

**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 37**

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



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**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraph 4 A has been amended to provide the correct web sites for warehouse tariff rates.

Subparagraph 13 A has been amended to remove the responsibility for COC to determine the need for an irrevocable letter of credit from cooperatives for seed cotton loans.

Subparagraphs 35 E and F have been amended to include correct notifications about appeals by the producer in the example letters.

Subparagraph 42 D has been amended to provide corrected appeal notifications to producers in the debt notification letter.

Subparagraph 49 C has been amended to provide policy for warehouse changes at forfeiture.

Subparagraph 54 A has been amended to provide new policy for the number of checklists per program.

Subparagraphs 54 C and E have been amended to provide the updated of CCC-770 CottonMAL and CCC-770 UPLDP.

Subparagraph 54 H has been amended to remove every FY quarter and replace with each FY.

Subparagraph 121 A has been amended to include reference to Exhibit 18.5.

Subparagraph 124 A has been amended to provide that lien searches and waivers are not required for Federal or State tax liens.

Subparagraph 124 C has been amended for consistency with 8-LP.

Subparagraph 182 A has been amended to provide that second-party review of CCC Cotton A-5 shall be performed before loan disbursement. This review is recorded by the reviewer entering initials and the date of review in the margin of CCC Cotton A-5.

## **Amendment Transmittal (Continued)**

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

Subparagraph 199 D has been added to provide policy about retaining CCC Cotton A-1, printed for loan redemptions.

Subparagraph 208 A has been amended to provide an example of the notice of maturity letter.

Subparagraph 208 B has been removed to eliminate the requirement for obtaining written response of the producer's intention about the loan because FSA takes no action regardless of any preliminary notification from the producer.

Subparagraph 210.1 has been amended to add policy and procedure for transferred loan collateral.

Subparagraph 210.5 E has been amended to clarify using CCC-605 in circumstances where an EAD record exists and the loan redemption request is submitted at the County Office.

Subparagraph 214 D has been amended to provide a new notification letter that contains revised appeals information.

Subparagraph 222 C has been removed and information on areas approved for outside storage has been moved to paragraphs 225.

Subparagraph 222.5 C has been added to provide an explanation of policy for determining areas approved for the outside storage of ELS and upland cotton.

Subparagraph 225 F has been added to provide a new notification requirement to CMA's and LSA's about seed-cotton loans.

Subparagraph 224.5 A has been amended to remove the request that the producer notify the County Office of redemption intentions from the ELS loan maturity notification letter.

Subparagraph 238 D has been amended to provide that a second-party review of CCC-881 shall be performed and recorded.

Subparagraph 256 A has been amended to provide:

- correct notification dates and clarify why appeal rights are not included.
- appeals information in the demand letter for seed-cotton loans.

Subparagraph 258 B has been added to provide the seed cotton loan maturity notification letter.

Subparagraph 261.5 B has been amended to include the updated CCC-633 EZ.

Subparagraphs 271 A and 274 J have been amended to provide that a second-party review of CCC-633 EZ shall be performed before LDP disbursement.

## **Amendment Transmittal (Continued)**

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

Paragraphs 283, 284, and 285.2 through 285.6 have been amended to reflect new eLDP screens and processes.

Subparagraph 302 A has been amended to provide a new producer violation notification letter with corrected appeals information.

Subparagraph 303 D has been amended to provide a new demand letter with revised information about claims reporting and late payment interest.

Subparagraph 344 A has been amended to change some of the reason codes.

Exhibit 2 has been amended to add a definition for delinquent debt status.

Exhibit 5 has been amended to correct the column headings.

Exhibit 10 has been amended to clarify that the combined micronaire and strength premiums, when added, equal 103 points or 1.03 cent per pound.

Exhibit 18.5 has been amended to identify the areas approved for 2007 crop year outside stored cotton loan collateral by type of loan and type of cotton.

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<b>Page Control Chart</b>		
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## 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)
eAuthentication	<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 * * * "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)**

**13 COC Responsibilities**

**A Responsibilities**

COC shall:

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

**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)**

35 Loans Ineligible for Forfeiture (Continued)

\*--E Notification of Accelerated Loan Repayment

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

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

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35 Loans Ineligible for Forfeiture (Continued)

\*--F Demand Letter for Loan Repayment

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

- **not** appeal the notification, send the following letter but delete the paragraph providing appeal rights
- appeal the action, send the following letter if, following the appeal, repayment is still demanded, and include mention of appeal rights to NAD and alternative dispute resolution according to 58-FI and 67-FI.--\*

## 35 Loans Ineligible for Forfeiture (Continued)

## \*--F Demand Letter for Loan Repayment (Continued)

United States Department of Agriculture  
 Farm Service Agency  
 Lyon County FSA Office  
 P.O. Box 389  
 Rock Rapids, IA 51246-0389

October 15, 2007

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

Dear Thomas Grant:

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

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

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

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

After the claim is established:

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

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

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

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

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

Sincerely,

**(insert CED name)**  
 County Executive Director

USDA is an Equal Opportunity Employer

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42 Overdisbursements, Manual Checks, and Receivables (Continued)

**D Notification Letter**

\* \* \* Notify the producer, using the following notification letter according to 12-PS, when a determination has been made that an amount is due CCC.

\*--

UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY LYON COUNTY FSA OFFICE PO BOX 389 ROCK RAPIDS IA 51246-0389			
October 15, 2007			
Thomas Smith 1003 Brees Ave Springfield IA 51241-7522			
Dear Thomas Grant:			
This is to notify you that the Farm Service Agency has determined that you have a debt arising from:			
<b>(Insert explanation and pertinent facts.)</b>			
The amount you owe consists of:			
<u>Principal</u>	<u>Interest</u>	<u>Other Charges</u>	<u>Total</u>
Interest will continue to accrue at a rate of _____% until the total amount due is repaid. The amount shown above has been recorded for offset from any FSA, CCC or other Federal Agency payment, which may be due you.			
We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments. If you have any questions regarding this matter, please do not hesitate to contact us.			
If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous.			
<b>(Insert COC address.)</b>			
You may contact the County Office to receive a copy of the documents related to this determination.			
If you should need further assistance, please feel free to contact the FSA Service Center.			
Sincerely,			
<b>(insert CED name)</b> County Executive Director			
USDA is an Equal Opportunity Provider and Employer			

--\*

**\*--42 Overdisbursements, Manual Checks, and Receivables (Continued)**

**E Additional Action--\***

If repayment is **not** received after producer has been notified using the letter in subparagraph C, take additional action according to the following table.

<b>IF repayment is...</b>	<b>THEN...</b>
received by the 30th calendar day after the date of the notification letter	record the overdisbursement, overpayment, or receivable repayment according to 12-PS, Part 7.
<b>not</b> received within 30 calendar days after the date of the notification letter	send the producer the applicable computer-generated demand letter in subparagraphs E and F on the next workday.
received by the 30th calendar day after the date of the demand letter	record the overdisbursement, overpayment, or receivable repayment according to 12-PS, Part 7.
<b>not</b> received within 30 calendar days after the date of the demand letter	<ul style="list-style-type: none"> <li>• transfer to claims the entire amount of the debt, including applicable interest, as determined by APSS according to 12-PS, Part 12</li> <li>• establish a claim on the 31st calendar day according to 58-FI.</li> </ul> <p style="margin-left: 40px;"><b>Exception:</b> The interest start date for the claim is the 31st calendar day after the date of the demand letter.</p> <p><b>Note:</b> Record the claim repayment according to 58-FI.</p>

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"/> PSA	AGREEMENT NO.	NOTICE DATE
								<input type="checkbox"/> HSA	<input type="checkbox"/> SSA			7-Jun-06
								<input type="checkbox"/> PCSA	<input type="checkbox"/> UGRSA			
<b>NOTICE OF APPROVAL OR CHANGE IN STATUS OF STORAGE AGREEMENT OR CONTRACT</b>				WAREHOUSE CODE		FEDERAL LICENSE NO.		INITIATOR'S REFERENCE LINE				
				123456				BCD/SCB/KWD				
NAME AND ADDRESS OF WAREHOUSE OPERATOR				WAREHOUSE LOCATION (City, County, State)								
Murray Compress and Bait Shop P.O. Box 123 Herndon, VA				Murray Compress Main Street Herndon, VA								
<input type="checkbox"/> APPROVED			Capacity			<input type="checkbox"/> TERMINATED						
<input type="checkbox"/> New Agreement						The above Storage Agreement is being terminated as of this date, under conditions explained below, reserving to CCC and other interested parties all rights and privileges which may have accrued under the agreement.						
<input type="checkbox"/> Addition - New Code						<input type="checkbox"/> DELETED						
<input type="checkbox"/> Capacity Change -			From:			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.						
			To:			<input type="checkbox"/> REINSTATED						
<input checked="" type="checkbox"/> OTHER (See explanation below.)						The warehouse(s) described above is being reinstated to CCC's List of Approved Warehouses as of this date. CCC owned or loan commodities, or commodities delivered to CCC for purchase under a price support program subject to the terms of the above agreement can, until further notice be stored or handled through this warehouse(s).						
<input type="checkbox"/> REMOVED FROM LIST						The warehouse(s) described above is being removed from CCC's List of Approved Warehouses as of this date for conditions explained below. Until further notice, no additional CCC-owned or loan commodities, or commodities delivered to CCC for purchase under a price support program subject to the terms of the above agreement can be stored or handled through this warehouse(s).						
EXPLANATION OF CHANGE												
To recognize a change from a U.S. Warehouse Act Licensed facility to an Alabama State Licensed facility.												
COMMODITY CREDIT CORPORATION: BY:						CONTRACTING OFFICER						
TO: SED, Alabama State FSA Office				FROM: Director, Kansas City Commodity Office				PUBLIC ANNOUNCEMENT				
COPIES TO:								<input checked="" type="checkbox"/> Should be made (please notify interested counties)				
								<input type="checkbox"/> Should NOT be made				
DISTRIBUTION (Check all applicable designations)												
<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 checked="" type="checkbox"/> Contract Reconciliation Division - FRB												
<input checked="" type="checkbox"/> Contract File Copy												
<input checked="" type="checkbox"/> Reading File Copy												
<input checked="" type="checkbox"/> 01028												

--\*

**\*--49 Warehouse Storage and Other Charges--\*****A Payment of Charges**

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

- may be fully or partially credited against the loan repayment amount (that is, will reduce the loan repayment amount) when a loan is repaid
- 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 Warehouse Charges Payable Upon Forfeiture of Cotton Loan Collateral**

Effective with the 2006 crop, producers who forfeit loan cotton to CCC to satisfy their loan obligation are responsible to pay the following.

- Unpaid warehouse compression. If, at the time of forfeiture, a bale EWR indicates that any warehouse compression charge is not paid, the amount of that charge will be included on the producer collection invoice.
- Accrued storage that exceeds the credited amount. Storage credits are provided based on the lower of the warehouse 2005 tariff rate or a monthly storage-credit maximum of either of the following:
  - \$4.37 per bale for California and Arizona
  - \$2.66 per bale for all other States where the cotton is stored.

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

**Example:** A bale has been stored in a warehouse having a loan-cotton storage rate of \$3 per month and a maximum storage credit rate of \$2.66 per month. For a bale forfeited at the end of a 10-month loan period, the producer would be billed for the storage paid to the warehouse exceeding the maximum rate:

$$10 \text{ months} \times (\$3 - \$2.66) = \$3.40 \text{ per bale.--*}$$

**\*--49 Warehouse Storage and Other Charges (Continued)**

**C Warehouse Charges Payable Upon Forfeiture of Cotton Loan Collateral (Continued)**

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

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

**50 Notifications During NITC Failure**

**A Backup Notifications**

Only at times when NITC and associated CCC electronic systems are not operational, CMA’s, LSA’s, and merchants who are authenticated to use CCR may use CCC-734 to establish a record with CCC of a requested transaction.

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

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

**B Instructions**

Complete CCC-734 according to the following instructions.

Item	Instructions
2	Enter applicant name and address.
3	Enter phone number of the applicant.
4	Enter a check in the box to indicate if FAXed to KCAO or PSD. Submit to: <ul style="list-style-type: none"> <li>• KCAO-APD-COPSS</li> <li>• PSD, <b>for backup, emergency use only</b>, when FAX transmissions to KCAO-APD-COPSS cannot be completed.</li> </ul>
5	Enter number of bales and crop year of the cotton applicable to this request. Use item: <ul style="list-style-type: none"> <li>• 5A for loan redemptions</li> <li>• 5B for loans for immediate exchange with commodity certificates</li> <li>• 5C for LDP’s.</li> </ul>
6	Explain the nature of the system failure preventing the submission of files through ordinary channels.
7	Enter the signature of the applicant and the date of signature.

50 Notifications During NITC Failure (Continued)

C Example Notification of Pending Redemption

This form is available electronically.

CCC-734  
(07-08-04)

U.S. DEPARTMENT OF AGRICULTURE  
Commodity Credit Corporation

**NOTIFICATION OF PENDING REDEMPTION  
AND/OR LDP REQUEST**

NOTE: The authority for collecting the 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 1 hour 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 statements are made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting the information to be supplied on this form 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 Parts 1425 and 1427). The information requested is necessary in order to participate in the loan and loan deficiency payment (LDP) program. No further monies or other benefits may be paid out under this program unless this form is completed and filed as required by existing law and regulations (7 CFR Part 1427.19). This information may be furnished to any agency responsible for enforcing the provisions of this program.

1. Terms of Notification:

- a. Applicant certifies that this notification is made due to NITC being inoperative as explained in Item 6.
- b. Applicant agrees that liquidated damages apply if the pending transactions explained in Item 5 of this notification are not completed by applicant.
- c. The date and time of this notification shall be the date and time when received by CCC.
- d. The processing of applications based upon the content of this notification is subject to approval by CCC and is based upon rate effective on the date this notification is received, or for loan gains, on the date loan repayment funds are received.

2. Applicant Name and Address (Include Zip Code)

Harlan Cotton Marketing USA  
45 Salespark Drive  
Lubbock, Texas 37364

3. Applicant Phone (Include Area Code)

764-839-7264

4. Forwarded TO: (CCC Addressee)

**PRIMARY:**  
KCAO-APD-COPSS  
P.O. Box 419205  
Kansas City, MO 64141-6205  
FAX: 816-448-5855

**BACK UP ONLY:**  
PRICE SUPPORT DIVISION  
1400 Independence Ave., SW STOP 0512  
Washington, DC 20250-0512  
FAX: 202-690-3307

5. Notification

The applicant hereby informs CCC that we will do either or both of the following:

- A. Redeem approximately 34,600 bales of 2004 crop year cotton using the repayment rate effective on the date repayment funds are received.
- B. Request a loan and immediate commodity certificate exchange for approximately \_\_\_\_\_ bales of \_\_\_\_\_ crop year cotton based on the repayment rate effective on the date of this notification transmittal.
- C. Request a loan deficiency payment (LDP) for approximately \_\_\_\_\_ bales of \_\_\_\_\_ crop year cotton using the applicable LDP rate effective on the date of this notification transmittal.

6. Reason for Notification:

NITC not accepting ACRS transmissions.

7A. Applicant Signature

{signed}

7B. Date (MM-DD-YYYY)

09-21-2005

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.

**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 CottonMAL and CCC-770 UPLDP

**A Handling CCC-770 CottonMAL and CCC-770 UPLDP**

FSA employees shall:

- complete CCC-770 CottonMAL, or CCC-770 UPLDP for each of the first 5 requests they process at the beginning of the applicable crop year availability period.

**Example:**

<b>FSA County Office Program Technician</b>	<b>CottonMAL Requests Received</b>	<b>CCC-770 CottonMAL's Required</b>	<b>Cotton LDP Requests Received</b>	<b>CCC-770 UPLDP's Required</b>
John	10	First 5	7	First 5

- in addition, complete CCC-770 CottonMAL or CC-770 UPLDP for **all** FSA employees requesting an LDP/eLDP or MAL, including STC's and COC's
- obtain CCC-770 UPLDP or CCC-770 CottonMAL (see Exhibits 6 and 13) at **<http://165.221.16.90/dam/ffasforms/currentforms.asp>**
- maintain a copy of CCC-770 CottonMAL or CCC-770 UPLDP in the producer's LDP or MAL folder.

The signature of the preparer certifies that each item necessary was completed. All employees that are directly involved with issuing each LDP or disbursing each MAL shall certify and date CCC-770 CottonMAL or CCC-770 UPLDP, as applicable.--\*

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

**B Instructions for CCC-770 CottonMAL**

Complete CCC-770 CottonMAL according to the following 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.
7 - 12	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>
13	Enter any remarks that may explain special circumstances or explanation for items checked as “NO”.
14A and B	Any employee that initials 1 or more items from items 7 through 12 shall certify by signing as preparer and entering date of signature.
15A, B, and C	<p><b>Note:</b> This item will be completed if CCC-770 CottonMAL is selected for spot check.</p> <p>CED or designated representative shall certify by:</p> <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 Second Party Reviewer</li> <li>• in item 15C, entering date of signature.</li> </ul>
16A, B, and C	<p><b>Note:</b> This item will be completed if CCC-770 CottonMAL is selected for spot check.</p> <p>If CCC-770 CottonMAL is selected for spot check, STC designee shall certify by:</p> <ul style="list-style-type: none"> <li>• in item 16A, indicating concurrence or not if CCC-770 CottonMAL items have been verified and completed</li> <li>• in item 16B, signing as spot-checker</li> <li>• in item 16C, 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 (03-12-08) Commodity Credit Corporation		1. Applicant's Name	2. Loan Number				
<b>OUTSIDE-STORED ELS,                  WAREHOUSE-RECEIPTED COTTON,                  AND SEED COTTON                  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.					
7. Loan Request (ELS Outside-Stored Only)		Handbook or Other Applicable References	YES	NO	N/A	Initials	Date
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					
8. Loan Request (Warehouse-Stored, ALL Types)							
A. Is CCC Cotton A-5 completed, signed by producer, and signed and dated (date received) by CCC representative?		7-CN, paragraphs 182, 222.7, 223.8 and 224					
B. Is CCC-10 on file? (except for turn-around loans)		7-CN, subparagraph 181B					
9. Loan Request (Seed Cotton, Recourse)							
A. Is CCC-877 completed, signed by inspector		7-CN, subparagraph 238A					
B. Is CCC-683 provided to applicant or inspector?		7-CN, subparagraph 239A					
C. Is UCC-1 filed for the loan?		7-CN, subparagraph 124J					
10. Producer/Commodity Eligibility							
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. Is the quantity requested within the COC-established reasonable yield for the commodity? County Offices MUST run queries.		7-CN, subparagraph 119B					
E. Has a second party review been properly completed? Ensure that the loan application was initiated by the reviewer.		7-CN, subparagraph 182A					
11. MAL Processing/Approval							
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, subparagraph 163C					
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, subparagraph 182B					
E. If applicable, has form CCC-674 or SF-LLL been obtained for loans greater than \$150,000?		7-CN, subparagraph 37A					
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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54 CCC-770 UPLDP's and CCC-770 CottonMAL's (Continued)

C Example of CCC-770 CottonMAL (Continued)

\*--

CCC-770 CottonMAL (03-12-08)		Page 2				
<b>12. Distribution of Loan Documents</b>						
A. Has CCC Cotton A-5 or CCC-877, as applicable, 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 193					
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, if applicable</li> </ul>	7-CN, subparagraph 193B					
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, subparagraph 193C					
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 or CCC-601 ELS (as applicable)</li> <li>• copies of other documents signed by producer pertaining to this loan</li> </ul>	7-CN, subparagraph 193A					
<b>13. Remarks</b>						
<p><i>Certifications:</i>  <i>I (we) the undersigned certify the above items have been verified or updated accordingly.</i></p>						
14A. Signature of Preparer(s)					14B. Date (MM-DD-YYYY)	
15A. I concur/do not concur the above items have been verified or updated accordingly.					<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur	
15B. CED Signature for Spotcheck					15C. Date (MM-DD-YYYY)	
16A. I concur/do not concur the above items have been verified or updated accordingly.					<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur	
16B. STC Designee Signature for Spotcheck					16C. Date (MM-DD-YYYY)	

--\*

## 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 - 22	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>
23	Enter any remarks that may explain special circumstances or explanation for items checked as "NO".
24A 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.
25A, B, and C	<p><b>*--Note:</b> This item will be completed if CCC-770 UPLDP selected for spot check.--*</p> <p>CED or designated representative shall certify by:</p> <ul style="list-style-type: none"> <li>• in item 25A, indicating concurrence or not if CCC-770 UPLDP items have been verified and completed</li> <li>• in item 25B, signing as Second Party Reviewer</li> <li>• in item 25C, entering date of signature.</li> </ul>
26A, B, and C	<p><b>*--Note:</b> This item will be completed if CCC-770 UPLDP selected for spot check.</p> <p>If CCC-770 UPLDP is selected for spot check, STC designee shall certify--* by:</p> <ul style="list-style-type: none"> <li>• in item 26A, indicating concurrence or not if CCC-770 UPLDP items have been verified and completed</li> <li>• in item 26B, signing as spot-checker</li> <li>• in item 26C, 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.

\*--

This form is available electronically.

<b>CCC-770 UPLDP</b> (03-12-08)  <b>UPLAND COTTON LOAN DEFICIENCY PAYMENT (LDP) CHECKLIST</b>	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. Producer's Name	2. Producer ID (Last 4 Digits)		
	3. State Office Name	4. County Office Name				
	5. Farm Number	6. Program Upland Cotton LDP				
	7. Crop Year	8. LDP Number				

**Note:** Complete this checklist for each LDP application. Provisions of 7-CN are applicable.

	Handbook or Other Applicable References	YES	NO	N/A	Initials	Date
9. If signed in a representative capacity, is the proper signature authority on file and 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?	7-CN, paragraphs 261.5 and 275.5					
11. Is the quantity requested for LDP within the COC-established reasonable yield for the commodity? (Use Price Support queries)	7-CN, paragraph 119B					
12. Is LDP rate correct for the date beneficial interest was lost or on the date of the request if beneficial interest is maintained?	7-CN, subparagraph 262A					
13. Did the COC or designated authority approve the application?	7-CN, paragraph 261.5					
14. Has acceptable production evidence been submitted, namely either a paper or e-mailed bale list (date-stamped on arrival) or acceptable warehouse receipts?	7-CN, paragraph 266					
15. 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, paragraphs 261.5 and 275.5					
16. If request is for a module-lock-in LDP, is the request date after the beginning-of-harvest-date for the County?	7-CN, paragraph 261.5 and paragraph 274					
17. 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					
18. Has CCC-Cotton AA-1 been printed, filed in LDP folder and given to producer?	7-CN, subparagraph 278C					
19. Was acreage reported according to 2-CP using FSA-578?	7-CN, subparagraph 100A 2-CP, paragraph 15					
20. Was a 2 <sup>nd</sup> party review of application completed and the request initiated?	7-CN, subparagraphs 271A and 274J					
21. Was eligibility checklist CCC-770 Eligibility completed?	7-CN, subparagraph 53A					
22. Has form CCC-674 or SF-LLL been obtained, if applicable? (LDP greater than \$100,000)	7-CN, subparagraph 37B					
23. Remarks:						
<b>Certifications:</b>						
<i>I (we) the undersigned certify the above items have been verified or updated accordingly.</i>						
24A. Signature of Preparer(s)					24B. Date (MM-DD-YYYY)	
25A. I concur/do not concur the above items have been verified or updated accordingly. <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur					25B. CED Signature for Spotcheck	
26A. I concur/do not concur the above items have been verified or updated accordingly. <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur					26B. STC Designee Signature for Spotcheck	
					25C. Date (MM-DD-YYYY)	
					26C. Date (MM-DD-YYYY)	

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## 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 or designee, before payment disbursement, shall:

- spot check the first five CCC-770 UPLDP's and CCC-770 CottonMAL's completed in each County Office:
  - by FSA employees in subparagraph A
  - per program
  - each FY
- randomly spot check a minimum of five CCC-770 UPLDP's and CCC-770 CottonMAL's in each County Office:
  - completed for each FSA employee, including STC's and COC's
  - per program
  - each FY

**Note:** FSA employee CCC-770 UPLDP's and CCC-770 CottonMAL's spot checks are in addition to required CED spot checks.

- shall sign CCC-770 LDP/eLDP and CCC-770 MAL and check the "Concur" or "Do Not Concur" box for the randomly selected CCC-770 LDP/eLDP's and CCC-770 MAL's
- shall report to COC and STC representative any CCC-770 LDP/eLDP's and CCC-MAL's that is checked "Do Not Concur"
- are **not** required to spot check every CCC-770 LDP/eLDP and CCC-770 MAL completed in their county.

CED's are encouraged to copy and file, by program, all CCC-770 LDP/eLDP's and CCC-770 MAL's that were spot checked by CED.--\*

**54 CCC-770 UPLDP's and CCC-770 CottonMAL's (Continued)****\*--I State Office Spot Check Selection**

The State Office shall select a minimum of five, not to exceed ten, CCC-770 LDP/eLDP's and CCC-770 MAL's per program, per county, per FY, according to subparagraph L.

SED's may require additional spot check reviews, at their discretion, provided SED determines or identifies problems or concerns with existing internal controls.

**J DD, STC, or Designee Action**

DD, STC, or their designee shall:

- spot check a minimum of five, not to exceed ten, CCC-770 LDP/eLDP's and CCC-770 MAL's that have been spot checked by CED or designee:
  - per program
  - in each County Office
  - each FY
- sign CCC-770 LDP/eLDP and CCC-770 MAL 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.

Additional CCC-770 LDP/eLDP's and CCC-770 MAL's will be required if apparent internal control deficiencies are found during CED and STC representative reviews.--\*

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

At FY-end, State Offices shall submit a report of spot check results \* \* \* to the National Office. Each report must be categorized by the following:

\* \* \*

- 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 by CED
  - selected for spot check 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](mailto:gene.rosera@wdc.usda.gov)
- FAX to 202-690-1536.

**55, 56 (Reserved)**

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

Ginned cotton pledged as loan collateral must be stored:

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

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

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

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

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

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

\*--Areas approved by CCC for outside storage are identified in Exhibit 18.5. Warehouse loan bales are subject to the following terms and conditions:--\*

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

**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.

**\*--Note:** Lien searches are not required for Federal and State tax liens.--\*

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 1/ 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 regardless of loan value</li> <li>• file UCC-1.</li> </ul>
zero	imposed	<ul style="list-style-type: none"> <li>• conduct a lien search regardless of loan value</li> <li>•*--file UCC-1 for farm-stored and seed-cotton loans.--*</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>•*--file UCC-1 for farm-stored and seed-cotton loans.--*</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**

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

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

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

**C Obtaining CCC-679 (Continued)**

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

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

Once CCC-679 is obtained for the first loan made for a specific crop year, the same CCC-679 may be used for all subsequent loans made for the specific crop, if CCC-679 is applicable for "ALL" quantity on specified farms, including "ALL" farms. However, a lien search 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		enter the offset amount as of the date CCC-679 is prepared on CCC-679, item 8, block (3), value line.
	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>	<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)**

**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**

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

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

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

**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.

\*--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.		

--\*

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. A second-party review of eligibility and the loan application shall be performed  
 before disbursement and shall be recorded by the second-party by initialing and dating  
 CCC Cotton A-5.--\*

**B Completing CCC Cotton A-5**

Complete CCC Cotton A-5 according to this table.

Item	Instructions
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><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.

207 Completing Designation of Agent Forms (Continued)

C Instructions for CCC-605-1 (Continued)

REPRODUCE LOCALLY. Includes form numbers and date on all reproductions. Form Approved - OMB No. 0560-0074

**CCC-605-1**  
(09-19-00)

**U. S. DEPARTMENT OF AGRICULTURE**  
Commodity Credit Corporation

**DESIGNATION OF AGENT - COTTON**  
**(CONTINUATION SHEET TO FORM CCC-605)**

**NOTE:** The following statements are 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 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 1427). The information will be used to determine who may repay cotton loans. Furnishing the requested information is voluntary, however, without it assistance cannot be provided. This information may also be provided 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. 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.

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 0560-0074. 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.

<b>1. PRODUCER'S NAME AND ADDRESS</b> Jim Howard RT. 1, Box 120 Somotown, SS 23485	<b>2. AGENT'S NAME AND ADDRESS</b> Bill Smith P.C. Box 2364 Somotown, SS 22998	<b>3. COUNTY OFFICE HOLDING WAREHOUSE RECEIPTS</b> Seedfar County FSA Office P.C. Box 234 Somotown, SS 23485
<b>4. MATURITY DATE</b> 6-30-0X	<b>5. LOAN NUMBER</b> 67	<b>6. CROP YEAR</b> 200X

**7. List warehouse receipt numbers in numerical order.**

WHSE. RECEIPT NO.	WHSE. RECEIPT NO.	WHSE. RECEIPT NO.	WHSE. RECEIPT NO.
1 9-5666	21	41	61
2 9-5667	22	42	62
3 9-5700	23	43	63
4 9-5703	24	44	64
5 9-5706	25	45	65
6 9-5707	26	46	66
7 9-5708	27	47	67
8 9-5709	28	48	68
9 9-5710	29	49	69
10 9-5720	30	50	70
11	31	51	71
12	32	52	72
13	33	53	73
14	34	54	74
15	35	55	75
16	36	56	76
17	37	57	77
18	38	58	78
19	39	59	79
20	40	60	80

<b>8. SIGNATURE OF PRODUCER</b>	<b>DATE</b>
/s/ Jim Howard	9-15-0X

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208 Maturity Date Notification Letter

\*\*\*

A Notice of Maturity Letter

Send the following notification letter to producers of maturing warehouse-stored nonrecourse \*--loans no earlier than 60 calendar days or no later than 45 calendar days from the maturity date. Appeal rights or process are not referenced because there is no adverse action or determination. See paragraph 256 for seed-cotton loan maturity notifications.--\*

(Date) \_\_\_\_\_, 20\_\_

Dear \_\_\_\_\_:

This is to notify you that your (**crop year**) cotton loan, No. (**loan number**) will mature on (**maturity date**). Loan extensions have not be authorized.

Under the terms and conditions of the loan, the following options are available:

- repay the loan on or before the maturity date
- forfeit the loan collateral to CCC if not repaid by close of business on the maturity date.

If you choose to forfeit, or if you designated an agent using CCC-605 and that agent or any subsequent agent does not redeem this loan by close of business on the maturity date, you must pay all of the following charges:

- warehouse storage charges that accrued before the date all documents required from you for the loan were provided to this County Office
- unpaid warehouse receiving charges including any charges for new ties
- any difference between the CSA loan storage rate specified in the storage agreement between the warehouse and CCC and the storage credit cap during the loan period
- any other unpaid charges that reduce the value of the cotton delivered to CCC including unpaid compression charges based on the tariff rate.

If you do not take action by loan maturity, your loan collateral will be forfeited to CCC automatically.

Sincerely,

County Executive Director,  
 \_\_\_\_\_ County FSA Office

\*\*\*

**\*--210.1 Transferred Loan Collateral****A Loan Bale Transfer Policy**

CCC permits cotton bales pledged as loan collateral to be transferred by producers' designated agents if the producer has separately authorized their agent to request the transfers. Producers grant transfer authorization by endorsing CCC-605, Part G.

Transfer requests are submitted by producer agents directly to KCCO. County Offices shall not accept or take action on any transfer requests.

Transferred cotton loan collateral **must** be redeemed using CCR based on the loan terms and rates applicable at the original storing location. In most cases, the producer will play no role in this redemption.

**B Transfer Process**

Transfer requests are submitted to KCCO by EWR providers. If the transfer request passes bale validations by EWR providers and COPS, the request will be approved. COPS will generate an e-mail to the County Office advising of "Pending transfer" status.

For bales approved for transfer, COPS releases the bale EWR's to the storing warehouse. The original receipts of transferred bales are cancelled when the cotton is shipped from the original warehouse and new receipts are issued by the receiving warehouse.

When the loan obligation on a transferred bale is redeemed through CCR, the receipt issued by the receiving warehouse for the bale is released. This new receipt is identified in COPS but not in the original loan record.

**C Identifying Transfer Bales and Transfer Status**

The transit status of a bale can be viewed on the COPS Bale Information Screen that indicates:

- approved and pending transfer status with code "G"
- shipped from original warehouse and in-transit status with code "R"
- new EWR's issued at receiving warehouse and transfer complete status with code "T".

After all bales on a shipping order have been transferred, COPS will create an e-mail to the County Office informing them that:

- the transfer is complete
- subsequent action, except another loan/LDP or repayment, may be processed.

County Offices may also use the Cotton Transfer Detail Report in COPS.--\*

**\*--210.1 Transferred Loan Collateral (Continued)****D County Office Action**

County Offices shall do the following.

- File copies of all e-mails in the loan folder.
- Process any CCR loan redemption for transferred bales in the normal manner as provided in paragraph 210.5. County Office does not have to identify transferred bales when processing CCR repayments.
- Refer to the cotton transfer detail report in COPS.
- Process any corrections, violations, or EAD updates on transfer bales only **after** the transfer is completed. Producers retain BI for transfer bales and may cancel agent authorizations in writing; similarly, merchants may establish subsequent agents for bales after transfers occur.
- Reject any requests for cash redemptions submitted to the County Office for transferred bales either before or after the transfer is completed. Transferred bales are both repaid and released only by the CCR process. However, if for any reason the planned transfer of a bale is cancelled (meaning that the bale is still represented by the original EWR at the original location) this bale can be redeemed at the County Office.

**E Terminated and Cancelled Transfers**

A termination of a transfer applies to bales after the original EWR for the bales has been cancelled by the original warehouse and the bales are lost during transit or rejected by the receiving warehouse. These bales are subject to immediate redemption at the current AWP. County Offices may process this redemption based on instructions from KCCO.

A cancellation of a transfer may apply to bales while the bale is still represented by the original EWR. This may occur if the bale is not relocated. For these bales, the original holdership/sub-holdership are restored and the bale is eligible for a subsequent transfer request or for cash redemption at the County Office.

**F Merchant Requests for Redeeming Transfer Bales**

When a merchant requests repayment of loan collateral in the County Office, it **must** first be determined whether any of the bales included in the request have been transferred.

**Note:** County Offices will receive cotton PC error “9”, if transferred bales are released using the cotton PC software, indicating that the bale has **not** been released.

County Offices do not have to identify transferred bales in a CCR repayment. CCR repayments shall be processed in the normal manner.--\*

**\*--210.1 Transferred Loan Collateral (Continued)****F Merchant Requests for Redeeming Transfer Bales (Continued)**

When receiving a repayment request by a merchant, County Offices shall:

- use the transfer e-mail notification and the Cotton Transfer Detail Report in COPS to determine which bales can be redeemed in the County Office
- **not** process repayment for any bale that has been approved for transfer **unless** the transfer has been:
  - terminated, and repayment instructions have been provided by the National or Kansas City Offices
  - canceled
- advise the State Price Support Specialist that a repayment for transferred bales has been received.

**G Repayment of Lost/Rejected Transfer Bales**

If after the original warehouse receipt is canceled, the transferred bale is lost, misdirected, or damaged, and it is rejected or not receipted by the receiving warehouse, CCC will require immediate repayment of the loan obligation for this bale at a rate effective on the date the original receipt was canceled.

Notification of this early redemption requirement will be sent to the producer and copied to the current EWR subholder of the bales. CCC will request repayment within 15 calendar days from notification. Under normal circumstances, the producer's agent (bale EWR subholder) who transferred the loan cotton will be redeeming these bales.

**H Producer Charges Associated With Forfeitures of Transferred Cotton**

Charges billed to the producer for transferred, forfeited bales will be based on tariffs at the receiving warehouse, and not tariffs at the original storing warehouse. However, pre-loan accrued storage at the receiving warehouse will likely have been paid by the producer agent.

The charges billed to the producer would be limited to:

- any unpaid receiving charge at the receiving warehouse
- compression at the receiving warehouse, if any
- accrual storage at the receiving warehouse, that exceeds the storage-credit rate.--\*



## 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.

**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.

**210.5 Redeeming Loans Using CCR (Continued)****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.

**\*--E Using CCC-605 When EAD Record Exists**

Under normal circumstances loan bales will be redeemed through CCR if an agent of the producer, or a subsequent agent, generates the EAD record. However, there may be occasions when this agent, although able to use the CCR process, presents a redemption request at a County Office.

CCC-605 is:

- not required to be submitted in paper copy to a County Office for loan bales or an entire loan if:
  - the agent requesting repayment at the County Office is identified in COPS as the current EAD
  - the loan is repaid and bales released through CCR
- required for a redemption if there is no EAD established or if the existing EAD is not the same entity as the agent requesting repayment at the County Office.

**Note:** If the entity requesting redemption is different from EAD in COPS, see subparagraph 210.7 B.

The original producer-signed paper copy of CCC-605 is required to be held by the producer's agent or subsequent agent that requested establishing the EAD record.--\*

**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.--\*

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.

\*--

United States Department of Agriculture Farm Service Agency  LOGAN COUNTY FSA OFFICE 21 LONA DRIVE STERLING, CO 80751-4715 Telephone: 303-522-7440		
		Debt Notification Date: <b>(Current Date)</b>
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 _____ (issued by _____). You were notified of this loan's maturity date and the options available to you. By having decided to forfeit the loan collateral in satisfaction of the loan, you agreed to pay to CCC at the rates that are specified in the storage agreement between the warehouse and CCC all:		
1) warehouse storage charges that accrued before the date all documents required from you for the loan were provided to the County Office		
2) unpaid warehouse receiving charges including any charges for new ties		
3) unpaid warehouse compression charges, if applicable, and		
4) warehouse storage charges exceeding the storage credit rate that accrued during the loan period.		
The amount you owe consists of:		
Principal	Interest	Other Charges
	Total	
(enter applicable amounts)		
The amount shown above has been recorded for offset from any FSA or CCC payment due you.		
We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments. If you have any questions regarding this matter, please do not hesitate to contact us.		
If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedure found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. (insert COC address).		
You may contact the County Office to receive a copy of the documents related to this determination.		
Sincerely,  County Executive Director		

--\*



## Part 3.5 Outside-Stored ELS Loans

### Section 1 Eligibility and General Requirements, Outside-Stored ELS

#### 222 Producer Eligibility Requirements

##### A General Eligibility Requirements

General producer loan eligibility requirements applicable to all cotton loan applications are provided in Part 2, Section 1.

##### B Outside-Stored Loan Eligibility

The eligibility requirements for producers requesting an outside-stored, ginned ELS cotton loan are the same requirements that apply to producers applying for other ginned cotton loans.

\* \* \*

#### 222.5 Cotton Eligibility Requirements [7 CFR 1427.5(c)] [7 CFR 1427.10(e)]

##### A Quality Requirements

Under the outside-stored loan program, ELS cotton is subject to the same quality requirements that apply to warehouse-stored ELS loan collateral according to subparagraph 123 C. Producers are not required to present classification information to substantiate the quality of collateral for this loan, but any cotton delivered to CCC under this loan will be considered ineligible if the minimum quality requirements are not met.

##### B Requirements Not Applicable to Outside-Stored Loans

Under an outside-stored loan, ELS cotton is not subject to:

- the requirement for an applicant to provide CCC with classification information on the cotton, as required for warehouse-stored cotton
- the storage and warehouse receipting requirements stated in subparagraphs 121 A and C.

**Note:** ELS cotton is **ineligible** for an outside-stored loan if a warehouse receipt has been issued for it, whether or not such receipt is presented to CCC. Such cotton is eligible for a warehouse-stored loan as provided under Part 3.

222.5 Cotton Eligibility Requirements [7 CFR 1427.5(c)] [7 CFR 1427.10(e)] (Continued)

**\*--C Areas Approved for Outside Storage**

Loans for outside-stored ELS cotton are available only in the counties or areas identified in Exhibit 18.5.

Areas approved for outside storage of ELS are determined by 1 of the following methods.

- Effective for the 2003 and subsequent crops, CCC determined and announced the arid areas identified in the following table as approved for outside storage of farm-stored ELS loan bales. Warehouse-receipted ELS loan bales must be stored inside an approved cotton warehouse unless CCC additionally determines that the entire State is storage deficit for a crop year.

Arid State	Areas Approved for Outside Storage of Farm-Stored ELS Loan Bales
Arizona	Maricopa, Pinal, and Yuma Counties
California	Imperial and Kings Counties Fresno County West of Hwy 90 Kern and Tulare Counties West of Hwy 99 Merced County South of Hwy 152
New Mexico	Dona Ana and Luna Counties
Texas	El Paso County

**Note:** If CCC determines and announces that any of the arid States are also storage deficit for an individual crop year, then warehouse-receipted ELS and upland cotton loan bales may be stored outside in this State subject to the following requirements.

- Starting with the 2007 crop, CCC will annually announce whether any State is determined to be storage-deficit for the crop year. In these States:
  - farm-stored ELS loan bales may be stored outside in the entire State
  - warehouse-receipted upland or ELS cotton loan bales may be stored outside at a warehouse that applies and receives CCC approval for such storage subject to various insurance, handling, and reporting requirements.--\*

## \*--Section 3    Loan Repayments and Forfeitures, Outside-Stored ELS

## 224    Loan Repayments and Forfeitures

## A    General Repayment Provisions

An outside-stored ELS loan is subject to many of the general repayment provisions as apply to warehouse-stored ELS loans. Applicable provisions of this handbook are in paragraphs:

- 197 B, for number of bales
- 197 F, for types of remittances accepted
- 197 G, for releasing the original CCC-Cotton A
- 199 D, for cash repayments through APSS
- 204 through 207, for agent designations using CCC-605.

**Note:** Commodity certificates are **not** issued for exchange with collateral of any ELS cotton loan.

## B    Forfeiture Provisions

Many of the forfeiture provisions for an outside-stored ELS loan are substantially different from provisions that apply to warehouse-stored loans. The provisions for forfeiture of this loan collateral, as contained in CCC-601 ELS Appendix, are:

- cotton collateral shall be delivered to CCC in the original bag with original bale identification as provided by the ginner

**Note:** There is no warehouse receipt for bale identification.

- cotton shall be delivered to a warehouse designated by CCC
- within 30 calendar days after delivery to the CCC-designated warehouse, producer shall provide AMS classification information to CCC
- loan settlement value is based on the classification information determined after delivery to the CCC-designated warehouse
- unlike cotton warehouse loan forfeitures, CCC does not bill the producer for warehouse receiving charges that CCC paid to the storing warehouse
- compression charges that may be added by the warehouse are paid by the buyer.--\*

## 224.5 Maturity Date Notification Letter

### A Sample Letter

At least 45 calendar days, but not to exceed more than 60 calendar days, before loan maturity, County Offices shall send the following letter to each producer of an ELS outside-stored cotton loan.

\*--

Dear Producer:

This is to notify you that your (**year**) crop outside-stored ELS cotton loan, number (**loan number**), will mature (**maturity date**).

Under the terms and conditions of this loan, the following options are available:

- repay the loan before maturity
- forfeit the loan collateral to CCC at maturity.

If you elect to forfeit the loan collateral to CCC, you are responsible for all charges associated with:

- moving the cotton into a warehouse designated by CCC
- warehouse charges for receiving the cotton, issuance of an electronic warehouse receipt, compression, and any miscellaneous charges; CCC assumes responsibility for storage effective on the date of presentation of an electronic warehouse receipt
- providing classification information from AMS based on a sample drawn by an approved sampler after delivery to the warehouse.

The loan settlement value will be based on the classification that occurs after delivery to the warehouse.

If you do not take action by loan maturity, your loan collateral will be forfeited to CCC automatically.

If you designated a buyer as agent using CCC-605 and that agent, or any subsequent agent, does not redeem this loan by maturity, you are responsible for the above charges.

Sincerely,

County Executive Director

--\*

**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.

**225 Loan Availability and Maturity Dates (Continued)**

**E Repayment**

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

**\*--F Notification of Producer's CMA or LSA**

To ensure that the proceeds from a ginned-cotton loan provided by CMA or LSA are used to repay a seed cotton loan obligation, County Offices shall provide written or e-mail notification to every CMA or LSA used by the producer of the producer's:

- name and farm number
- module numbers submitted as collateral for the seed-cotton loan.

A copy of any notification to the CMA/LSA shall be retained in the loan file.--\*

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

## 238 Completing CCC-877, Seed Cotton Loan Worksheet (Continued)

## C Completing CCC-877 (Front) (Continued)

Item	Initial County Office Entries
13	Enter "Rick", "Module", or "Grouped Modules".
14	Check appropriate block. See paragraph 230 for storage requirements.
15	Enter "Picked" or "Stripped".
16-20	<p>If quantity will be determined by weight, leave blank.</p> <p>If quantity is determined by measurement, enter the appropriate data. If stored as group modules, enter the data for the average size module.</p>
21	<p>If quantity is determined by:</p> <ul style="list-style-type: none"> <li>• weight, enter weight from weight tickets or other evidence of weight</li> <li>• measurement, enter quantity determined by multiplying length times width times depth to determine cubic feet. Multiply cubic feet of the cotton in the lot times the density factor provided by the State Office.</li> </ul>
22	For grouped modules, enter number of modules.
23	Multiply total quantity by the number of modules in the lot. Enter the result here and in item 26.

## 238 Completing CCC-877, Seed Cotton Loan Worksheet (Continued)

**D Completing CCC-877 (Reverse)**

Complete the reverse side of CCC-877 according to this table.

<b>Item</b>	<b>Commodity Inspector Entries</b>
24	Enter the corresponding seal and lot number from items 11 and 12.
25	Enter “√” in the appropriate column to indicate the condition of the cotton.
26	Enter “√” to indicate whether quantity was determined by weight or measurement.
27	Enter the quantity from item 23.
28	Enter lint turnout factor. See paragraph 229 for determining lint turnout factor.
	<b>County Office Entries After Inspection</b>
29	Enter the quantity of lint cotton by multiplying the lint factor (item 28) times the quantity of seed cotton (item 27).
30	Enter the quantity eligible for loan by multiplying the quantity of lint cotton (item 29) times: <ul style="list-style-type: none"> <li>• 90 percent, if the cotton was measured</li> <li>• 95 percent, if the quantity was weighed.</li> </ul> <p><b>Note:</b> COC may reduce this entry on an individual producer or lot basis if necessary to protect CCC’s interest.</p>
31	Enter the grade, staple, strength, and micronaire for quality of the cotton based on the method of determination indicated in item 34.
32	Enter the loan rate for the county where the commodity is stored, as shown in Exhibit 15, adjusted for applicable premiums and discounts for quality.
33	Enter the loan amount for the loan by multiplying the adjusted loan rate (item 32) times the quantity eligible for loan (item 30).
34	Enter “√” in the appropriate box. See paragraph 228 for determining what method to use.
35	Instruct the commodity inspector to enter comments about method used to determine quantity and quality of the seed cotton.
36	Instruct the inspector to sign and date after inspection.
37	*--If CCC-877 is approved for CCC, CED or designee shall sign and date. A second-party review of eligibility and CCC-877 shall be performed before disbursement and shall be recorded by the second-party entering initials and date on CCC-877.--*

**255 Repayments Because of Removal From Storage****A Producer Obligation**

The producer is responsible for any loss in quality or quantity of the seed cotton under loan.

**B Going Out of Condition**

[7 CFR 1427.172(c)] If the cotton is going out of condition or is in danger of going out of condition, the producer shall immediately notify the County Office and confirm this notice in writing.

If COC determines that the cotton is going out of condition or is in danger of going out of condition, COC shall call for settlement of the loan by a specific date. If settlement is not effected, consider the cotton abandoned. See paragraph 257 for abandonment.

**C Loss of Storage Site or Danger of Damage**

[7 CFR 1427.172(d)] If the producer loses control of the storage site or if there is danger of flood or damage to the storage structure that makes continued storage of the cotton unsafe, the producer must immediately repay the loan or move the cotton to the nearest approved gin for ginning. The producer shall inform the County Office when the cotton is moved.

**Note:** If the producer does not repay the loan or move the cotton, consider the cotton abandoned. See paragraph 257 for abandonment.

**256 Notice of Maturity****A Notifying Producers**

\*--No earlier than 60 calendar days and no later than 45 calendar days before maturity date,--\*  
notify each producer who has an outstanding loan that the loan is a recourse loan and must be repaid by the maturity date. Inform the producer that:

- if a loan is not repaid, CCC shall:
  - remove the seed cotton from storage
  - have the cotton ginned
  - warehouse the lint cotton for CCC's account
  - sell the cotton
  
- if the proceeds from the sale of the lint cotton and cotton seed are:
  - less than the amount due on the loan principal, plus interest and charges, the producer will be liable for the difference
  
  - more than the amount of the loan principal, plus interest and charges, pay the difference to the producer.

\*--No appeal rights are mentioned in this initial notification because no adverse action is being taken.--\*

256 Notice of Maturity (Continued)

**\*--B Notice of Maturity Letter**

Send the following notification letter to producers of maturing seed-cotton loans.

UNITED STATES DEPARTMENT OF AGRICULTURE  
 FARM SERVICE AGENCY  
 \_\_\_\_\_ County FSA OFFICE

(Date)

Dear \_\_\_\_\_:

This is to notify you that your (enter crop year) seed-cotton loan, No. (enter loan number) will mature on (enter maturity date). The maturity date of this loan cannot be extended.

Under the terms and conditions of the loan, this obligation must be repaid on or before the maturity date. The seed cotton cannot be delivered to CCC to satisfy this loan obligation.

If this loan is not repaid, CCC shall:

- remove the seed cotton from storage
- have the cotton ginned
- warehouse the lint cotton for CCC's account
- sell the cotton.

If the proceeds from the sale of the lint cotton and cotton seed are:

- less than the amount due on the loan principal, plus interest and charges, the producer will be liable for the difference
- more than the amount of the loan principal, plus interest and charges, pay the difference to the producer.

Sincerely,

County Executive Director  
 \_\_\_\_\_ County FSA Office

--\*



## 258 Demand Letters for Unpaid Seed Cotton Loan

## \*--A Demand Letter

Send the producer the following demand letter for a seed cotton loan obligation not paid by its maturity date.

UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY LYON COUNTY FSA OFFICE PO BOX 389 ROCK RAPIDS IA 51246-0389
October 15, 2007  Thomas Smith 1000 Main Ave Springfield IA 51241-7522  Dear Thomas Smith:  You were notified on <b>(date of loan maturity notification letter)</b> that your <b>(year)</b> -crop <b>(commodity type)</b> loan <b>(number)</b> was due and payable on or before <b>(maturity date)</b> . The loan has matured and the debt has not been repaid. Interest will continue to accrue until the amount due is repaid.  The following apply if the principal and charges plus interest, \$ _____ as of the date of this letter, are not repaid on or before the 30 <sup>th</sup> calendar day after the date of this letter: <ul style="list-style-type: none"> <li>• foreclosure proceedings will begin</li> <li>• the amount due will be recorded for offset from any FSA or CCC payment due you</li> <li>• a claim will be established.</li> </ul> If the value of the commodity delivered does not liquidate the outstanding balance, you will be expected to remit the deficiency promptly upon notification by CCC.  After the claim is established: <ul style="list-style-type: none"> <li>• the claim may be reported to other Federal Agencies for offset from any amounts that may be due you</li> <li>• late payment interest, based on the rate established by the Department of the Treasury, will be applied to your debt on a daily basis from the date the claim is established until the debt is paid in full.</li> </ul> An additional 3 percent interest shall be assessed on the unpaid balance of the debt retroactively from the date the claim is established, if payment in full is not made within 60 calendar days after the date the claim is established.  We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments. If you have any questions regarding this matter, please do not hesitate to contact us.  If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. <b>(Insert COC address.)</b>  You may contact the County Office to receive a copy of the documents related to this determination.  Sincerely,  Harvey Lee County Executive Director  USDA is an Equal Opportunity Provider and Employer

--\*



**\*--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)

\*--

**CCC-633 EZ (09-05-07)**  
**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 (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, owl, 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 (09-05-07)								
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)					

--\*

261.5 Establishing LDP Eligibility Before BI Is Lost (Continued)

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

\*--

**CCC-633 EZ (09-05-07)**

**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	51. Are you or any co-applicant delinquent on any federal non-tax debt? If "YES", explain in Item 87.
		62. State and County where Farm Records are Maintained			<input type="checkbox"/> YES <input type="checkbox"/> NO

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.

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.

**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)
					A. Certified	B. Production Evidence	C. Qty in Excess of Certified Qty.			
	Mohair									
	Wool	Graded	Ungraded							
	Mohair									
	Wool	Graded	Ungraded							
	Mohair									
	Wool	Graded	Ungraded							
	Mohair									
	Wool	Graded	Ungraded							

**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)**

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.

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: <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved	86. Is the quantity for this LDP reasonable? <input type="checkbox"/> YES <input type="checkbox"/> NO	87. Additional Information

Page 4

--\*

261.5 Establishing LDP Eligibility Before BI Is Lost (Continued)

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

\*--

CCC-633 EZ Continuation (09-05-07)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation  <b>CONTINUATION SHEET FOR LOAN DEFICIENCY (LDP) PAYMENT AGREEMENT AND REQUEST</b> (Use with CCC-633 EZ Pages 1, 2, 3, or 4)  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
<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
<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

--\*

## Section 2 LDP Processing and Issuance

## 271 Before Processing LDP

## A Eligibility

The eligibility requirement for the producer and cotton shall be determined according to Part 2 before processing LDP's. A second-party review of eligibility and the LDP application shall be performed before disbursement and shall be recorded by the second-party by initialing and dating CCC-633 EZ.--\*

## B Required Production Evidence

For an LDP request to be processed, the required production evidence is, for:

- an LDP based on a module lock-in, **both** the module numbers submitted at the time of an LDP is requested for an irrevocable module lock-in, **and** a list of bales corresponding to the module
- gin-direct LDP's and LDP's requested after ginning, whether the rate is based on the date of request or date beneficial interest was lost, a list of bales.

## C Divided or Undivided Shares

If the bales are divided among producers, give each producer on the farm an opportunity to choose whether to obtain a loan or LDP.

**Note:** These instructions regarding divided or undivided bales also apply when a producer requests lock-in of the AWP rate to be used for the LDP calculation. In such cases, modules or any other unit of unginned cotton must be divided if a joint LDP is not being requested.

## D No Deferred Payments

LDP's cannot be deferred or delayed at any time. All payments must be made as soon as possible after the date of request.

## E Determining Date Documents Received

When a gin provides a County Office preprocessed bale data by e-mail, CD or diskette, for purposes of determining the "date documents received" for processing the LDP application, the date of receipt of the data:

- is the date the electronic data were received
- is not the date the producer signed and dated a paper copy of the bale data.

## 272 (Withdrawn--Amend. 28)



## 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	Item 50: *--CCC Representative enters signature. Second-party review shall be recorded by entering reviewer's initials and date of review in the margin of CCC-633 EZ, page 3.--*
	Item 51: Enter title of CCC Representative.
	Item 52: Check (✓) box indicating approval or disapproval.
	Item 53: See subparagraph B to establish the date a completed application was submitted.
	<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> .
	Item 54: Enter applicable AWP effective on the date of ginning. Entry of date is not required.
	Item 55: Enter the name/address of the FSA County Office or LSA.
	Item 56: May be used to amend gin-direct LDP's or to explain "Yes" answer to item 37.

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. 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)		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	
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)		56. Additional Information

## 283 eLDP Options

**A General Information**

The cotton eLDP system provides the following eLDP options:

- warehouse-stored
- \*--gin direct/loss of BI--\*
- module lock-in.

Each option will display specific dates that are used to determine the applicable AWP rate and prompt payment interest.

**B Warehouse-Stored eLDP's**

\*--Warehouse-stored eLDP option shall be used to process irrevocable post-ginning LDP's.--\*

\* \* \*

Warehouse-stored option uses the following:

- “Date Documents Received” to determine the applicable AWP and prompt payment interest
- “Warehouse Code” to determine the applicable county loan rate.

The warehouse-stored option is the **only** option available to external customers and will use the current date to determine the applicable AWP rate.



**283 eLDP Options (Continued)****\*--C Gin Direct/Loss of BI eLDP's**

Gin direct/loss of BI eLDP option shall be used to process:

- gin-direct LDP applications
- LDP's where loss of BI has occurred.

This option will use the following:

- "Ginning/Loss of BI Date" to determine the applicable AWP rate
- "Date Documents Received" to determine prompt payment interest.
- the base loan rate for the storing warehouse location when calculating LDP rate.

Enter the following applicable warehouse codes:

- warehouse code for the storing warehouse if cotton is stored in a warehouse
- "999999" for cotton that is not stored in a warehouse.

All bales in a single file must have a ginning/loss of BI date within the same weekly AWP rate period. If there are multiple ginning/loss of BI dates within the weekly AWP period, then enter the latest date as the "Ginning/Loss of BI Date".

The gin/loss of BI option is **not** available to external customers and must be processed in the County Office.--\*

**D Module Lock-In eLDP's**

The module lock-in eLDP option shall be used to process module lock-in LDP applications. This option will use the following:

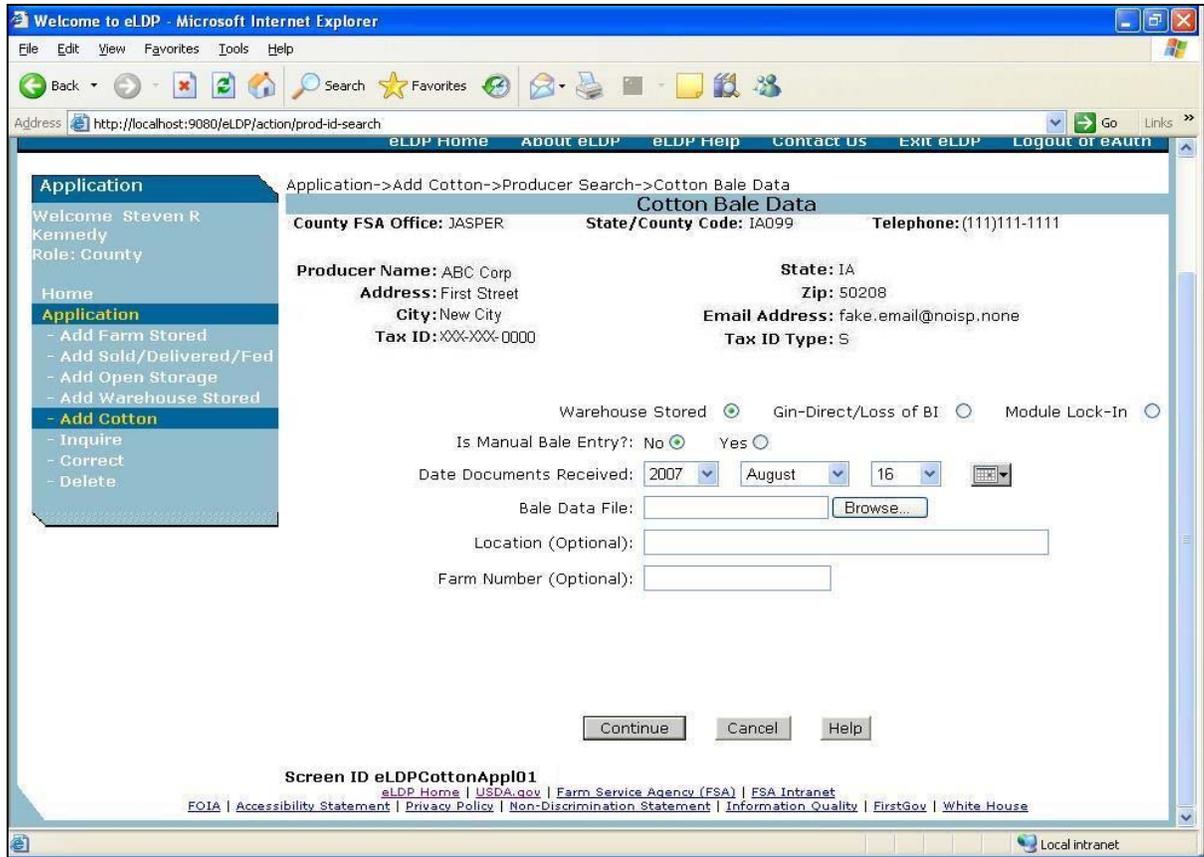
- "Lock-in Date" to determine the applicable AWP rate
- "Date Documents Received" to determine prompt payment interest.

Module lock-in option is **not** available to external customers and must be processed in the County Office.

283 eLDP Options (Continued)

E eLDP Options Screen

\*--The following is an example of the eLDP options available on Screen ID eLDPcottonApp101 Application Process Screen.



--\*

**284 Access to the eLDP Processing Site****A Security, User ID's, and Passwords**

Access to the eLDP central processing site is secured using a user ID and password through the **eAuthentication** registration level 2 process.

County Office users must have a valid eAuthentication user ID and password to access the eLDP processing site.

**B Accessing eLDP Processing Site**

County Office users shall access the eLDP web site according to the following:

- \*--access the FSA web site at  
**<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing>**
- under “Related Topics”, CLICK “Loan Deficiency Payments”
- under “I Want To”, CLICK “Access eLDP Functions”.--\*

A warning screen will be displayed. CLICK “Continue” and the eAuthentication Screen will be displayed.

## \*--284 Access to the eLDP Processing Site (Continued)

**C eAuthentication Login**

This is an example of the eAuthentication Screen for entry of a user ID and password.

The screenshot shows the USDA eAuthentication Login page. At the top left is the USDA logo and the text "United States Department of Agriculture" and "USDA eAuthentication". Below this is a banner image showing a landscape and a person at a computer. A navigation bar contains links for "Home", "About eAuthentication", "Help", "Contact Us", and "Service Centers". The main content area is titled "eAuthentication Login" in a green header. On the left, there is a "Quick Links" sidebar with options: "What is an account?", "Create an account", "Update your account", and "Employee Links" (with "LRA Login" below it). The central form has a "User ID:" label and a text input field, and a "Password:" label and a text input field. A "Login" button is positioned below the password field. On the right, there is a "I Want To..." sidebar with options: "Change My Password" and "Reset My Forgotten Password".

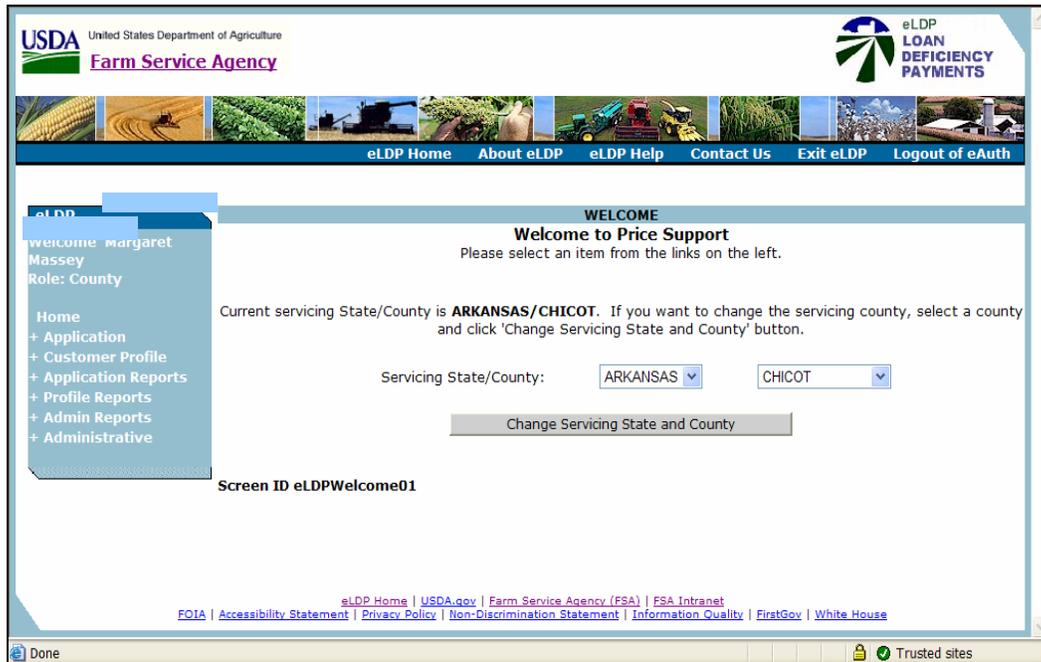
After successful login through eAuthentication, eLDP:

- **County Office** users will be directed to a county eLDP site, from which all County Office eLDP actions will be initiated
- **State Office** users will have inquiry capabilities to view customer profiles and eLDP transactions processed within the State.--\*

284 Access to the eLDP Processing Site (Continued)

D Welcome to Price Support Page

After logging-in through eAuthentication according to subparagraph C, County Offices are \*-directed to the **Welcome to Price Support** Screen ID eLDPWELCOME01, as shown in the following example.



--\*

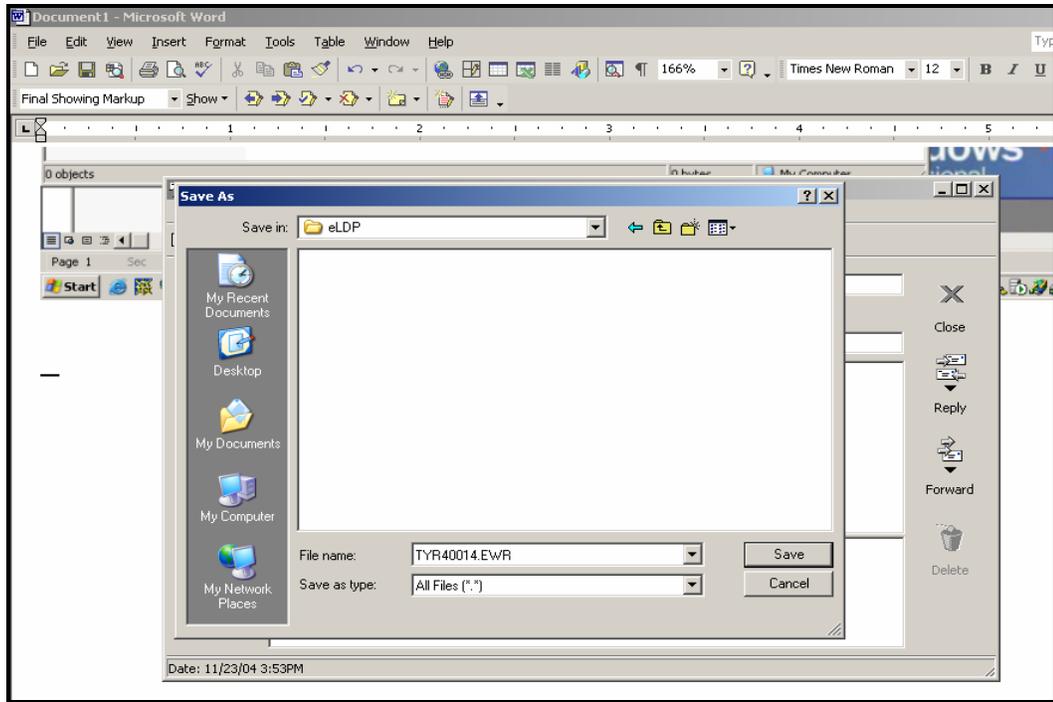
285 (Withdrawn—Amend. 27)



**\*--285.1 Using Pre-Processed Bale Data Files for eLDP (Continued)**

**B Saving Pre-Processed Bale Data Files to Hard Drive (Continued)**

- Click on "Save". The pre-processed bale data file will be saved to the eLDP folder.



--\*

## 285.2 Entering eLDP Applications

### A General Information

LDP applications submitted by the County Offices to the central eLDP processing site will be processed as follows.

- \*--Bale data will be entered in the eLDP application process using:
  - preprocessed bale data file saved folder according to paragraph 285.1
  - manual data entry according to paragraph 285.6.--\*
- The eLDP site will pass the bale data to COPS to be matched with a classing record, and if available, EWR. This will ensure that the gin tag number represents a valid bale and is not included in another loan or LDP.
- COPS will return an error code for all bales that do not pass validation.
- Once matched to data in COPS, the bale is placed in a “pending” status for the requesting County Office. The bale will remain in “pending” status until the earlier of:
  - 1 hour
  - eLDP system updates the bale record to reflect payment.
- If EWR is available and CCC is the current holder, EWR will be automatically released to the previous holder when the record is updated to reflect payment.
- After the bale data file has been validated, COPS will calculate the LDP rate for each valid bale and return the data to the eLDP processing site.
- The eLDP processing system will:
  - calculate:
    - the gross LDP amount for each bale by multiplying the LDP rate times the net weight
    - research and promotion fees
    - net LDP amount by subtracting the research and promotion fees from the gross LDP amount

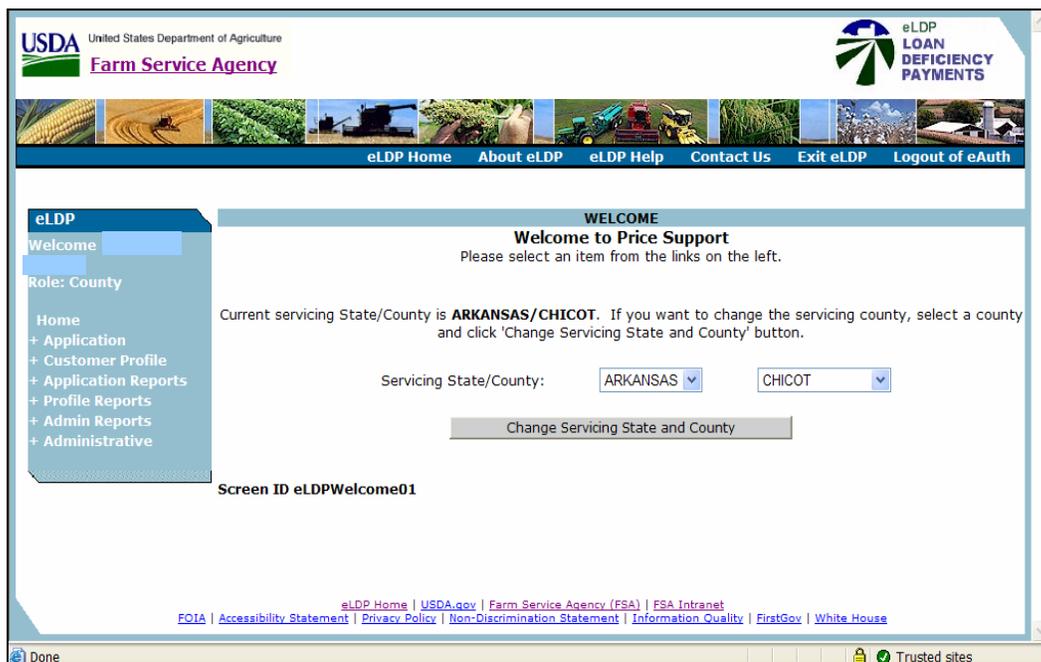
## 285.2 Entering eLDP Applications (Continued)

### A General Information (Continued)

- pass the applicable payment information to the NPS for payment certification and special processing
- pass the payment data to COPS to update the bale record.

### B Welcome to Price Support Screen

\*--This is an example of the Welcome to Price Support Screen ID eLDPWELCOME01.



--\*

This screen will be defaulted to the user’s State and county. If the county is a shared management County Office, select the applicable County Office.

Users shall click on “+Application” link to begin the eLDP application process.

285.2 Entering eLDP Applications (Continued)

C Application Process Screen

\*--This is an example of Screen ID eLDPAPPLMAIN01 that shows application options.



CLICK “Add Cotton” to create cotton eLDP’s.--\*

## 285.2 Entering eLDP Applications (Continued)

## D Cotton Application Screen

\*--This is an example of Screen ID eLDPSearch01 that allows the user to select a single or multiple producers for this eLDP.

Application->Add Cotton->Producer Search

**Producer Search**

County FSA Office: JASPER      State/County Code: IAD99      Telephone: (111) 111-1111

Producer ID:

Tax ID Type:

Crop Year: 2005

Start all operations from this page for current session

1 Records Found      1 to 1 of 1

	Producer Name	Tax ID	Tax ID Type	Address	City	State	Status
<input checked="" type="checkbox"/>	ABC Corp	#0000	S	First Street	New City	IA	A

[Select All](#)      [Clear All](#)

Screen ID eLDPSearch01

[eLDP Home](#) | [USDA.gov](#) | [Farm Service Agency \(FSA\)](#) | [FSA Intranet](#)  
[FOIA](#) | [Accessibility Statement](#) | [Privacy Policy](#) | [Non-Discrimination Statement](#) | [Information Quality](#) | [FirstGov](#) | [White House](#)

Local Intranet

--\*

User shall select producers as follows.

- For a single producer, enter the producer ID and tax ID type. Continue with subparagraph F.
- For multiple producers, click on "List All Producers" button. The profiles process will display all persons for whom a Common Customer Profile has already been established \*--by the County Office. County Office shall select desired producer and CLICK "OK".--\*

The crop year will be defaulted to the current crop year. A different crop year can be selected from the drop down menu.

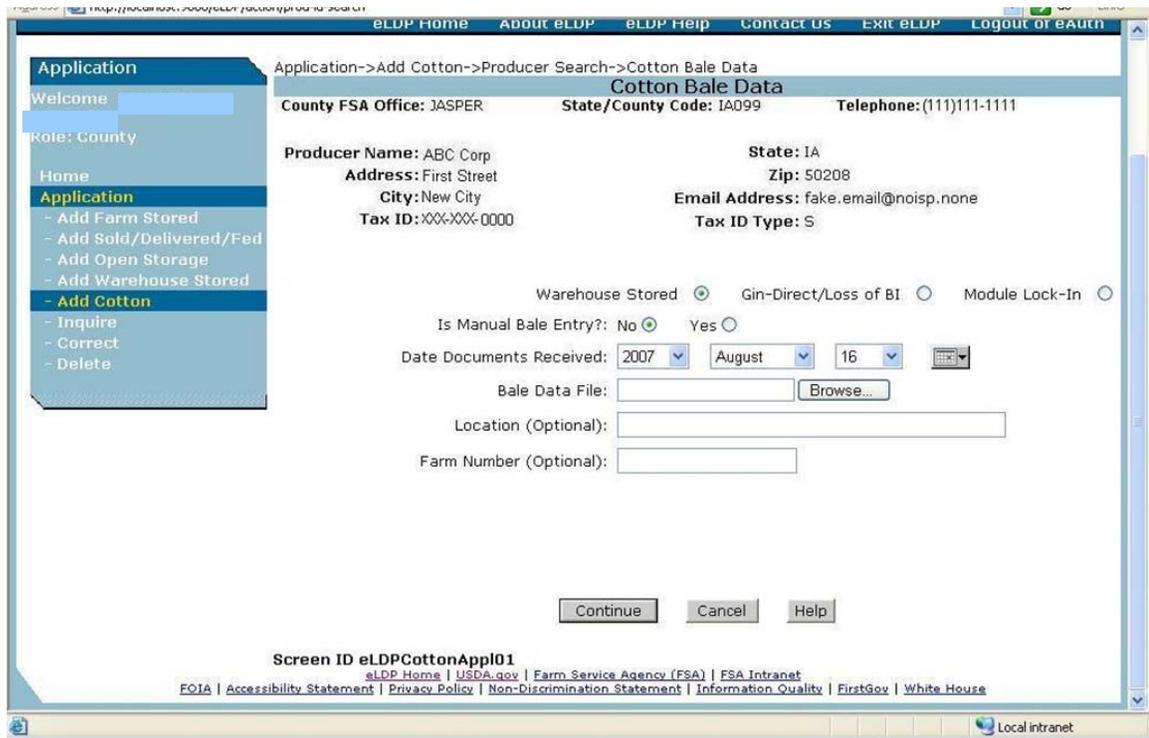
285.2 Entering eLDP Applications (Continued)

\*\*\*

E Entering eLDP Application Data

\*--This is an example of Screen ID eLDP CottonApp101 that allows the user to enter:

- shares
- request date
- pre-processed bale data file
- location or farm number
- producer shares.



Enter the following eLDP types and dates according to the following.

IF eLDP is...	THEN enter...	WHICH determines...
warehouse-stored eLDP	“Date Documents Received”	<ul style="list-style-type: none"> <li>• AWP rate</li> <li>• prompt payment interest.</li> </ul>
*--gin direct/loss of BI	“Ginning/Loss of BI Date” --*	AWP rate.
	“Date Documents Received”	prompt payment interest.
module lock-in	“Lock-in Date”	AWP rate.
	“Date Documents Received”	prompt payment interest.

--\*

## 285.2 Entering eLDP Applications (Continued)

## F eLDP File Summary Prior to Calculations

\*--This is an example of Screen ID eLDP CottonApp102 that provides the eLDP File Summary.

USDA United States Department of Agriculture  
Farm Service Agency

LOAN DEFICIENCY PAYMENTS

eLDP Home About eLDP eLDP Help Contact Us Exit eLDP Logout of eAuth

Application->Add Cotton->Producer Search->Cotton Bale Data->Manual Bale Entry->Cotton Bale Data Verify

**Cotton Bale Data Verify**

County FSA Office: JASPER State/County Code: IA099 Telephone: (111)111-1111

Producer Name: ABC Corp State: IA  
Address: First Street Zip: 50208  
City: New City Email Address: fake\_email@noisp.none  
Tax ID: XXX-XX-0000 Tax ID Type: S

eLDP FILE SUMMARY:

Producer Name: ABC Corp File Sequence Number: CTA00076  
Gin Code: 37000 Crop Year: 2005

Total Bales: 5

Continue Back Cancel Help

Screen ID eLDP CottonApp102

eLDP Home | USDA.gov | Farm Service Agency (FSA) | FSA Intranet  
FOIA | Accessibility Statement | Privacy Policy | Non-Discrimination Statement | Information Quality | FirstGov | White House

Done Local intranet

Review the file summary. If the information displayed is:

- **incorrect**, CLICK “Back” and the previous screen will allow the user to select another pre-processed bale data file
- **correct**, CLICK “Continue” and the bale data will be sent to COPS for validation and--\* rate calculation.

## 285.2 Entering eLDP Applications (Continued)

### G eLDP Application Summary After Calculations

\*--This is an example of Screen ID eLDPcottonApp104 that provides the eLDP Application Summary. This screen will be displayed with the:

- total valid bales and net weight
- total error bales that did not pass validation, if any--\*
- total eLDP amount
- associated farm numbers from the Customer Profile
- location or farm number entered from application
- request date.

\*--

The screenshot displays the 'eLDP APPLICATION SUMMARY' screen. At the top, it shows 'Tax ID: XXX-XX-0000' and 'Tax ID Type: S'. A navigation menu on the left includes options: '- Add Open Storage', '- Add Warehouse Stored', '- Add Cotton', '- Inquire', '- Correct', and '- Delete'. The main content area is divided into several sections: 'File Producer Name: ABC Corp', 'Crop Year: 2005', 'Commodity: COTTON', 'Gin Code: 37000', and 'Type: Warehouse Stored'. On the right side, it lists 'File Sequence Number: CTA00076', 'Class/Variety/Type: Upland', and 'Warehouse Code: 125501'. A summary section provides financial and quantity data: 'Total Valid Bales: 5', 'Total Net Weight: 2,383.00 Lbs.', 'Total Amount: \$20.26', 'Research And Promotion Fee: \$0.10', and 'Clerk Fee: \$0.00'. Below this, it shows 'Total Disbursement Amount: \$20.16', 'Associated Farm Numbers: 0001985', 'Location:', and 'Date Documents Received: Tue. Jun 06, 2006'. At the bottom, there are buttons for 'Submit', 'Back', 'Edit Bales', 'Cancel', and 'Help'. The footer contains the screen ID 'eLDPcottonApp1Sum04' and a series of links: 'eLDP Home | USDA.gov | Farm Service Agency (FSA) | FSA Intranet | FOIA | Accessibility Statement | Privacy Policy | Non-Discrimination Statement | Information Quality | FirstGov | White House'. The browser status bar at the very bottom shows 'Done' and 'Local intranet'.

--\*

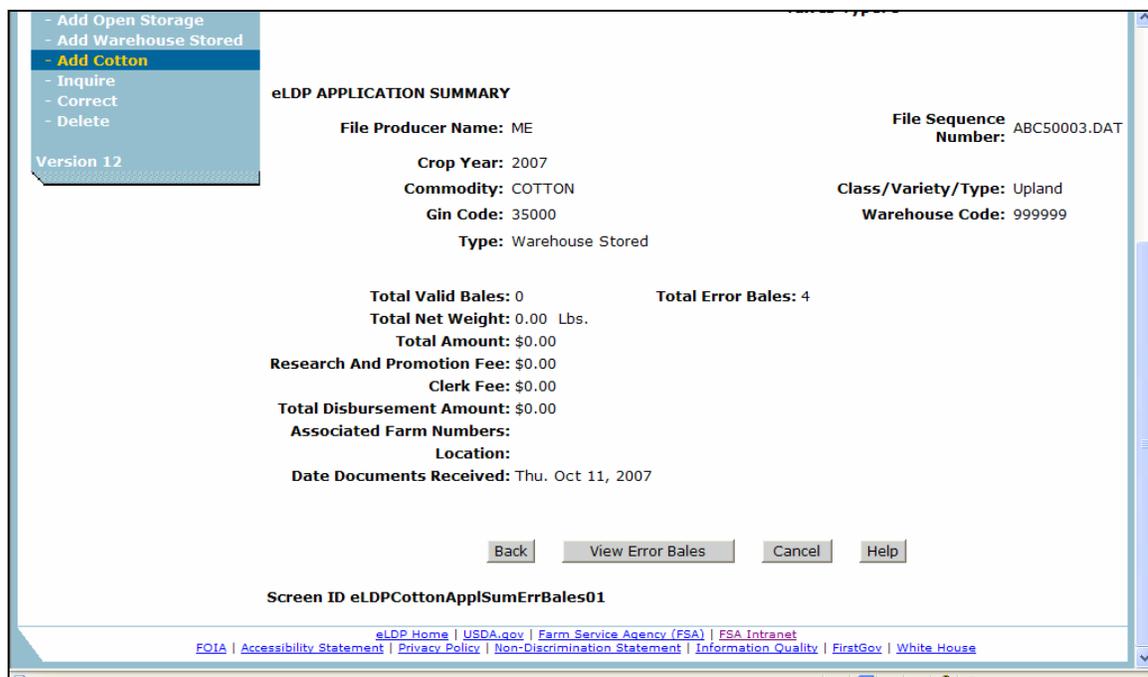
285.2 Entering eLDP Applications (Continued)

G eLDP Application Summary After Calculations (Continued)

\*--eLDP Application Summary, Screen ID eLDPcotton04, provides the following functions.--\*

- Submit eLDP. To submit the eLDP as displayed on the eLDP Application Summary Screen, CLICK “Submit”. The eLDP application will be submitted to NPS. Continue with instructions in subparagraph J.
- \*--End processing and select another pre-processed bale data file. CLICK “Back”.--\*
- Edit bales. Delete or add removed bales by clicking “Edit Bales”. Continue with instructions in paragraph 285.3.
- Review error bales. CLICK “View Error Bales”. A PDF form will open in a new window that will provide a list of error bales and error message. See subparagraph J for an example of the Error Bale Information.
- Cancel the operation and go back to main page. CLICK “Cancel”.
- View the help document for this page. CLICK “Help”.

\*--If all bales on an application fail validation, Screen ID eLDPcottonApplSumErrBales01 will be displayed as follows.



--\*

285.2 Entering eLDP Applications (Continued)

H Viewing Error Bales

This is an example of the Cotton Application Error Bales Information report. This report will be displayed in a new window by clicking on the "View Error Bales" button on the eLDP Application Summary Screen.

**Cotton Application Error Bales Information**

Name & Mailing Address of Contact Producer JOHN SMITH FIRST ST MONMOUTH MO 52309-9431		State Code: 29
		County Code: 023
		Warehouse Code: 125501
		Gin Code: 37000
		No. of Error Bales: 8
		Weight: 4000

Warehouse Receipt	Gin Tag Number	Weight	Error Message(s)
0000000	3700011	500	I01 : PENDING BALE STATUS ON BALE
0000000	3700009	500	I09 : HEADER WHSE_CD DIFFERS FROM EWR
0000000	3700007	500	I04 : INVALID LOAN_CLS_STAT_CD
0000000	3700005	500	I01 : PENDING BALE STATUS ON BALE
0000000	3700015	500	I04 : INVALID LOAN_CLS_STAT_CD
0000000	3700003	500	I04 : INVALID LOAN_CLS_STAT_CD
0000000	3700013	500	I09 : HEADER WHSE_CD DIFFERS FROM EWR

## 285.2 Entering eLDP Applications (Continued)

## I eLDP Application Summary After Submitting to NPS

\*--This is an example of Screen ID eLDPcottonApplSum05 **after** the application has been submitted to NPS.

<b>File Producer Name:</b> ABC Corp	<b>File Sequence Number:</b> CTA00076
<b>Crop Year:</b> 2005	<b>eLDP Number:</b> 52053
<b>Commodity:</b> COTTON	<b>Class/Variety/Type:</b> Upland
<b>Gin Code:</b> 37000	<b>Warehouse Code:</b> 125501
<b>Type:</b> Warehouse Stored	
<b>Date Documents Received:</b> Tue. Jun 06, 2006	
<b>Disbursement Date:</b> Mon. Aug 20, 2007 11:59 AM	
<b>Confirmation#:</b>	
<b>Confirmation Date:</b> Not Available	
<b>Total Valid Bales:</b> 5	
<b>Total Net Weight:</b> 2,383.00 Lbs.	
<b>Total Amount:</b> \$20.26	
<b>Research And Promotion Fee:</b> \$0.10	
<b>Clerk Fee:</b> \$0.00	
<b>Total Disbursement Amount:</b> \$20.16	
<b>Amount Balance:</b> \$48,649.75	
<b>Quantity Balance:</b> 4,375.36 Lbs.	
<b>Associated Farm Numbers:</b> 0001985	
<b>Location:</b>	

Screen ID eLDPcottonApplSum05

[eLDP Home](#) | [USDA.gov](#) | [Farm Service Agency \(FSA\)](#) | [FSA Intranet](#)  
[FOIA](#) | [Accessibility Statement](#) | [Privacy Policy](#) | [Non-Discrimination Statement](#) | [Information Quality](#) | [FirstGov](#) | [White House](#)

http://intranet.fsa.usda.gov/fsa/ Local intranet

After the user submits the eLDP application to NPS, this screen will be displayed with the--\* following additional information:

- disbursement date/time
- confirmation number

**Note:** This number is assigned by NPS.

- confirmation date.

**285.2 Entering eLDP Applications (Continued)****I eLDP Application Summary After Submitting to NPS (Continued)**

The County Office shall do the following.

- Click on the "AA-1 Summary" button to view CCC-Cotton AA-1 in PDF in a new window. See subparagraph K for an example of CCC-Cotton AA-1. Print CCC-Cotton AA-1. File a copy in the LDP folder and send a copy to the producers.
- Click on "Application Summary in PDF" button to view application summary including customer profile information in a new window. See subparagraph L for an example of the summary. Print the Application Summary. File a copy in the LDP folder and send a copy to the producers.
- Click on the "OK" button to go to Main Page.

**Important:** After all eLDP applications have been submitted to NPS, the NPS **payment worklist must be processed** by applicable County Office employees before the payments can be released for disbursement.

285.2 Entering eLDP Applications (Continued)

J CCC-Cotton AA-1

This is an example of the PDF version of CCC-Cotton AA-1.

\*--

( See CCC-Cotton AA for Privacy Act Statement ) Form Approved - OMB No. 0560-0129

CCC - Cotton AA-1 (07-25-96)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. St. & Cty. Codes & Farm No. Where Produced 19 - 099 -	
2. Name & Mailing Address of Contact Producer ABC Corp. First Street New City IA 50208				3. WAREHOUSE CODE 125501	4. GIN CODE 37000
5. LDP No. : 52061/CTA00346	6. Gross LDP Amt. for R & P : \$ 8.55		7. Total LDP Amt. : \$ 8.55		
Crop Year : 2005	Date of Disbursement : 09/17/2007		Research and Promotion : \$ 0.04		
Prep Code : 1F			Clerk Fee : \$ 0.00		
No. Bales : 2			Denied Market Gain : \$ 0.00		
LDP Quantity : 1,006.00			TOTAL DISBURSEMENT : \$ 8.51		

Warehouse Receipt & GIN Tag Number	Grade Staple & Mike	Strength & Uniformity	Leaf & Other	Premiums	Discounts	Course Count AWP Only	Adj. Loan Rate	Adj. AWP	LDP Payment Rate	Net Wt.	LDP Amount (DOLLARS)
3700377 /3700377	62 28 2.5	19.5 77.4	7 00	0.00	51.50	0.0000	0.0085	0.0912	0.0085	514.00	\$ 4.37
3700378 /3700378	62 28 2.5	19.5 77.4	7 00	0.00	51.50	0.0000	0.0085	0.0912	0.0085	492.00	\$ 4.18
Total Net Wt. :				1,006.00		Total LDP Amount :				\$ 8.55	

--\*

285.2 Entering eLDP Applications (Continued)

**K Cotton eLDP Summary**

This is an example of the PDF version of the Cotton eLDP Summary.

### Cotton ELDP Summary

County FSA Office: BUTLER		State/County Code: MO023		Telephone: 555-555-5555	
Producer Name: JOHN SMITH	File Sequence Number: MVZ40016.EWR				
Crop Year: 2004	Gin Code: 37000				
Commodity: Upland	Warehouse Code: 125501				
LDP Number: 50018	Requested Date/Time: Tue, Oct 12, 2004				
Location: FSN #10	Disbursement Date/Time:				

---

Total Bales: 8	Payment Type:
Total Net Weight: 3,930.00	Total Amount: \$ 393.00
Associated Farm Numbers: 0010	

---

#### Producer Information

Name	Address	Crop Land Factor	Share Percent (%)	Quantity	Amount	Available Quantity	Available Amount
JOHN SMITH  (Contact Producer)	FIRST ST MONMOUTH MO 52309-9431	0.5000	50.00	1,965.00	\$ 196.50	3,035.00	\$ 4,803.50
MIKE TURNER	123 ST ADRIAN MO 71909	0.5000	50.00	1,965.00	\$ 196.50	3,035.00	\$ 4,803.50

8.26 x 11.69 in
1 of 1

## 285.3 Editing eLDP Bales

### A Deleting Bales From eLDP

Bales can be deleted from eLDP before submitting the application for payment. Click on the \*--"Edit Bales" button on the eLDP Application Summary Screen ID eLDPCottonApplSum04. The eLDP Bale Data List, Screen ID eLDPCottonApplSum04, will be displayed as shown in this example.

Role: County

Home  
Application  
- Add Farm Stored  
- Add Sold/Delivered/Fed  
- Add Open Storage  
- Add Warehouse Stored  
- Add Cotton  
- Inquire  
- **Correct**  
- Delete

Producer Name: ABC Corp.  
Address: First Street  
City: New City  
Tax ID: XXX-XX-0000

State: IA  
Zip: 50208  
Email Address: fake.email@noisp.none  
Tax ID Type: S

eLDP Bale Data List

File Sequence Number: CTA00349  
Crop Year: 2005  
eLDP Number: 52063

4 Records Found 1 to 4 of 4

	Gin Tag	Weight	Amount
<input type="checkbox"/>	3700373	514	4.37
<input type="checkbox"/>	3700374	499	4.24
<input checked="" type="checkbox"/>	3700375	477	4.05
<input checked="" type="checkbox"/>	3700376	504	4.28

Total Bales: 4  
Total Net Weight: 1,994  
Total Disbursement Amount: \$16.86

eLDP Available Quantity: 5,990.36  
eLDP Regular Available Amount: \$57,592.96

[Done] [Remove Bales] [Cancel] [Help]

Screen ID eLDPCottonAppl03  
eLDP Home | USDA.gov | Farm Service Agency (FSA) | FSA Intranet  
FOIA | Accessibility Statement | Privacy Policy | Non-Discrimination Statement | Information Quality | FirstGov | White House

Done Local intranet

Place a check (✓) in front of the applicable gin tag number. After all bales have been selected, click on the "Remove Bales" button.

The eLDP Bale Data List, Screen ID eLDPCottonApplSum03, will be redisplayed. Screen totals will be automatically adjusted for the bales that were deleted.

After bales have been removed, County Offices shall:

- click on "Show Removed Bales"
- screen print a list of the removed bales
- provide a copy to the producer as a record of bales that were deleted from the application
- file a copy in the producer's LDP folder.

To remove additional bales, click on the "Remove Bales" button and select additional bales.

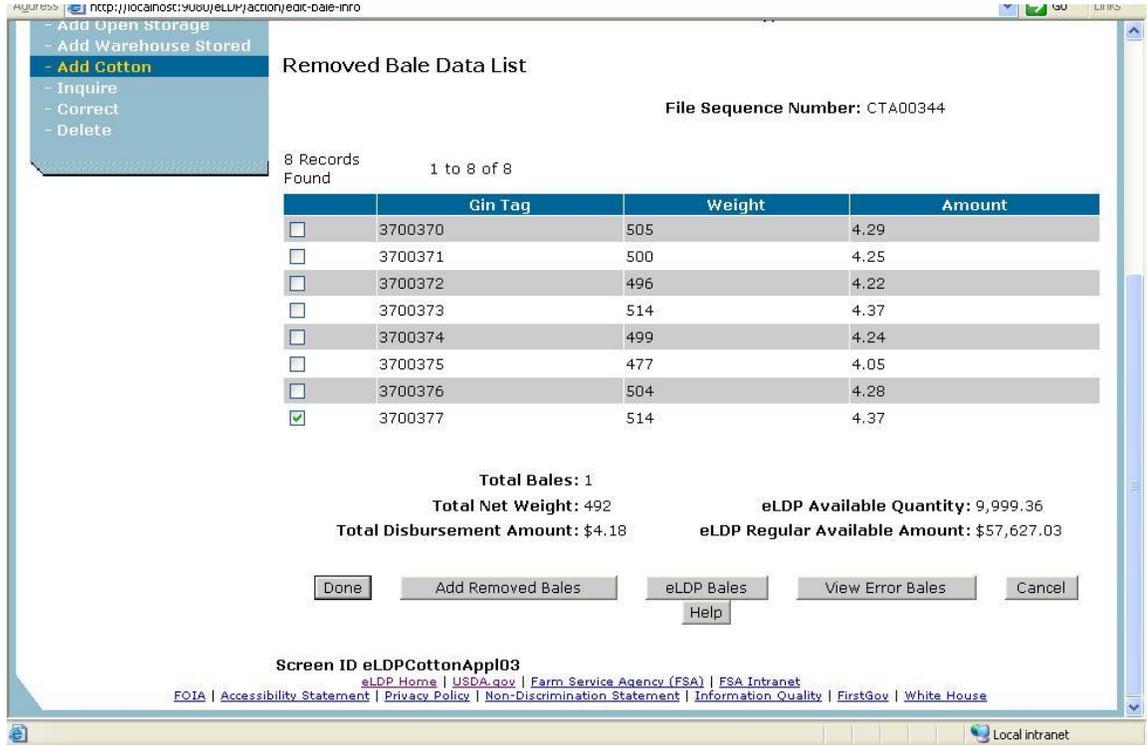
When all bales have been deleted, click on the "Done" button. The eLDP Application Summary Screen, Screen ID eLDPCottonAppl04, will be displayed.--\*

285.3 Editing eLDP Bales (Continued)

\* \* \*

**B Adding Removed Bales Back on the eLDP Application**

Bales that have been removed from the eLDP application can be added back on the application before the application is submitted to NPS for payment. \* \* \* The Removed Bale Data List Screen ID eLDP\_CottonApp103 will be displayed as shown in this example.



Place a check (✓) in front of the gin tag number that is to be added back on the application. After selecting all bales, click on the "Add Removed Bales" button. The Removed Bale Data List Screen will be redisplayed. The bales that were added back to the application will not be displayed.

CLICK "Done" to return to the eLDP Application Summary Screen.

## 285.4 Correcting eLDP's

### A Correction Process

\*--The eLDP system provides the capability for County Office users to correct or modify cotton eLDP applications as follows:

- allow the following modification/corrections:
  - delete 1 or more bales
  - revise producer shares
  - change eLDP type from warehouse to module lock-in, or vice versa
  - revise the following dates:
    - date documents received
    - ginning/loss of BI date
    - lock-in date
- **not** allow the following:
  - add or delete producer
  - reduce producer share to zero
  - add bales
  - modify EWR records
  - re-access paid application to disburse unpaid producer amount because of denied market gain or ineligibility

**Note:** Correcting these errors require that the eLDP be deleted and re-entered. See paragraph 285.5.--\*

285.4 Correcting eLDP’s (Continued)

A Correction Process (Continued)

•\*--if the original eLDP payment:

- has been signed, correction process will:
  - allow the user to re-access and correct the application
  - use existing NPS overpayment/underpayment process to create:
    - receivables when the modified/corrected eLDP amount is less than the original disbursement
    - payables when the modified/corrected eLDP amount is more than the original disbursement

**Note:** Prompt payment interest will be issued, if applicable.

- has **not** been signed, correction process will:
  - allow the user to re-access the application
  - automatically delete the original payable
  - accept modification or correction to the original application
  - submit the corrected/modified payable to NPS.

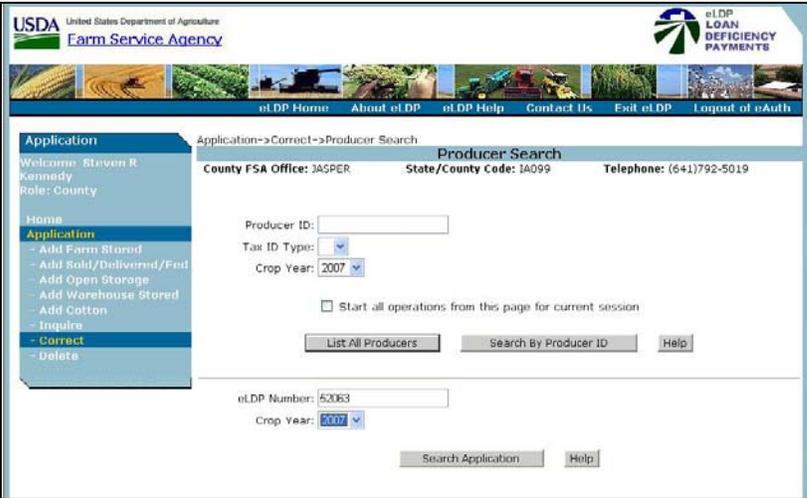
B Selecting Cotton eLDP for Correction

Select the cotton eLDP to be corrected according to the following table.

Step	Action
1	On the <b>Welcome to Price Support</b> Screen, use the drop-down box to select the producer’s State and County.
2	<p>On the eLDP Application Process Screen, <b>CLICK “Application”</b> in left menu bar.</p>  <p>The screenshot shows the 'Application' screen with a navigation menu on the left and a list of application types on the right. The application types listed are: Add Farm Stored, Add Sold/Delivered/Fed, Add Open Storage, Add Warehouse Stored, Add Cotton, Inquire, Correct, and Delete. Each type has a brief description of its function.</p>

285.4 Correcting eLDP's (Continued)

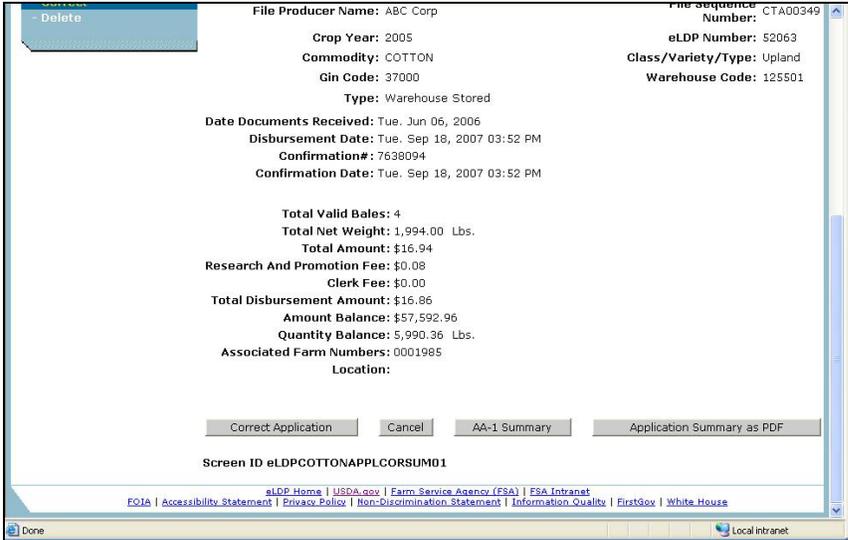
\*--B Selecting Cotton eLDP for Correction (Continued)

Step	Action								
3	<p>CLICK “Correct”. The following screen will display.</p> 								
4	<table border="1"> <thead> <tr> <th data-bbox="431 934 735 972">TO select by...</th> <th data-bbox="735 934 1495 972">THEN follow these steps...</th> </tr> </thead> <tbody> <tr> <td data-bbox="431 972 735 1087">producer ID</td> <td data-bbox="735 972 1495 1087"> <ul style="list-style-type: none"> <li>enter the producer/entity ID number and type</li> <li>CLICK “<b>Search by Producer ID</b>”</li> <li>CLICK “<b>Next</b>” to proceed to application.</li> </ul> </td> </tr> <tr> <td data-bbox="431 1087 735 1507">list of producers and their applications</td> <td data-bbox="735 1087 1495 1507"> <ul style="list-style-type: none"> <li>CLICK “<b>List All Producers</b>” for a list of producers with applications</li> <li>select the applicable producer</li> <li>CLICK “<b>OK</b>” and all applications for the selected producer will be displayed</li> <li>select the applicable application</li> <li>CLICK “<b>OK</b>”.</li> </ul> </td> </tr> <tr> <td data-bbox="431 1507 735 1667">eLDP number and crop year</td> <td data-bbox="735 1507 1495 1667"> <ul style="list-style-type: none"> <li>enter eLDP number</li> <li>enter the crop year from the drop-down box</li> <li>CLICK “<b>Search Application</b>”</li> <li>select the applicable application.</li> </ul> </td> </tr> </tbody> </table>	TO select by...	THEN follow these steps...	producer ID	<ul style="list-style-type: none"> <li>enter the producer/entity ID number and type</li> <li>CLICK “<b>Search by Producer ID</b>”</li> <li>CLICK “<b>Next</b>” to proceed to application.</li> </ul>	list of producers and their applications	<ul style="list-style-type: none"> <li>CLICK “<b>List All Producers</b>” for a list of producers with applications</li> <li>select the applicable producer</li> <li>CLICK “<b>OK</b>” and all applications for the selected producer will be displayed</li> <li>select the applicable application</li> <li>CLICK “<b>OK</b>”.</li> </ul>	eLDP number and crop year	<ul style="list-style-type: none"> <li>enter eLDP number</li> <li>enter the crop year from the drop-down box</li> <li>CLICK “<b>Search Application</b>”</li> <li>select the applicable application.</li> </ul>
TO select by...	THEN follow these steps...								
producer ID	<ul style="list-style-type: none"> <li>enter the producer/entity ID number and type</li> <li>CLICK “<b>Search by Producer ID</b>”</li> <li>CLICK “<b>Next</b>” to proceed to application.</li> </ul>								
list of producers and their applications	<ul style="list-style-type: none"> <li>CLICK “<b>List All Producers</b>” for a list of producers with applications</li> <li>select the applicable producer</li> <li>CLICK “<b>OK</b>” and all applications for the selected producer will be displayed</li> <li>select the applicable application</li> <li>CLICK “<b>OK</b>”.</li> </ul>								
eLDP number and crop year	<ul style="list-style-type: none"> <li>enter eLDP number</li> <li>enter the crop year from the drop-down box</li> <li>CLICK “<b>Search Application</b>”</li> <li>select the applicable application.</li> </ul>								

--\*

285.4 Correcting eLDP's (Continued)

B\*--Selecting Cotton eLDP For Correction (Continued)

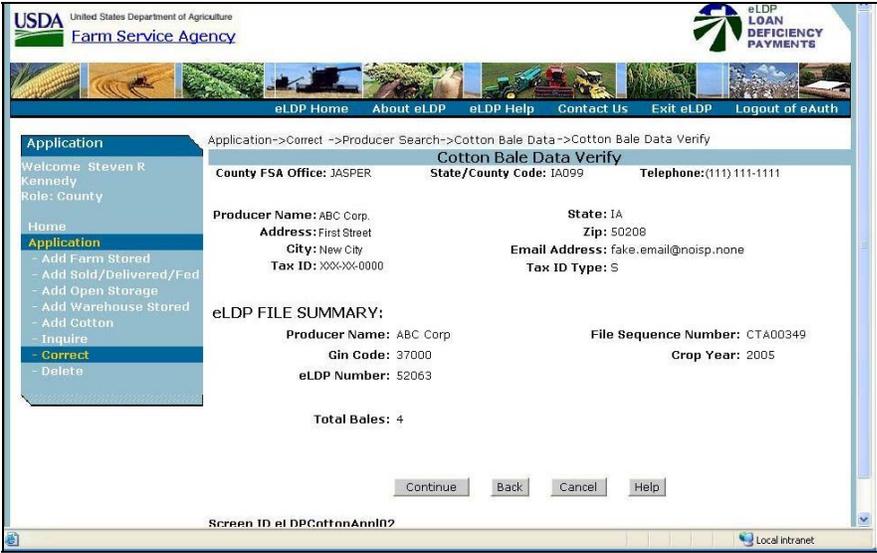
Step	Action
5	<p>The selected application will be displayed.</p>  <p>If the displayed application is:</p> <ul style="list-style-type: none"> <li>the application to be corrected, CLICK <b>“Correct Application”</b> to begin the correction process</li> <li><b>not</b> the application to be corrected, CLICK <b>“Cancel”</b> and the user will be returned to the Application Process Screen.</li> </ul>

--\*

285.4 Correcting eLDP's (Continued)

\*--C Correcting Application

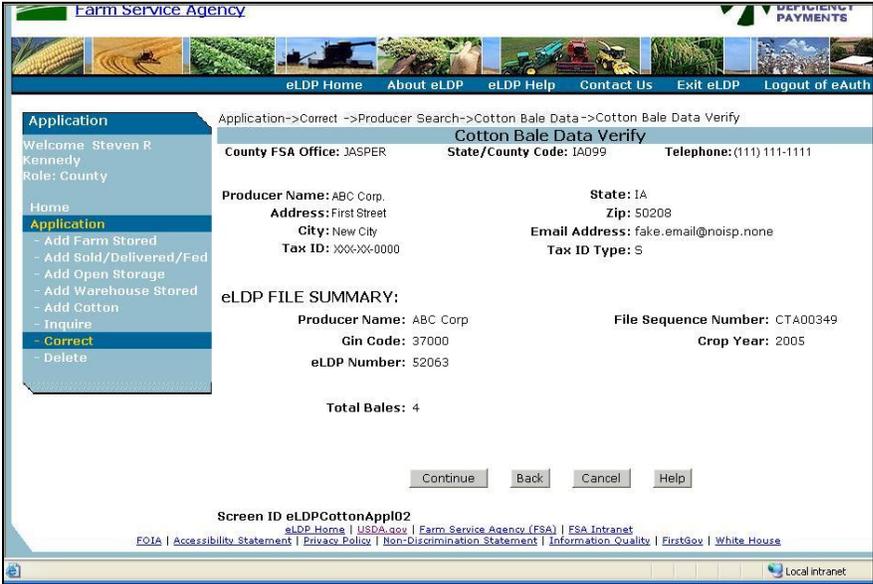
County Offices shall process eLDP corrections for cotton eLDP applications according to the following table.

Step	Action
1	<p>Select the application to be corrected and CLICK “<b>Correct Application</b>”; the following screen is displayed.</p>  <p>The following changes can be made from this screen:</p> <ul style="list-style-type: none"> <li>● revise producer shares</li> <li>● change eLDP type</li> <li>● revise dates.</li> </ul> <p><b>Note:</b> To delete bales from application, continue to Step 3.</p> <p>User shall CLICK:</p> <ul style="list-style-type: none"> <li>● “<b>Cancel</b>” to end the correction process; changes will <b>not</b> be saved</li> <li>● “<b>Continue</b>” to save changes and proceed to next screen</li> <li>● “<b>Back</b>” to return to the previous screen.</li> </ul>

--\*

285.4 Correcting eLDP's (Continued)

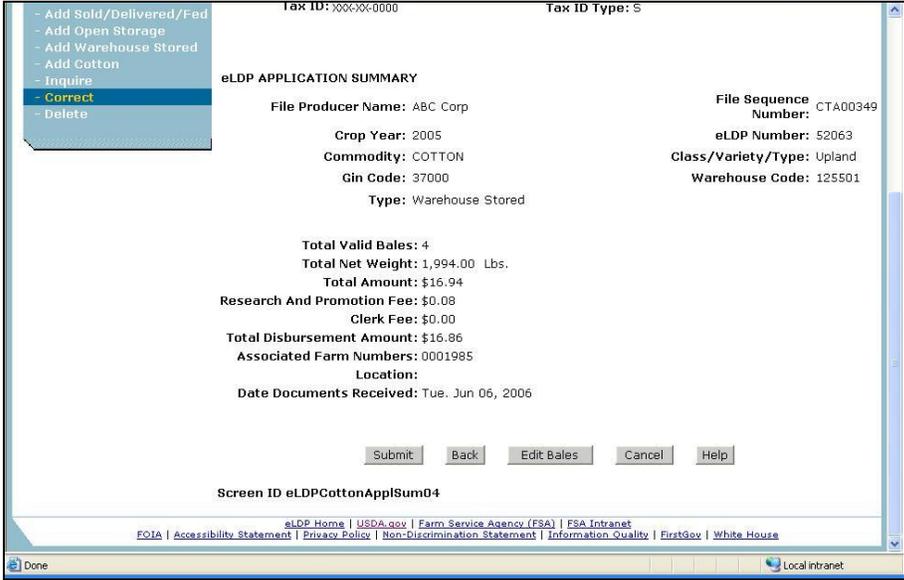
\*--C Correcting Application (Continued)

Step	Action
2	<p>The following screen will be displayed, showing changes that were made.</p>  <p>User shall CLICK:</p> <ul style="list-style-type: none"> <li>• “Continue” to continue the correction process</li> <li>• “Back” to return to the previous screen to make additional changes</li> <li>• “Cancel” to end the correction process; changes will <b>not</b> be saved.</li> </ul>

--\*

285.4 Correcting eLDP's (Continued)

\*--C Correcting Application (Continued)

Step	Action
3	<p>The eLDP process will:</p> <ul style="list-style-type: none"> <li>recalculate eLDP based on changes that have been made to the application up to this point</li> <li>display the recalculated eLDP as follows.</li> </ul>  <p>User shall CLICK:</p> <ul style="list-style-type: none"> <li><b>“Back”</b> to return to the previous screen to make additional changes</li> <li><b>“Edit Bales”</b> to remove bales from this application</li> <li><b>“Cancel”</b> to end the correction process; changes will <b>not</b> be saved</li> <li><b>“Submit”</b> to submit the corrected eLDP to NPS; continue to step 4.</li> </ul>

--\*

285.4 Correcting eLDP's (Continued)

\*--C Correcting Application (Continued)

Step	Action		
4	After submitting the revised application, the screen will be redisplayed with the eLDP application with applicable messages indicating action taken.  <b>Note:</b> Because the revised CCC-Cotton AA-1 and Application Summary will reflect eLDP amount after corrections, users <b>must</b> print this screen for documentation and file in the LDP folder.		
	<b>IF the initial application...</b>	<b>AND corrections resulted in...</b>	<b>THEN the following messages will be displayed...</b>
	was <b>not</b> signed	no change to the disbursement amount	"The application amount did not change".
		changes to the disbursement amount	<ul style="list-style-type: none"> <li>• "The application has been corrected"</li> <li>• "(Producer Name) – The previous payment was cancelled and a replacement disbursement issued for \$x.xx".</li> </ul>
	was signed	no changes	"The application amount did not change".
		overpayment	<ul style="list-style-type: none"> <li>• "The application has been corrected"</li> <li>• "(Producer Name) - A receivable was created for the difference of \$x.xx".</li> </ul>
	underpayment	<ul style="list-style-type: none"> <li>• "The application has been corrected"</li> <li>• "(Producer Name) - An additional disbursement was created for the difference of \$x.xx".</li> </ul>	
5	User shall: <ul style="list-style-type: none"> <li>• print Cotton AA-1 and Application Summary</li> <li>• CLICK "<b>OK</b>" to return to the Application Screen.</li> </ul>		

--\*

285.4 Correcting eLDP's (Continued)

\*--C Correcting Application (Continued)

Step	Action
5	<p>The selected application will be displayed.</p>  <p>If the displayed application is:</p> <ul style="list-style-type: none"> <li>the application to be corrected, CLICK <b>“Correct Application”</b> to begin the correction process</li> <li><b>not</b> the application to be corrected, CLICK <b>“Cancel”</b> and the user will be returned to the Application Process Screen.</li> </ul>

--\*

**\*--285.5 Deleting eLDP's****A Correction Process**

If it is determined that a disbursed eLDP must be modified or corrected for errors other than allowable modifications or corrections, the erroneous eLDP must be:

- deleted in the eLDP system
- reissued as a corrected eLDP using the original request date in the eLDP system.

If the eLDP is deleted:

- before the payment worklist is signed, the payment will be removed from the worklist and no receivable will be created
- after the payment worklist is signed, a receivable will be automatically created by NPS.

The corrected LDP can be processed in:

- the eLDP system **only** if the request date is within the last 30 calendar days; entering a request date earlier than 30 calendar days will create prompt payment interest

**Note:** The amount for the corrected eLDP will be automatically reduced by the receivable amount of the original eLDP, if applicable.

- APSS:
  - as a manual transaction
  - using a 90,000 series LDP number
  - answering "N" to the question, "Is this a re-entry of a corrected LDP?"

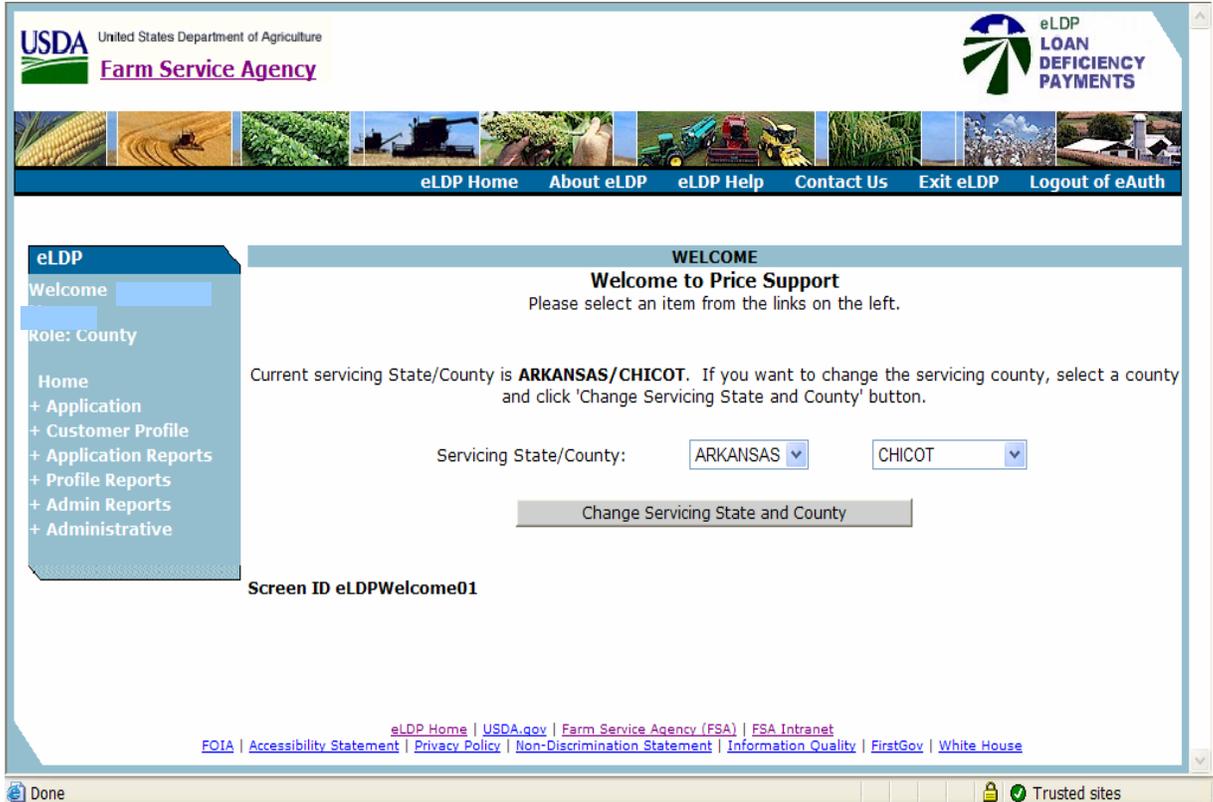
**Note:** APSS will not accept a 50,000 series LDP number.

- using the original loan approval, date documents received, and disbursement dates to avoid calculations of late payment interest
- using the resulting LDP check to repay the receivable amount of the original LDP, if applicable.--\*

\*--285.5 Deleting eLDP's (Continued)

B Deletion Process

This is an example of the Welcome to Price Support Screen ID eLDPWelcome01 that shows application options.



This screen will be defaulted to the user's State and county. If the county is a shared management County Office, select the applicable County Office.

User shall click on "+Application".--\*

\*--285.5 Deleting eLDP's (Continued)

**B Deletion Process (Continued)**

This is an example of the Application Process Screen ID eLDPAppMain01 that shows application options.

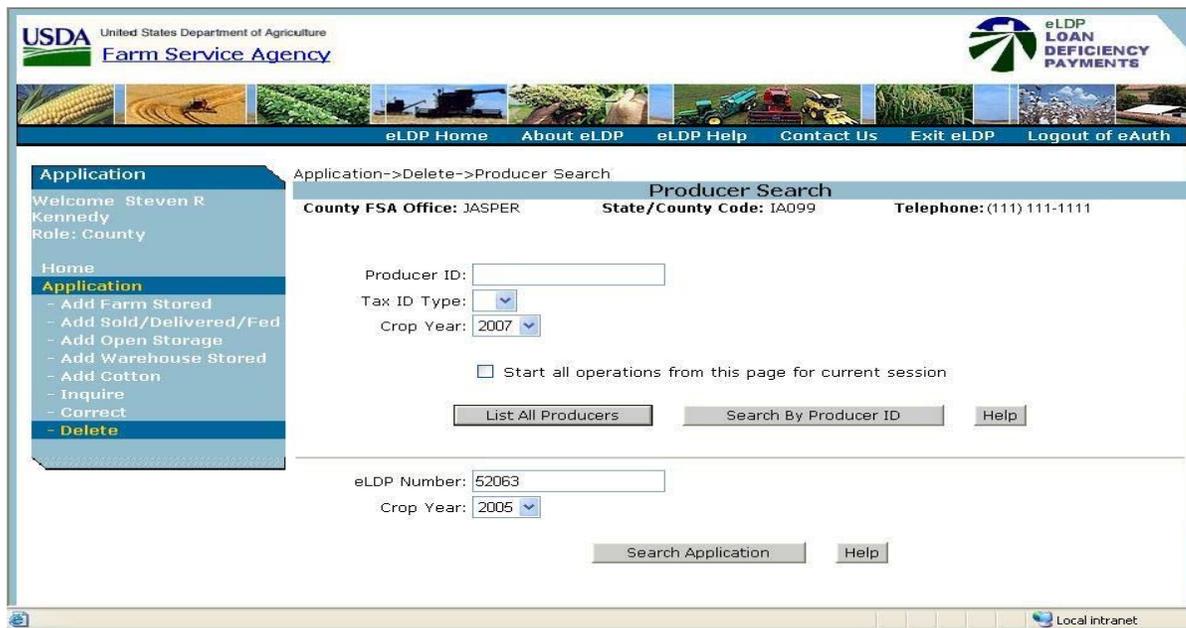


CLICK “Delete” to delete eLDP that has been disbursed.--\*

\*--285.5 Deleting eLDP's (Continued)

**B Deletion Process (Continued)**

The following is an example of the Producer Search Screen.



Select the application to be corrected according to the following table.

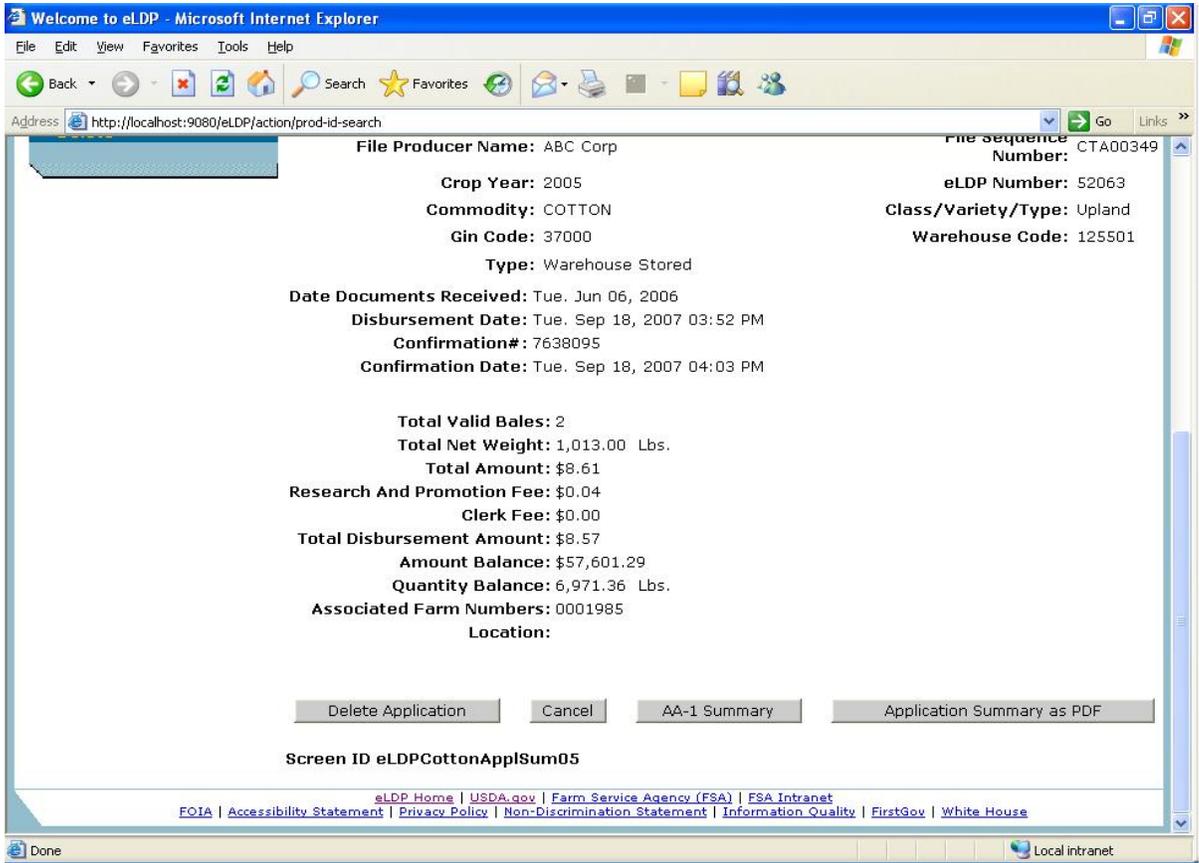
TO select by...	THEN follow these steps...
producer ID	<ul style="list-style-type: none"> <li>• enter the producer/entity ID number and type</li> <li>• <b>CLICK “Search by Producer ID”</b></li> <li>• <b>CLICK “Next”</b> to proceed to application.</li> </ul>
list of producers and their applications	<ul style="list-style-type: none"> <li>• <b>CLICK “List All Producers”</b> for a list of producers with applications</li> <li>• select the applicable producer</li> <li>• <b>CLICK “OK”</b> and all applications for the selected producer will be displayed</li> <li>• select the applicable application</li> <li>• <b>CLICK “OK”</b>.</li> </ul>
eLDP number and crop year	<ul style="list-style-type: none"> <li>• enter eLDP number</li> <li>• enter the crop year from the drop-down box</li> <li>• <b>CLICK “Search Application”</b></li> <li>• select the applicable application.</li> </ul>

--\*

\*--285.5 Deleting eLDP's (Continued)

B Deletion Process (Continued)

The eLDP Application Summary for the selected LDP number will be displayed.

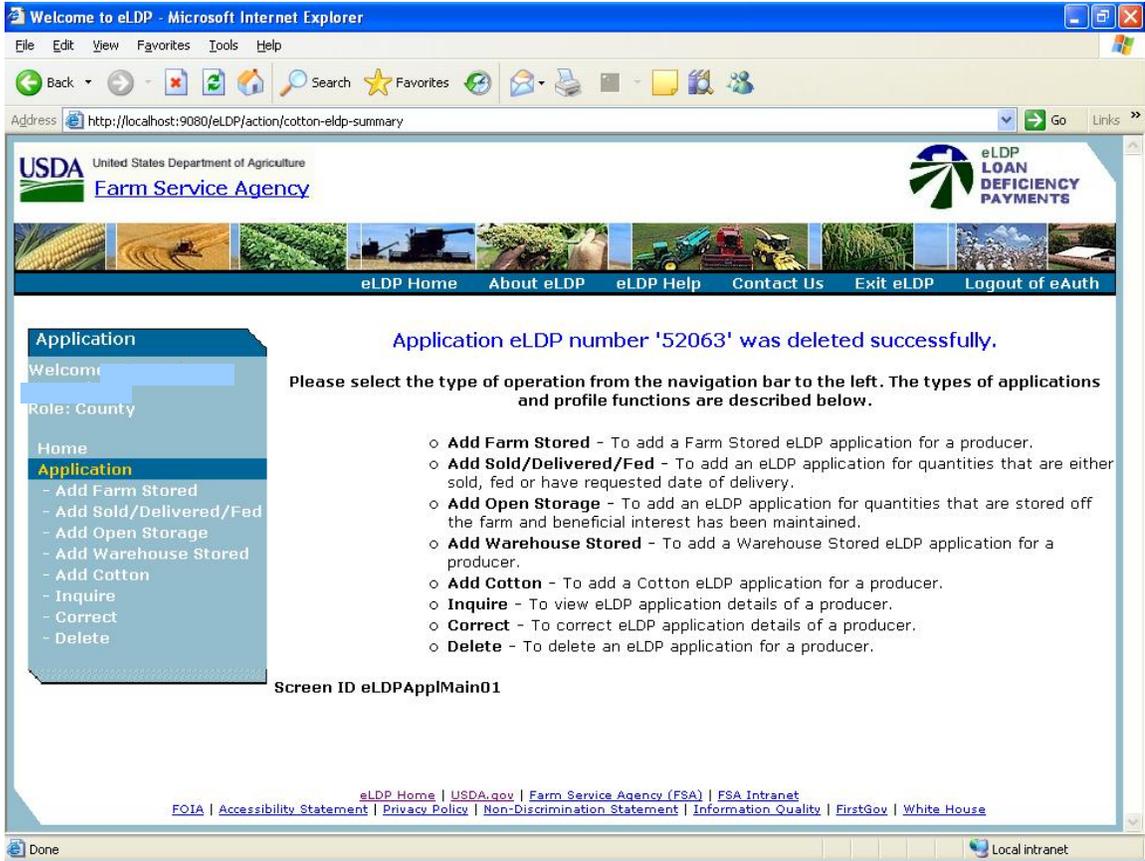


CLICK "Delete Application".--\*

\*--285.5 Deleting eLDP's (Continued)

**B Deletion Process (Continued)**

A message will be displayed on the Application Process Screen ID eLDPAppMain01 that confirms the eLDP was successfully deleted.



--\*

**\*--285.6 Manually Entering Bale Data****A General Information**

The eLDP system provides the option to manually enter bale data directly into the eLDP application when a bale detail file is unavailable. This option:

- requires using a State Office-issued password
- provides the option to build the file as:
  - EWR file that only requires entering the gin tag number
  - non-EWR file that requires entering gin tag number and bale weight
- provides auto-fill capability.

**Note:** This option **shall only be used** if a bale data file **cannot** be provided.

**B Invoking Manual Entry Option**

Cotton eLDP has been modified to add the question, “Is Manual Bale Entry?”, on Screen ID eLDPCOTTONAPPL01. To invoke the manual entry option, County Office users shall answer “Yes” by clicking on the applicable radio button. A pop-up box will then be displayed that prompts the user to enter a State Office-issued password. After the password is entered, users shall enter or select the following:

- type of eLDP
- applicable dates according to type of eLDP
- location, which is optional
- farm number, which is optional
- EWR or non-EWR file
- producer name
- gin code
- warehouse code for storing location

**Note:** If not stored in warehouse, ENTER “999999”.--\*

## \*--285.6 Manually Entering Bale Data (Continued)

### B Invoking Manual Entry Option (Continued)

- total number of bales
- starting gin tag number
- gin tag increment (defaulted to “0”).

**Note:** The file sequence number will be automatically assigned.

After all data is entered, CLICK “Continue” to proceed to Screen ID eLDPCottonAppl02A.

### C eLDP File Type

The manual data entry option allows the user to build the following eLDP file types:

- EWR file that requires **both** the classing record and EWR receipt
- non-EWR file that **only** requires the classing record.

**Note:** The EWR file type shall be selected **only** if EWR’s have been submitted COPS for processing. If this is unknown, users may query COPS to verify that EWR’s were submitted or build a non-EWR file that does not require EWR.

### D Building EWR File

For EWR files, the user will only enter the gin tag number on Screen ID eLDPCottonAppl02A. COPS will search for both the classing record and corresponding EWR. If **both** records are:

- found, the process will continue
- **not** found, file will be returned with invalid bales.

Users have the following options:

- save the EWR file and resubmit at a later time
- delete invalid bales and continue to process eLDP for valid bales.

If EWR’s are never submitted to COPS for processing, the user must create a **new**, non-EWR file for processing. An EWR file type **cannot** be changed to a non-EWR file.--\*

**\*--285.6 Manually Entering Bale Data (Continued)****E Building Non-EWR files**

For non-EWR files, the user shall enter the following data on Screen ID eLDPCottonAppl02A:

- gin tag number
- bale weight.

COPS will search for the corresponding classing record and EWR, if available. If EWR is:

- available, COPS will return the classing data, receipt number, and bale weight; and the eLDP process will continue.
- **not** available, COPS will return the classing data; and the eLDP process will continue using the bale weight entered by the user.

**Important:** The non-EWR file type can be used for **all types** of eLDP's because the process continues with whichever records are available in COPS. The EWR file type can only be used if EWR is available.

**F Auto-Fill Capability**

The manual entry option provides an auto-fill capability. This option is very similar to the capability provided in the cotton PC software.

The eLDP system will automatically fill the gin tag numbers according to the gin tag increment and starting gin tag number entered on Screen ID eLDPCottonAppl01.

**Examples:** Entering "0" will leave all tag numbers blank.

Entering "1" will auto-fill each tag number using the sequence "1, 2, 3, 4, 5, 6, 7, 8, 9, etc."

Entering "2" will auto-fill every second tag number using the sequence "1, 3, 5, 7, 9, 11, etc."

Entering "3" will auto-fill every third tag number using the sequence "1, 4, 7, 10, 13, etc."--\*

**\*--285.6 Manually Entering Bale Data (Continued)****F Auto-Fill Capability (Continued)**

To auto-fill, position the cursor in a “Gin Tag Number” field in which a gin tag number has been entered. CLICK “Update” and all “Gin Tag Number” fields following that field will be filled in sequence.

To auto-delete, position the cursor in a “Gin Tag Number” field. Delete all numbers from the field. CLICK “Update” and all “Gin Tag Number” fields following that field will be cleared.

**G Screen Options**

Screen ID eLDPCottonAppl02A provides the following options.

Option	Description
Done	CLICK “Done” to: <ul style="list-style-type: none"> <li>• complete the Manual Bale Entry operation</li> <li>• advance to the Cotton Bale Data Verify Screen.</li> </ul>
Save Bales	CLICK “Save Bales” to save the bale entry information on the local drive. The File Save Dialogue Screen will be displayed for entering the bale data file name that will be defaulted to the file sequence number assigned by the system. To: <ul style="list-style-type: none"> <li>• continue processing, CLICK “Done”</li> <li>• end processing, CLICK “Cancel” to delete the application.</li> </ul> <p><b>Note:</b> The data file is still available for a subsequent eLDP.</p>
Back	CLICK “Back” to take the user back to the Cotton Bale Data Verify Screen.
Cancel	CLICK “Cancel” to: <ul style="list-style-type: none"> <li>• <b>erase</b> all information from the application</li> <li>• return to the Application Menu.</li> </ul> <p>However, if the file was saved before taking this option, it can be used for a subsequent eLDP.</p>

--\*

\*--285.6 Manually Entering Bale Data (Continued)

H Screen ID eLDPCottonApp101

The following is an example of Screen ID eLDPCottonApp101.

The screenshot shows a web application window titled "Screen ID eLDPCottonApp101". On the left is a navigation menu with options: Home, Application, Add Farm Stored, Add Sold/Delivered/Fed, Add Open Storage, Add Warehouse Stored, Add Cotton (highlighted), Inquire, Correct, and Delete. The main content area contains the following fields and controls:

- Address:** First Street, **City:** New City, **Zip:** 50208
- Tax ID:** XXX-XXX-0000, **Email Address:** fake.email@noisp.none, **Tax ID Type:** S
- Warehouse Stored  Gin-Direct/Loss of BI  Module Lock-In
- Is Manual Bale Entry?: No  Yes
- Date Documents Received: 2006 June 6
- File Sequence Number: CTA00076
- Location (Optional): [Text Box]
- Farm Number (Optional): [Text Box]
- For Manual Bale Data Entry Only:
  - Non EWR Entry  EWR Entry
  - Producer Name: ABC Corp, Gin Code: 37000
  - Warehouse Code: 000000, Total Bales: 5
  - Start Gin Tag Number: 3700143, Gin Tag Increment: 1
- Buttons: Continue, Cancel, Help

Footer: Screen ID eLDPCottonApp101, eLDP Home | USDA.gov | Farm Service Agency (FSA) | FSA Intranet, FOIA | Accessibility Statement | Privacy Policy | Non-Discrimination Statement | Information Quality | FirstGov | White House, Local intranet

I Screen ID eLDPCottonApp102A

The following is an example of Screen ID eLDPCottonApp102A.

The screenshot shows a web application window titled "Screen ID eLDPCottonApp102A". The navigation menu is similar to the previous screen, with "Add Cotton" highlighted. The main content area shows a "Manual Bale Entry" form with the following details:

- Application->Add Cotton->Producer Search->Cotton Bale Data->Manual Bale Entry
- County FSA Office:** JASPER, **State/County Code:** IA099, **Telephone:** (111)111-1111
- Producer Name:** ABC Corp, **State:** IA
- Address:** First Street, **City:** New City, **Zip:** 50208
- Tax ID:** XXX-XXX-0000, **Email Address:** fake.email@noisp.none, **Tax ID Type:** S
- File Sequence Number:** CTA00076, **Gin Code:** 37000, **Crop Year:** 2005
- Total Bales:** 5, **Warehouse Code:** 000000, **Total Net Weight:** 0
- Gin Tag Increment: 1

Gin Tag	Update	Gin Tag	Update	Gin Tag	Update
3700143	Update	3700144	Update	3700145	Update
3700146	Update	3700147	Update		

Buttons: Done, Save Bales, Page Forward, Back, Cancel, Help

Footer: Screen ID eLDPCottonApp102A, eLDP Home | USDA.gov | Farm Service Agency (FSA) | FSA Intranet, FOIA | Accessibility Statement | Privacy Policy | Non-Discrimination Statement | Information Quality | FirstGov | White House, Local intranet

..\*

## Part 7 Violations

## 301 Overview

## A Terms and Conditions

CCC has determined that producers who violate the terms and conditions of loan note and security agreements or LDP applications will cause harm or damage to CCC. These violations result in funds being disbursed to producers for a quantity of cotton that may not exist or a quantity for which the producer is not eligible.

This part describes what actions are required to be taken if a producer is found in violation of the terms and conditions of a loan or LDP.

\* \* \*

## B Violations Not Applicable

This part does not apply if the cotton is determined ineligible because of the following types of violations:

- HELC
- WC
- FFC.

## \*--C CED Actions

When duplicate benefits are provided, CED must:

- determine whether a violation may have occurred based subparagraph 301 D
- refer any suspected violations to COC for a violation determination
- obtain repayments:
  - for violations (determined by COC) at P+I+liquidated damages
  - for nonviolations at P+I without referral to COC.

## D Distinguishing Violations From Nonviolations

Duplicated payments are to be considered a violation if the producer knew, or had reason to know, that an application would generate a duplicate benefit.

An example of a violation is a benefit (whether loan or LDP) provided under duplicated producer application to multiple County Offices or to both CMA/LSA and County Office.

The following are examples of **nonviolations**:

- bale misidentified by gin/warehouse without producer knowledge
- bale assigned to multiple producers by gin/warehouse
- bales misdirected by gin/warehouse
- County Office keystroke errors or other misaction/misinformation.--\*

**\*--302 Producer Violation Notification**

**A Initial Producer Notification**

County Offices shall send the following letter to notify producers of potential loan/LDP violations.

**Note:** Determine what actions are to be taken and the amounts due according to subparagraph 303 C.

UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY LYON COUNTY FSA OFFICE PO BOX 389 ROCK RAPIDS IA 51246-0389			
October 15, 2007			
Thomas Grant 1003 Brees Ave Payton, IA 51241-7522			
Dear Thomas Grant:			
This is to notify you that the Farm Service Agency has determined that you have a debt arising from:			
<b>(Insert explanation and pertinent facts.)</b>			
The amount you owe consists of:			
<u>Principal</u>	<u>Interest</u>	<u>Other Charges</u>	<u>Total</u>
Interest will continue to accrue at a rate of _____ % until the total amount due is repaid. The amount shown above has been recorded for offset from any FSA, CCC or other Federal Agency payment, which may be due you.			
We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments. If you have any questions regarding this matter, please do not hesitate to contact us.			
If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous.			
<b>(Insert COC address.)</b>			
You may contact the County Office to receive a copy of the documents related to this determination.			
If you should need further assistance, please feel free to contact the FSA Service Center.			
Sincerely,			
Harvey Lee County Executive Director			
USDA is an Equal Opportunity Provider and Employer			

--\*

302 Producer Violation Notification (Continued)

**B Actions To Be Taken After Notification**

Use the following table to determine what actions are required after the notification letter in subparagraph A has been sent to the producer.

<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 30-calendar-day 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.

**303 Loan and LDP Violations (Continued)****B Good Faith Determined, But Amounts Due Not Repaid Within 30 Calendar Days**

If amounts due for loans and LDP's, as determined according to subparagraph A, are not repaid within 30 calendar days:

- for loans:
  - call the loan, if still outstanding, involved in the violation and require repayment of any previously realized market gain and unearned storage credit on the loan, plus interest
  - follow paragraph 35 for any quantity determined ineligible for the loan
- for LDP's, require repayment of the entire LDP, plus interest.

**C Good Faith Not Determined or Multiple Violations Are Applicable**

If COC cannot determine the producer acted in good faith when the violation occurred or if the producer has already had 2 or more loan or LDP violations in the previous 24 months, COC shall:

- demand payment of liquidated damages equal to 25 percent of the loan or LDP rate times the quantity affected by the violation

**Note:** See subparagraph E for authority to waive liquidated damages.

- for loans:
  - call the loan, if still outstanding, involved in the violation and require repayment of any previously realized market gain and unearned storage credit on the loan, plus interest
  - follow paragraph 35 for any quantity determined ineligible for the loan
- for LDP's, require repayment of the entire LDP, plus interest.

303 Loan and LDP Violations (Continued)

D Good Faith Demand Letter

If good faith is determined and the producer has been found in violation of less than 2 violations in the previous 24 months, use the following demand letter.

\*--

RE: (Enter crop year, commodity, and loan/LDP number)

Dear \_\_\_\_\_:

The County FSA Committee has determined that you acted in good faith concerning the violation of the **(loan agree/LDP application)** of which we had previously notified you. Based on this determination and because this is your **(first/second)** violation in the previous 24 month, the following amounts are now due: **(enter as applicable)**:

- **(loan principal)**
- **(liquidated damages)**
- **(other charges paid by CCC).**
- **(interest)**
- **(market gain)**
- **(LDP amount)**
- **(unearned storage credit)**

Applicable interest will continue to accrue form the date of this letter until these amounts are repaid or transferred to claims. If these amounts are not repaid within 30 calendar days, the following actions will be taken: **(enter as applicable)**:

- outstanding loan will be immediately called
- foreclosure proceeding will begin on the ineligible cotton
- a claim will be established for the following amount due: **(enter as applicable)**
  - **(all market gain realized on the loan, plus interest)**
  - **(entire LDP amount, plus interest)**
  - **(loan amount plus accrued interest applicable to the ineligible cotton)**
  - **(amount of liquidated damages)**
  - **(other charges).**

After the claim is established:

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

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

**If this demand letter is a result of a producer’s appeal and the appeal was not granted in full, this letter shall contain appeal rights to the State FSA Committee.**

--\*

344 Releasing EWR's

A Release Functions for EWR's

EWR's that have been downloaded may be released by selecting 1 of the following reason codes.

\*--

Reason Code	Reason	Result
1	Receipts did not receive Loan/LDP	Receipts will be released back to <b>previous holder</b> .  <b>Example:</b> Producer decided not to place cotton under loan/LDP in <b>any</b> county before processing was completed.
	<b>CCC is current holder</b> and corrections to EWR are required	Receipts will be released back to the <b>previous holder</b> for correction.  <b>Example:</b> Receipts contained wrong producer name or wrong gin code. The previous holder can correct the returned receipt and send back to COPS for download by the county.  County Offices should ensure that the revisions have been made and retransmitted to COPS before attempting to download EWR's.
2	Loan was repaid	Receipts will be released to the <b>new holder</b> whose name and account code will be entered on Screen PWC50000.
3	CCC is current holder and the producer received LDP rather than loan.	Receipts will be released back to the <b>previous holder</b> .  <b>Note:</b> If EWR is processed as eLDP, the receipt will be released automatically to the previous holder.
4	Loan is being reconcentrated	Receipts shall be released back to <b>shipping warehouse</b> . <b>Do not use this release code release unless instructed by KCCO.</b>

--\*

344 Releasing EWR's (Continued)

A Release Functions for EWR's (Continued)

\*--

Reason Code	Reason	Result
5	Downloaded by mistake	<p>Receipts will be reset in COPS and may be accessed by another county. The State/county marking will be removed.</p> <p><b>Example:</b> County A downloaded receipts that should have been accessed by County B. Releasing the bales with reason code 5 will remove County A's State/county code from EWR and allow County B to download the bales.</p> <p><b>Note:</b> Receipts are <b>not</b> released back to the previous holder.</p>
	CCC is <b>not</b> current holder and corrections to EWR are required.	<p>Receipts will be reset in COPS. Receipts are <b>not</b> released back to the previous holder.</p> <p>The current holder can transmit a corrected EWR record to COPS. Because CCC is not the current holder, COPS will allow the incorrect record to be overlayed with the corrected record.</p> <p>County Offices should ensure that the revisions have been made and retransmitted to COPS before attempting to download EWR's.</p>

--\*

B Selecting Receipts for Release

To release EWR's, the user shall select receipts for release and designate the new EWR holder according to the following table.

Step	Action	Result
1	On Menu 001, CLICK "2", "Release Electronic Warehouse Receipts".	Menu 200 will be displayed.
2	On Menu 200, CLICK "1", "Select Receipts For Release".	Screen PWC50000 will be displayed.

344 Releasing EWR's (Continued)

**B Selecting Receipts for Release (Continued)**

Step	Action	Result
3	Complete Screen PWC50000 according to the following.	
	<b>Field</b>	<b>Entry</b>
	File Sequence Number	Enter the file name.  To select from a complete list of files: <ul style="list-style-type: none"> <li>• CLICK <b>“Select FSN from List”</b></li> <li>• select file for release by clicking on <b>“File Sequence Number”</b>.</li> </ul>
	Release Reason Code	Select the applicable release reason code by clicking the radio button.
	New Holder ID and New Holder Name	Enter the holder ID and name to whom the receipts will be released.  To select from the Frequently Used Buyer/New Holder Codes table file: <ul style="list-style-type: none"> <li>• CLICK <b>“Select Holder ID from List”</b></li> <li>• select holder ID and name by clicking on <b>“EWR Holder Code”</b>.</li> </ul>
4	CLICK <b>“Next Screen”</b> .	Screen PWC53000 will be displayed.
5	On Screen PWC53000, select: <ul style="list-style-type: none"> <li>• 1 or more receipts by clicking on the receipt number</li> <li>• all receipts by clicking <b>“Select All”</b>.</li> </ul> Use the scroll bar to select additional receipts.  When all receipts have been selected, CLICK <b>“Next Screen”</b> .	<ul style="list-style-type: none"> <li>• Receipts will be tagged for release.</li> <li>• EWR Release Review List will be printed.</li> <li>• Menu 200 will be redisplayed.</li> </ul>

344 Releasing EWR's (Continued)

**C Transmitting Receipt Release Requests**

Once the files have been selected for release, transmit the receipt release request according to the following table.

<b>Step</b>	<b>Action</b>	<b>Result</b>
1	On Menu 200, CLICK "2", "Transmit Release Request".	Screen PWC54000 will be displayed.
2	On Screen PWC54000 select: <ul style="list-style-type: none"> <li>• <b>1 or more</b> file by clicking on the file sequence number</li> <li>• <b>all</b> files by clicking "Select All".</li> </ul> Click "Next Screen".	EWR File Transfer Screen will be displayed.
3	On EWR File Transfer Screen, enter the user's current NITC user ID and password.  Click "Send".	EWR File Transfer Screen will be displayed with a series of communication messages and the file will be released.  EWR Release Confirmation List will be printed.  Menu 100 will be redisplayed.

345-349 (Reserved)

## Definitions of Terms Used in This Handbook (Continued)

### Cotton Clerk

[7 CFR 1427.3] A cotton clerk is a person approved by CCC to assist producers in preparing loan and loan deficiency documents.

### Cotton On-Line Processing System (COPS)

COPS is the Cotton On-Line Processing System, CCC's system for processing cotton management operations.

### Date Documents Provided

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.

### Debar

Debar is the prohibition of doing business with CCC.

### \*--Delinquent Debt Status

Delinquent debt status, for barring delinquent debtors from obtaining additional Federal loans or loan insurance or guarantees, may be any of the following.

- **For farm program debts**, the debt is in delinquent status 90 calendar days after the date of the first demand letter. The notification is not the first demand letter.
- **For farm storage facility loans**, the debt is in delinquent status if not paid in full within 90 calendar days after the due date; however, if the installment principal balance is less than \$25, then the farm storage facility loan is not considered delinquent.

**Note:** Farm Loan Managers are responsible for informing County Office personnel of any farm loan delinquent debts, as applicable.--\*



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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)								
			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	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	

--\*

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
<b>BG</b>	<b>85</b>	<b>1-8</b>	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000

--\*

**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	76.00	79.50	79.70
	4	75.85	79.35	79.55
	5	75.75	79.25	79.45
	6	75.65	79.15	79.35
	7	75.65	79.15	79.35
2	1-2	78.55	82.25	82.80
	3	75.10	78.80	79.35
	4	74.95	78.65	79.20
	5	74.85	78.55	79.10
	6	74.75	78.45	79.00
	7	74.75	78.45	79.00
3	1-2	72.90	76.40	77.10
	3	69.45	72.95	73.65
	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	60.10	63.95	63.95
	6	60.00	63.85	63.85
	7	60.00	63.85	63.85

--\*

**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	51.60	52.50	52.50
	7	51.60	52.50	52.50
6	1-6	47.55	47.70	47.70
	7	43.75	43.90	43.90
7	1-7	37.00	37.00	37.00

**\*--Notes:** The combined premiums for micronaire (26 points) and strength (77 points), that total 103 points or 1.03 cents per pound, are reflected in the loan rates for eligible qualities of ELS. 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 matter, and strength 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.

**\*--Areas Approved for Outside-Stored Loan Bales**

Outside-stored loan bales are approved in the following areas.

<b>Crop Year</b>	<b>Type Cotton</b>	<b>Type Loan</b>	<b>State</b>	<b>Approved Areas</b>
2007	Upland	Warehouse-receipted	AZ, CA, FL, MO, OK, TX	Entire State
	ELS	Warehouse-receipted	AZ, CA, FL, MO, OK, TX	Entire State
		Farm-stored	AZ	Maricopa, Pinal, Yuma Counties
			CA	Imperial and Kings Counties Fresno County west of Hwy 90 Kern and Tulare Counties west of Hwy 99 Merced County south of Hwy 152
			New Mexico	Dona Ana and Luna Counties
			TX	El Paso County

--\*

