

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

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

Amendment 34

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 72 B has been amended to provide a new web link for JCIBPC specifications.

Subparagraph 110 B has been amended to remove risk of loss as a BI component.

Subparagraph 119 E has been amended to clarify that double-cropping policy is established in 2-CP and that STC must approve double-cropping combinations.

Subparagraph 125 C has been amended to clarify that tare-weight errors shall not be corrected for loans or LDP's.

Subparagraph 207 A has been amended to provide the latest version of CCC-605 which was revised in Part B to include authorization for using the centralized redemption process; Part G, items 3 and 4, and the part titles for Parts C and H were revised for clarity.

Subparagraph 208 B has been amended to update producer changes for forfeited loan cotton.

Subparagraph 211 A has been amended to provide that excessive credits are calculated based on any difference between the CSA rate for loan cotton and the storage credit rate for the warehouse.

Subparagraphs 214 A and D have been amended to include the additional charges, if applicable, to be billed to producers when loan cotton is forfeited, namely unpaid warehouse compression and warehouse storage charges during the loan period that exceed the storage credit rate.

Subparagraph 214 D has been amended to add in the initial notification letter the additional charges that may, if applicable, be billed to a producer that forfeits loan cotton.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Exhibits 5 through 11 and Exhibit 15 have been amended to provide 2007-crop rates for upland and ELS cotton.

Exhibit 18 has been amended for clarity and to correspond with transfer policy affecting producer collection invoices for transferred cotton that forfeits.

Page Control Chart		
TC	Text	Exhibit
	1-129, 1-130	5, pages 1-6
	2-1, 2-2	6, page 1
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	3-150.5, 3-150.6	

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

B JCIBPC Specifications

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

C Official Tare Weights

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

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

73 Approving Cooperating Ginners

A Approving CCC-809

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

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

B Notifying Ginner of Receipt of CCC-809

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

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

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

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 a loan repayment that results in loan gains, but is not needed before the disbursement of a loan.--*

- “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 pay-limit forms. However, LDP's or loan repayments resulting in loan gains--* 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.

* * *

- 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.

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

*--Policy for defining and approving double-cropping practices is established in 2-CP.

Double-cropping acreage is eligible for MAL's and LDP's if COC recommends and STC approves that:--*

- 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.

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 or LDP is made, the County Office shall not increase or decrease the amount of the loan or LDP. Requests for corrections by producers shall be denied. However, appeal rights shall be provided according to 1-APP.--*

D Definition of Tare Weights

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

E Valid Tare Weights

The valid tare weights that can be entered when processing cotton loans through 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
Remarks Codes			
75	Other side of sample 2 or more color grades and/or color groups or 1 color grade and 1 color group higher.	X	
76	Reginned.		X
77	Repacked.		X
78	Pima, redder than normal.	X	
92	Pima ginned on saw gin.		X
Special Condition Codes			
93	Pima, mixed pima and upland.		X
94	Pima, fire damaged.		X
95	Pima, water damaged.		X
96	Upland, mixed pima and upland.		X
97	Upland, fire damaged.		X
98	Upland, water damaged.		X

126 (Withdrawn--Amend. 22)

207 Completing Designation of Agent Forms (Continued)

A Instructions for CCC-605 (Continued)

Item	Instructions
Part E	
--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.
Part F	For FSA use.
*--Part G	
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.
Part H	
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.	
CCC-605 (04-17-07)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
AUTHORIZATION OF ELECTRONIC AGENT AND DESIGNATION OF AGENT - COTTON			
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. Agents complete Part D to transfer designation to a subsequent agent and Part E to request Commodity Certificate Exchange.			
PART A - TERMS OF AUTHORIZATION FOR CCC TO USE ELECTRONIC AGENT DESIGNATION			
<p>1. For purposes of this authorization:</p> <p style="margin-left: 20px;">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 style="margin-left: 20px;">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>			
PART B - DESIGNATION OF AGENT FOR LOAN REDEMPTION			
<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, and to utilize CCC's centralized electronic redemption process for such redemption. The Producer agrees that no other Form CCC-605 has been or will be executed with respect to such cotton. If this form covers all the warehouse receipts pledged as security for the loan as described in 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:	B. LOAN NUMBER:	<input type="checkbox"/> ALL <input type="checkbox"/> See attached Form CCC-605-1 or other list	
C. MATURITY DATE	D. FILE SEQUENCE NUMBER		
6. AGENT'S NAME, ADDRESS, AND HOLDER ID NUMBER:		7. NAME AND ADDRESS OF COUNTY FSA OFFICE PROVIDING LOAN AND FAX NUMBER:	
PART C - SIGNATURE OF PRODUCER(S) WHO SIGNED LOAN NOTE AND SECURITY AGREEMENT (CCC COTTON A) FOR LOAN(S) (SIGNATURES CONTINUED ON PAGE 4) TO DESIGNATE AND AUTHORIZE AN AGENT			
8A. Name and Address of Contact Producer (Include ZIP Code)		8B. Telephone Number (Include Area Code)	
		8C. Signature of Contact Producer	8D. Date (MM-DD-YYYY)
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) (04-17-07)			
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:			
<ol style="list-style-type: none"> 1. 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. 2. 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. 3. Requests and authorizes CCC to settle the obligation of the loan identified in Item 18, if requested before the maturity of such obligation, based on the original loan terms and credits and charges applicable at the shipping warehouse; and, requests and authorizes CCC to settle the obligation of such loan, or any portion of such loan, upon delivery of the loan collateral to CCC, based on the credits and charges applicable to such delivered collateral at the receiving warehouse. 4. Agrees that CCC shall not be held responsible for any charges, fees, costs, or expenses incident to the transfer of cotton loan collateral. 5. 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. 6. 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. 7. 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:			
PART H - SIGNATURE OF PRODUCER(S) WHO SIGNED LOAN NOTE AND SECURITY AGREEMENT TO AUTHORIZE TRANSFER OF COTTON LOAN COLLATERAL SUBJECT TO THIS AGENT DESIGNATION/AUTHORIZATION			
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)
<p>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.</p> <p>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. This form shall be returned to the County Office identified in Part B, Item 7 only to support a request for cash redemption of loan collateral by such 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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208 Maturity Date Notification Letter (Continued)

B Notice of Maturity Letter

Send the following notification letter to producers of maturing warehouse-stored nonrecourse loans.

*--

<p>Dear _____:</p> <p>This is to notify you that your (crop year) cotton loan, No. (loan number) will mature on (maturity date). Loan extensions have not be authorized.</p> <p>Under the terms and conditions of the loan, the following options are available:</p> <ul style="list-style-type: none"> • repay the loan on or before the maturity date • forfeit the loan collateral to CCC if not repaid by close of business on the maturity date. <p>If you choose to forfeit, or if you designated an agent using CCC-605 and that agent or any subsequent agent does not redeem this loan by close of business on the maturity date, you must pay all of the following charges:</p> <ul style="list-style-type: none"> • warehouse storage charges that accrued before the date all documents required from you for the loan were provided to this County Office • unpaid warehouse receiving charges including any charges for new ties • any difference between the CSA loan storage rate specified in the storage agreement between the warehouse and CCC and the storage credit cap during the loan period • any other unpaid charges that reduce the value of the cotton delivered to CCC including unpaid compression charges based on the tariff rate. <p>If you do not take action by loan maturity, your loan collateral will be forfeited to CCC automatically.</p> <p>Sincerely,</p> <p>County Executive Director, _____ County FSA Office</p>	<p>(Date) _____, 20__</p>
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208 Maturity Date Notification Letter (Continued)

*--B Notice of Maturity Letter (Continued)

Before mailing notification letter to producer:

- enter data specific to this loan
- remove options not applicable to this loan
- include the following data, modified as applicable, on a separate sheet and enclose with the maturity notification letter.

Producer's Name _____
Loan Number _____
Crop Year _____
Commodity _____
Maturity Date _____

I INTEND TO DO THE FOLLOWING WITH THE LOAN IDENTIFIED ABOVE (circle one):

- 1 REPAY WITH CASH.
- 2 FORFEIT THE ELIGIBLE COMMODITY TO CCC
- 3 REDEEM WITH COMMODITY CERTIFICATE EXCHANGE, IF APPLICABLE.

_____ (Date)
 _____ (Producer's Signature)

Please return this intention by (maturity date).

Mail to: (County Name) County FSA Office
 (Mailing Address)
 (City, State, ZIP Code)

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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 CSA rate for loan cotton and the rate established by CCC for storage credits--*
- any unpaid warehouse receiving charges including charges for new ties
- any unpaid warehouse compression charges or other charges added by the warehouse that reduce the value of the cotton delivered to CCC.

See paragraph 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 11th 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.

214 Collecting Charges Due on Forfeited Loans

A Determining Charges Due

[7 CFR 1427.11(f)] The payment of charges under warehouse loans, forfeitures, and *--transfers are summarized in Exhibit 18. When loans are forfeited, and after warehouse charges are paid by KCCO, KCCO will determine the total of the following 4 amounts--* that will be billed to the producer:

- warehouse storage charges that accrued **before** the date all documents required from the producer for the loan were provided to the County Office
- unpaid warehouse receiving charges including any charges for new ties
- *--unpaid warehouse compression charges
- warehouse storage changes that accrued starting the date all documents were received that exceed the storage credit rate.

Any charges billed to the producer will be based on the tariffs effective at the warehouse where forfeited. Thus, charges related to loan bales that were transferred and then forfeited are based on charges at the receiving warehouse.--*

The date documents provided (enter on CCC Cotton A-5, item 8) is the **later** of the following dates that CCC received any of the following documents required for the loan:

- the date of receipt of a signed CCC Cotton A-5 and all other required documents listed in subparagraph 181 B
- the date CCC was made holder of EWR's as specified on the EWR Validation Review Report

Note: The date CCC was made holder of EWR is not necessarily the same date as the date that a County Office downloaded EWR's.

- the date paper warehouse receipts were delivered to the County Office.

B Collecting Charges Due From Producer

[7 CFR 1427.13(e)] When the producer collection invoice is posted to COPS, the County Office shall:

- follow subparagraph 215 A to access the invoice

214 Collecting Charges Due on Forfeited Loans (Continued)

B Collecting Charges Due From Producer (Continued)

- follow subparagraph 215 B to print the invoice

Important: COPS will generate an invoice for charges of \$9.99 or less, but will automatically write off the charges. County Offices shall **not** take collective action for these invoices. Invoices of \$9.99 or less may be accessed and printed in COPS under Invoice Review by selecting:

- Invoice Type of “Producer Collection Invoice”
 - Status of “Writer-off Producer Collection \$9.99 or Less”.
- determine whether the producer collection invoice is for the correct producer and loan
 - *--if statement of charges is incorrect, contact ADC-PSCAO-CLG to request a corrected--* statement of charges by:
 - telephone at 816-926-2638
 - e-mail at janet.delancey@kcc.usda.gov
 - if statement of charges is correct, establish receivables in CRS according to 67-FI, with:
 - **all** producers who signed CCC-Cotton A as debtor or co-debtors
 - discovery code of “10”
 - reason code of “300”
 - program code of “XXUPCNFORF”

Note: “XX” is the last 2 digits of the crop year.

- send producer CRS-generated initial notification letter
- immediately update the producer collection invoice with the receivable information according to subparagraph 215 C
- notate the receivable number on the producer collection invoice and file a copy in the producer’s loan folder.

214 Collecting Charges Due on Forfeited Loans (Continued)

C Collecting Charges Due for LSA Producers

If LSA producer invoices remain **unpaid 30 calendar days after** the date of the LSA notification letter, LSA's shall contact producer's administrative County Office to request that a receivable be established. LSA will provide a case file that contains copies of:

- producer collection invoice
- LSA notification letter
- documentation of any collection activity.

Administrative County Offices shall:

- establish a receivable according to 67-FI with:
 - **all** producers who signed CCC-Cotton A as debtor or co-debtors
 - discovery code of "10"
 - reason code of "300"
 - program code of "XXUPCNFORF"

Note: County Offices do not have access to LSA producer invoices and, therefore, will **not** enter the receivable number in COPS as they do for county producer invoices.

- issue the computer-generated notification letter created by CRS; notate that this debt is related to a loan disbursed by LSA

Important: Because LSA cannot provide due process to producers for debts owed CCC, the administrative County Office **must** issue a notification letter and 1st demand letter before a claim can be established.

- continue producer notification and debt collection according to 67-FI and 58-FI
- *--contact Roger Pieper by e-mail at **roger.pieper@kcc.usda.gov** and provide the--* following:
 - receivable number
 - LSA name.

Any funds collected by LSA after the receivable has been established will be forwarded to the administrative County Office to be recorded as a debt collection.

214 Collecting Charges Due on Forfeited Loans (Continued)**D Explanation of Debt in Notification Letters**

County Offices shall add the following text on Screen AQB15201 to the notification letter generated in the receivable software:

“The forfeiture of your cotton loan number ____ (issued by _____ LSA, if applicable). You were notified of this loan’s maturity date and of the options available to you. By having decided to forfeit the loan collateral in satisfaction of the loan, you agreed to pay to CCC at rates that are specified in the storage agreement between the warehouse and CCC all:

- warehouse storage charges that accrued before the date all documents required from you for the loan were provided to the County Office, and
- unpaid warehouse receiving charges including any charges for new ties
- *--unpaid warehouse compression charges
- warehouse storage charges that accrued starting the date all documents were received that exceed the storage credit rate.--*

214 Collecting Charges Due on Forfeited Loans (Continued)

D Explanation of Debt in Notification Letters (Continued)

This is an example of the initial notification letter for charges due.

*--

LOGAN COUNTY FSA OFFICE 21 LONA DRIVE STERLING, CO 80751-4715 Telephone: 303-522-7440 SAMIE SAENZ 2 EAST BEVA ROAD CHEYENNE, WY 82001-9605 Dear SAMI SAENZ: This is to notify you that the County Committee has determined that you have a debt arising from the forfeiture of your cotton loan number XXX. You were notified of this loan's maturity date and the options available to you. By having decided to forfeit the loan collateral in satisfaction of the loan, you agreed to pay to CCC at the rates that are specified in the storage agreement between the warehouse and CCC all: 1) warehouse storage charges that accrued before the date all documents required form you for the loan were provided to the County Office 2) unpaid warehouse receiving charges including any charges for new ties: 3) unpaid warehouse compression charges, if applicable, and 4) warehouse storage charges exceeding the storage credit rate that accrued during the loan period. The amount you owe consists of: <table border="0" style="width: 100%; margin-left: 40px;"> <tr> <td style="text-align: center;">Principal</td> <td style="text-align: center;">Interest</td> <td style="text-align: center;">Other Charges</td> <td style="text-align: center;">Total</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5000.00</td> <td></td> </tr> </table>	Principal	Interest	Other Charges	Total			5000.00		United States Department of Agriculture Farm Service Agency Debt Notification Date: [Current Date]
Principal	Interest	Other Charges	Total						
		5000.00							

The amount shown above has been recorded for offset from any FSA or CCC payment due you.

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

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you have 30 calendar days from the date of this letter to request one of the following options:

- reconsideration by the County Committee (COC)
- mediation
- appeal to the State Committee (STC)
- appeal to the National Appeals Division (NAD).

If you elect to appeal to NAP, you may not seek review by COC or STC, or enter into mediation at a later date.

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

Sincerely,

 County Executive Director

--*

Schedule of Premiums and Discounts for Grade, Staple Length, and Leaf for Upland Cotton

A Policy

The discount for all grades, length, and leaf content not shown in this exhibit is .4000 (40 cents/lb.) and additional discounts * * * may also apply.

The discount for leaf 8 for all color grades is .4000.

For 2004-2007 crop upland cotton, the national average loan rate is \$0.52 pound. The minimum loan rate is zero, and no loan rate can be adjusted below zero by any discount(s). CCC does not provide a loan on a bale unless the computed loan rate is greater than zero.

B Color Grade Symbols

The following color grade symbols are used in this exhibit to designate the different grades:

- SM - Strict Middling
- MID - Middling
- SLM - Strict Low Middling
- LM - Low Middling
- SGO - Strict Good Ordinary
- GO - Good Ordinary
- BG - Below Grade.

Schedule of Premiums and Discounts for Grade, Staple Length, and Leaf for Upland Cotton

C White Cotton

*--Following are premiums and discounts for 2007 crop upland cotton classed as "White".
Coarse count applies to shaded selections.

Grade Code	Leaf	Staple Length (Inches)								
		13/16 Through 29/32	15/16	31/32	1	1-1/32	1-1/16	1-3/32	1-1/8	1-5/32 & Longer
		(26-29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37 & Longer)
SM 11 & 21 BETTER	1-2	-240	-165	-145	-135	10	305	565	695	715
	3	-290	-190	-160	-155	5	265	515	620	640
	4	-355	-280	-200	-195	-85	105	295	385	410
	5	-435	-360	-350	-345	-245	-65	105	155	175
	6	-625	-525	-485	-475	-375	-320	-240	-215	-200
	7	-700	-630	-625	-620	-520	-460	-400	-375	-360
MID 31	1-2	-290	-215	-165	-155	-15	250	505	590	615
	3	-335	-250	-190	-165	-25	230	480	545	565
	4	-405	-340	-225	-220	-120	85	260	325	340
	5	-485	-410	-370	-360	-260	-130	55	100	125
	6	-655	-560	-500	-490	-390	-355	-275	-250	-235
	7	-735	-655	-640	-630	-530	-475	-425	-395	-380
SLM 41	1-2	-385	-330	-255	-245	-125	95	230	290	295
	3	-405	-350	-265	-255	-135	70	205	270	270
	4	-470	-400	-295	-290	-190	Base	140	205	205
	5	-515	-460	-425	-415	-305	-225	-120	-85	-85
	6	-700	-610	-555	-545	-445	-425	-370	-360	-360
	7	-775	-725	-700	-690	-590	-580	-545	-540	-535
LM 51	1-2	-510	-470	-455	-445	-305	-235	-125	-110	-110
	3	-510	-490	-480	-475	-315	-260	-150	-130	-130
	4	-555	-520	-510	-500	-340	-305	-195	-180	-180
	5	-590	-580	-570	-565	-465	-410	-315	-300	-300
	6	-785	-710	-695	-680	-565	-555	-525	-515	-515
	7	-860	-825	-820	-815	-715	-710	-680	-675	-675
SGO 61	1-2	-565	-555	-545	-540	-415	-315	-295	-295	-295
	3	-565	-560	-555	-545	-425	-340	-325	-320	-320
	4	-610	-590	-585	-575	-460	-385	-365	-360	-360
	5	-660	-655	-650	-645	-545	-490	-460	-460	-460
	6	-815	-805	-800	-795	-695	-660	-640	-635	-635
	7	-930	-925	-915	-910	-810	-755	-740	-735	-735
GO 71	1-2	-805	-800	-795	-790	-690	-615	-595	-595	-595
	3	-805	-800	-795	-790	-690	-615	-595	-595	-595
	4	-870	-860	-850	-840	-740	-665	-645	-645	-645
	5	-925	-915	-905	-895	-795	-730	-710	-710	-710
	6	-1015	-1010	-1005	-1000	-900	-830	-810	-810	-810
	7	-1060	-1055	-1050	-1045	-945	-880	-860	-860	-860
BG 81	1-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000

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**Schedule of Premiums and Discounts for Grade, Staple Length, and Leaf for Upland Cotton
(Continued)**

D Light Spotted Upland Cotton

*--Following are premiums and discounts for 2007 crop upland cotton classed as "Light Spotted".
Coarse count applies to shaded selections.

Grade Code	Leaf	Staple Length (Inches)								
		13/16 Through 29/32	15/16	31/32	1	1-1/32	1-1/16	1-3/32	1-1/8	1-5/32 & Longer 37 & Longer
		(26-29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	
SM 12 & 22 BETTER	1-2	-325	-290	-260	-225	-95	110	280	360	375
	3	-375	-310	-270	-245	-110	90	250	325	340
	4	-410	-350	-305	-290	-180	10	165	220	235
	5	-495	-445	-440	-435	-335	-210	-115	-80	-65
	6	-685	-610	-570	-560	-460	-410	-355	-345	-335
	7	-775	-705	-695	-690	-590	-560	-530	-515	-510
MID 32	1-2	-365	-315	-300	-295	-165	5	110	165	165
	3	-410	-345	-320	-310	-175	-20	80	150	150
	4	-470	-395	-375	-365	-245	-120	5	50	55
	5	-540	-515	-510	-505	-405	-320	-245	-215	-215
	6	-725	-670	-645	-625	-525	-500	-450	-440	-440
	7	-855	-785	-775	-765	-665	-645	-615	-610	-610
SLM 42	1-2	-445	-380	-370	-360	-260	-180	-75	-30	-30
	3	-460	-400	-390	-385	-285	-205	-105	-55	-55
	4	-510	-455	-440	-430	-315	-245	-155	-115	-115
	5	-600	-570	-560	-555	-455	-420	-345	-335	-335
	6	-835	-785	-730	-705	-605	-575	-540	-530	-530
	7	-925	-875	-855	-840	-740	-715	-690	-690	-690
LM 52	1-2	-590	-550	-535	-525	-405	-375	-345	-340	-340
	3	-605	-560	-545	-535	-415	-400	-365	-360	-360
	4	-640	-625	-600	-570	-470	-455	-420	-415	-415
	5	-715	-685	-665	-655	-555	-545	-510	-510	-510
	6	-930	-880	-835	-815	-715	-695	-680	-680	-680
	7	-1000	-970	-950	-935	-835	-835	-820	-820	-820
SGO 62	1-2	-655	-650	-645	-640	-540	-465	-450	-450	-450
	3	-680	-670	-660	-650	-550	-480	-465	-465	-465
	4	-730	-710	-700	-690	-590	-530	-515	-515	-515
	5	-840	-830	-820	-810	-710	-640	-625	-625	-625
	6	-990	-985	-980	-975	-875	-810	-795	-795	-795
	7	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
BG 82	1-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000

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**Schedule of Premiums and Discounts for Grade, Staple Length, and Leaf for Upland Cotton
(Continued)**

E Spotted Upland Cotton

*--Following are premiums and discounts for 2007 crop upland cotton classed as "Spotted".
Coarse count applies to shaded selections.

Grade	Code	Leaf	Staple Length (Inches)								
			13/16 Through 29/32	15/16	31/32	1	1-1/32	1-1/16	1-3/32	1-1/8	1-5/32 & Longer
			26-29	30	31	32	33	34	35	36	37 & Longer
SM 13 & 23 BETTER		1-2	-495	-390	-340	-290	-190	-145	-110	-90	-90
		3	-495	-425	-365	-315	-215	-170	-135	-115	-115
		4	-570	-465	-440	-380	-280	-220	-190	-170	-170
		5	-695	-590	-565	-495	-395	-345	-310	-290	-290
		6	-795	-715	-620	-575	-475	-420	-400	-380	-380
		7	-865	-790	-710	-700	-600	-565	-535	-525	-520
MID	33	1-2	-580	-500	-450	-365	-265	-265	-265	-265	-265
		3	-580	-500	-450	-365	-265	-265	-265	-265	-265
		4	-630	-575	-500	-430	-330	-330	-330	-330	-330
		5	-730	-725	-625	-545	-445	-445	-445	-445	-445
		6	-855	-800	-705	-645	-545	-545	-545	-545	-545
		7	-975	-875	-805	-770	-670	-665	-665	-665	-665
SLM	43	1-2	-640	-620	-610	-595	-485	-455	-430	-405	-405
		3	-640	-620	-610	-595	-485	-455	-430	-405	-405
		4	-690	-670	-660	-650	-540	-505	-460	-445	-445
		5	-765	-760	-750	-740	-640	-640	-605	-600	-600
		6	-910	-875	-865	-855	-755	-755	-755	-755	-755
		7	-1010	-980	-970	-960	-860	-860	-860	-860	-860
LM	53	1-2	-765	-750	-740	-730	-630	-570	-535	-535	-535
		3	-770	-755	-745	-735	-635	-580	-545	-545	-545
		4	-820	-810	-800	-790	-690	-630	-595	-590	-590
		5	-895	-880	-870	-860	-760	-710	-675	-670	-670
		6	-1005	-1000	-995	-990	-890	-830	-805	-800	-800
		7	-1110	-1105	-1100	-1095	-995	-940	-930	-925	-925
SGO	63	1-2	-895	-890	-885	-880	-780	-690	-660	-655	-655
		3	-895	-890	-885	-880	-780	-690	-665	-660	-660
		4	-935	-925	-920	-915	-815	-740	-710	-705	-705
		5	-1030	-1015	-1005	-995	-895	-825	-800	-795	-795
		6	-1120	-1110	-1100	-1095	-995	-900	-890	-885	-885
BG	83	1-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	

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**Schedule of Premiums and Discounts for Grade, Staple Length, and Leaf for Upland Cotton
(Continued)**

F Tinged Upland Cotton

*--Following are premiums and discounts for 2007 crop upland cotton classed as "Tinged".
Coarse count applies to shaded selections.

Grade	Code	Leaf	Staple Length (Inches)								1-5/32 & Longer (37 & Longer)
			13/16 Through 29/32	15/16	31/32	1-1/16	1-1/32	1-1/8	1-3/32	1-1/8	
			(26-29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	
SM	24	1-2	-670	-565	-525	-490	-390	-345	-330	-330	-330
		3	-670	-575	-530	-495	-395	-350	-340	-340	-340
		4	-785	-685	-645	-595	-495	-430	-425	-425	-425
		5	-890	-790	-735	-705	-605	-545	-535	-535	-535
		6	-1010	-940	-875	-845	-745	-695	-690	-690	-690
MID	34	1-2	-690	-595	-545	-515	-415	-360	-360	-360	-360
		3	-690	-595	-545	-515	-415	-360	-360	-360	-360
		4	-815	-720	-660	-615	-515	-460	-460	-460	-460
		5	-910	-820	-760	-730	-630	-585	-585	-585	-585
		6	-1035	-970	-910	-875	-775	-730	-730	-730	-730
SLM	44	1-2	-785	-675	-645	-595	-490	-455	-440	-440	-440
		3	-805	-700	-670	-630	-530	-485	-485	-485	-485
		4	-865	-775	-725	-705	-600	-535	-535	-535	-535
		5	-965	-865	-840	-790	-690	-645	-635	-635	-635
		6	-1080	-1005	-960	-930	-830	-785	-785	-785	-785
LM	54	1-2	-860	-770	-745	-735	-635	-575	-540	-540	-540
		3	-860	-770	-750	-740	-640	-585	-550	-550	-550
		4	-915	-825	-805	-795	-695	-635	-615	-615	-615
		5	-995	-905	-875	-865	-765	-715	-670	-670	-670
		6	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
		7-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
BG	84	1-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000

--*

**Schedule of Premiums and Discounts for Grade, Staple Length, and Leaf for Upland Cotton
(Continued)**

G Yellow Stained Upland Cotton

*--Following are premiums and discounts for 2007 crop upland cotton classed as “Yellow Stained”.
Coarse count applies to shaded selections.

Grade	Code	Leaf	Staple Length (Inches)								
			13/16 Through 29/32	15/16	31/32	1	1-1/32	1-1/16	1-3/32	1-1/8	1-5/32 & Longer
			(26-29)	(30)	(31)	(32)	(33)	34	35	36	37 & Longer
25		1-2	-870	-765	-725	-690	-590	-545	-530	-530	-530
		3	-870	-775	-730	-695	-595	-550	-540	-540	-540
		4	-985	-885	-845	-795	-695	-630	-625	-625	-625
		5	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
		6	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
		7-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
35		1-2	-890	-795	-745	-715	-615	-560	-560	-560	-560
		3	-890	-795	-745	-715	-615	-560	-560	-560	-560
		4	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
		5	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
		6	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
		7-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
BG	85	1-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000

--*

Schedule of Discounts for Extraneous Matter in Upland Cotton

*--The following discounts for extraneous matter apply to 2007 crop upland cotton.

Note: The discounts for bark vary by State.

Extraneous Matter		
Description of Code	Code	Discount (Points per Pound)
No Extraneous Matter	(00)	0
Preparation		
Level 1	(01)	-75
Level 2	(02)	-685
Bark		
Kansas, New Mexico, Oklahoma, Texas		
Level 1	(11)	-225
Level 2	(12)	-450
All other States		
Level 1	(11)	-370
Level 2	(12)	-720
Grass		
Level 1	(21)	-370
Level 2	(22)	-720
Seed Coat Fragments		
Level 1	(31)	-370
Level 2	(32)	-720
Oil		
Level 1	(41)	-370
Level 2	(42)	-720
Spindle Twist		
Level 1	(51)	-370
Level 2	(52)	-720
Other		
Level 1	(61)	-370
Level 2	(62)	-720

--*

Schedule of Premiums and Discounts for Uniformity in Upland Cotton

*--The following premiums and discounts for uniformity apply to 2007 crop upland cotton in all States. Uniformity is expressed as a percent and no other code is used.

Uniformity (Percent)	Discounts and Premiums (Points per Pound)
77.4 & Below	-80
77.5 – 78.4	-70
78.5 – 79.4	-60--*
79.5 – 80.4	0
80.5 – 81.4	0
81.5 – 82.4 (Base Level)	0
82.5 – 83.4	+25
83.5 – 84.4	+35
84.5 – 85.4	+45
85.5 & above	+55

Schedule of Premiums and Discounts for Strength for Upland Cotton

*--The following are the premiums and discounts for strength for 2007 crop upland cotton.

Strength (Grams per Tex)	Discounts and Premiums (Points per Pound)
18.4 or less	-500
18.5 - 19.4	-255
19.5 - 20.4	-255
20.5 - 21.4	-255
21.5 - 22.4	-200
22.5 - 23.4	-155
23.5 - 24.4	-130
24.5 - 25.4	-80
25.5 - 26.4	0
26.5 - 27.4 (Base level)	0
27.5 - 28.4 (Base level)	0
28.5 - 29.4	0
29.5 - 30.4	+25
30.5 - 32.4	+45
32.5 and higher	+45

--*

Schedule of Premiums and Discounts for Micronaire of Upland Cotton

The minimum loan rate is zero, and no loan rate can be adjusted below zero by any discounts. CCC does not provide a loan on a bale unless its computed loan rate is greater than zero.

*--The following are the micronaire premiums and discounts for 2007 crop upland cotton.

Micronaire Reading	Discounts and Premiums (Points per Pound)	
	32/32 (1'') and Shorter	33/32 (1-1/32'') and Longer
2.4 and below	-975	-1050
2.5 through 2.6	-845	-940
2.7 through 2.9	-595	-695
3.0 through 3.2	-330	-360
3.3 through 3.4	-205	-190
3.5 through 3.6	0	0
3.7 through 4.2	+5	+20
4.3 through 4.9	0	0
5.0 through 5.2	-235	-260
5.3 and above	-330	-355

--*

Note: The premiums apply only to:

- White Grades:
 - 11 through 41, leaf 1 through 6
 - 51, leaf 1 through 5
- Light Spotted Grades:
 - 12 through 32, leaf 1 through 5
 - 42, leaf 1 through 4
 - 52, leaf 1 through 3.

Schedule of Loan Rates for ELS Cotton (American-Pima) by Color, Leaf, and Staple

--The following schedule of loan rates is applicable for eligible qualities of 2007 crop ELS cotton-- stored in approved warehouses at all locations. ELS cotton with a staple length of less than 44/32 is ineligible for loan. For 2004 through 2007 crop ELS cotton, the national average loan rate is \$0.7977 per pound.

Color	Leaf	Staple Length (Inches)		
		1-3/8 Inches (44/32)	1-7/16 Inches (46/32)	1-1/2 Inches (48/32) and Longer
1	1-2	*--79.45	82.95	83.15
	3	76.10	79.60	79.80
	4	75.95	79.45	79.65
	5	75.85	79.35	79.55
	6	75.75	79.25	79.45
	7	75.75	79.25	79.45
2	1-2	78.55	82.25	82.80
	3	75.20	78.90	79.45
	4	75.05	78.75	79.30
	5	74.95	78.65	79.20
	6	74.85	78.55	79.10
	7	74.85	78.55	79.10
3	1-2	72.90	76.40	77.10
	3	72.90	76.40	77.10
	4	69.30	72.80	73.50
	5	69.20	72.70	73.40
	6	69.10	72.60	73.30
	7	69.10	72.60	73.30
4	1-4	63.80	67.65	67.65
	5	60.20	64.05	64.05
	6	60.10	63.95	63.95
	7	60.10	63.95	63.95

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Schedule of Loan Rates for ELS Cotton (American-Pima) by Color, Leaf, and Staple (Continued)

Color	Leaf	Staple Length (Inches)		
		1-3/8 Inches (44/32)	1-7/16 Inches (46/32)	1-1/2 Inches (48/32) and Longer
5	1-5	*--55.40	56.30	56.30
	6	51.70	52.60	52.60
	7	51.70	52.60	52.60
6	1-6	47.55	47.70	47.70
	7	43.85	44.00	44.00
7	1-7	37.00	37.00	37.00

Notes: A micronaire premium of 1.03 points (1.03 cents) per pound is reflected in the loan rates for the eligible qualities. The adjusted NALR reflected in this schedule is 80.80 cents per pound.

All grades of ELS cotton are subject to loan adjustments for micronaire, extraneous, and strength matter as shown in Exhibit 11. For 2007 crop ELS cotton, the loan rate--* cannot be adjusted below zero. CCC does not provide a loan on a bale unless it is computed loan rate is greater than zero.

Schedules of Discounts for ELS Cotton

A ELS Micronaire Discounts

*--The following are the micronaire discounts for 2007 crop ELS cotton.

Micronaire Reading	Discounts (Points per Pound)
2.6 and below	-1360
2.7 through 2.9	-935
3.0 through 3.2	-535
3.3 through 3.4	-365
3.5 and above	0

B ELS Extraneous Matter Discounts

The following are the extraneous matter discounts for 2007 crop ELS cotton.

Description of Code	Code and Discounts (Points per Pound)	
	Code	Discount
No Extraneous Matter	(00)	0
Preparation		
Level 1	(01)	-565
Level 2	(02)	-890
Grass		
Level 1	(21)	-480
Level 2	(22)	-815
Spindle Twist		
Level 1	(51)	-480
Level 2	(52)	-815
Bark, seed-coat fragments, Oil, Other		
Level 1	(11), (31), (41), (61)	-480
Level 2	(12), (32), (42), (62)	-815

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Schedules of Discounts for ELS Cotton (Continued)

C ELS Strength Discounts

--The following are the strength discounts for 2007 crop ELS cotton.--

Strength (Grams per Tex)	Discounts (Points per Pound)
37.5 and above	0
36.5 – 37.4	-500
35.5 – 36.4	-750
35.4 and below	-1000

Upland Cotton Warehouse Loan Rates

*--This exhibit contains the 2007 crop upland cotton base county loan rates by warehouse location.

Note: The 2007 national average loan rate is 52.00 cents.--*

State	Base Loan Rate	County Where Stored				
Alabama	52.55	Baldwin	Choctaw	Clarke	Colbert	Conecuh
		Escambia	Franklin	Greene	Hale	Lamar
		Lauderdale	Marengo	Marion	Mobile	Monroe
		Pickens	Sumter	Tuscaloosa	Washington	Wilcox
	52.70	Autauga	Barbour	Bibb	Blount	Bullock
		Butler	Chilton	Coffee	Covington	Crenshaw
		Cullman	Dale	Dallas	DeKalb	Elmore
		Fayette	Geneva	Henry	Houston	Jackson
		Jefferson	Lawrence	Limestone	Lowndes	Macon
		Madison	Marshall	Montgomery	Morgan	Perry
		Pike	Shelby	St Clair	Walker	Winston
	52.85	Calhoun	Chambers	Cherokee	Clay	Cleburne
		Coosa	Etowah	Lee	Randolph	Russell
Talledega		Tallapoosa				
Arizona	50.45	Apache	Cochise	Coconino	Gila	Graham
		Greenlee	LaPaz	Maricopa	Mohave	Navaho
		Pima	Pinal	Santa Cruz	Yavapai	Yuma
Arkansas	51.90	Benton	Calhoun	Columbia	Crawford	Dallas
		Franklin	Hempstead	Howard	Johnson	Lafayette
		Little River	Logan	Madison	Miller	Montgomery
		Nevada	Ouachita	Pike	Polk	Scott
		Sebastian	Sevier	Union	Washington	
	52.35	Arkansas	Ashley	Baxter	Boone	Bradley
		Carroll	Chicot	Clark	Clay	Cleburne
		Cleveland	Conway	Craighead	Crittenden	Cross
		Desha	Drew	Faulkner	Fulton	Garland
		Grant	Greene	Hot Spring	Independence	Izard
		Jackson	Jefferson	Lawrence	Lee	Lincoln
		Lonoke	Marion	Mississippi	Monroe	Newton
		Perry	Phillips	Pointsett	Pope	Prairie
		Pulaski	Randolph	Saline	Searcy	Sharp
St Francis	Stone	Van Buren	White	Woodruff		
Yell						

Upland Cotton Warehouse Loan Rates (Continued)

State	Base Loan Rate	County Where Stored				
California	50.45	Alameda	Alpine	Amador	*--Butte--*	Calaveras
		--Colusa--	ContraCosta	Eldorado	Fresno	Glenn
		Imperial	Inyo	Kern	Kings	Lake
		Los Angeles	Madera	Marin	Mariposa	Mendocino
		Merced	Mono	Monterey	Napa	Nevada
		Orange	Placer	Riverside	Sacramento	San Benito
		San Bernardino	San Diego	San Francisco	San Joaquin	San Luis
		Obispo	San Mateo	Santa Barbara	Santa Clara	Santa Cruz
		Solano	Sonoma	Stanislaus	Sutter	*--Tehema--*
		Tulare	Tuolumne	Ventura	Yolo	Yuba
Florida	52.55	Escambia				
	52.70	Alachua	Baker	Bay	Bradford	Brevard
		Broward	Calhoun	Charlotte	Citrus	Clay
		Collier	Columbia	Dade	DeSoto	Dixie
		Duval	Flagler	Franklin	Gadsden	Gilchrist
		Glades	Gulf	Hamilton	Hardee	Hendry
		Hernando	Highlands	Hillsborough	Holmes	Indian River
		Jackson	Jefferson	Lafayette	Lake	Lee
		Leon	Levy	Liberty	Madison	Manatee
		Marion	Martin	Monroe	Nassau	Okaloosa
		Okeechobee	Orange	Osceola	Palm Beach	Pasco
		Pinellas	Polk	Putman	Santa Rosa	Sarasota
		Seminole	St. Johns	St. Lucie	Sumter	Suwannee
		Taylor	Union	Volusia	Wakulla	Walton
		Washington				
Georgia	52.70	Atkinson	Baker	Berrien	Brantley	Brooks
		Calhoun	Camden	Charlton	Clay	Clinch
		Colquitt	Cook	Decatur	Earley	Echols
		Glynn	Grady	Lanier	Lowndes	Miller
		Mitchell	Pierce	Quitman	Randolph	Seminole
		Thomas	Ware			
	52.85	Appling	Bacon	Ben Hill	Bryan	Coffee
		Crisp	Dooly	Dougherty	Evans	Irwin
		Jeff Davis	Lee	Liberty	Long	McIntosh
		Montgomery	Stewart	Sumter	Tattnall	Telfair
		Terrell	Tift	Toombs	Turner	Wayne
		Webster	Wheeler	Wilcox	Worth	

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

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Charge	Loan Without Transfer	Transfer of Loan Collateral	
	Original Storing Warehouse	Shipping (Original) Warehouse	Receiving Warehouse
Receiving at warehouse	Paid by buyer upon load-out. If collateral is forfeited, paid by CCC, then billed to producer.	Paid by requestor of transfer.	Paid by requestor of transfer at load-out. If forfeited, paid by CCC, then billed to producer.
Pre-loan storage	Paid by producer or buyer. If collateral is forfeited, paid by CCC and billed to producer based on the CSA rate for loan cotton.	Paid by requestor of transfer.	Not applicable. Cotton is under loan when received under a transfer.
Accrued storage during loan period	Paid by buyer for redeemed cotton. CCC may reduce the loan repayment amount by all or a portion of the storage charges during the loan period based on CCC's storage credit rate for the warehouse. If cotton forfeits, charges are paid by CCC and any amount exceeding the storage-credit rate is billed to producer.	Paid by requestor of transfer.	Paid by buyer for redeemed cotton. The loan redemption amount may be reduced based on the CCC storage credit rate applicable at the shipping warehouse for the entire loan period; credits are reduced by a fixed 2-day period for time in transit and may be subject to the 75-day limit from date new EWR is issued by receiving warehouse. If cotton forfeits, CCC pays receiving warehouse based on its rate for loan cotton; any amount exceeding the storage-credit rate at receiving warehouse is billed to producer.
After loan storage	Paid by buyer. If forfeited, CCC pays the warehouse at the CSA rate for CCC-owned cotton.	Not applicable because under a transfer any after-loan storage charges would occur at the receiving warehouse.	Paid by buyer. If forfeited, CCC pays the warehouse at the CSA rate for CCC-owned cotton.
Compression	Paid by buyer upon load-out, regardless of whether loan is repaid or if cotton is bought from CCC. If cotton forfeits, billed by CCC to producer.	Paid by requestor of transfer.	Paid by buyer upon load-out, regardless of whether loan is repaid or if cotton is bought from CCC. If cotton forfeits, billed by CCC to producer based on rate at receiving warehouse.
Load-out	Paid by buyer.	Paid by requestor of transfer.--*	Paid by the buyer.
Freight to receiving warehouse	Paid by the producer.	N/A	Paid by the requestor of transfer.

