Rate (MM-DD-YYYY)		24. LDP Rate (CCC Use Only)
			A. Certified	*B. Measurement Service	C. Production Evidence		A. Date of LDP Request or Date Beneficial Interest Was Lost	B. Date of Delivery	

\* If measurement service is requested, I agree to pay the required fee(s) and agree this request is irrevocable. The quantity determined by measurement service will be the maximum quantity eligible at the time of this request. Producer must enter in Item 20, a specific quantity or "ALL" for this LDP application to be valid.

**PART F - PRODUCER CERTIFICATION (For additional signatures, complete CCC-633 EZ Continuation, Part F)**

I certify all information entered on this form is true and correct. By completing Part E and signing and dating this form, I hereby make a request for payment from the Commodity Credit Corporation (CCC) for the commodity described above under the terms and conditions as provided on the CCC-633 EZ, Loan Deficiency Payment (LDP) Agreement and Request. I also understand that a CCC-633 EZ, Page 1 MUST be on file at the FSA County Office for this LDP request to be considered complete.

25. Signature of Producer \_\_\_\_\_ 26. % Share \_\_\_\_\_ 27. Date (MM-DD-YYYY) \_\_\_\_\_

25. Signature of Producer \_\_\_\_\_ 26. % Share \_\_\_\_\_ 27. Date (MM-DD-YYYY) \_\_\_\_\_

**PART G - CCC APPROVAL (FOR CCC USE ONLY)**

28. Signature of CCC Representative \_\_\_\_\_ 29. Title of CCC Representative \_\_\_\_\_ 30. Date (MM-DD-YYYY) \_\_\_\_\_

31. Action:  Approved  Disapproved

32. Additional Information \_\_\_\_\_

Page 2

261.5 Establishing LDP Eligibility Before BI Is Lost (Continued)

B Using CCC-633 EZ to Establish LDP Eligibility (Continued)

\*--

CCC-633 EZ (06-07-06)					
PART H - REQUEST FOR COTTON LDP					
33. Contact Name and Address of Producer (Include Zip Code) (Please Print)		34. ID Number (Last 4 Digits)	35. Telephone/Cell Number (Include Area Code)	36. Crop Year	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 type="checkbox"/> NO
38. Producer Initials to Select Type of Application	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).
	Irrevocable Post-Ginning	After Ginning	YES	Date an Accurately Completed Request is Submitted. ▶	Identified by bale list or file sequence number(s).
	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
	Lost Beneficial Interest	After Ginning	NO	Date Beneficial Interest Lost ▶	Identified by Bale List or File Sequence Number(s)
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.					
43. Signature of Producer(s)		44. % Share	45. Date (MM-DD-YYYY)	43. Signature of Producer(s)	
PART K - INFORMATION FOR LDP REQUEST (Complete Upon Receipt of Bale Data Files) (FOR CCC USE ONLY)					
46. LDP Number	47. File Sequence Number(s)		48. Date File(s) Received (MM-DD-YYYY)	49. Bale Count	
PART L - CCC APPROVAL (FOR CCC USE ONLY)					
50A. Signature of CCC Representative		50B. Title of CCC Representative	53. Date Submitted (MM-DD-YYYY)	55. Name and Address of FSA County Office or LSA	56. Additional Information
51. Action: <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved		52. Date of Signature by CCC Representative (MM-DD-YYYY)	54. AWP on Applicable Date (MM-DD-YYYY)		

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261.5 Establishing LDP Eligibility Before BI Is Lost (Continued)

B Using CCC-633 EZ to Establish LDP Eligibility (Continued)

\*--

CCC-633 EZ (06-07-06)											
PART M - REQUEST FOR WOOL, MOHAIR, OR UNSHORN PELT LDP											
57. Contact Name and Address of Producer (Include Zip Code) (Please Print)				58. ID Number (Last 4 Digits)		59. Telephone/Cell Number (include Area Code)		60. Crop Year	61. Are you or any co-applicant delinquent on any federal non-tax debt? If "YES", explain in Item 86.		
									<input type="checkbox"/> YES <input type="checkbox"/> NO		
62. State and County where Farm Records are Maintained											
<p>A completed CCC-633 EZ (Page 1) must be on file for the crop year identified in Item 60 before beneficial interest (risk of loss, title, and control) is lost in the requested quantity for this to be considered a valid request for payment. This request for payment, with acceptable production evidence (if applicable), must be submitted to the County FSA office that administers the farm records for the requested commodity and quantity.</p> <p>Complete Items 64 through 69 for wool and mohair or Items 72 through 77 for unshorn lamb pelts and sign/date below. Indicate the source of quantity in Item 67 or 75 if this is a certified LDP, indicate for wool or mohair only if the quantity is in excess of the certified quantity, or indicate if production evidence is attached, as applicable. When beneficial interest has been lost, indicate date of sale, delivery, slaughter, etc., as applicable, as the effective date of LDP rate in Item 69 or 77. If additional entries are needed, provide data on an additional CCC-633 EZ, Page 4.</p>											
PART N - COMPLETED FOR WOOL OR MOHAIR											
63. LDP No. (CCC Use Only)	64. Commodity	65. Type		66. Net Quantity (lbs.)	67. Source of Quantity (Check on of the following)			68. Stored Location (State, County, Warehouse, Farm Storage Location)	69. Effective Date of LDP Rate (Date of Request or Date Beneficial Interest was Lost) (MM-DD-YYYY)	70. LDP Rate (CCC Use Only)	
		Graded	Ungraded		A. Certified	B. Production Evidence	C. Qty in Excess of Certified Qty				
	Mohair										
	Wool										
	Mohair										
	Wool										
	Mohair										
	Wool										
	Mohair										
	Wool										
PART O - COMPLETED FOR UNSHORN LAMB PELTS											
71. LDP No. (CCC Use Only)	72. Number of Unshorn Lamb Pelts Requested	73. Use				74. Stored Location (If applicable) (State, County, Warehouse, Farm Storage Location)	75. Source of Quantity (Check one of the following)		76. Current Herd/ Flock Size	77. Effective Date of LDP Rate (Date of Request or Date Beneficial Interest was Lost) (MM-DD-YYYY)	78. LDP Rate (CCC Use Only)
		A. Immediate Slaughter	B. Slaughter for Personal Use	C. Preserved and Stored	D. Sold as Feeders to Lamb Buyer		A. Certified	B. Production Evidence			
PART P - PRODUCER CERTIFICATION (For additional signatures, complete CCC-633 EZ Continuation, Part P)											
<p>I certify all information entered on this form is true and correct and that the commodity was owned/retained for at least 30 days before the date of shearing or slaughter for unshorn lambs. By completing Part N for wool and mohair or Part O for unshorn lamb pelts and signing and dating this form, I hereby make a request for a payment from Commodity Credit Corporation (CCC) for the commodity described above under the terms and conditions as provided on the CCC-633 EZ, Loan Deficiency Payment (LDP) Agreement and Request. I also understand that a CCC-633 EZ, Page 1 MUST be on file at the FSA County Office for this LDP request to be considered complete.</p>											
79. Signature of Producer		80. % Share		81. Date (MM-DD-YYYY)		79. Signature of Producer		80. % Share		81. Date (MM-DD-YYYY)	
PART Q - CCC APPROVAL (FOR CCC USE ONLY)											
82. Signature of CCC Representative			83. Title of CCC Representative			84. Date (MM-DD-YYYY)	85. Action:	86. Is the quantity for this LDP reasonable?	87. Additional Information		
							<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved	<input type="checkbox"/> YES <input type="checkbox"/> NO			

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261.5 Establishing LDP Eligibility Before BI Is Lost (Continued)

B Using CCC-633 EZ to Establish LDP Eligibility (Continued)

\*--

<b>CCC-633 EZ Continuation</b> <small>(06-07-08)</small>		<b>U.S. DEPARTMENT OF AGRICULTURE</b> <small>Commodity Credit Corporation</small>			
<b>CONTINUATION SHEET FOR LOAN DEFICIENCY (LDP) PAYMENT AGREEMENT AND REQUEST</b> <small>(Use with CCC-633 EZ Pages 1, 2, 3, or 4)</small>					
Attach to Form CCC-633 EZ _____					
Enter a Check by the Appropriate Part to Indicate which Section this Form Applies.					
<b>PART C - PRODUCER CERTIFICATION (CCC-633 EZ Page 1) (Continuation)</b>					
6. Signature of Producer	7. Date (MM-DD-YYYY)	6. Signature of Producer	7. Date (MM-DD-YYYY)		
<b>PART F - PRODUCER CERTIFICATION (CCC-633 EZ Page 2) (Continuation for LDP Request)</b>					
25. Signature of Producer	26. % Share	27. Date (MM-DD-YYYY)	25. Signature of Producer	26. % Share	27. Date (MM-DD-YYYY)
<b>PART J - PRODUCER CERTIFICATION (CCC-633 EZ Page 3) (Continuation for Cotton LDP Request)</b>					
43. Signature of Producer	44. % Share	45. Date (MM-DD-YYYY)	43. Signature of Producer	44. % Share	45. Date (MM-DD-YYYY)
<b>PART P - PRODUCER CERTIFICATION (CCC-633 EZ Page 4) (Continuation for Wool, Mohair, or Unshorn Pelt LDP Request)</b>					
79. Signature of Producer	80. % Share	81. Date (MM-DD-YYYY)	79. Signature of Producer	80. % Share	81. Date (MM-DD-YYYY)

--\*

262 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.

\*--Applications for LDP's are submitted using CCC-633 EZ for any of the following options.

Type	Rate used for LDP is rate effective on...	BI status at time of application...
	LDP for cotton in which producer has BI at the time of the LDP application is:	
Irrevocable module lock-in.	date of application.	producer has BI.
Gin-direct.	date of ginning.	
Irrevocable post-ginning.	date of application.	
Lost BI before application.	the date BI was lost.	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 an accurately completed request is submitted**. The cotton is identified by a gin-supplied trailer or module number. 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 275 E.
- Gin-direct.** A producer may request gin-direct LDP's using CCC-633 EZ, page 3 \* \* \*. LDP rate provided is the rate payment rate effective on the date the cotton is ginned according to paragraph 274. These requests are allowed to be revised or terminated under certain circumstances. See subparagraphs 274 F and G.
- \*--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. LDP rate provided is the rate effective on the date that an accurately completed application is submitted. These LDP requests, once submitted, cannot be revised or canceled. See subparagraph 275 D.
- 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 acceptable documentation of the date BI was lost on the applicable quantity.

**262 LDP Options Relative to Harvest and Ginning (Continued)****A LDP Request Options (Continued)**

**Notes:** LDP applications submitted under any of these options may be considered complete if received without classification information. In these cases, the 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.

**263 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 shall 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 shall 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:

- shall 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 shall be date-stamped upon receipt.--\*

**Note:** A patron postage meter date stamp is not a post mark.

**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.

## 274 Gin-Direct LDP's (Continued)

**J Completing CCC-633 EZ, Page 3 for Gin-Direct LDP**

Effective for 2005 and subsequent crop 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
33	Enter the producer's name and address.
34	Enter the last 4 digits of the applicant's SSN or tax ID.
35	Enter the applicant's telephone/cell number.
36	Enter the crop year of the commodity for which the LDP is requested.
37	<p>Applicant answers question by checking (✓) either the "Yes" or "No" box.</p> <p><b>Note:</b> If the applicant answers "Yes", then the applicant 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	Applicant enters initials in box to the left of "Gin-Direct".
39	Applicant may request LDP's for 1 or more farms. For each individual farm an LDP is requested for some or all production, the applicant must enter the farm number and, in the box 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.
40-42	This part is not applicable to gin-direct LDP requests.
43-45	<p>Each producer with a share in the production on the application submitted must enter:</p> <ul style="list-style-type: none"> <li>• their signature in item 43</li> <li>• their percent share of the quantity in item 44</li> <li>• the date of signature in item 45.</li> </ul>
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>

274 Gin-Direct LDP's (Continued)

J Completing CCC-633 EZ, Page 3 for Gin-Direct LDP (Continued)

Item	Instruction
50-56	<p>Item 50: CCC Representative enters signature.</p> <p>Item 51: Enter title of CCC Representative.</p> <p>Item 52: Check (✓) box indicating approval or disapproval.</p> <p>Item 53: See subparagraph B to establish the date a completed application was submitted.</p> <p><b>Note:</b> Applications for gin-direct must be received on or before the date of ginning, and not later than <b>May 31</b>.</p> <p>Item 54: AWP applicable to gin-direct LDP's is the date of ginning.</p> <p>Item 55: Enter the name/address of the FSA County Office or LSA.</p> <p>Item 56: 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

Following is an example of CCC-633 EZ, page 3 that may be used for requesting upland cotton LDP's of any type.

\*--

CCC-633 EZ (06-07-06)																								
PART H - REQUEST FOR COTTON LDP																								
33. Contact Name and Address of Producer (Include Zip Code) (Please Print)			34. ID Number (Last 4 Digits)	35. Telephone/Cell Number (Include Area Code)		36. Crop Year	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 type="checkbox"/> NO																	
38. Producer Initials to Select Type of Application	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).																				
Irrevocable Post-Ginning	After Ginning	YES	Date an Accurately Completed Request is Submitted.	Identified by bale list or file sequence number(s).																				
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. <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th>A. FARM NO.</th> <th>B. NO. BALES</th> <th>A. FARM NO.</th> <th>B. NO. BALES</th> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>					A. FARM NO.	B. NO. BALES	A. FARM NO.	B. NO. BALES												
A. FARM NO.	B. NO. BALES	A. FARM NO.	B. NO. BALES																					
Lost Beneficial Interest	After Ginning	NO	Date Beneficial Interest Lost	Identified by Bale List or File Sequence Number(s)																				
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.																								
43. Signature of Producer(s)		44. % Share	45. Date (MM-DD-YYYY)	43. Signature of Producer(s)		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		47. File Sequence Number(s)		48. Date File(s) Received (MM-DD-YYYY)		49. Bale Count																		
PART L - CCC APPROVAL (FOR CCC USE ONLY)																								
50A. Signature of CCC Representative			50B. Title of CCC Representative		53. Date Submitted (MM-DD-YYYY)	55. Name and Address of FSA County Office or LSA		56. Additional Information																
51. Action: <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved			52. Date of Signature by CCC Representative (MM-DD-YYYY)		54. AWP on Applicable Date (MM-DD-YYYY)																			

\*--

## 275 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 267.

### B Approval

The LDP application shall be approved by CCC on the day that either application form, signed and dated by all applicable producers, and the accompanying production evidence are **both** provided. If the application and production evidence 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 102 and 275.5.

## 275 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 shall 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 shall 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 shall 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 does **not** apply LDP's processed in APSS. This requirement will be discontinued when software can be modified.

\* \* \*

## 280 Preprocessed Bale Data

### A Overview

Beginning with the 2005 crop year, all LDP's/eLDP's will be based on data stored in COPS. The use of manual data entry and the practice of copying bale data files directly into APSS \*--will only be allowed by using a system password issued by the State Office. This will:--\*

- require LDP data that will be entered in APSS to be downloaded using the cotton PC software

**Note:** eLDP bales are downloaded during the eLDP process and do not have to be downloaded using the cotton PC software.

- 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, LDP's/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 LDP's/eLDP's when the data is available in COPS.

### B Data Received on Diskette or E-Mail

Preprocessed data can be accepted by diskette or e-mail. If bale data is submitted electronically, the **producer must sign and date a paper copy** of the bale information to ensure that the electronic list corresponds to the producer's loan request. County Offices shall print and retain in the loan folder these listings and process the LDP using the table in paragraph 331.

See paragraph 330 to process cotton bale data received electronically. Any diskette received does not need to be retained; the signed, paper copy is sufficient record.

**280 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.

**281 Processing LDP’s Through Cotton Warehouse Receipt Process**

**A Processing References**

County Offices shall process LDP’s through the cotton warehouse receipt process according to the following table.

<b>IF data is for...</b>	<b>THEN follow instructions in paragraph...</b>
LDP’s provided by:	
<ul style="list-style-type: none"> <li>• preprocessed diskette</li> <li>• e-mail</li> <li>• paper listing</li> </ul>	<p>330</p> <p>331</p> <p>332.</p>
LDP’s based on paper receipts	332.

289 Using History Diskettes

**A Types of History Diskettes**

Start-of-day processing periodically removes loan data from the history files. The removed data is saved onto the 2 types of diskettes listed in this table.

Type	Purpose
APK205	Used to correct loans.
APK208	Stored as off-site backups to APK205 diskettes.

**B APK205 Diskettes**

If correcting 1 or more transactions, APK205 diskettes may be needed to restore information necessary for the correction.

If a diskette is needed, the “Diskette Date” field on Screen PXA00005 will display the date of APK205 diskettes containing the loan information needed for the correction. Insert diskettes into the disk drive, in sequential order, when prompted. After the transaction is restored from the diskettes, the correction process will continue.

**Note:** Depending on the transaction being reversed, other APK205 diskettes may be needed for subsequent transactions that also will be reversed during the correction process.

**C APK208 Diskettes**

The correction process may reject damaged APK205 diskettes and display an error message. If an error message is received, APK208 diskettes can be copied to obtain another set of APK205 diskettes.

\*--Follow 12-PS, paragraph 1743 for information on converting the APK208 diskettes to--\*  
APK205 diskettes.

**290 Corrections Involving Payables****A Accounting Interface**

After verifying the correction report and pressing “Enter” on Screen PXA10000 according to subparagraph 288 B, Screen ANK52010 will be displayed with the check or checks issued for the loan being corrected. Screen ANK52010 will list the program code, amount, check number, issue date, and loan number with the question, “Is the check to be canceled available?”

**B Loan To Be Re-Entered, and Loan Disbursed With a Check**

If the loan will be re-entered and direct deposit was not used, ENTER “Y”. The check will be canceled without creating a receivable in accounting. Re-enter the loan as a manual action according to paragraph 192 for cotton loans or paragraph 244 for seed cotton loans. When recording check data in accounting, enter the check number of the original check. This re-issues the same check number on the new loan. See 67-FI for additional information.

**C Loan Not To Be Re-Entered**

If the loan will not be re-entered, ENTER “N”. The check will be canceled and screens will be displayed to record receivable information. Complete receivable processing according to 67-FI.

**D Receivable Created in Correction Process**

If any loan disbursements were made by direct deposit and the direct deposit record has been transmitted, or if “N” was inadvertently entered to the question, “Is the check to be canceled available?” on Screen ANK52010 when the loan will actually be re-entered, a receivable will be created that must be repaid. When re-entering the loan, the check must be made payable to CCC. The check must then be applied to the receivable as a repayment. See 67-FI for more information.

**Note:** The receivable repayment date must be the same as the receivable creation date to prevent interest from being assessed.

302 Producer 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.

<b>IF the producer...</b>	<b>THEN COC shall...</b>	
does <b>not</b> respond within <b>*--the 30-calendar-day--*</b> notification period	<ul style="list-style-type: none"> <li>• follow subparagraph 303 C</li> <li>• send the producer, as applicable, the demand letter according to paragraphs 42 and 35</li> <li>• for loans, process forfeiture according to paragraph 212.</li> </ul>	
appeals the determination	follow paragraph 23.	
responds within the <b>*--30-calendar-day--*</b> notification period, but does <b>not</b> appeal	determine, based on the evidence provided by the producer, whether the producer acted in good faith.	
	<b>IF good faith...</b>	<b>THEN follow subparagraph...</b>
	is determined and the producer has been involved in less than 2 violations in the previous 24 months	303 A, using the demand letter in subparagraph 303 D.
<b>cannot</b> be determined or the producer has already been involved in at least 2 violations in the previous 24 months	303 C, using the demand letter according to paragraphs 42 and 35.	

## 303 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--\* shall 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 to:
  - \*--for 2005 and prior crop loan and LDP violations, the product of multiplying the quantity times 10 percent of the loan or LDP rate for a first offense, if COC determines the producer acted in good faith when the violation occurred, or 25 percent of the rate for all other offenses
  - for 2006 and subsequent crop years, 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.

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		100, 181, 237
CCC-6 <sup>1/</sup>	CCC Commodity Certificate		201
CCC-10	Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents	181.5	181, 223.7, Ex. 3.5
CCC-39	Request for Issuance of Duplicate Warehouse Receipt(s)	47	
CCC-184	CCC Check		Text
CCC-257	Schedule of Deposit		201, 201.5, 210.8, 210.11, 291
CCC-258	Wire Transfer of Funds		209
CCC-500	Loan Repayment Receipt	200	199, 201, 209, 210.5, Ex. 17.5
CCC-500-1	Loan Repayment Receipt Continuation Sheet		200
CCC-502A	Farm Operating Plan for Payment Eligibility Review for an Individual		43, 223
CCC-502B	Farm Operating Plan for Payment Eligibility Review for a Joint Venture or General Partnership		43, 223
CCC-502C	Farm Operating Plan for Payment Eligibility Review for Corporations, Limited Partnerships or Other Similar Entities		43, 223
CCC-502D	Farm Operating Plan for Payment Eligibility Review for an Estate or Trust		43, 223
CCC-502U	Update for CCC-502, Farm Operating Plan for Payment Eligibility Review		43, 223
CCC-526	Payment Eligibility Average Adjusted Gross Income Certification		100
CCC-601	Commodity Credit Corporation Note and Security Agreement Terms and Conditions	Ex. 16	162, 189, 190, 222.7, 242, 243, 303

<sup>1/</sup> This form is obsolete.

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

## Forms (Continued)

Number	Title	Display Reference	Reference
CCC-601 ELS Appendix	Appendix to CCC-601, Note and Security Agreement Terms and Conditions for Outside Storage of ELS Cotton	Ex. 19	222.7, 223.8, 224
CCC-605	Authorization of Electronic Agent and Designation of Agent - Cotton	207	Text, Ex. 3.5, 20
CCC-605-1	Designation of Agent - Cotton (Continuation Sheet to CCC-605)	207	201, 204, 206
CCC-605-2	Designation of Subsequent Agent - Cotton	207	204-206
CCC-633 EZ	Loan Deficiency Payment (LDP) Agreement and Request	261.5, 274	Text
CCC-634-E <u>1/</u>	Request for Electronic Loan Deficiency Payment (eLDP) Services		282
CCC-638	Confirmation of Sale	36	
CCC-639	Competitive Bid Pricing Worksheet	36	
CCC-664	Agreement to Permit Assumption of a Commodity Credit Corporation (CCC) Loan		28
CCC-674	Certification for Contracts, Grants, Loans, and Cooperative Agreements	37	
CCC-679	Lien Waiver	124	41, 165, 181, 201, 237
CCC-683	Commodity Loan Seal	239	236, 238
CCC-686	Application for Loan or Loan Deficiency Payment by Heirs (On a Commodity Produced by a Person Who Has Died)	105	
CCC-694-2	Acknowledgment of Commodity Certificate Purchase	201	181
CCC-697	Request to Lock in a Market Loan Repayment Rate		197
CCC-709 <u>1/</u>	Direct Loan Deficiency Payment Agreement		261, 276
CCC-734	Notification of Pending Redemption and/or LDP Request	50	50

1/ These forms are obsolete.

## 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	54	
CCC-770 Eligibility	Eligibility Checklist		54
CCC-770 UPLDP	Upland Cotton Loan Deficiency Payment (LDP) Checklist	54	
CCC-809	Cooperating Ginner's Bagging and Bale Ties Certification and Agreement	72	71, 73, 76, 77
CCC-877	Seed Cotton Loan Worksheet	238	236, 237, 240, 242, 243
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	242	240, 241, 243, 253
CCC-881-1	Seed Cotton Producer's Note and Security Agreement, Continuation Sheet	243	240, 241, 253
CCC-883	Seed Cotton Removal, Ginning and Marketing Authorization	253	250, 251
CCC-1099-G	Report of Payments to Producers		201
CCC-Cotton A	Cotton Producer's Note and Security Agreement	189	Text, Ex. 2
CCC-Cotton A Continuation	CCC-Cotton A Continuation Sheet	190	187, 188, 223.9
CCC-Cotton A-1	Schedule of Pledged Cotton	191	Text
CCC Cotton A-5	Statement of Eligibility and Information Worksheet	182	Text, Ex. 2

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

## Forms (Continued)

Number	Title	Display Reference	Reference
CCC-Cotton AA <u>1</u> /	Upland Cotton Producer's Loan Deficiency Payment Application and Certification		Text
CCC-Cotton AA-1	Schedule of LDP for Upland Cotton	278, 285.2	Text
CCC-Cotton AA-2	Spotcheck of Upland Cotton Subject to AWP Lock-In	275	
CCC-Cotton G	Cotton Cooperative Loan Agreement		250, Ex. 2
FSA-211 - 211A	Power of Attorney (Includes FSA-211A, Power of Attorney Signature Continuation Sheet)		45, 181, 201, 237
FSA-237 <u>1</u> /	Facsimile Signature Authorization and Verification		205
FSA-578	Report of Acreage		100, 118, 181, 185, 237
KC-232	Notice of Approval or Change in Status of Storage Agreement or Contract	48	
SF-LLL	Disclosure of Lobbying Activities	37	
UCC-1	National Financing Statement		124, 181, 181.5, 223.7, Ex. 3.5
UCC-1F	Effective Financing Statement		124

1/ These forms are obsolete.

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

## Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

<b>Approved Abbreviation</b>	<b>Term</b>	<b>Reference</b>
ACRS	Automated Cotton Reporting System	10, 282
AGI	adjusted gross income	127
APD	Analysis and Procedures Division, KCAO	10, 214
BCD	Bulk Commodities Division, KCCO	10, 11, 48, 57, 121, 191, 213
BI	beneficial interest	Text, Ex. 3.5
CCA	coarse count adjustment	Text, Ex. 3.5
CCR	Centralized Cotton Redemption	50, 204, 207, 210.5, 210.7-210.11, Ex. 3.5, 17.5, 20
COPS	Cotton Online Processing System	Text, Ex. 2, 3.5, 17.5
COPSS	Cotton Operations and Price Support Staff	10, 50, 204
CRTS	Cotton Receipt Tracking System	10, 210.11, 285.2
CSA	Cotton Storage Agreement	4, 49, 65, 121
DCIA	Debt Collection Improvement Act	100.5, Ex. 3.5, 21
EAD	Electronic Agent Designation	204, 210.5, 210.7, 210.8, Ex. 3.5, 17.5, 20
eLDP	electronic Loan Deficiency Payment	Part 5, Section 3
EWR	electronic warehouse receipt	Text, Ex. 2, 3.5, 12, 17.5
GPR	graduated payment reduction	32, 101
HVI	high volume instrument	167, Ex. 12
IMB	Inventory Management Branch, BCD, KCCO	10, 11, 48, 57, 121, 191, 213, Ex. 3.5
JCIBPC	Joint Cotton Industry Bale Packaging Committee	4, 14, 70-74, 76, 77, 125, Ex. 2, 3.5
MAL	marketing assistance loan	54, 100.5, 119, 127
NALR	national average loan rate	26, 198, 201, 202, 210.5, 265, 277, 278, Ex. 10
NITC	National Information Technology Center	50, 341, 344
NPS	National Payment Services	282, 285.2-285.4

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

Abbreviations Not Listed in 1-CM (Continued)

Approved Abbreviation	Term	Reference
PBI	permanent bale identifier	280
PSCAD	Price Support and Commodity Applications Division, KC-ITSDO	10, Ex. 12
SCIMS	Service Center Information Management System	282
TSR	Transaction Summary Report	199, 276, 279, 305
UCC	Uniform Commercial Code	223.7

Redelegations of Authority

This table lists redelegations of authority in this handbook.

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><b>Exceptions:</b> Only CED shall approve loans for:</p> <ul style="list-style-type: none"> <li>• STC members</li> <li>• SED's</li> <li>• State and County Office employees</li> <li>• COC members.</li> </ul>	14

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CCC-601, Commodity Credit Corporation Note and Security Agreement Terms and Conditions

This is an example of CCC-601.

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This form is available electronically.	Form Approved - OMB No. 0560-0087
CCC-601 (08-29-06)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation
<b>COMMODITY CREDIT CORPORATION NOTE AND SECURITY AGREEMENT TERMS AND CONDITIONS</b>	
<b>1. GENERAL.</b>	
(a) <b>Definitions.</b> The following definitions shall apply to this form, CCC-601, and any appendix thereto.	
<p>"<b>Amount Due</b>" 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; and (3) for loans disbursed by CCC-184, interest which has accrued on such amounts computed on a daily basis from the date of disbursement to, but not including, the date of repayment; and (4) for loans disbursed by Electronic Funds Transfer (EFT), interest which has accrued on such amounts computed 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), 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. (C) However, for a CCC commodity loan disbursed by CCC-184 and that has a total aggregate principal amount of \$500,000 or more, interest, if applicable, shall be calculated when repaid by: (i) wire transfer, on a daily basis from the date of disbursement to, but not including, the second day before the date of repayment; or (ii) other than a wire transfer, on a daily basis from the date of disbursement through the day after the date of repayment. (D) For a CCC commodity loan disbursed by EFT and that has a total aggregate principal amount of \$500,000 or more, interest, if applicable, shall be calculated when repaid by: (i) wire transfer, on a daily basis from the date of disbursement to, but not including, the second day before the date of repayment; or (ii) other than a wire transfer, on a daily basis from the date of disbursement to, but not including, the date of repayment.</p>	
<p>"<b>CCC</b>" means the Commodity Credit Corporation.</p>	
<p>"<b>Collateral</b>" means the commodity described in the Note which has been pledged as security for a CCC loan.</p>	
<p>"<b>Note</b>" means any CCC Note and Security Agreement which by reference incorporates this form.</p>	
<p>"<b>Regulations</b>" 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.</p>	
<p>"<b>Schedules of Premiums and Discounts</b>" means the premiums and discounts established by CCC which are applicable to the grade of the commodity as determined from the grading factors reflected on a: (A) warehouse receipt (B) Federal Grain Inspection Service official grading certificate or (C) 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.</p>	
<p>"<b>Total Loan Amount</b>" means the amount so identified in the Note.</p>	
<p>"<b>Loan Service Fee</b>" means the service fee deducted at loan disbursement and is calculated as follows: (A) for wheat feed grains, oilseeds, lentils, dry peas, small chick peas, wool, mohair, peanuts, rice, and seed cotton, the smaller of 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 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.</p>	
<p>All other words and phrases shall have the meanings assigned to them in the regulations found at 7 CFR Parts 718, 1400, 1403, 1421, 1425, 1427, 1434 and 1435.</p>	
(b) <b>Joint and Several Liability.</b> 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.	

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(Continued)

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- (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 8 and 12 are applicable to all loans; (ii) Section 4 is only applicable to nonrecourse loans; (iii) Section 9 is only applicable to farm-stored nonrecourse loans; (iv) Section 10 is only applicable to warehouse-stored nonrecourse loans; (v) Section 11 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 9 and 10, deliver the collateral to CCC. In the case of farm-stored loans, the producer shall bear all expenses 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. In no event will CCC pay to any party any amount which is received from the sale of the collateral if the sales proceeds are in excess of the amount required to settle the loan based on the quantity and quality of the commodity delivered to CCC as determined in accordance with the schedule of premiums and discounts. CCC will reimburse the producer for receiving charges paid by the producer to the warehouse upon delivery of the loan collateral except: (i) such payment by CCC will not exceed the receiving charge which CCC has agreed to pay to the warehouse; and (ii) no payment shall be paid by CCC if the warehouse has paid a premium to the producer for delivery of the loan collateral to the warehouse. If the producer has not paid such charges to the warehouse, the producer agrees to assign such payment to the warehouse and CCC shall issue such payment to the warehouse for the producer's account. 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. COLLATERAL.** The kind, class, type, and quantity of the commodity which has been pledged by the producer as collateral for the satisfaction of the loan is described in the Note. With respect to farm-stored loans, the collateral consists of the entire quantity of the commodity which is stored as identified in the Note and any authorized replacement of such quantity. With respect to warehouse-stored loans, the collateral consists of the commodity represented by the warehouse receipts identified in the Note and any required supporting documents.
- 7. 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 which are eligible for loan and which are free and clear of all 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. If such movement is not completed as instructed by CCC or the collateral is disposed of, CCC may at its discretion call the loan, assess liquidated damages as specified in Section 7(f), and take other administrative actions, as determined appropriate by CCC, including denial of future farm-stored loans.
- (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 will be called.

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(Continued)

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- (e) **Certification.** When the producer certifies to the quantity of the commodity to be pledged as collateral for a loan, the producer must provide an accurate certification of such eligible quantities. If CCC determines that the producer has filed an incorrect certification of such eligible quantity, CCC may at its discretion call the loan, assess liquidated damages, as specified in Section 7(f), and take other administrative actions, as determined by CCC, including denial of future farm-stored loans.
- (f) **Liquidated Damages.** If CCC determines that the producer has violated provisions of Sections 7(c), 7(e), or 8(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 7(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 7(e) or 8(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.

**8. 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 7(f), 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 in Section 11 (g).

**9. FARM-STORED NONRECOURSE LOANS.**

- (a) **General.** This section is applicable to a loan which is made with respect to collateral which is stored in CCC-approved storage under the control of the producer and not in a public warehouse.
- (b) **Loss or Damage to the Commodity.** The producer is responsible for any loss in quantity or quality of the commodity pledged as collateral for a farm-stored loan. CCC shall not assume any loss in quantity or quality of the loan collateral for farm-stored loans.

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- (c) **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 which is collateral will be made on a shelled corn basis. (iii) The producer is responsible for any loss in quantity or quality of the collateral. 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 and charges, plus interest on such deficiency from the date of disbursement. (iv) If the value of the collateral at settlement is greater than the amount due, such excess will be retained by CCC and CCC will have no obligation to 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.

**10. WAREHOUSE-STORED NONRECOURSE LOANS.**

- (a) **General.** This section is applicable to a loan which 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 or otherwise handle the collateral including the compression of cotton. Any charges incurred by CCC as the result of such action will be paid by the party redeeming such collateral.
- (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) The producer is responsible for any loss with respect to the quantity or quality of the collateral. CCC shall not assume any loss in quantity or quality of the loan collateral. If the value of the collateral at 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, the amount of such excess will be retained by CCC and CCC 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.
- (d) **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 10(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) (i) all warehouse storage charges associated with the forfeited cotton that accrued before the cotton was pledged as collateral for the loan; and (ii) 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.
- (e) **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 settle the loan based on the loan terms, credits and charges with respect to the shipping warehouse under the transfer authorization. (iii) The producer is responsible for all charges associated with the transfer of upland or ELS cotton or peanut loan collateral

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that are not paid by the requestor of such transfer, including at the shipping warehouse, all charges including storage charges that accrued during the period that the loan was at the shipping warehouse; all charges associated with the insurance, load-out, and transportation of the commodity to the receiving warehouse; and receiving charges at the receiving warehouse. CCC will not assume any liability for the charges associated with the transfer of any loan collateral. All charges are for the account of the producer and shall not be charged to the outstanding balance of the loan obligation. (iv) The producer is responsible for all losses of quantity or quality that result from the transfer of loan collateral and understands that CCC does not assume any loss in quantity or quality resulting from transfer of the loan collateral. (v) The transfer may occur without notice to the producer of the date of transfer or the receiving warehouse of the loan collateral. (vi) Transferred cotton may not be eligible for storage credits for a portion of term of the loan and agrees to refund upon demand by CCC all excess storage credits, as determined by CCC, that may have been applied at time of loan repayment; and (vii) CCC shall consider all authorizations that may be provided under Parts B and G of Form CCC-605 as cancelled if the producer provides written notification to CCC that the designation of agent is cancelled.

**11. RECOURSE LOANS.**

- (a) **General.** CCC may make recourse loans available to eligible producers of high moisture corn, high moisture grain sorghum, seed cotton, sugar, 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) **Loss or Damage to the Commodity.** The producer is responsible for any loss in quantity or quality of the commodity pledged as collateral for a farm-stored loan. CCC shall not assume any loss in quantity or quality of the loan collateral for farm-stored loans.
- (d) **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.
- (e) **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.
- (f) **Discretionary Loans.** Commodities which are pledged as collateral for a non-recourse loan as provided in Sections 9 and 10 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.

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(g) **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 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) The producer is responsible for any loss with respect to the quantity and quality of the collateral. 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 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.

**12. 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.

**NOTE:** *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the information to be supplied on this form is the Federal Agriculture Improvement and Reform Act of 1996, and the Commodity Credit Corporation Charter Act, as amended. The information on the attached Note and Security Agreement will be used to determine eligibility and the amount of program benefits. The information may be furnished to other USDA agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to orders of a court magistrate or administrative tribunal. Furnishing the requested information is voluntary; however, failure to furnish the correct complete information will result in a determination of ineligibility for program benefits. 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 information provided by the producer on this form.*

*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 0560-0087. The time required to complete this information collection is estimated to average 21 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 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.*

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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 APSS, the EAD flag is automatically set.
<b>COPS</b>	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 anytime 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"> <li>• click the following buttons and print the reports for each file: <ul style="list-style-type: none"> <li>• invoice detail</li> <li>• loan recap</li> <li>• print invoice screen</li> </ul> </li> <li>• CLICK “Download Invoice”.</li> </ul> <p><b>Note:</b> See the User Guide in COPS for instructions.</p>
<b>PC</b>	9	In cotton PC software, transfer the repayment files to APSS. From Menu 001, click option 4, “Centralized Repayment Functions”. From Menu 400, click option 1, “Transfer Repayment Files to APSS”. Select the applicable file name and transfer to the System 36 just as was done at loanmaking.

**CCR Sequence of Events (Continued)**

	<b>Step</b>	<b>Action</b>
<b>APSS</b>	10	In APSS, 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?” On Screen AGK01500, 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.
	11	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.

**Notes:** See paragraph 210.8 for handling invoices with negative repayments.

See paragraph 210.11 for handling CCR repayments for loans that have COPS errors.

**\*--Comparison of Payment of Charges for Cotton, Normal Loan vs. Transfer**

Charge	Loan Without Transfer	Transfer of Loan Collateral	
		Shipping Warehouse	Receiving Warehouse
Receiving at warehouse	Paid by the buyer upon load-out. If collateral is forfeited, paid to the warehouse by CCC and billed to the producer.	Paid by the requestor of transfer. The payment may be required for load-out.	Paid by the requestor of transfer. If forfeited, paid by CCC and billed to the producer.
Pre-loan storage	Paid by the producer or buyer. If collateral is forfeited, paid to the warehouse by CCC and billed to the producer based on the CCC loan rate.	Paid by the requestor of transfer. If transferred, collateral is forfeited. CCC's automated process will pay this charge and bill the producer, possibly duplicating the payment by the requestor.	Not applicable. Cotton is under loan when received.
Accrued storage during loan period	Depending on the AWP level, CCC may reduce the loan repayment amount for all or a portion of the storage charges during the loan period based on CCC's storage credit rate for the warehouse. The buyer pays any balance due to the warehouse if the warehouse charges exceed the CCC credit.	Paid by the requestor of transfer. Payment may be required before load-out.	Paid by the buyer when cotton is redeemed. The loan redemption amount may be reduced by CCC based on the CCC storage credit rate applicable at the shipping warehouse for the entire loan period.
After loan storage	Paid by the buyer. If forfeited, CCC pays the warehouse at the CCC loan rate and bills the producer for any amount paid to the warehouse exceeding the storage-credit rate.	Paid by the buyer.	Paid by the buyer.
Compression	Paid by the buyer upon load-out. If cotton forfeits, paid by CCC and billed to the producer.	Paid by the requestor of transfer.	Paid by the buyer upon load-out. If cotton forfeits, paid by CCC and billed to the producer.
Load-out	Paid by the buyer.	Paid by the requestor of transfer. Payment may be required before load-out.	Paid by the buyer.
Freight to receiving warehouse	Paid by the producer.	N/A	Paid by the requestor of transfer.

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