

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

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

Amendment 52

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 1 C has been amended to include the following as sources of authority for MAL's and LDP's:

- Agriculture Act of 2014
- Balance Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011.

Paragraph 3 has been amended to update related FSA handbooks.

Paragraph 4 has been amended to update the web site address for accessing FFAS forms.

Subparagraph 22 C has been amended to remove the reference to "dead hour" for loan repayments and LDP's.

Subparagraph 26 C has been amended to add an additional staple grade.

Subparagraphs 35 B and C have been amended to replace "loan call" with accelerated maturity date.

Subparagraph 40 A has been amended to add 5-PL for guidance when determining eligibility.

Subparagraph 42 B has been amended to update the overpayment amounts.

Subparagraphs 43 A and B have been amended to include new PL and AGI provisions applicable to 2014 and subsequent years.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 46 B has been amended to provide the forms and documentation applicable for LDP payment due dates.

Subparagraph 49 C has been amended to update storage credits.

Subparagraphs 57 E and F have been amended to include e-mail contacts.

Paragraph 58 has been amended to remove “class cards”.

Subparagraph 71:

- B has been amended to provide that CCC-809 is applicable for all commodity years
- C has been amended to update the web site address in the Notice to Ginners.

Subparagraph 72 A has been amended to provide an updated CCC-809.

Subparagraph 100 A has been amended to include CCC-941 for determining producer eligibility for the 2014 and subsequent crop years, and to remove the reference to GRP provisions.

Subparagraph 100.5:

- A has been amended to clarify that an IRS tax levy is a Federal debt.
- C has been amended to update the reference location for MAL and LDP violations.

Subparagraph 101 B has been amended to remove the reference to catastrophic crop insurance because it is no longer required for MAL and LDP eligibility purposes.

Subparagraph 110 B has been amended to include the new AGI provisions applicable to MAL's and LDP's.

Subparagraph 119 A has been amended to update the CFR reference for eligible quantity.

Subparagraph 124 I has been amended to provide the correct paragraph reference for estimating net disbursement amounts on upland cotton MAL's.

Paragraph 127 has been withdrawn because ACRE-elected provisions no longer apply to MAL's and LDP's.

Subparagraph 164 A has been amended to update the provisions for acceptable warehouse receipts for 2008 and subsequent crop years.

Subparagraph 165 A has been amended to provide that a statement of charges or bills that is not part of the warehouse receipt must be signed by the producer.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 166 C has been amended to update the definition of an approved provider.

Subparagraphs 170 A and B have been amended to update preprocessed bale data information.

Subparagraph 170.5 A has been amended to remove the cotton PC software as a method for downloading loan data information.

Subparagraph 172 C has been removed because ACRE provisions are not applicable to the base loan rate for crop year 2014 and succeeding crop years.

Subparagraph 181 B has been amended to include the required forms and documentation for MAL's.

Paragraph 181.5 has been amended to provide consistency for completing CCC-10's according to 8-LP, paragraph 502.

Subparagraphs 197 A and C have been amended to update crop years and paragraph references for payment limitation provisions.

Subparagraph 214 C has been amended to update the reference to 64-FI for receivable and replace CRS with NRRS.

Paragraph 222.5 has been amended to remove the crop year reference.

Subparagraph 237 B has been amended to remove the requirement for CAT coverage or a waiver for FCIC.

Subparagraph 261 C has been amended to update the paragraph reference for payment limitation provisions and to include updated guidance for loan satisfaction for producers not meeting the payment limitation provisions.

Paragraph 261 has been amended to be consistent with 8-LP.

Paragraph 261.6 has been added to provide instructions for completing CCC-633 EZ's dated 03-28-14.

Subparagraph 262 A has been amended to update the options for submitting CCC-633, pages 1 and 3, and provide the correct reference for irrevocable post-ginning.

Subparagraph 266 E has been amended to update the subparagraph reference for guidance on conducting module spot checks using CCC-Cotton AA-2.

Subparagraph 267 B has been amended to update the paragraph reference for accessing CCC-633 EZ, page 3 instructions.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 274:

- B has been amended to update the note on instructions for preparing CCC-633EZ, Page 3
- G has been amended to update guidance about cotton being ineligible for a market loan gain because of AGI provisions not being met
- I has been amended to replace APSS with eLDP
- J and K have been amended to include updated instructions for completing CCC-633 EZ, Page 3.

Subparagraph 275:

- C has been amended to remove the reference to LDP's processed in APSS
- E has been amended to update the instructions for completing CCC-633 EZ, Page 3
- F has been amended to provide an updated reference for an example of CCC-633 EZ.

Subparagraphs 275.5 B and C have been amended to provide:

- updated instructions for completing CCC-633 EZ, Page 3
- an updated reference for an example of CCC-633 EZ.

Paragraph 276 has been withdrawn because LDP's are no longer processed through APSS.

Subparagraphs 277 A through E have been amended to replace APSS with eLDP, and include FCA in calculating the effective LDP rate, if applicable.

Paragraph 278 has been amended to be specific for manual LDP's.

Exhibit 3.5 has been amended to update paragraph references.

The following exhibits have been amended to provide updated premiums and discounts for 2015:

- Exhibit 5
- Exhibit 6
- Exhibit 7
- Exhibit 8
- Exhibit 9
- Exhibit 10
- Exhibit 11.

Exhibit 18.5 has been amended to update the crop years.

Exhibit 21 has been added to specify which forms must be on file for MAL and LDP eligibility.

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20	Guide for Using CCC-605 and EAD
21	Eligibility Requirements and Forms for MAL Disbursements, MLG's, and LDP's

Part 1 General Information and Administrative Provisions**Section 1 General Information****1 Purpose and Authorities****A Handbook Purpose**

This handbook provides instructions for administering the:

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

B Authority and Responsibility

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

C Sources of Authority

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

- the Agricultural Act of 1949, as amended
- the Commodity Credit Corporation Charter Act, as amended
- 7 CFR Part 1427
- the Food, Conservation, and Energy Act of 2008 for 2008 through 2012 crop years
- American Taxpayer Relief Act of 2012 for 2013 crop year
- *--Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011 for the 2013 crop year
- The Agriculture Act of 2014.--*

2 Program Objectives

A Cotton Loan and LDP Programs

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

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

B Recourse Seed Cotton Loan Program

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

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

3 Related Handbooks

A Related FSA Handbooks

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

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

3 Related Handbooks (Continued)

A Related FSA Handbooks (Continued)

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

4 Related Web Sites

A Cotton Web Sites

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

*--

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

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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
--kelly.hereth@wdc.usda.gov.--

6-8 (Reserved)

Section 3 Administrative Provisions

21 Amounts of \$9.99 or Less

A Handling Payments

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

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

22 AWP and CCA Announcement Times

A Announcement Time

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

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

B Effective Time Period

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

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

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

22 AWP and CCA Announcement Times (Continued)

C Accepting Transaction Requests When AWP Not Announced

* * *

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

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

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

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

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

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

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

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

Upland cotton weekly AWP and LDP rates and CCA's and FCA's are available at <http://www.fsa.usda.gov/FSA/epasReports?area=home&subject=ecpa&topic=fta-uc>.

26 CCA’s and FCA’s

B Determining FCA’s

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

FCA’s:

- for loan redemptions, are applied to reduce AWP if the loan rate premium for applicable grades exceed the market-price premium as determined by CCC
- for LDP’s, increase LDP rates for applicable grades
- do **not** require any manual intervention at the County Office level because any FCA will be incorporated into loan redemption software calculations.

C FCA Applicable Bales

FCA is applicable to the following color-grades of upland cotton:

*--

Color	Leaf	Staple
SM and Better, 11& 21	1 - 3	35, 36, 37, 38+
Mid 31	1 - 2	35, 36, 37, 38+
	3	36, 37, 38+

--*

31 Lost or Damaged Cotton Loan Collateral**A Background**

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

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

State Offices shall immediately notify the appropriate County Office.

***--B Producer Responsibilities**

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

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

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

C Notifying Producer

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

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

31 Lost or Damaged Cotton Loan Collateral (Continued)

C Notifying Producers (Continued)

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

*--

SAMPLE NOTIFICATION LETTER

Cotton County Service Center
123 Main Street
Jones, Alabama 12345

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

Dear Mr. Producer:

On September 20, 2014, we were notified that 6 bales of your 2014-crop cotton pledged as collateral for your loan numbers 3489 and 3490 were either damaged or destroyed by water at the Riverside Warehouse and Compress in Savannah, Georgia.

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

Loan Number	EWR Number
3489	136113
3489	136114
3489	136115
3490	140445
3490	140446
3490	140451

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

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

Sincerely,

County Executive Director

--*

33 Interest Rates**A Rates**

For:

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

B Computation for Loans Less Than \$500,000

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

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

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

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

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

D Repayment Date

The repayment date shall be the date repayment is received in the County Office.

E If Different Rates Apply

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

F Overdisbursed or Underdisbursed Loans

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

34 IRS Reporting Requirements

A IRS Reporting

Market gains from cash loan redemptions, LDP's, storage credits, and forfeitures are reported to IRS for Federal income tax purposes. For additional information on IRS reporting requirements, see 61-FI.

35 Loans Ineligible for Forfeiture

A Applicability

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

Note: See paragraph 257 for handling abandonment or foreclosure actions on seed cotton loans.

B Immediate Call

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

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

C Failure to Repay Within 30 Calendar Days

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

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

D Foreclosure Action

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

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

38 Market Gain Reports

A General Information

Four market gain reports are available to account for market gain transactions. To access the following reports, from APSS Administrative Report Menu PAA045, ENTER "12":

- Denied Market Gain Report, see subparagraph B
- Total Market Gain Report, see subparagraph C
- Market Gain Report by Loan or LDP, see subparagraph D
- Market Gain Report by Producer, see subparagraph E.

B Denied Market Gain Report

The Denied Market Gain Report prints the total market gain for each producer ID with denied market gain for the selected crop year.

C Total Market Gain Report

The Total Market Gain Report prints the total market gain for each producer ID with market gain for the selected crop year.

D Market Gain Report by Loan or LDP

The Market Gain Report by Loan or LDP prints each market gain transaction for each producer on the selected loan or LDP.

Note: The user will be required to enter the crop year and loan or LDP number.

E Market Gain Report by Producer

The Market Gain Report by Producer prints each market gain transaction for the selected producer for the selected crop year.

Note: The user will be required to enter the crop year and either the producer's last name or ID number.

39 Misinformation and Misaction

A Applicability

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

- errors
- omissions
- misinformation
- misaction.

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

40 Eligible Foreign Person

A Foreign Person Eligibility

--See 4-PL and 5-PL to determine eligibility requirements for foreign persons.--

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

B Handling Disbursements Involving an Ineligible Foreign Person

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

IF a loan or LDP has been disbursed to...	THEN...
an ineligible foreign person	notify the producer according to paragraph 302.
a cooperative for a commodity delivered to the cooperative by an ineligible foreign person	contact the State Office for instructions.

42 Overdisbursements and Receivables (Continued)

B Notifying Producers (Continued)

Take action, as applicable, according to this table.

IF...	THEN...
the overdisbursement or overpayment is not the result of a loan or LDP violation, according to Part 6, Section 1	<ul style="list-style-type: none"> • collect the amount due as follows: •*--for loans, if the amount due is \$25 or less and is discovered: <ul style="list-style-type: none"> • before settlement, do not collect immediately; however, collect on the next repayment • after settlement, do not send the producer a demand letter; immediately write off the small balance according to 12-PS • for LDP's, if the amount due is: <ul style="list-style-type: none"> • \$25 or less, write off the small balance according to 12-PS • more than \$25, follow procedure in 64-FI for demanding payment.
a receivable is created as a result of an amount remitted to CCC and is less than the amount required	if the total amount outstanding is: <ul style="list-style-type: none"> • \$25 or less, see 12-PS • more than \$25 with outstanding loan balance, collect on next repayment • more than \$25 with no outstanding loan balance, follow NRRS procedure.--*

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

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

D Additional Action

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

E Demand Letter (No Appeal)

The content for the no appeal demand letter is forthcoming.

F Demand Letter (Appeal)

The content for the appeal demand letter is forthcoming.

--43 Payment and AGI Limitation*A Payment Limitation for 2013 Through 2018 Crops**

For the:

- 2013 crop year, CCC will **not** limit market loan gains and LDP's
- 2014 through 2018 crop years, there are payment limitations on LDP's and marketing loan gains associated with the MAL program.

The total amount of payments received, directly or indirectly, by a person or legal entity (except joint ventures or general partnerships) for all commodities other than peanuts, is limited to no more than \$125,000 annually for a combination of the following:

- price loss coverage
- agricultural risk coverage
- marketing loan gains
- LDP's.

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

--43 Payment and AGI Limitation (Continued)*A Payment Limitation for 2013 Through 2018 Crops (Continued)**

Payment limitations do **not**:

- apply at MAL disbursements
- prohibit individuals or entities from receiving MAL, but MAL must be repaid at principal plus interest
- apply to loan forfeitures because indirect benefits realized by producers are not applicable.

Note: There is no payment limitation for market gains and LDP's for the 2009 through 2013 crop years.

B AGI Limitation Rule for 2013 Through 2018 Crops

A person or legal entity shall not be eligible to receive market loan gains or LDP benefits:

- for the 2013 crop year, if the average nonfarm AGI exceeds \$500,000
- during the 2014 through 2018 crop years, if the average nonfarm AGI exceeds \$900,000.--*

Exception: The person or entity is eligible for MAL, but the loan **must** be repaid at principal plus interest.

44 (Withdrawn--Amend. 50)

45 Power of Attorney

A FSA-211 * * *

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

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

B Nonrecognized Power of Attorney

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

*--C Executing CCC-605 to Redeem Cotton Pledged as Collateral

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

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

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

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

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

46 Prompt Payment Act

A Applicability

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

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

B Payment Due Dates

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

IF the program is for...	THEN the payment due date is...
loan agreements	30 calendar days after the County Office receives an application with all required documentation and signatures.
manual loan repayments that result in overcollection	the eighth workday after the following: <ul style="list-style-type: none"> • repayments are recorded through APSS • loans are determined to be overpaid.
LDP's	30 calendar days from the date the producer provides all information needed to complete the LDP request. This information includes, but not limited to, the following: <ul style="list-style-type: none"> • acreage certification • AD-1026's Note: Includes farm plans. • all signatures, as applicable •*-applicable CCC-902's according to 4-PL and 5-PL Note: COC must make the following determinations: <ul style="list-style-type: none"> • actively engaged in farming • cash rent tenant • member contribution. • CCC-931C or CCC-933 for 2013 crop year • CCC-941 for 2014 crop year and subsequent crop years • requesting LDP on CCC-633 EZ, Page 1 and Page 3 with the gin list, if applicable.--*

46 Prompt Payment Act (Continued)

*--B Payment Due Dates (Continued)

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

C Paying Prompt Payment Interest

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

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

47 (Withdrawn--Amend. 41)

49 Warehouse Storage and Other Charges (Continued)

C Warehouse Charges Payable Upon Forfeiture of Cotton Loan Collateral.

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

- unpaid warehouse compression; if, at the time of forfeiture a bale EWR indicates that any warehouse compression charge is **not** paid, the amount of that charge will be included on the producer collection invoice
- excess storage credit; storage credits are provided based on the lower of the following:
 - submitted tariff rate for the year
 - *--warehouse 2005 tariff rate
 - maximum storage credit rates, for the following:
 - 2013 crops that are:
 - \$3.496 per bale/month for California and Arizona
 - \$2.128 per bale/month for all other States where stored
 - 2014 through 2018 crops that are:--*
 - \$3.933 per bale/month for California and Arizona
 - \$2.394 per bale/month for all other States where stored.

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

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

Section 4 State Office Administrative Activities

57 Program Violations

A Purpose

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

B Additional Information Required

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

C Fraud Is Not Evident

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

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

D Fraud Is Evident

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

E Reporting to KCCO

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

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

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

F Reporting to PSD

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

58 Supervision

A Overseeing County Offices

State Offices shall require County Offices to:

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

Section 6 Ginner Approval Requirements, Agreements, and Codes

70 Overview

A Introduction

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

B Ginned Cotton

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

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

C Seed Cotton

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

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

70 Overview (Continued)

C Seed Cotton (Continued)

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

71 Cooperating Ginner Requirements Using CCC-809

A Type of Cotton

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

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

B Notifying Potential Cooperating Ginners

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

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

* * * CCC-809 is a multiyear agreement effective until terminated in writing by either CCC or the ginner. Therefore, copies of CCC-809 and the Notice to Cotton Ginners need to be sent only once to * * * new ginners when it is known that they will be an operational gin.

71 Cooperating Ginner Requirements Using CCC-809 (Continued)

C Example of Notice to Ginners

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

*--

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

--*

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

A Example of CCC-809

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

*--

This form is available electronically.

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

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

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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Part 2 Eligibility

Section 1 Producer Eligibility

100 Determining Producer Eligibility

A Basic Requirements

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

- *--shares in the risk of producing the eligible upland or ELS cotton for which a loan or--* LDP is requested, as applicable
- for loans, BI in the cotton from the time of harvest through the date the loan is requested and **must** keep BI continuously until redemption of the cotton or until CCC takes title to the cotton
- for LDP's, BI in the cotton from the time of harvest through the date of submitting CCC-633 EZ, page 1
- a complete acreage report with respect to all cropland on the farm(s) requesting MAL and/or LDP for the current crop year according to 2-CP using FSA-578
- *--completed AD-1026, according to 6-CP, for producer and all affiliated persons
- completed CCC-902 according to 4-PL and 5-PL

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

- actively engaged in farming
- cash rent tenant
- member contribution.

See Exhibit 21 for basic eligibility requirements.

- *--completed CCC-941 for producer and all interest holders in a legal entity according to 5-PL.--*

100 Determining Producer Eligibility (Continued)

B BI

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

- control of the cotton

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

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

- title.

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

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

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

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

FSA State and County Offices shall:

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

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

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

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

C Restrictive Contract Clauses

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

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

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

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

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

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

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

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

E Gin Direct Contracts

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

Note: This cotton is **not** eligible for loan; however, the producer may receive LDP according to paragraph 274.

F Equity Sales

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

G Succession in Interest

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

Note: See paragraph 105 for heirs of a deceased producer.

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

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

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

I Cotton Rejected by Buyer

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

J Payments Not Associated With Sale of Cotton

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

K Combination Lease Agreement

COC shall determine the type of lease if both cash provision and share of crop production provision are contained in a lease agreement on a farm. Based on the COC determination, BI in the crop for the producers involved in the lease may be questioned. When BI is questioned, review the lease agreement in the process of making BI determinations according to paragraph 102.

L Eligible Foreign Person

--See 4-PL, Part 3, and 5-PL, Part 3 to determine eligibility requirements, as applicable.--

100.5 Delinquent Federal Nontax Debtors

A Policy

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

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

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

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

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

--IRS tax levy is considered a Federal tax debt, and a lien, CCC-679 will be required according to paragraph 121. For purposes of barring delinquent debtors from-- obtaining Federal financial assistance, a debt is **not** in delinquent status if the debtor is the subject of, or has been discharged in a bankruptcy proceeding. Producers with an unresolved delinquent Federal nontax debt **are** considered eligible to receive MAL or LDP if the unresolved delinquent Federal nontax debt is the subject of a bankruptcy proceeding.

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

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

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

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

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

- immediately notify the producer that the loan is called and **must** be repaid at principal and interest
- follow procedures in Part 4 for MAL or LDP violations.--***

D Delinquency Resolution

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

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

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

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

101 Other Producer Eligibility Requirements

A HELC and WC Provisions

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

* * *

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

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

* * *

B Controlled Substances

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

106 Estates and Trusts

A Eligibility by Type

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

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

107 CMA and LSA Member Eligibility

A Members of CMA's

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

B Producers Requesting Benefits Through LSA's

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

108 Producers Who Are Warehouse Operators

A Policy

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

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

109 (Withdrawn--Amend. 43)

***--110 AGI Policy**

A AGI Policy

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

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

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

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

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

111-117 (Reserved)

119 Eligible Quantity

A Quantity Eligible for Loan or LDP

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

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

B Establishing Estimates of Yield

COC shall:

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

C Questionable or Commingled Production

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

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

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

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

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

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

* * *

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

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

B Cotton Not Divided

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

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

C Ineligible for Loan

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

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

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.

Step	Action
1	Determine an estimated loan rate based on loans already processed.
2	Determine an estimated bale weight based on loans already processed.
3	Multiply the result of step 1 times the result of step 2 times the number of bales for which the loan is requested.
4	<p>*--Calculate the estimated research and promotion fee for upland cotton according to subparagraph 175 A. After multiplying the following, add the results:--*</p> <ul style="list-style-type: none"> • result of step 3 times .005 • number of bales times \$1.
5	Determine the loan service fee by adding \$2.50 to the result of multiplying the number of bales times \$0.30.
6	<p>The estimated net disbursement amount is the result of step 3 minus the following:</p> <ul style="list-style-type: none"> • the result of steps 4 and 5 • amount of offset entered on CCC-679 and, if applicable, the amount of charges according to paragraph 165. <p>Note: Round result to whole dollars.</p>

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.

124 Liens: Search, Waivers, and UCC-1 Requirements (Continued)**K Release of Security**

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

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

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

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

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

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

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

125 Bale and Quality Requirements**A Packing and Compression**

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

Bales **must not** be:

- false-packed
- water-packed or wet

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

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

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

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

B Tagging

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

C Weight

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

If there is an error in bale weight:

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

D Definition of Tare Weights

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

E Valid Tare Weights

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

125 Bale and Quality Requirements (Continued)

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

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

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

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

G Classification Codes

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

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

126 (Withdrawn--Amend. 22)

127 (Withdrawn--Amend. 52)

128-159 (Reserved)

164 Warehouse Receipt Requirements

A Definition of Acceptable Warehouse Receipts

[7 CFR 1427.3] Acceptable warehouse receipt means an original or replacement receipt that *--may or may **not** be certificated for delivery for a futures-pricing contract.

For 2008 and subsequent crop cotton, an EWR record issued by the warehouse and recorded in a central filing system, or systems maintained in 1 or more locations, that are approved by FSA to operate the system.

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

B Allowance for Delivery of Cotton

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

C Gin Bale Number

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

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

D Receiving Charges

The warehouse receipt **must** show whether warehouse receiving charges have been paid or waived.

E Warehouse Code

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

164 Warehouse Receipt Requirements (Continued)

F Warehouse Tag Number, Including Tare and Net Weights

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

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

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

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

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

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

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

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

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

M Producer-Identified Cotton

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

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

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

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

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

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

165 Statement of Charges Attached to Warehouse Receipts

A Applicability

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

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

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

Charges approved for offset without written DAFP concurrence are:

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

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

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

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

If an offset applies, do **not** disburse the loan unless the lien holder agrees to the offset by checking item 8, block (1) or (3) on CCC-679. If item 8, block (2) is checked, advise the producer that the loan will **not** be approved or disbursed.

B Handling as an Offset

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

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

- adding the total dollar amount of the charges shown on the statement of charges to any CCC, FSA, or other Government agency debt
- modifying the sentence in lienholder's block, item 3, to add language that states whose charges are being offset without specifying the type or amount of the charges.

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

See subparagraph 124 D for an example.

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

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

Notes: EWR's are issued:

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

See Part 8 for cotton warehouse receipt processing.

B Definition of Central Filing System

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

C Definition of Approved Providers

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

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

D Definition of EWR Holders

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

167 Classification Data**A AMS Classed**

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

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

B Acceptable Classification Data

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

* * *

C Sampling

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

D Reclassification

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

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

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

E Two-Sided Bales

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

168, 169 (Withdrawn—Amend. 27)

170 Preprocessed Bale Data

A Purpose

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

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

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

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

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

B Data Received by * * * E-Mail

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

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

C Determining Date Documents Received

Subparagraph 181 B lists numerous documents that, in addition to a loan or LDP request, **must** be received to establish the “date documents received” in loan/LDP software. The “date documents received” is the date the last of the required documents was received.

One document that **must** be provided is a list of the bales that may be:

- a paper list
- an electronic pre-processed bale file.

170 Preprocessed Bale Data (Continued)

C Determining Date Documents Received (Continued)

If the date the bale list, however submitted, is a determining factor for establishing the “date documents received”, then:

- use the date the bale list (whether paper or electronic) was received
- do **not** use the date the producer signed and dated a paper version of an electronic bale list.

170.5 Processing Loans Through Cotton Warehouse Receipt Process

A Processing References

***All loans will be based on classing and EWR data stored in COPS. The use of manual data entry and the practice of copying bale data files directly into APSS will **not** be allowed.

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

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

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

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

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

171 (Withdrawn--Amend. 32)

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

[7 CFR 1427.1(b)] [7 CFR 1427.8(a)] Upland cotton loan rates are the base quality rate for SLM 1-1/16 adjusted for premiums and discounts and, effective with the 2008 crop, **not** adjusted for location.

Premiums and Discounts

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

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

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

B ELS Cotton**Schedule of Loan Rates**

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

Discounts

See Exhibit 11 for discounts for micronaire and extraneous matter.

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

* * *

173 Loan Service Fee**A Service Charges**

[7 CFR 1427.13] Service charges shall be assessed on all loans disbursed. The service fee shall be the **smaller** of the following:

- ½ of 1 percent (.005) times the gross loan amount
- \$7.50 per loan plus 90 cents for each bale pledged.

This amount shall be withheld from the loan amount.

Note: If multiple loans are made for County Office convenience, the \$7.50 fee is charged on the initial loan only but the 90 cents/bale fee applies to all bales. See subparagraph 187 B, step 22 to reduce the \$7.50 fee on multiple loans.

174 Allowable and Nonallowable Loan Charges**A Allowable Deductions**

Allowable deductions from the gross loan amount are those for:

- nonrefundable loan service charges, according to paragraph 173
- cotton clerk fee, according to 14-CN
- upland cotton research and promotion assessment, according to paragraph 175.

B Nonallowable Deductions

Nonallowable deductions from the gross cotton loan amount are **any** unpaid warehouse:

- storage charges
- receiving charges, which may include charges for new ties.

*--If a statutory lien exists on the cotton, such as a State lien for boll weevil eradication, or a labor lien such as ginning charges that have statutory standing, and lien waivers are:

- **not** received, do **not** disburse the loan--*

174 Allowable and Nonallowable Loan Charges (Continued)**B Nonallowable Deductions (Continued)**

- received and checked in block 2, disburse loan proceeds without any offsets jointly to all lienholders and producers

Note: In such case the following fees, if requested for offset, shall **not** be deducted from loan proceeds:

- ginning or other fees requested for payment by producer
 - marketing fees assessed by loan clerks
- received and checked in block 3, disburse loan proceeds, less the specifically approved *--offset charges, jointly to all lienholders and producers.--*

Note: Cotton clerk fees are an allowable deduction from the gross loan amount.

175 Research and Promotion Fees**A Fee and Computation**

[7 CFR 1427.13(d)] Research and promotion fees paid to the Cotton Board are deducted from upland cotton (**not** ELS) loan proceeds. This fee is centrally collected and remitted to the Cotton Board from Kansas City. The amount of the fee is shown on:

- CCC-Cotton A
- CCC 881, item 7d.

CMA's and LSA's that provide loans deduct this fee from loan proceeds and pay the Cotton Board directly rather than payment collection through Kansas City.

Compute upland cotton loan research and promotion fees as follows:

charge \$1 per bale, plus a supplemental assessment of 0.5 (.005) percent of the total loan *--value of the cotton, before deducting charges determined according to subparagraph 164 I--* for providing new bale ties.

176-180 (Reserved)

Section 2 Loanmaking, Ginned Cotton

181 Before Processing the Loan

A Eligibility

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

B Required Forms and Documentation

When a producer requests a regular cotton loan, the producer shall complete CCC Cotton A-5 according to paragraph 182 and provide:

- a list of the bales, either a paper list or an electronic pre-processed bale file
- acceptable warehouse receipts according to paragraph 164

Note: Cotton warehouse receipts **must** be held by CCC (EWR's **must** be "downloaded") for all loans repaid by cash.

- acceptable classification data according to paragraph 167
- AD-1026 according to 6-CP
- BI certification, when requested by COC, according to subparagraph 103 C
- CCC-10
- CCC-679, when applicable, according to subparagraph 124 D

* * *

Note: A valid AGI certification is on file according to 4-PL, Part 6 for each applicable crop year.

* * *

- CCC-941 for the producers and all interest holders in a legal entity according to 5-PL
- CCC-902 according to 4-PL and 5-PL.--*

Note: CCC-902 is required for foreign person determination on both loans and LDP's.

181 Before Processing the Loan (Continued)

* * *

C Loan Requests Submitted Electronically

Producers may submit loan and LDP application forms electronically if the applicant has received access under the eAuthentication system. See paragraph 4 for the web site.

The date and time of the electronic transmission shall be considered the date and time of receipt by FSA.

D UCC-1 Not Required

The filing of UCC-1 by County Offices is **not** required for warehouse-stored upland cotton loans because CCC's security interest has been perfected because CCC holds the warehouse receipts.

181.5 Completing CCC-10's

A Applicability

Producers applying for CCC or FSA loans at USDA Service Centers are required to provide specific information on CCC-10. CCC-10:

- serves as CCC's or FSA's notice of intent to perfect its security interest
- *--identifies an individual's name applicable to the laws in the specific State

Notes: The standards for an individual name shall be specified by the State. If the 2010 amendments to UCC Article 9 have:

- been adopted, State Offices shall contact their regional attorney for the standard adopted in their State
- **not** been adopted, the regional attorney shall provide guidance on the specific naming standards to follow for an individual.
- identifies for an entity, the type and location of the entity
- identifies the jurisdiction in which CCC will perform lien searches according to State law and advice of the regional attorney
- authorizes CCC or FSA to file financing statements **before** executing a security agreement
- is applicable to warehouse loans to identify the jurisdiction in which to perform lien searches.--*

181.5 Completing CCC-10's (Continued)

***--B Obtaining Authorization**

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

- if CCC-10 is **not** already filed, obtain a signed CCC-10
- ensure that producers understand that:
 - applicable collateral for loans is **not** described on CCC-10
 - CCC-10 remains in effect until the producer notifies CCC or FSA of any changes by filling out a new CCC-10 or State laws change requiring a new CCC-10
- **Example:** Naming standards for filing security documents in a particular State change.
- for UCC-1's filed manually that require the debtor's signature, CCC requires CCC-10 to identify the jurisdiction in which to perform lien searches
- for:
 - corporations, limited partnerships, and limited liability corporations, the person authorized to sign for the entity is **required** to sign according to 1-CM
 - estates, the executor is **required** to sign according to 1-CM
 - general partnerships and joint ventures, all partners signatures are **required, unless** an individual is authorized to act on behalf of the general partnership that binds all members according to 1-CM
 - trusts, the trustee or trustees are **required** to sign according to 1-CM
- allow spouses to sign CCC-10 for each other **only** as allowed according to 1-CM
- gather data and signatures about spouses where spousal information is required by State law according to the regional attorney
- if applicable, provide a copy of CCC-10 to other County Offices in which the producer is active.

File CCC-10's in alphabetical order in folders labeled, "LP 1-2 Financing Statements."--*

181.5 Completing CCC-10's (Continued)

C CCC-10 Availability

*--CCC-10 is available for download by FSA employees from the FSA Intranet at <http://intranet.fsa.usda.gov/fsa>, CLICK "FFAS Employee Forms/Publications Site".

D Instructions for Preparing CCC-10's

County Offices shall prepare CCC-10 according to the following.

Item	Instructions
Part A - Introduction	
Ensure that the producer understands the statements in this part.	
Part B - Representation of Undersigned	
1	<p>CHECK (✓) box for:</p> <ul style="list-style-type: none"> • individual, if the producer conducts a farming operation as an individual • organization or entity, if the producer conducts a farming operation as an organization or entity.
2	<p>If box in item 1 is checked for:</p> <ul style="list-style-type: none"> • individual, enter the complete applicable SSN or TIN • organization or entity, enter the complete applicable TIN.
3	<p>If box in item 1 is checked for:</p> <ul style="list-style-type: none"> • individual, enter the naming standard according to State law, or if the 2010 amendments to UCC Article 9 have not been adopted, the naming standard to use according to the regional attorney • organization or entity, enter the full legal name of the organization or entity as filed with the State and provided on the organization charter or legal documents establishing the entity. <p>Note: This is the name that will be used on UCC forms.</p>
4	<p>If box 1 is checked for individual, enter the naming standard according to State law, or if the 2010 amendments to UCC Article 9 have not been adopted, the naming standard according to the regional attorney, for spouse.</p> <p>Notes: This is the name that will be used on UCC forms for additional debtors.</p> <p style="text-align: center;">If spouse has an interest in the commodity, the spouse shall complete a separate CCC-10.</p>
5	<p>If box in item 1 is checked for individual, enter the name of the State and county of producer's primary residence. Unless otherwise advised by OGC, this is where to file UCC-1's and perform lien searches.</p>

--*

181.5 Completing CCC-10's (Continued)

D Instructions for Preparing CCC-10's (Continued)

*--

Item	Instructions
6	<p>If box in item 1 is checked for organization or entity, enter the type of organization or entity. Acceptable types are corporations, general or limited partnerships, limited liability companies, and trusts. An informal joint operation or venture is not a legal entity.</p> <p>Note: Members of informal joint operations or ventures are treated as individuals and must complete individual CCC-10's.</p>
7	<p>If organization or entity is registered, it must be organized under the law of a single State and must be displayed in a State public record as being organized. If the organization or entity is registered, enter the State in which the organization or entity was created and is registered. Unless otherwise advised by OGC, this is where to file UCC-1's and to perform lien searches.</p>
8	<p>If organization or entity is not registered, enter the State where the place of business is located or where the organization or entity conducts its affairs. Unless otherwise advised by OGC, this is where to file UCC-1's and to perform lien searches.</p>
Part C - Authorization to File	
9	<p>Ensure that the producer understands the statement in item 9.</p> <p>Note: Authorization to sign for another individual, organization, or entity must be on file in the FSA office for the signature to be valid.</p>
10A-10F	<p>If item 1, "individual" was checked (✓), the individual identified in item 3 shall sign their name as entered in item 3 and, if applicable, a suffix, in item 10A. An individual signing in a representative capacity shall also sign their name in item 10A, followed by their title/relationship in item 10B. The date of signature shall be entered in item 10C.</p> <p>The individual identified in item 4 shall sign their name as entered in item 4, and if applicable, a suffix in item 10D. An individual signing in a representative capacity shall also sign their name in item 10D, followed by their title/relationship in item 10E. The date of signature shall be entered in item 10F.</p>
11A-11F	<p>If item 1, "organization or entity" was checked (✓), enter the legal name of the organization or entity in item 11A. The individual authorized to sign for the organization or entity shall also sign their name in item 11A, and include their title/relationship in item 11B. The date of signature shall be entered in item 11C.</p> <p>Example: Item 11A, Hobbitt Farms, John H. Smith Item 11B, Partner"</p> <p>If an additional signature is required for an organization or entity, that additional individual shall sign in item 11D. Their title/relationship shall be entered in item 11E, and the date in item 11F.</p>

--*

181.5 Completing CCC-10's (Continued)

E Example of CCC-10

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

*--

This form is available electronically.		Form Approved – OMB No. 0560-0215
<p>CCC-10 (08-31-11)</p> <p align="center">U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation Farm Service Agency</p> <p align="center">REPRESENTATIONS FOR COMMODITY CREDIT CORPORATION OR FARM SERVICE AGENCY LOANS AND AUTHORIZATION TO FILE A FINANCING STATEMENT AND RELATED DOCUMENTS</p>		
<p>Note: The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 761, 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to provide CCC's or FSA's notice of intent to protect its security interest, identify debtor or entity, and authorize CCC or FSA to file financing statements before executing a security agreement. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in denial of loan benefits.</p> <p>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0215. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>		
PART A – INTRODUCTION		
<p>The undersigned is an applicant for a loan from the Commodity Credit Corporation (CCC) or the Farm Service Agency (FSA), or is currently indebted to CCC or FSA on account of loans previously made or will encumber, pledge or mortgage property to CCC or FSA to secure payment of a loan made or to be made by CCC or FSA. The undersigned understands that CCC or FSA will take or has taken a security interest in collateral to secure the payment of any loan made or to be made, that CCC or FSA will file or has filed a financing statement or an amended financing statement to perfect its security interest in such collateral, that the information provided in this instrument will affect the contents of the financing statement or any amended financing statement and where it will be filed and that CCC or FSA will rely upon this information provided by the undersigned. For warehouse-stored CCC marketing assistance loans, I understand that a financing statement will not be filed but this form is necessary to establish the jurisdiction in which a lien search will be conducted. Further, the undersigned understands that CCC or FSA will continue to use this information for any future loans to be made to the undersigned until the undersigned notifies CCC or FSA of any changes. The undersigned agrees to immediately notify CCC or FSA of any changes in this information.</p>		
PART B – REPRESENTATION OF UNDERSIGNED		
1. Type of Undersigned:	<input checked="" type="checkbox"/> Individual <input type="checkbox"/> Organization or Entity	2. Social Security Number or Tax Identification Number (9 Digits) 111-XX-79XX
3. Undersigned's Full Legal Name John Roscoe 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 County	6. If Undersigned is an Organization or Entity, Specify the Type of Organization or Entity	
7. If undersigned's organization or entity is a registered organization or entity, specify the state in which the organization or entity was created.		
8. If undersigned's organization is a non-registered organization or entity, specify the state where the place of business is located or where the organization or entity conducts its affairs.		
PART C – AUTHORIZATION TO FILE		
<p>9. <i>The undersigned authorizes CCC or FSA to file a financing statement under the name of the undersigned for collateral to be described in the financing statement and security agreement at any time following the date that this instrument is signed. By signing below, I give CCC or FSA permission to file a financing statement prior to the execution of the security agreement, as well as to file amendments and continuations of the financing statement thereafter.</i></p> <p><i>I authorize CCC to enter on the financing statement a broader description of the collateral used to secure a CCC marketing assistance loan than the description on the applicable security agreement.</i></p>		
10A. Signature of Individual in Item 3 (By) /s/ John Roscoe Smith Jr.	10B. Title/Relationship of the Individual Signing in the Representative Capacity Self	10C. Date (MM-DD-YYYY) 07-13-20XX
10D. Signature of Individual in Item 4 (By) /s/ Anita LuAnne Baxter Smith	10E. Title/Relationship of the Individual Signing in the Representative Capacity Self	10F. Date (MM-DD-YYYY) 07-13-20XX
11A. Signature for Organization or Entity in Item 3 (By)	11B. Title/Relationship of the Individual Signing in the Representative Capacity	11C. Date (MM-DD-YYYY)
11D. Signature for Organization or Entity in Item 3 (By)	11E. Title/Relationship of the Individual Signing in the Representative Capacity	11F. Date (MM-DD-YYYY)
<p>The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.</p>		

--*

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
A, B	
Part A	
1A	Enter the Contact Producer’s name and address, including zip code, and only the last 4 digits of the Contact Producer’s tax ID number.
1B	Enter the percentage crop share of the Contact Producer.
2A, B and 3A, B	Enter the name and address, including zip code, and the last 4 digits of the tax ID number of other producers associated with this loan.
4A	Enter the farm number(s) where the cotton was produced.
4B	Check 1 of the boxes to indicate whether the farm, from which the cotton was produced, is enrolled in ACRE. (Bales from ACRE and non-ACRE-enrolled farms cannot be included on the same loan.)
5	Enter the gin code where ginned.
6	Enter the number of warehouse receipts to which CCC-A-5 applies.
7	Enter the date (MM-DD-YYYY) on which the last of the required documents (including the date of uploading of EWR’s) was received by CCC.
8	Enter the date (MM-DD-YYYY) the loan application was received by CCC.
9	Leave blank or use for the file sequence number of the loan.
Part B	
10A	The Contact Producer/Representative enters signature.
10B	If applicable, the producer representative enters title or relationship.
10C	Enter the date (MM-DD-YYYY) of signature in item 10A.
11 - 13	Check the appropriate box based on the information provided by the producer and County Office records.
14	Enter the name and address of lienholder, if applicable.
Part C	
15 A-D	CCC Representative signs, enters title, and stamps or enters date (MM-DD-YYYY) and checks whether loan is Approved or Disapproved.

--*

Section 3 Loan Repayments, Ginned Cotton

197 Basic Provisions

*--A Upland Cotton Repayments

[7 CFR 1427.19] A producer or agent designated on CCC-605 may repay the loan amount for 1 or more bales of upland cotton pledged as collateral for a loan at a level that is the lesser of the following:

- loan principal, plus interest that accrued on the loan principal during the loan period, plus any compression and reconcentration charges that were previously paid by CCC
- AWP, as determined by CCC and in effect on the day the repayment is received in the County Office, adjusted for location, quality, and allowable CCA and/or FCA, multiplied times the net bale weight, plus any compression charges that were previously paid by CCC, minus warehouse storage charges according to paragraph 198.

Note: AWP **cannot** be adjusted by discounts and CCA to a value less than zero.

See the following paragraphs:

- 22 to determine AWP and CCA and/or FCA in effect
- 198 for instructions on how upland cotton cash loan repayments are calculated
- 204 for accepting CCC-605's.

See the following subparagraphs:

- 26 C for grades to which FCA applies
- 27 A for grades of cotton for which CCA is applicable.

Notes: When:

- CCA is applicable and in effect, CCA is subtracted from AWP to calculate the loan repayment rate
- FCA is applicable, FCA is subtracted from AWP to calculate the loan repayment rate.

Producers may repay the loan amount for bales after the loan has matured, if the receipts have not been released and the forfeiture has **not** been processed, by repaying the loan--* principal plus interest that accrued on the loan principal during the loan period, plus any compression and reconcentration charges that were previously paid by CCC. After maturity such loans **cannot** be repaid at AWP * * *.

197 Basic Provisions (Continued)

B ELS Cotton

[7 CFR 1427.19(c)(2)] A producer may repay the loan amount for 1 or more bales of ELS cotton pledged as collateral for a loan by repaying the loan amount and charges, plus interest, determined for these bales.

C Payment Limitation Provisions

--[7 CFR 1400] See paragraph 43 for payment limitation provisions.--

D Using CCC-697

The repayment rate for an upland cotton loan **cannot** be “locked-in” using CCC-697. CCC-697 does **not** apply to cotton because it is intended for use with farm-stored commodities.

197 Basic Provisions (Continued)

E Types of Remittances

County Offices may accept the following types of remittances for repayment of a cotton loan:

- cash
- U.S. Treasury check
- postal money order
- check, draft, or money order issued by a bank
- check or draft issued by a person, firm, etc., and certified, guaranteed, or acceptable by the bank on which it is drawn
- wire transfers according to subparagraph 209 A and 3-FI
- personal or corporate checks.

STC may require certified or cashier's checks for cash redemptions of cotton loans when it is considered necessary to protect CCC's interest. This requirement may be carried out on 1 of the following:

- an individual county basis
- a Statewide basis
- an individual producer or buyer basis if that individual has demonstrated irresponsibility by issuing a check for repayment that was later dishonored upon deposit.

County Offices shall:

- use prudent judgment in releasing loan collateral if an uncertified personal or corporate check is offered to redeem a loan
- **not** accept checks that do **not** conform to proper business practices.

F Releasing CCC-Cotton A

County Offices shall mark original CCC-Cotton A "PAID" and mail to the contact producer, but **not** until 30 calendar days after the last bale applicable to the note has been redeemed.

--197.5 Documentation Requirements for County Office Redemptions--

A Requirements

* * *

- *--A request for redeeming a loan is considered received if all of the following conditions exist or required items are received by the County Office.

IF the redemption of bales is requested by...		THEN the following items must be presented at the County Office or conditions that apply...
the producer		<ul style="list-style-type: none"> • CCC-605 does not apply • sufficient funds are provided • the requested bales are identified by bale list • holder ID is known for entity to which bales are to be released.
entity other than producer and CCC-605 is presented		<ul style="list-style-type: none"> • CCC-605 authorized entity to redeem <p>Note: If EAD authorizes a different entity, the dispute must be resolved before redemption occurs.</p> <ul style="list-style-type: none"> • sufficient funds are provided • the requested bales are identified by bale list • holder ID is known for entity to which bales are to be released.
entity other than producer, CCC-605 is not presented, and the loan	is established in COPS	<ul style="list-style-type: none"> • EAD in COPS identifies the entity permitted to redeem the cotton • sufficient funds are provided • the requested bales are identified by bale list • holder ID is known for entity to which bales are to be released.
	is not established in COPS	redemption request cannot be accepted.

--*

If 1 or more of these required items is missing, a redemption request has **not** been received. The redemption request is considered as having been received at the time of receipt of the last of the required items.

* * *

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, “Do you agree that any agent you authorize to redeem this loan may use the automated EAD redemption process?”--*

214 Collecting Charges Due on Forfeited Loans

A Determining Charges Due

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

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

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

The date documents 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.

* * *

B Collecting Charges Due From Producer

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

- follow subparagraph 215 A to access the invoice

214 Collecting Charges Due on Forfeited Loans (Continued)

B Collecting Charges Due From Producer (Continued)

- follow subparagraph 215 B to print the invoice

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

- Invoice Type of “Producer Collection Invoice”
 - Status of “Writer-off Producer Collection \$9.99 or Less”.
- determine whether the producer collection invoice is for the correct producer and loan
 - if statement of charges is incorrect, contact ADC, PSCAO, CLG to request a corrected statement of charges by:
 - *--telephone at 816-926-1533
 - e-mail at shannon.fulghem@kcc.usda.gov
 - if statement of charges is correct, establish receivables in NRRS according to 64-FI,--* with:
 - **all** producers who signed CCC-Cotton A as debtor or co-debtors
 - discovery code of “10”
 - reason code of “300”
 - program code of “XXUPCNFORF”

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

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

214 Collecting Charges Due on Forfeited Loans (Continued)

C Collecting Charges Due for LSA Producers

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

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

Administrative County Offices shall:

- *--establish a receivable according to 64-FI with:--*

- **all** producers who signed CCC-Cotton A as debtor or co-debtors
- discovery code of "10"
- reason code of "300"
- program code of "XXUPCNFORF"

Note: County Offices do **not** have access to LSA producer invoices in COPS; however, they will record the receivable number on the COPS Invoice Payment Screen according to subparagraph 215 C. The receivable number should be obtained from required documentation submitted by LSA.

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

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

- *--continue producer notification and debt collection according to 64-FI and 58-FI
- contact Tracy Appleba by e-mail to **tracy.appleba@kcc.usda.gov** and provide the--* following:
 - receivable number
 - LSA name.

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

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

County Offices shall add the following text on Screen AQK15201 to the notification letter generated in the receivable software:

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

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

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.

- *--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.

- *--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 2 Loanmaking, Seed Cotton

236 Pre-Loan Inspections

A Requirements

[7 CFR 1427.163(a)] [7 CFR 1427.164] Upon request for a loan, County Offices shall determine producer and cotton eligibility and, if necessary, arrange for an inspection.

If, according to paragraph 59, County Offices are:

- **not** approved to inspect a percentage of loans requested, follow subparagraph B
- approved to inspect a percentage of loans requested, follow subparagraph C.

B All Loans To Be Inspected

For each loan requested, the commodity inspector shall:

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

C Percent of Loans To Be Inspected

The commodity inspector shall inspect, measure, and affix CCC-683 on the first 2 loans requested in the county, at CCC's expense.

After the first 2 loans, commodity inspector shall inspect, measure, and affix CCC-683's, at CCC's expense, on a percentage, determined by the State Office according to paragraph 59, of the rest of the loans requested.

For loans that were **not** inspected, the County Office shall:

- accept the producer's or ginner's measurement or weight of cotton, and make loans on this basis
- use the turnout factor and grade provided by the producer
- provide and instruct applicants for loans to affix CCC-683 on the ricks or modules that were **not** measured.

237 Before Processing the Loan**A Eligibility**

[7 CFR 1427.167] The eligibility requirement for the producer and cotton shall be determined according to Part 2 before processing loans. See paragraph 124 for lien requirements.

B Required Forms and Documentation

When a producer requests a seed cotton loan, the producer shall complete CCC Cotton A-5 according to paragraph 182 and provide:

- AD-1026 according to 6-CP
- BI Certification, when requested by COC, according to subparagraph 103 C
- * * *
- CCC-679, when applicable, according to subparagraph 124 D
- FSA-211, when applicable, according to paragraph 45
- FSA-578 according to 2-CP
- CCC-877 according to paragraph 238.

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

Part 5 LDP's

Section 1 Basic Requirements

260 Source of LDP's

A Where to Apply

*--[7 CFR 1427.23] LDP's (and loans) may be obtained by eligible producers only from any of the following:

- the County Office that keeps the farm records for the farm on which the cotton was produced (the Administrative County)--*

* * *

- *--an approved cotton clerk, according to 14-CN [7 CFR 1427.6]

- an approved CMA or LSA, according to 21-CN [7 CFR 1427.5(a) and 1427.6].

Multi-county producers may request LDP's in a county other than their Administrative County. However, the actual LDP is **not** to be provided by any county other than the producer's Administrative County.

County Offices that are **not** the Administrative County for the multi-county producer **must** send the loan, LDP, or module lock-in request to the Administrative County for processing.--*

261 Eligibility

A Type of Cotton

[7 CFR 1427.23] Upland cotton that has been ginned is eligible for LDP.

Note: LDP's are available on lint cotton obtained from seed cotton pledged as collateral for a seed cotton loan; however, the proceeds of LDP **must** be applied to the outstanding seed cotton loan amount.

B Producer and Cotton Eligibility

[7 CFR 1427.5] Producers and cotton **must** meet the same eligibility requirements, according to paragraph 100, that are used for a regular upland cotton CCC-Cotton A loan, except that:

- CCC does **not** have to be the holder of EWR's for the bales
- cotton does **not** have to be stored in a warehouse or be represented by a warehouse receipt
- the producer is **not** required to have BI in the cotton if CCC-633 EZ, page 1 was submitted before BI was lost.

Note: Any portion of the production on which LDP is **not** requested is eligible for a loan, if stored in an approved warehouse.

Cotton remains eligible for loan and repayment at principal and interest if LDP has been requested on the cotton but was denied because of adjusted gross income provisions.

C Payment Limitation Provisions

--[7 CFR 1400] See paragraph 43 for payment limitation provisions.--

Cotton denied LDP because of adjusted gross income provisions is eligible for loan through final loan availability date as long as all other eligibility requirements, including BI, are met. These loans **cannot** be repaid * * * at a reduced rate but can be delivered to CCC in satisfaction of the loan obligation.

*--Satisfaction of loan obligation for these loans can be either of the following:

- repaid at principal plus interest
- collateral delivered to CCC.

Note: These loans are not eligible for a market loan gain.--*

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.

* * *

*--261.6 Completing CCC-633 EZ's

A Page 1

Complete CCC-633 EZ, Page 1 according to the following.

Item	Instructions
1	Enter name and address of the producer (individual, joint operation, or legal entity) for which benefits may be requested.
2	Enter telephone/cell number, including area code, of the producer.
3	Enter last 4 digits of TIN for the producer in item 1.
4	Enter crop year for the commodities covered by CCC-633 EZ.
5	Enter States and counties where the producer has an interest for the designated crop year. Note: CCC-633 EZ covers interests in all eligible LDP commodities of the producer in item 1. The County Office that first receives page 1, shall forward to other County Offices, as applicable, by FAX or mail.
Part A – Terms and Conditions	
All producers requesting LDP shall review and understand the terms and conditions of this agreement.	
Part B – Methods of Payment Request	
All producers requesting LDP shall review and understand the methods by which a payment request may be initiated under this agreement.	
Note: Page 3 must be received in the County Office before the final loan availability date for the applicable commodity.	

--*

*--261.6 Completing CCC-633 EZ's (Continued)

A Page 1 (Continued)

Item	Instructions
Part C – Producer Signature and Certification	
6 and 7	<p>After reading the certification statement, the producer needs to sign and date in items 6 and 7. The signatures indicate the producer has reviewed and agrees to the conditions listed. There will be one CCC-633 EZ, Page 1 per producer. Multiple signature lines are provided for cases where multiple signatures are required to act for an operation or legal entity. If additional signature lines are needed, the producer shall use page 5, Part C.</p> <p>In item 6B, “Title/Relationship”, the signatory shall enter their relationship authorizing them to sign on behalf of the producer; for example, power of attorney, position in the company, spouse, etc.</p> <p>Example: Treasurer of Smith Bros., Inc.</p> <p>If the applicant is not signing in the representative capacity, leave field 6B blank. If “SELF” is written to indicate the producer is signing on behalf of their own self, it is acceptable; however, not necessary.</p> <p>Note: Generally, there will be one CCC-633 EZ, Page 1 per producer. Multiple signature lines are provided for cases where multiple signatures are required to act for the operation or legal entity. If additional signature lines are needed, the producer shall use page 5, Part C.</p>
Part D – CCC Agreement (FSA Use Only)	
8	Enter signature of authorized CCC representative.
9	Enter title of authorized CCC representative.
10	Enter date of CCC representative’s signature.
11	Enter additional information pertinent to the approval or disapproval of agreement.
12	Enter name and address of the County FSA Office, LSA, or DMA receiving and signing the original page 1. The County Office may enter their assigned State and county code in place of their name and address.

Notes: Page 3 **must** accompany all requests for payment. If additional information is needed to determine eligible producer, net quantity, and payment rate, then the request will **not** be paid until evidence is provided.

See 8-LP, Part 10 for all other loan commodities.--*

***--261.6 Completing CCC-633 EZ's (Continued)**

B Page 3

Complete CCC-633 EZ, Page 3 for cotton LDP's according to the following:

- gin-direct LDP's according to subparagraph 274 J
- irrevocable module lock-in LDP's according to subparagraph 275 E
- irrevocable post-ginning according to subparagraph 275 E
- lost BI according to subparagraph 275.5 B.--*

*--261.6 Completing CCC-633 EZ's (Continued)

C Page 5

CCC-633 EZ, page 5 is a continuation sheet for additional signatures, if required. Complete CCC-633 EZ, page 5 according to the following.

Item	Instructions
Title Block	ENTER "3" on the line "Attach to Form CCC-633 EZ, Page _____".
Part C – Producer Certification	
	If this is a continuation page for CCC-633 EZ page 1, check (✓) box in front of Part C.
6 and 7	<p>After reading the certification statement on page 1, Part C, the additional producers on this agreement shall sign and date.</p> <p>In item 6B, "Title/Relationship", enter the relationship authorized for you to sign on behalf of the producer; for example, power of attorney, position in the company, spouse, etc.</p> <p>Example: Treasurer of Smith Bros., Inc.</p>
Part J – Producer Certification (complete as applicable)	
	If this is a continuation page for page 3, check the box in front of Part J, as applicable.
43 through 45	<p>After reading the certification, the producer signs, enters the share percentage of the LDP quantity, and dates.</p> <p>In "Title/Relationship", the signatory shall enter their relationship authorizing them to sign on behalf of the producer; for example, power of attorney, position in the company, spouse, etc.</p> <p>Example: Treasurer of Smith Bros., Inc.</p> <p>If the applicant is not signing in the representative capacity, leave "Title/Relationship" field blank. If "SELF" is written to indicate the producer is signing on behalf of their own self, it is acceptable; however, not necessary.</p>

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*--261.6 Completing CCC-633 EZ's (Continued)

D Example of CCC-633 EZ

The following is an example of CCC-633 EZ page 1.

This form is available electronically.

CCC-633 EZ (03-28-14)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1. Name and Address of Producer (Include ZIP Code) (Please Print) William Green 510 Hwy 123 Anywhere, ST 00001
LOAN DEFICIENCY PAYMENT (LDP) AGREEMENT AND REQUEST		2. Telephone or Cell Number (Include Area Code): 999-555-1212
All eligible producers entering into this agreement MUST meet marketing assistance loan eligibility and have beneficial interest in the quantities covered by this agreement for the applicable crop year when signing this form. A producer is considered to have beneficial interest in the specified quantities if the producer has ALL of the following:		3. ID Number (Last 4 Digits): XXXX
<ul style="list-style-type: none"> • title to the commodity • control of the commodity 		4. Crop Year: 20XX
File this form BEFORE loss of beneficial interest (title and control) to indicate your intentions to receive Loan Deficiency Payment (LDP) benefits for this crop year for all counties and all eligible harvested, sheared, or slaughtered commodities for the individual, joint operation, or entity identified in Item 1. The CCC-633 EZ - LDP Request (Page 2), Cotton LDP Request (Page 3), or Request for Wool, Mohair, or Unshorn Pelt LDP (Page 4) must be completed BEFORE the final loan/LDP availability date to receive LDP benefits.		5. State(s) and County(s) State, Jones County
PART A - TERMS AND CONDITIONS		
<ul style="list-style-type: none"> • The LDP rate will be based on the earlier of: a) the date beneficial interest is lost as applicable to specific commodity provisions; or b) the LDP request date as submitted on the CCC-633 EZ (Page 2) Part E, or CCC-633 EZ (Page 4) for wool, mohair, and unshorn pelts. For cotton LDP's requested on CCC-633 EZ Cotton (Page 3), the LDP rate will be based on the information provided on Page 3. • Quantities covered by this agreement were produced by the producer and not purchased or acquired directly or indirectly from any other source or committed under a marketing agreement to a Cooperative Marketing Association (CMA) • As a condition of receiving an LDP, a producer (or members of a CMA) must first resolve delinquent federal non-tax debt(s). The debt(s) must be resolved before the final loan/LDP availability date. • CCC may request copies of contracts and supplemental documentation to determine eligible quantity and when beneficial interest was lost. • If a Marketing Assistance Loan (MAL) is disbursed for a quantity covered by this agreement and the MAL is repaid at a price less than principal and interest, this agreement becomes null and void for that specific quantity. • All producers with an interest in the quantity covered by this agreement must sign a CCC-633 EZ Part C, to obtain LDP benefits. 		
PART B - METHODS OF PAYMENT REQUEST (Request must be submitted by final loan/LDP availability date.)		
<ul style="list-style-type: none"> • For quantities represented by verifiable production evidence under this agreement, submission of evidence in combination with Part E, Part N, or Part O of this form as applicable shall be considered a request for payment. Evidence must include sufficient data to determine producer and commodity eligibility and LDP rate. • For quantities for which verifiable evidence is unavailable (i.e., certified quantities, fed quantities, quantities used for seed, silage, etc.), the request for payment shall be initiated by recording a certification of quantity on Part E, Part N, or Part O of this form as applicable. Additional information may be requested by CCC to determine producer and commodity eligibility and LDP rate. • Submission of an LDP shall be a request for payment. The CCC-633 EZ Part E is not required for that specific quantity. • For Cotton Producers Only: Producer agrees: a) any request for a module lock-in or post-ginning LDP is irrevocable and cannot be cancelled or revised unless the LDP is denied due to AGI; b) any request for a gin-direct LDP is irrevocable on or after the date of ginning; c) entry of information on Page 3 of this application constitutes an irrevocable application for the Adjusted World Price (AWP) to be locked in on the date an accurately completed application is submitted for an LDP based on gin-provided documentation identifying the bales produced from the module/storage unit for which the AWP lock-in applies. 		
PART C - PRODUCER SIGNATURE AND CERTIFICATION (For additional signatures, complete CCC-633 EZ Continuation, Part C)		
I/we certify all information entered on this form is true and correct. By certifying to the terms and conditions in Part A, the producer(s) hereby enters into this agreement with CCC for all eligible commodities. The producer(s) agrees: 1) any false claim or false statement may lead to civil liability or criminal prosecution; 2) LDP's may be selected for spot-check and the producer will be required to provide supplemental documents to determine program eligibility; 3) to forgo a commodity loan on the quantity requested for LDP unless a quantity is denied LDP due to payment limitation; 4) not to refund any LDP amount in order to obtain a commodity loan; 5) this agreement and subsequent payment request is subject to CCC determination of producer and commodity eligibility subject to 7 CFR Parts 1421, 1425, 1427 and 1434; 6) that CCC shall require refund of LDP, plus interest, from the date of payment if producer(s) and/or commodity is later determined ineligible by CCC; 7) CCC shall assess administrative penalties and/or liquidated damages in accordance with 7 CFR Parts 1421, 1423, 1427 or 1434, as applicable, if producer(s) misrepresented the eligible quantity and/or commodity covered by this agreement; 8) the maximum eligible quantity and yield determinations must equal the quantity and yield determinations for disaster or crop insurance indemnity payments, when and if applicable; and 9) to submit the applicable CCC-633 EZ, Page 2, Page 3, Page 4 or an eLDP online request before obtaining LDP amounts.		
6A. Producer's Signature (BY) <i>/s/ William Green</i>	6B. Title/Relationship (Individual Signing in a representative capacity)	7. Date (MM-DD-YYYY) 04-01-2014
6A. Producer's Signature (BY)	6B. Title/Relationship (Individual Signing in a representative capacity)	7. Date (MM-DD-YYYY)
PART D - CCC AGREEMENT (FOR CCC USE ONLY)		
8. Signature of CCC Representative <i>/s/ John Doe</i>	10. Date (MM-DD-YYYY) 04-01-2014	11. Additional Information
9. Title of CCC Representative CED		12. Name and Address of County FSA Office or LSA or DMA Jones County FSA Office 1521 Main Street Anywhere, ST 00001
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1421, 7 CFR Part 1425, 7 CFR Part 1427, 7 CFR Part 1434, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-249) as amended by the American Taxpayer Relief Act of 2012, and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility for loan deficiency payment program benefits. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and non-governmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for loan deficiency payment program benefits. This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F - Administration). The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p> <p>The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).</p> <p>If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 696-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.</p>		

*--261.6 Completing CCC-633 EZ's (Continued)

D Example of CCC-633 EZ (Continued)

The following is an example of CCC-633 EZ, Page 3.

CCC-633 EZ (03-28-14)									
PART H - REQUEST FOR COTTON LDP									
33A. Contact Name and Address of Producer (Include Zip Code) <i>(Please Print)</i> William Green 510 Hwy 123 Anywhere, St 00001			33B. ID No. <i>(Last 4 digits)</i> XXXX	34. Telephone or Cell Number <i>(Include Area Code) (Optional)</i> 999-555-1212	35. Farm Number 66	36. Crop Year 20XX	37. Are you or any co-applicant delinquent on any federal non-tax debt? If "YES", explain in Item 56. <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		
38. Producer Initials to verify LDP type and bale quantity		Type of LDP Requested	Must be Requested	Must have Beneficial Interest at Time of LDP Application?	The LDP Rate will be the rate in effect on the:	39. Quantity: <i>(Use Part K for file sequence number(s))</i>			
Wng		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).			
		Gin-Direct	Before Date of Ginning	YES	Date of Ginning ▶	GIN DIRECT ONLY: For each farm number producer enters number of bales or "ALL" to be identified by bale list or file sequence number.			
						A. FARM NO.	B. NO. BALES	A. FARM NO.	B. NO. BALES
						666	315		
		Irrevocable Post-Ginning	After Ginning	YES	Later of: 1) date of request or 2) date bale list submitted ▶	C. Producer enters bale quantity (to be verified by bale list or file sequence number): N/A			
		Lost Beneficial Interest	After Ginning	NO	Date Beneficial Interest Lost ▶	D. Producer enters bale quantity (to be verified by bale list or file sequence number): N/A			
PART I - MODULE IDENTIFICATION OF SEED COTTON (Completed for Module Lock-In LDP Request)									
40. Gin Code:					41. Module Location at Farm or Gin:				
42. Gin's Module/Trailer Number:									
PART J - PRODUCER CERTIFICATION (For additional signatures, complete CCC-633 EZ Continuation, Part J)									
I certify all information entered on this form is true and correct.									
43A. Producer's Signature (By) <i>/s/ William Green</i>	43B. Title/Relationship (Individual Signing in a Representative Capacity) Self	44. Share % 100%	45. Date (MM-DD-YYYY) 11-15-20XX	43A. Producer's Signature (By)	43B. Title/Relationship (Individual Signing in a Representative Capacity)	44. Share %	45. Date (MM-DD-YYYY)		
PART K - INFORMATION FOR LDP REQUEST (Complete Upon Receipt of Bale Data Files) (FOR CCC USE ONLY)									
46. LDP Number 11956	47. File Sequence Number(s) 0234	48. Date File(s) Received (MM-DD-YYYY) 11-20-20XX	49. Bale Count 315						
PART L - CCC APPROVAL (FOR CCC USE ONLY)									
50A. Signature of CCC Representative <i>/s/ John Doe</i>	50B. Title of CCC Representative CED	53. Date Request Submitted (MM-DD-YYYY) 11-15-20XX	55. Name and Address of FSA County Office or LSA Jones Co FSA Office 1521 Main Street Anywhere, ST 00001	56. Additional Information/Second Party Review					
51. Action: <input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED	52. Date of Signature by CCC Representative (MM-DD-YYYY) 11-21-20XX	54. AWP on Applicable Date \$6.69							

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*--261.6 Completing CCC-633 EZ's (Continued)

D Example of CCC-633 EZ (Continued)

The following is an example of CCC-633 EZ, Page 5.

CCC-633 EZ Continuation (03-28-14)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation					
CONTINUATION SHEET FOR LOAN DEFICIENCY (LDP) PAYMENT AGREEMENT AND REQUEST (Use with CCC-633 EZ Pages 1, 2, 3, or 4)							
Attach to Form CCC-633 EZ, Page _____							
Enter a Check by the Appropriate Part to Indicate which Section this Form Applies.							
<input type="checkbox"/> PART C - PRODUCER CERTIFICATION (CCC-633 EZ Page 1) (Continuation)							
6A. Producer's Signature (By)	6B. Title/Relationship (Individual Signing in a representative capacity)	7. Date (MM-DD-YYYY)	6A. Producer's Signature (By)	6B. Title/Relationship (Individual Signing in a representative capacity)	7. Date (MM-DD-YYYY)		
<input type="checkbox"/> PART F - PRODUCER CERTIFICATION (CCC-633 EZ Page 2) (Continuation for LDP Request)							
25A. Producer's Signature (By)	25B. Title/Relationship (Individual Signing in a representative capacity)	26. Share %	27. Date (MM-DD-YYYY)	25A. Producer's Signature (By)	25B. Title/Relationship (Individual Signing in a representative capacity)	26. Share %	27. Date (MM-DD-YYYY)
<input type="checkbox"/> PART J - PRODUCER CERTIFICATION (CCC-633 EZ Page 3) (Continuation for Cotton LDP Request)							
43A. Producer's Signature (By)	43B. Title/Relationship (Individual Signing in a representative capacity)	44. Share %	45. Date (MM-DD-YYYY)	43A. Producer's Signature (By)	43B. Title/Relationship (Individual Signing in a representative capacity)	44. Share %	45. Date (MM-DD-YYYY)
<input type="checkbox"/> PART P - PRODUCER CERTIFICATION (CCC-633 EZ Page 4) (Continuation for Wool, Mohair, or Unshorn Pelt LDP Request)							
79A. Producer's Signature (By)	79B. Title/Relationship (Individual Signing in a representative capacity)	80. Share %	81. Date (MM-DD-YYYY)	79A. Producer's Signature (By)	79B. Title/Relationship (Individual Signing in a representative capacity)	80. Share %	81. Date (MM-DD-YYYY)

Note: See 8-LP, Part 10 for examples of CCC-633 EZ, pages 2 and 4 for other loan commodities.--*

262 LDP Options Relative to Harvest and Ginning

A LDP Request Options

Cotton LDP’s may be disbursed, in all cases, only on eligible, ginned cotton upon presentation of production evidence in the form of a warehouse receipt or bale list.

Producers requesting LDP **must** submit **both** CCC-633 EZ, pages 1 and 3 for any of the following options.

Type	Rate used for LDP is rate effective on...	BI status at time of application...

Irrevocable module lock-in.	date of application.	producer has BI.
Gin-direct.	date of ginning.	
Irrevocable post-ginning.	date of application.	
Lost BI before application.	the date BI was lost.	BI lost.

- Irrevocable module lock-in.** For harvested cotton in modules, before ginning, a producer may submit CCC-633 EZ, page 3 to request lock-in of AWP rate to be used for LDP calculation. AWP/LDP rate is that which is **effective on the date an accurately completed request is submitted**. The cotton is identified by a gin-supplied trailer or module number. After the cotton is ginned, the producer provides bale information that corresponds to the cotton identified by the trailer or module number. These requests for lock-in of AWP and LDP **cannot** be revised or canceled. See subparagraph 275 E.
- Gin-direct.** A producer may request gin-direct LDP’s using CCC-633 EZ, page 3. The LDP rate provided is the payment rate effective on the date the cotton is ginned according to paragraph 274. These requests are allowed to be revised or terminated under certain circumstances. See subparagraphs 274 F and G.
- Irrevocable post-ginning.** On cotton that has been ginned, a producer may request LDP using CCC 633 EZ, page 3 supported by a bale list. The LDP rate provided is the rate effective on the date that an accurately completed application is submitted. These LDP ***--requests, once submitted, cannot be revised or canceled.** See subparagraph 275 E.--*
- Lost BI.** If BI has been lost before the LDP is requested, **and** the producer had filed CCC-633 EZ, page 1 before the date BI was lost, then the producer may request LDP using CCC-633 EZ, page 3. For these LDP’s, the only payment rate provided is the rate applicable on the date that BI was lost. The producer **must** provide acceptable documentation of the date BI was lost on the applicable quantity.

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

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

Cotton can be subject to only 1 loan or 1 LDP application at any moment. Benefits, whether a loan or LDP, are provided only once on any quantity of cotton. No concurrent applications for the same cotton are ever allowed.

263 Availability Dates**A Availability Dates**

[7 CFR 1427.5(a)] Cotton LDP's are available by executing an LDP application from the date loan rates are announced through May 31 after the calendar year in which the crop is planted. This application deadline applies:

- to all types of LDP's
- regardless if applicant has, or has lost, BI at the time of application.

Reminder: The disbursement date shall be no later than 30 calendar days after the final date of availability. When the final availability date falls on a nonworkday, the final date shall be extended to the next workday.

--B Accepting and Date-Stamping LDP Documents--

If CCC-633 EZ was signed by the producer more than 15 calendar days before delivery or mailing (postmark date) to the County Office, the County Office:

- shall **not** accept the application if presented by a Cotton Clerk
- may accept the application if presented by a producer.

--All pages of CCC-633 EZ shall be date-stamped upon receipt.--

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

C Effective Times for AWP and CCA

LDP rates are based on the same announced AWP's and CCA's, and the same effective times of these prices, as are applicable to loan redemptions. See subparagraphs 22 A through D for the effective times of announced prices.

266 Production Evidence

A Production Evidence Defined

Production evidence **must** include the following:

- acceptable warehouse receipts according to paragraph 164

Note: It is **not** required that warehouse receipts be issued by a CCC-approved warehouse for LDP eligibility.

- a gin tag list including both of the following:
 - either gin tag number and gin date, or warehouse receipt number and storage start date
 - either warehouse net bale weight, or both tare weight and gross bale weight
- *--the date of ginning, if a gin direct LDP rate is requested.--*

B Verifying Electronic Production Evidence

The County Office shall ensure that production evidence submitted by electronic means, such as diskettes, corresponds with the quantity for which the loan or LDP was requested by:

- accepting applications only when accompanied by production evidence
- requiring the producer to review and agree to a printed copy of any electronically submitted evidence
- otherwise ensuring that this electronic production evidence is the same quantity to which the loan or LDP request applies.

C Dating Receipt of Production Evidence

All production evidence **must** be date-stamped to indicate the date of receipt of the production evidence by CCC, by either a paper record or diskette.

This date may be needed to determine the date the LDP application is received. See subparagraph 275 B.

266 Production Evidence (Continued)

D Contracts or Certification Requirement

Contract or applicable certifications **must** be provided if BI is questioned according to paragraph 102.

E Spotchecks of Modules

The County Office shall conduct spotchecks on no less than 2.5 percent of the requests for a lock-in of the AWP and LDP rates on upland cotton in modules according to
--subparagraph 275 H.--

267 LDP's Based on Locked-in Rate

A Policy

Applications for LDP's based on a locked-in rate are available for cotton before it has been ginned. Such applications have the following unique requirements:

- applications are irrevocable, so they **cannot** be cancelled, amended, or withdrawn

Exception: Cotton denied LDP because of adjusted gross income provisions is--* eligible for loan, subject to all loan, producer, and bale eligibility requirements.

- applicants **must** agree to identify the unginned cotton for which the locked-in LDP rate is requested by submitting a module (or other storage unit) number for each individual unit of storage
- after such cotton is ginned, the bales produced from each locked-in unit **must** be identified to CCC by the corresponding module number.

Notes: Any application for which production evidence is **not** provided is a violation subject to liquidated damages.

Modules are the largest storage unit eligible for identification and **must** be identified and distinguished from one another by discrete numbers.

Generally, LDP's under this option shall be provided only for the bales produced from the unginned cotton for which the locked rate is provided up to a **maximum of 20 bales per module** (or the maximum established by STC). Bales exceeding this maximum may receive the locked-in rate only if a higher maximum is successfully appealed to STC.

If a gin provides information that a module included under a lock-in request was ginned **before** the date of the lock-in request, LDP for such bales shall be based on LDP rate applicable:

- to the requested lock-in, if the producer had BI in the bales at the time the lock-in was requested
- on the date BI was lost, if the producer:
 - had completed CCC-633 EZ, page 1 before loss of BI
 - lost BI in the bales before the lock-in was requested.

B Applications for Module Lock-In LDP

Applicants apply for a module lock-in LDP using CCC-633 EZ, page 3 according to *--instructions provided in paragraph 275.--*

267 LDP's Based on Locked-in Rate (Continued)

C Processing LDP for Excessive Bales

Bales that are submitted for LDP based on a locked-in rate, but exceed the maximum number approved for payment, are referred to as excessive bales and shall receive LDP based on the following process.

Bales exceeding the approved maximum level are to be paid at:

- the rate prevailing on the date the bale information was submitted
- the locked-in rate for excessive bales if approved by STC.

County Offices shall:

- identify for producers the excessive bales submitted under the request for a locked-in rate
- notify producer of option to appeal to STC the payment rate on the excessive bales
- if the excessive bales are:
 - *--successfully appealed to STC for the locked-in rate, use the original CCC-633 EZ as the basis for providing LDP based on the locked-in rate
 - **not** appealed to STC for the locked-in rate, or appealed but denied the locked-in rate under the appeal, have producer submit a separate CCC-633 EZ and provide LDP--* based on the payment rate effective on the date the production evidence containing the excessive bales was submitted.

274 Gin-Direct LDP's**A Applicability**

[7 CFR 1427.23] Producers who want to receive LDP's based on the date ginned may file CCC-633 EZ, page 3.

- on or before the date of ginning
- for 1 or more farm's expected production
- for all or a portion of the expected production.

B Time of Executing Gin-Direct LDP Request

CCC-633 EZ, page 3 **must** be submitted on or before the date of ginning.

Notes: An application may be entered into after ginning begins; however, any cotton ginned before the date of the application is **not** covered.

--See paragraph 275.5 for instructions on preparing CCC-633 EZ, page 3 for lost BI LDP.--

274 Gin-Direct LDP's (Continued)

C Quantity Included on Application

The entire quantity included on the application is eligible for the LDP rate, including a zero rate that is in effect **on** the date of ginning.

Note: If the LDP rate on the date of ginning is zero, the producer will **not** receive LDP and will **not** be eligible for a loan on that quantity shown on the application.

Example: Producer submits * * * CCC-633 EZ, page 3 * * *for all the production of cotton from all farms. The producer produced 500 bales of cotton on all farms. Of the 500 bales, 50 bales were ginned on a date when LDP was equal to zero. These 50 bales are **not** eligible for LDP or loan.

D Specifying Delivery Locations

Producers who want gin-direct LDP provisions to be applicable for production delivered to a specific location or buyer may designate that quantity on the application.

Note: Because the cotton LDP rate is based on the date of ginning, cotton producers may designate only the cotton delivered directly from the gin to a specific location or buyer. The date of ginning will continue to be used to determine the LDP rate for the designated quantity.

Example: If the producer wants all production from Farm 57 that will be delivered to Bob River Mills, Inc. to be the only production from Farm 57 covered by the gin-direct application, the producer should enter the following onto the application in *--CCC-633 EZ, page 3, item 39.--*

Farm Number	Production Units
57	All to Bob River Mills, Inc.
40	All
37	300 Bales

Notes: All production from Farm 57 **not** delivered to Bob River Mills, Inc. is eligible for a loan or LDP if all eligibility requirements are met.

All the production from Farm 40 would be covered by the gin-direct LDP request.

300 bales from Farm 37 would be covered.

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

***--E Signatures Required for Approval**

If more than 1 producer shares in a bale of cotton, each producer who has a share in the bale **must** sign LDP request before it can be approved.

CED or designee may approve LDP request for CCC.

Note: Only the share of the production applicable to the producers who sign the request will be considered covered.

F Revising Gin-Direct Applications

Gin-direct LDP applications may only be revised before ginning. If a producer wants to revise a gin-direct application, require the producer to:

- line through the applicable quantity to be revised
- enter the revised quantity and initial and date the entry.

Note: All producers who signed the application **must** initial and date all revisions for the farms of which they share in the production.

Example: If a producer signed the application for all the cotton on Farm 40, the producer could gin 300 bales and before ginning any more, revise the application to--* cover only the 300 bales, leaving the bales remaining to be ginned eligible for a loan or LDP in the normal manner.

274 Gin-Direct LDP's (Continued)

G Terminating Gin-Direct LDP Request

Gin-direct LDP applications may only be terminated if the producer has **not** ginned any of the cotton covered by the application.

Example: If a producer signed an application for all the cotton on Farm 40 and 300 bales had been ginned as of the current date, the producer would **not** be allowed to terminate the agreement for the 300 bales ginned, but COC may permit the producer to revise the application so cotton **not** yet ginned would **not** be covered by the application.

Note: Cotton for which LDP is requested, but for which LDP is **not** provided because of adjusted gross income provisions, may be pledged for loan if otherwise eligible and ***--BI has been maintained. This loan is not eligible for a market loan gain.--***

H Production Evidence

To receive LDP on requested production, the producer **must** provide acceptable production evidence according to paragraph 266 on or before May 31 after the calendar year in which the crop is planted. Production evidence **must** show the date each bale is ginned.

Note: Producers are **not** required to provide evidence for all production covered by the application before LDP may be made. Multiple LDP's may be made under the terms of any gin-direct LDP application.

I Processing LDP

--Once production evidence is provided, follow paragraph 276 for entering data into eLDP.--

Notes: Use AWP and CCA in effect on the date cotton was ginned.

Use the date the application was approved as the LDP Approval Date.

More than one LDP may be required when a different AWP and CCA are applicable for the production listed on any gin-direct LDP application.

274 Gin-Direct LDP's (Continued)

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

*--Upland cotton producers may request gin-direct LDP's using CCC-633 EZ, page 3.

For gin-direct LDP requests, complete CCC-633 EZ, page 3 according to the following table.

Item	Instruction
Part-H Request for Cotton LDP	
33A	Enter the producer's name and address.
33B	Enter the last 4 digits of the applicant's SSN or tax ID.
34	Enter the applicant's telephone/cell number.
35	Enter the farm number(s) where cotton was produced.
36	Enter the crop year of the commodity for which the LDP is requested.
37	Applicant answers question by checking (√) either the "Yes" or "No" box. Note: 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.
38	Applicant enters initials in box to the left of "Gin-Direct" in row 2.
39A and 39B	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 box B adjacent to the farm number, must enter either "All" to indicate that LDP is requested for all bales, or must enter the exact number of bales from the farm to which the LDP request applies.
Part I – Module Identification of Seed Cotton (Completed for Module Lock-in DPD Request)	
40-42	This part is not applicable to gin-direct LDP requests.
Part J – Producer Certification (Complete as Applicable)	
43-45	Each producer with a share in the production on the application submitted must enter: <ul style="list-style-type: none"> • their signature in item 43 • their percent share of the quantity in item 44 • the date of signature in item 45.
Part K – Information for LDP Request (Complete Upon Receipt of Bale Files) (For CCC Use Only)	
46-49	Item 46: Enter LDP number. Item 47: Enter file sequence number of all applicable bale files provided as production evidence. Item 48: Enter date the bale list or data file was received. Item 49: Enter number of bales represented by each bale list or data file.

--*

274 Gin-Direct LDP's (Continued)

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

Item	Instruction
*--Part L - CCC Approval (For CCC Use Only)	
50-56	<p>Item 50A: CCC representative enters signature. Second-party review shall be recorded by entering reviewer's initials and date of review in the margin of CCC-633 EZ, page 3.</p> <p>Item 50B: Enter title of CCC representative.</p> <p>Item 51: Check (✓) box indicating approval or disapproval.</p> <p>Item 52: Enter date of signature by CCC representative (MM-DD-YYYY).</p> <p>Item 53: See subparagraph B to establish the date a completed application was submitted.</p> <p style="text-align: center;">Note: Applications for gin-direct must be received on or before the date of ginning, and nor later than May 31.</p> <p>Item 54: Enter applicable AWP effective on the date of ginning. Entry of date is not required.</p> <p>Item 55: Enter the name/address of the FSA County Office or LSA.</p> <p>Item 56: Second party review, and may be used to amend gin-direct LDP's or to explain "Yes" answer to item 37.</p>

K Example CCC-633 EZ, Page 3

See subparagraph 261.6 D for an example of CCC-633 EZ, page 3. --*

275 Module Lock-In and Post-Ginning LDP

A Request for Payment

Requests for module lock-in or post-ginning LDP's may be submitted on CCC-633 EZ, page 3. These LDP requests **must** be made:

- by all producers having an interest in the cotton
- before BI in the cotton is lost
- *--after the beginning-of-harvest date for cotton in the county as established by COC--*
- on or before the final loan availability date.

One payment may be made for more than 1 farm, or multiple payments may be made for 1 farm.

By submitting any LDP request, producers certify that production:

- is eligible for loan
- has **not** been previously used for loan or LDP
- will **not** be used for a subsequent loan or LDP.

Requests for module lock-in or post-ginning LDP's, once submitted, **cannot** be canceled or revised. See policy in paragraph 267.

B Approval

The LDP application shall be approved by CCC on the day that either application form, signed and dated by all applicable producers, and the accompanying production evidence are **both** provided. If the application and production evidence are provided on separate days, the approval date is the later date.

When an application is to request AWP lock-in for modules, the LDP application is **not** approved for payment until the corresponding bales are identified. Interest is **not** payable for the period between AWP lock-in and submission of bale information.

Exception: CCC may approve an application for a module lock-in or post-ginning LDP before classing data is presented if:

- classing data is **not** yet available

Note: Producer is required to submit classing data as soon as it is available from AMS.

- acceptable gin tag or warehouse receipts are submitted
- all producers sharing in the cotton have signed the application.

Note: If BI is questioned, follow paragraphs 102 and 275.5.

275 Module Lock-In and Post-Ginning LDP (Continued)

C Returning Warehouse Receipts

If acceptable warehouse receipts are presented as production evidence and the producer requests that the receipts be returned the same day, the County Office shall only return warehouse receipts on the same day if all requirements are met, except providing classing data, and all of the following occur:

- the application is approved
- either:
 - a list of the warehouse receipts showing the same information as the receipts are presented with the warehouse receipts

Note: County Office shall verify that the information on the list matches the negotiable warehouse receipts.

- photocopies of the warehouse receipts can be obtained.

Note: If the photocopies are **not** made by the County Office, County Office shall verify that the photocopies represent the negotiable warehouse receipts presented.

Exception: If CCC is the holder of EWR, e-LDP **must not** be processed **before** releasing the receipt. * * * This requirement will be discontinued when software can be modified.

275 Module Lock-In and Post-Ginning LDP (Continued)

D Policy for Module Lock-In LDP

Use CCC-633 EZ, page 3 to process LDP applications when the following 3 conditions are met:

- producers request to “lock-in” AWP
- producer’s eligible cotton has been harvested
- the cotton has **not** been ginned.

Such requests lock-in the LDP payment rate for payments that will be disbursed after the cotton is ginned and bale information is provided. Procedures in subparagraph A apply. Lock-in requests will expire if bale information is **not** provided before the final date of availability (May 31). See paragraph 162.

Notes: Requests for LDP’s based on a locked-in rate, once submitted, may **not** be canceled or revised by the producer. However, cotton for which the lock-in is provided, but ***--LDP is not provided because of adjusted gross income provisions, is eligible to be--*** pledged for loan. **Any initial AWP lock-in on CCC-633 EZ, page 3 does not apply to these loans.**

If the modules or trailers:

- are divided among producers, give each producer on the farm an opportunity to choose to obtain a LDP
- are **not** divided, a joint LDP **must** be requested.

Interest is **not** payable for the period between the AWP lock-in and the presentation of production evidence (the list of bales corresponding to the module for which lock-in is provided).

275 Module Lock-in and Post Ginning LDP (Continued)

E Using CCC-633 EZ for Module Lock-In and Post Ginning LDP

For module lock-in and post-ginning LDP requests, complete CCC-633 EZ, page 3 according to the following table.

*--

Item	Instruction
Part H - Request for Cotton LDP	
33A	Enter the producer's name and address.
33B	Enter the last 4 digits of the applicant's SSN or tax ID.
34	Enter the applicant's telephone/cell number.
35	Enter the farm number (s) where cotton was produced.
36	Enter the crop year of the commodity for which the LDP is requested.
37	<p>Applicant answers question by checking (√) either the "Yes" or "No" box.</p> <p>Note: 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 either "Irrevocable Module Lock-in" or "Irrevocable Post-Ginning".
39	This item does not apply to either module lock-in or post-ginning LDP requests.
Part I – Module Identification of Seed Cotton (Completed for Module Lock-in DPD Request)	
40-42	<p>If the request is for a module lock-in LDP, the applicant completes Part I as follows.</p> <p>Item 40: Enter the gin code of the gin that supplied the module numbers and that will gin the cotton.</p> <p>Item 41: Enter the module location at the farm or gin so the module can be located if selected for spot-check.</p> <p>Item 42: Enter all gin-assigned numbers that are affixed to the storage unit to identify it with this LDP request. If additional space is needed, attach a separate list that has been initialed and dated by the producer.</p> <p>Note: This part is not applicable to post-ginning LDP requests.</p>
Part J – Producer Certification (Complete as Applicable)	
43-45	<p>Each producer with a share in the production on the application submitted must enter:</p> <ul style="list-style-type: none"> • their signature in Item 43 • their percent share of the quantity in Item 44 • the date of signature in Item 45.

--*

275 Module Lock-in and Post Ginning LDP (Continued)

E Using CCC-633 EZ for Module lock-in and Post Ginning LDP (Continued)

*--

Item	Instruction
Part K – Information for LDP Request (Complete Upon Receipt of Bale Files) (For CCC Use Only)	
46-49	Item 46: Enter the LDP number. Item 47: Enter the file sequence number of all applicable bale files provided as production evidence. Item 48: Enter the date the bale list or data file was received. Item 49: Enter the number of bales represented by each bale list or data file.
Part L – CCC Approval (For CCC Use Only)	
50-56	Item 50A: CCC representative enters signature. Item 50B: Enter title of CCC representative. Item 51: Check (✓) box indicating approval or disapproval. Item 52: Enter date of signature by CCC representative (MM-DD-YYYY). Item 53: See subparagraph 274 B to establish the date a completed application was submitted. <p style="text-align: center;">Note: All LDP requests must be received before May 31.</p> Item 54: Enter the applicable AWP on the date the request was submitted, for both the module lock-in and post-ginning LDP requests. Entry of the date is not required. Item 55: Enter the name/address of the FSA County Office or LSA. Item 56: Second party review, and may be used to amend gin-direct LDP's or to explain "Yes" answer to Item 37.

F Example CCC-633 EZ, Page 3

See subparagraph 261.6 D for an example of CCC-633 EZ, page 3. --*

275 Module Lock-In and Post-Ginning LDP (Continued)

***--G Distributing CCC-633 EZ**

Distribute the approved CCC-633 EZ as follows:--*

- file original in LDP folder with CCC-Cotton AA-1
- provide 1 copy to each signing producer.

--If more than 1 LDP is processed based on the original signed CCC-633EZ, County Offices or LSA's may elect to photo or electronically copy any pages of the original signed CCC-633EZ for filing with CCC-Cotton AA-1.--

H Conducting Module Spotchecks Using CCC-Cotton AA-2

County Offices shall:

- conduct spotchecks:
 - on no less than 2.5 percent of the requests for a lock-in of the AWP and LDP rates on upland seed cotton
- Note:** The 2.5 percent is based on the number of requests and **not** the number of modules or storage units.
- each month based on the lock-in requests received that month
 - record the spotcheck results using CCC-Cotton AA-2 according to the following table.

Item	Instructions
1	Enter County Office name.
2	Enter State and county codes.
3	Enter crop year.
4	Enter farm number * * *.
5	Enter gin-assigned number of the storage module or trailer selected for spotcheck.
6	Enter date of AWP lock-in from the corresponding CCC-Cotton AA.
7	Enter condition of the observed storage unit by entering either of the following: <ul style="list-style-type: none"> • a checkmark (√) confirming the unginning cotton location at either farm or gin • the date of ginning of the module or trailer of cotton.
8 A-C	Signature and title of person performing the spotcheck and date.

275.5 Lost BI LDP

A Policy

--BI policy allows producers to apply for LDP benefits after BI is lost if the producer-- submitted CCC-633 EZ, page 1 **before** BI was lost on the cotton.

Note: This policy does not guarantee or provide LDP eligibility in all circumstances where BI was lost. CCC-633 EZ, page 1 must be submitted before BI was lost on a quantity.

LDP's requested for cotton for which BI has been lost shall be:

- submitted only on CCC-633 EZ, page 3
- calculated based on the rate effective on the date BI was lost
- supported by acceptable:
 - production evidence as used for other LDP applications, including:
 - bale gin code/gin tag
 - bale weight
 - evidence of the date BI was lost.

B Instructions of Lost BI LDP Application

Producers submit applications for LDP's for cotton on which BI has been lost using **only** of CCC-633 EZ, page 3.

Complete CCC-633 EZ, page 3 for a lost BI LDP according to the following table.

Item	Instruction
*--Part H - Request for Cotton LDP	
33A	Enter the producer's name and address.
33B	Enter the last 4 digits of the applicant's SSN or tax ID.
34	Enter the applicant's telephone/cell number.
35	Enter the farm number(s) where cotton was produced.--*
36	Enter the crop year of the commodity for which the LDP is requested.
37	Applicant answers question by entering a check (√) in either the "Yes" or "No" box. Note: If the applicant answers "Yes", then the applicant uses Item 56 to explain the amount owed, the Federal agency owed, and terms of any repayment agreement.

275.5 Lost BI LDP (Continued)

B Instructions of Lost BI LDP Application (Continued)

Item	Instruction
38	Applicant enters initials in box to the left of “Lost Beneficial Interest”.
39	This item is not applicable to lost BI LDP requests.
*--Part I – Module Identification of Seed Cotton (Completed for Module Lock-in DPD Request)	
40-42	This part is not applicable to lost BI LDP requests.
Part J – Producer Certification (Complete as Applicable)	
43-45	<p>Each producer with a share in the production on the application submitted must enter:</p> <ul style="list-style-type: none"> • their signature in Item 43 • their percent share of the quantity in Item 44 • the date of signature in Item 45.
Part K – Information for LDP Request (Complete Upon Receipt of Bale Files) (For CCC Use Only)--*	
46-49	<p>Item 46: Enter LDP number.</p> <p>Item 47: Enter file sequence number of all applicable bale files provided as production evidence.</p> <p>Item 48: Enter date the bale list or data file was received.</p> <p>Item 49: Enter number of bales represented by each bale list or data file.</p>

275.5 Lost BI LDP (Continued)

B Instructions of Lost BI LDP Application (Continued)

Item	Instruction
--Part L – CCC Approval (For CCC Use Only)--	
50-56	<p>Item 50A: CCC representative enters signature.</p> <p>Item 50B: Enter title of CCC representative.</p> <p>Item 51: Check (✓) box indicating approval or disapproval.</p> <p>Item 52: Enter date of signature by CCC representative (MM-DD-YYYY).</p> <p>Item 53: See subparagraph 274 B to establish the date a completed application was submitted.</p> <p style="text-align: center;">Note: All LDP requests must be received before May 31.</p> <p>Item 54: Enter the applicable AWP for the date BI was lost, as documented by sales invoices or other acceptable evidence.</p> <p>Item 55: Enter the name/address of the FSA County Office or LSA.</p> <p>*--Item 56: Second party review and may be used to amend gin-direct LDP's--* or to explain "Yes" answer to Item 37.</p>

C Example CCC-633 EZ, Page 3

See subparagraph 261.6 D for an example of CCC-633 EZ, page 3. --*

276 (Withdrawn--Amend. 52)

277 **Preparing Manual LDP's**

A When to Prepare Manual LDP's

*--If eLDP is **not** operating and it is **not** expected to be operating for at least 4 workdays--*
from the time all required production evidence is submitted by the producer for LDP, the
County Office shall prepare LDP manually, only at the producer's request.

B When Not to Manually Prepare LDP

--If eLDP is operating, or is expected to be operating within 4 workdays of the day the--
producer presents the warehouse receipts, do **not** manually prepare LDP.

277 Preparing Manual LDP's (Continued)

C Action Taken to Prepare and Make Manual LDP

County Offices shall:

- determine the eligibility of the producer and cotton
- complete CCC-633 EZ and CCC-Cotton AA-1 according to paragraphs 275 and 278 respectively
- for each bale, calculate the:
 - LDP rate according to subparagraph E
 - gross LDP amount according to subparagraph F
 - research and promotion fee according to subparagraph G
 - total payment amount according to subparagraph H
- *--immediately, when eLDP is operating, enter the manual LDP data according to paragraph 283.--*

277 Preparing Manual LDP's (Continued)

***--D When CCA and/or FCA Is Applicable**

If CCA and/or FCA is applicable, County Offices shall separate the cotton for which LDP is requested into the following 2 categories:

- bales for which CCA and/or FCA is applicable
- bales for which CCA and/or FCA is **not** applicable.

E LDP Rate

For those bales, for which CCA and/or FCA is:

- **not** applicable, LDP rate shall be equal to the difference between the following:
 - NALR
 - AWP in effect on the day CCC-Cotton AA is approved
- applicable, LDP rate shall be equal to the difference between the following:
 - NALR
 - AWP minus the allowable CCA and/or FCA in effect on the day CCC-Cotton AA--* is approved.

Note: See paragraph:

- 27 for the grades of cotton for which CCA is applicable
- 26 for determining the allowable CCA.

277 Preparing Manual LDP's (Continued)**F Gross LDP Amount**

Determine the gross LDP amount by multiplying the applicable LDP rate, determined according to subparagraph E, times the sum of all of the applicable bale net weights shown on the acceptable production evidence.

G Research and Promotion Fee

Calculate the research and promotion fee by multiplying .005 times the result of subparagraph F.

H Total Payment Amount

Calculate the total payment amount by subtracting the research and promotion fee, determined according to subparagraph G, from the gross LDP amount, determined according to subparagraph F.

* * *

I Production Evidence

County Offices shall make a copy of the production evidence submitted and return the original to the producer.

Note: Each warehouse receipt or gin tag and class card does **not** have to be photocopied if a list of the same information is provided with the production evidence. In these cases, only a copy of the list shall be kept.

278 Using CCC-Cotton AA-1

A Description

CCC-Cotton AA-1 is a computer-generated form printed during the APSS LDP-making procedure. A blank CCC-Cotton AA-1 may be printed for preparing a manual LDP.

Note: Keep an adequate supply of blank CCC-Cotton AA-1's on hand for preparing manual *-LDP's when the computer is **not** operating for more than 4 workdays.

B Completing CCC-Cotton AA-1 for Manual LDP's--*

Follow these instructions to complete CCC-Cotton AA-1 for manually prepared LDP's.

Item	Instructions
1	Enter State and county codes and farm numbers where produced.
2	Enter name and address of contact producer from County Office records.
3	Enter warehouse code, if applicable. Note: Cotton warehoused at different warehouses must be processed as separate LDP's.
4	Enter gin code. Note: Cotton ginned at different gins must be processed as separate LDP's.
5	Enter the following: <ul style="list-style-type: none"> • LDP number assigned from the 90,000 series • applicable crop year • preparation code • number of bales • total LDP quantity; that is, the total net pounds shown on the warehouse receipt or gin tags.

278 Using CCC-Cotton AA-1 (Continued)

--B Completing CCC-Cotton AA-1 Manual LDP's (Continued)--

Item	Instructions
6	Enter the gross LDP amount that was calculated according to subparagraph 277 F.
7	Enter the: <ul style="list-style-type: none"> • research and promotion fee that was calculated according to subparagraph 277 G • total payment amount that was calculated according to subparagraph 277 H.
8	*--Enter the number of bales for which coarse count and/or fine count adjustment--* is: <ul style="list-style-type: none"> • not applicable • applicable.
14	Enter the coarse count applicable the day CCC-Cotton AA was approved, if applicable.
15	Enter the upland cotton NALR.
16	Enter AWP from CCC-633 EZ, item 54. If coarse count is applicable, subtract the *--coarse count and/or fine count adjustment in item 14 from AWP.--*
17	Enter the applicable LDP rate according to subparagraph 277 E.
18	Enter the net weight from the applicable warehouse receipt or gin tag list.
19	Enter the gross LDP amount for bales: <ul style="list-style-type: none"> • *--without coarse count and/or fine count adjustment • with coarse count and/or fine count adjustment.--*

C Distribution

Distribute CCC-Cotton AA-1 as follows:

- file original in the LDP folder
- give 1 copy to the contact producer.

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None.

Forms

This table lists all forms that are referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification		46, 100, 181, 237, Ex. 21
CCC-10	Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents	181.5	181, 223.7, Ex. 3.5
CCC-257	Schedule of Deposit		210.8, 210.11, 291
CCC-258	Wire Transfer of Funds		209
CCC-491	Beneficial Interest Certification for Loan and Loan Deficiency Payments	103	103
CCC-500	Loan Repayment Receipt	200	199, 209, 210.5, Ex. 17.5
CCC-500-1	Loan Repayment Receipt Continuation Sheet		200

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

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-601	Commodity Credit Corporation Note and Security Agreement Terms and Conditions	Ex. 16	37, 162, 189, 190, 193, 222.7, 242, 243, 303
CCC-601 ELS Appendix	Appendix to CCC-601, Note and Security Agreement Terms and Conditions for Outside Storage of ELS Cotton	Ex. 19	193, 222.7, 223.8, 224
CCC-605	Authorization of Electronic Agent and Designation of Agent - Cotton	207	Text, Ex. 3.5, 20, 21
CCC-605-1	Designation of Agent - Cotton (Continuation Sheet to CCC-605)	207	204, 206, Ex. 21
CCC-605-2	Designation of Subsequent Agent - Cotton	207	204-206
CCC-633 EZ	Loan Deficiency Payment (LDP) Agreement and Request	261.6	Text
CCC-638	Confirmation of Sale	36	
CCC-639	Competitive Bid Pricing Worksheet	36	
CCC-664	Agreement to Permit Assumption of a Commodity Credit Corporation (CCC) Loan		28
CCC-666	Commodity Loan Request		Ex. 21
CCC-674	Certification for Contracts, Grants, Loans, and Cooperative Agreements	37	
CCC-677	Farm Storage Note and Security Agreement		37
CCC-678	Warehouse Storage Note and Security Agreement		37
CCC-679	Lien Waiver	124	41, 100.5, 165, 181, 237
CCC-683	Commodity Loan Seal	239	236, 238
CCC-686	Application for Loan or Loan Deficiency Payment by Heirs (On a Commodity Produced by a Person Who Has Died)	105	
CCC-697	Request to Lock in a Market Loan Repayment Rate		197
CCC-734	Notification of Pending Redemption and/or LDP Request	50	50

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

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-770 CottonMAL	Warehouse-Receipted Cotton and Outside-Stored ELS Marketing Assistance Loan Checklist	54	
CCC-770 Eligibility	Eligibility Checklist		54
CCC-770 LDP/eLDP	Loan Deficiency Payment (LDP) and eLDP Program Review Checklist	54	
CCC-809	Cooperating Ginner's Bagging and Bale Ties Certification and Agreement	72	71, 73, 76, 77
CCC-877	Seed Cotton Loan Worksheet	238	193, 236, 237, 240, 242, 243
CCC-879	Application for Approval of Cotton Gin Under Seed Cotton Loan Program	79	80
CCC-880	Ginner's Seed Cotton Agreement	80	
CCC-881	Seed Cotton Producer's Note and Security Agreement	242	240, 241, 243, 253
CCC-881-1	Seed Cotton Producer's Note and Security Agreement, Continuation Sheet	243	240, 241, 253
CCC-883	Seed Cotton Removal, Ginning and Marketing Authorization	253	250, 251
CCC-901	Members Information Agricultural Act of 2014		101, Ex. 21
CCC-902	Farm Operating Plan for Payment Eligibility 2009 and Subsequent Program Years		101, 181, Ex. 21
CCC-902E	Farm Operating Plan for an Entity 2009 and Subsequent Program Years		40, 46, 181, Ex. 21
CCC-902I	Farm Operating Plan for an Individual 2009 and Subsequent Program Years		40, 46, 181, Ex. 21
CCC-926	Average Adjusted Gross Income (AGI) Statement		100, 181
CCC-931	Average Adjusted Gross Income (AGI) Certification and Consent to Disclose Tax Information		46
CCC-933	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information (for 2013)		46, 181
CCC-941	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information - Agricultural Act of 2014		46, 100, 110, 181, Ex. 21

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

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-Cotton A	Cotton Producer's Note and Security Agreement	189	Text, Ex. 2
CCC-Cotton A Continuation	CCC-Cotton A Continuation Sheet	190	187, 188, 193, 223.9
CCC-Cotton A-1	Schedule of Pledged Cotton	191	Text
CCC Cotton A-5	Statement of Eligibility and Information Worksheet	182	Text, Ex. 2
CCC-Cotton AA <u>1/</u>	Upland Cotton Producer's Loan Deficiency Payment Application and Certification		275, 277, 278, 282
CCC-Cotton AA-1	Schedule of LDP for Upland Cotton	278, 285.2	Text
CCC-Cotton AA-2	Spotcheck of Upland Cotton Subject to AWP Lock-In	275	
CCC-Cotton G	Cotton Cooperative Loan Agreement		250, Ex. 2
FSA-211 - 211A	Power of Attorney (Includes FSA-211A, Power of Attorney Signature Continuation Sheet)		45, 181, 181.5, 237, Ex. 21
FSA-237 <u>1/</u>	Facsimile Signature Authorization and Verification		205
FSA-578	Report of Acreage		100, 118, 181, 185, 237, Ex. 21
KC-232	Notice of Approval or Change in Status of Storage Agreement or Contract	48	
SF-LLL	Disclosure of Lobbying Activities	37	
SF-LLL-A	Disclosure of Lobbying Activities Continuation Sheet	37	
UCC-1	National Financing Statement		124, 181, 181.5, 223.7, Ex. 3.5
UCC-1F	Effective Financing Statement		124

1/ These forms are obsolete.

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

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
APD	Analysis and Procedures Division, KCAO	10, 214
BI	beneficial interest	Text, Ex. 3.5
CCA	coarse count adjustment	Text, Ex. 3.5
CCR	Centralized Cotton Redemption	Text, Ex. 3.5, 17.5, 20
CLG	Commodity Loan Group	50, 214, Ex. 13
CMD	Commodity Management Division, KCCO	10, 11, 48, 57, 121, 191
CRTS	Cotton Receipt Tracking System	10, 210.11, 285.2
CSA	Cotton Storage Agreement	4, 49, 65, 121
EAD	Electronic Agent Designation	204, 210.5, 210.7, 210.8, Ex. 3.5, 17.5, 20
eLDP	electronic Loan Deficiency Payment	54, Part 5, Section 3
FCA	fine county adjustment	22, 26, 197
GPR	graduated payment reduction	32
HVI	high volume instrument	167, Ex. 12
JCIBPC	Joint Cotton Industry Bale Packaging Committee	4, 14, 70-74, 76, 77, 125, Ex. 2, 3.5
PBI	permanent bale identifier	280
PSCAO	Price Support and Commodity Applications Office	50, 214, Ex. 13
SCB	Storage Contract Branch, CMD, KCCO	10, 11, 48, 57, 121, 191, Ex. 3.5
TSR	Transaction Summary Report	199, 279, 305

Re delegations of Authority

This table lists redelegations of authority in this handbook.

Redelegation	Reference
<p>CED may redelegate, in writing, the authority to approve all forms and documents prepared according to this handbook, except those in which the person approving has a monetary interest.</p> <p>Exceptions: Only CED shall approve loans for:</p> <ul style="list-style-type: none"> • STC members • SED's • State and County Office employees • COC members. 	14

Definitions of Terms Used in This Handbook

Acceptable Warehouse Receipt

[7 CFR 1427.3] Acceptable warehouse receipt means an original or replacement receipt that may or may not be certificated for delivery for a futures-pricing contract.

For 2008 and subsequent crop cotton, an EWR record issued by the warehouse and recorded in a central filing system, or systems maintained in 1 or more locations, that are approved by FSA to operate the system.

AMS National Database

The AMS national database is:

- composed of all of the classing data on cotton that is classed by AMS
- located at the AMS office in Memphis, Tennessee.

Approved Cotton Clerk

An approved cotton clerk means a person outside the County Office who is approved to prepare loan and LDP documents for producers.

Approved Gin Location

Approved gin location means a location that is approved by CCC.

Approved Provider

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

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

Approved Warehouse

Approved warehouse means a public warehouse for which a CCC storage agreement is in effect.

Arid Region

An arid region is a region of low rainfall and low humidity.

Bagging and Ties

Bagging and ties means wrapping materials used to secure a bale of cotton.

CCC Commodity Inspector

CCC commodity inspector means the COC representative who does field work under the CCC loan program.

Definitions of Terms Used in This Handbook (Continued)**CCC-Cotton A Loan**

CCC-Cotton A loan means a cotton loan made to an individual by a County Office.

CCC-Cotton G Loan

CCC-Cotton G loan means a cotton loan made to an approved cotton marketing cooperative through a servicing agent bank.

Central Filing System

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

Class Card

Class card means a classification memorandum issued by AMS showing the class, grade and staple length, micronaire, and strength reading of a bale of cotton.

Color Group

Color group means cotton that is in 1 of the following color groups:

- White
- Light Spotted
- Spotted
- Tinged
- Yellow Stained.

Compression Status

Compression status means the density of the bale of cotton. In APSS, the compression status of a bale is expressed as an alpha code, called the "compression code".

Contract Commodity

Contract commodity means barley, corn, grain sorghum, oats, rice, upland cotton, and wheat.

Cotton

[7 CFR 1427.3] Cotton means upland and ELS cotton meeting the definitions in this exhibit, **excluding** cotton **not** meeting such definitions.

Cotton Board

[80 Stat. 297] Cotton Board means the board that was authorized under the Cotton Research and Promotion Act to collect the research and promotion fee assessed on upland cotton.

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

A Policy

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

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

--For 2015 crop upland cotton, the national average loan rate is \$0.52 pound. The minimum-- loan rate is zero, and no loan rate can be adjusted below zero by any discounts. CCC does **not** provide a loan on a bale unless the computed loan rate is greater than zero.

B Color Grade Symbols

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

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

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

C White Cotton

*--Following are premiums and discounts for 2015 crop upland cotton classed as “White”. Coarse count adjustment applies to shaded cells; the fine count adjustment applies to the 15 cells with **bolded** entries.

2015 Crop White Cotton Premiums and Discounts									
Grade Code	Leaf	Staple Length (Inches)							
		13/16 Through 31/32	1	1-1/32	1-1/16	1-3/32	1-1/3	1-5/32	Longer Than 1-5/32
		(26-31)	(32)	(33)	(34)	(35)	(36)	(37)	(38 and Longer)
SM 11&21 BETTER	1-2	-290	-210	-40	160	405	510	535	545
	3	-345	-230	-65	140	345	445	465	480
	4	-400	-255	-145	80	220	305	315	325
	5	-505	-360	-260	-60	135	185	195	195
	6	-690	-505	-425	-285	-215	-195	-195	-195
	7	-765	-625	-555	-420	-360	-340	-335	-335
MID 31	1-2	-370	-230	-85	120	345	470	475	490
	3	-410	-240	-95	110	320	415	425	440
	4	-470	-270	-185	60	190	265	275	280
	5	-555	-385	-275	-115	80	130	140	140
	6	-735	-520	-430	-300	-250	-225	-220	-220
	7	-825	-645	-560	-430	-385	-365	-360	-360
SLM 41	1-3	-540	-325	-190	40	170	245	250	265
	4	-590	-345	-255	Base	110	195	200	210
	5	-630	-465	-375	-200	-105	-40	-40	-40
	6	-795	-590	-515	-385	-320	-290	-290	-290
	7	-915	-720	-660	-530	-470	-455	-455	-455
LM 51	1-4	-700	-540	-360	-230	-160	-140	-140	-140
	5	-750	-630	-545	-370	-290	-260	-260	-260
	6	-920	-725	-655	-510	-455	-435	-435	-435
	7	-1020	-820	-790	-650	-600	-585	-585	-585
SGO 61	1-5	-775	-690	-625	-470	-425	-425	-425	-425
	6	-945	-830	-775	-665	-620	-610	-610	-610
	7	-1045	-960	-880	-750	-710	-700	-700	-700
GO 71	1-6	-1010	-1005	-945	-795	-760	-760	-760	-760
	7	-1090	-1040	-990	-835	-810	-810	-810	-810
BG 81	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)

D Light Spotted Upland Cotton

*--Following are premiums and discounts for 2015 crop upland cotton classed as “Light Spotted”.
Course count applies to shaded selections.

2015 Crop Light Spotted Upland Cotton Premiums and Discounts									
Grade Code	Leaf	Staple Length (Inches)							
		13/16 through 31/32	1	1-1/32	1-1/16	1-3/32	1-1/3	1-5/32	Longer Than 1-5/32
		(26-31)	(32)	(33)	(34)	(35)	(36)	(37)	(38 and Longer)
SM 12&22 BETTER	1-2	-470	-275	-125	80	210	305	310	315
	3	-515	-290	-135	60	175	265	270	280
	4	-545	-315	-215	-30	115	210	215	220
	5	-655	-470	-410	-230	-115	-85	-80	-80
	6	-830	-595	-540	-425	-365	-355	-350	-350
	7	-910	-710	-670	-560	-505	-490	-490	-490
MID 32	1-2	-515	-350	-205	-30	30	90	90	95
	3	-555	-375	-220	-55	10	75	75	80
	4	-605	-435	-285	-150	-65	-10	-10	-10
	5	-725	-565	-455	-310	-245	-215	-215	-215
	6	-900	-660	-600	-475	-430	-415	-415	-415
	7	-1005	-785	-720	-610	-565	-550	-550	-550
SLM 42	1-3	-620	-440	-325	-165	-80	-20	-20	-20
	4	-670	-500	-340	-205	-135	-80	-80	-80
	5	-780	-625	-495	-370	-290	-275	-275	-275
	6	-1005	-735	-655	-510	-465	-450	-450	-450
	7	-1085	-860	-780	-660	-605	-595	-595	-595
LM 52	1-4	-820	-605	-465	-380	-320	-320	-320	-320
	5	-895	-690	-600	-485	-435	-435	-435	-435
	6	-1115	-845	-805	-675	-630	-630	-630	-630
	7	-1190	-970	-930	-800	-760	-760	-760	-760
SGO 62	1-5	-945	-810	-755	-625	-605	-605	-605	-605
	6	-1140	-1025	-965	-825	-805	-805	-805	-805
	7	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
BG 82	1-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000

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

E Spotted Upland Cotton

*--Following are premiums and discounts for 2015 crop upland cotton classed as "Spotted".
Course count applies to shaded selections.

2015 Crop Spotted Upland Cotton Premiums and Discounts									
Grade Code	Leaf	Staple Length (Inches)							
		13/16 through 31/32	1	1-1/32	1-1/16	1-3/32	1-1/3	1-5/32	Longer Than 1-5/32
		(26-31)	(32)	(33)	(34)	(35)	(36)	(37)	(38 and Longer)
SM 13&23 BETTER	1-2	-625	-445	-390	-160	-105	-90	-90	-90
	3	-670	-470	-415	-185	-130	-115	-115	-115
	4	-700	-545	-485	-235	-180	-165	-165	-165
	5	-825	-645	-610	-360	-305	-290	-290	-290
	6	-950	-740	-690	-445	-385	-375	-375	-375
	7	-1025	-830	-775	-570	-515	-500	-500	-500
MID 33	1-2	-745	-520	-465	-225	-190	-180	-180	-180
	3	-745	-520	-465	-225	-190	-180	-180	-180
	4	-820	-595	-535	-280	-245	-230	-230	-230
	5	-970	-715	-650	-425	-375	-360	-360	-360
	6	-1040	-805	-785	-510	-490	-475	-475	-475
SLM 43	1-3	-795	-635	-525	-375	-340	-320	-320	-320
	4	-870	-680	-570	-415	-360	-340	-340	-340
	5	-995	-780	-695	-555	-515	-510	-510	-510
	6	-1090	-905	-835	-705	-685	-680	-680	-680
LM 53	1-4	-970	-790	-710	-540	-515	-510	-510	-510
	5	-1070	-885	-835	-640	-620	-620	-620	-620
	6	-1190	-1075	-1005	-835	-820	-815	-815	-815
	7	-1265	-1145	-1115	-930	-920	-915	-915	-915
SGO 63	1-5	-1190	-1035	-965	-740	-695	-690	-690	-690
	6	-1265	-1155	-1080	-910	-890	-885	-885	-885
BG 83	1-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000

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

F Tinged Upland Cotton

*--Following are premiums and discounts for 2015 crop upland cotton classed as “Tinged”.
Coarse count applies to shaded selections.

2015 Crop Tinged Upland Cotton Premiums and Discounts									
Grade Code	Leaf	Staple Length (Inches)							
		13/16 through 31/32	1	1-1/32	1-1/16	1-3/32	1-1/3	1-5/32	Longer Than 1-5/32
		(26-31)	(32)	(33)	(34)	(35)	(36)	(37)	(38 and Longer)
SM 24 BETTER	1-2	-820	-650	-600	-350	-330	-330	-330	-330
	3	-820	-650	-600	-350	-330	-330	-330	-330
	4	-945	-775	-700	-450	-430	-430	-430	-430
	5	-1045	-875	-825	-575	-555	-555	-555	-555
	6	-1195	-1025	-975	-725	-705	-705	-705	-705
MID 34	1-2	-835	-665	-615	-365	-345	-345	-345	-345
	3	-835	-665	-615	-365	-345	-345	-345	-345
	4	-960	-790	-715	-465	-445	-445	-445	-445
	5	-1060	-890	-840	-590	-570	-570	-570	-570
	6	-1210	-1040	-990	-740	-720	-720	-720	-720
SLM 44	1-3	-955	-780	-730	-480	-465	-465	-465	-465
	4	-1030	-880	-780	-530	-515	-515	-515	-515
	5	-1120	-955	-880	-630	-615	-615	-615	-615
	6	-1270	-1100	-1050	-800	-780	-780	-780	-780
LM 54	1-4	-1055	-905	-855	-605	-580	-580	-580	-580
	5	-1145	-980	-905	-660	-640	-640	-640	-640
	6	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
	7-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
BG 84	1-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000

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

G Yellow Stained Upland Cotton

*--Following are premiums and discounts for 2015 crop upland cotton classed as “Yellow Stained”. Coarse count applies to shaded selections.

2015 Crop Yellow Stained Upland Cotton Premiums and Discounts									
Grade Code	Leaf	Staple Length (Inches)							
		13/16 through 31/32	1	1-1/32	1-1/16	1-3/32	1-1/3	1-5/32	Longer Than 1-5/32
		(26-31)	(32)	(33)	(34)	(35)	(36)	(37)	(38 and Longer)
SM 25	1-2	-1080	-910	-860	-610	-590	-590	-590	-590
	3	-1080	-910	-860	-610	-590	-590	-590	-590
	4	-1205	-1035	-960	-710	-690	-690	-690	-690
	5	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
	6	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
	7-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
MID 35	1-2	-1095	-925	-875	-625	-605	-605	-605	-605
	3	-1095	-925	-875	-625	-605	-605	-605	-605
	4	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
	5	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
	6	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
	7-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000
BG 85	1-8	-4000	-4000	-4000	-4000	-4000	-4000	-4000	-4000

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Schedule of Discounts for Extraneous Matter in Upland Cotton

*--The following discounts for extraneous matter apply to 2015 crop upland cotton.

Note: The discounts for bark vary by State.

Extraneous Matter Codes and Discounts (Points per Pound)		
Description of Code	Extraneous Matter Code	Discount (Points per Pound)
		*-- 2015
No Extraneous Matter	(00)	0
Preparation		
Level 1	(01)	-155
Level 2	(02)	-655
Bark		
Kansas, New Mexico, Oklahoma, Texas		
Level 1	(11)	-295
Level 2	(12)	-505
All other States		
Level 1	(11)	-440
Level 2	(12)	-720--*
Grass		
Level 1	(21)	-400
Level 2	(22)	-705
Seed Coat Fragments		
Level 1	(31)	-400
Level 2	(32)	-705
Oil		
Level 1	(41)	-400
Level 2	(42)	-705
Spindle Twist		
Level 1	(51)	-400
Level 2	(52)	-705
Other		
Level 1	(61)	-400
Level 2	(62)	-705

--*

Schedule of Premiums and Discounts for Uniformity in Upland Cotton

*--The following premiums and discounts for uniformity apply to 2015 crop upland cotton in all States. Uniformity is expressed as a percent and no other code is used.

Uniformity (Percent)	Points
77.9 & Below	-100
78.0 – 78.9	-90
79.0 – 79.9	-75
80.0 – 80.9	0
81.0 – 81.9	0
82.0 – 82.9 (Base Level)	+5
83.0 – 83.9	+15
84.0 – 84.9	+25
85.0 – 85.9	+35
86.0 & above	+45

--*

Schedule of Premiums and Discounts for Strength for Upland Cotton

*--The following are the premiums and discounts for strength for 2015 crop upland cotton.

Strength (Grams per Tex)	Discounts and Premiums (Points per Pound)
	2015
17.9 or less	-500
18.0 - 18.9	-285
19.0 - 19.9	-285
20.0 - 20.9	-285
21.0 - 21.9	-285
22.0 - 22.9	-220
23.0 - 23.9	-195
24.0 - 24.9	-180
25.0 - 25.9	-155
26.0 - 26.9 (Base level)	0
27.0 - 27.9 (Base level)	0
28.0 - 28.9	0
29.0 - 29.9	+10
30.0 - 30.9	25
31.0 - 32.9	45
33.0 and higher	45

--*

Schedule of Premiums and Discounts for Micronaire of Upland Cotton

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

*--The following are the micronaire premiums and discounts for 2015 crop upland cotton.

Micronaire Reading	Discounts and Premiums (Points per Pound)
	2015
2.4 and below	-935
2.5 through 2.6	-890
2.7 through 2.9	-585
3.0 through 3.2	-340
3.3 through 3.4	-170
3.5 through 3.6	0
3.7 through 4.2	+15
4.3 through 4.9	0
5.0 through 5.2	-260
5.3 and above	-400

--*

Note: The premiums apply only to:

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

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

*--The national average loan rate for **2015 crop** ELS cotton is \$0.7977 per pound. The following schedule of loan rates is applicable for eligible qualities of 2014 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.

*--

2015 Crop ELS Cotton Loan Rates by Color, Leaf, and Staple				
Color	Leaf	Staple Length (Inches)		
		1-3/8 Inches (44/32)	1-7/16 Inches (46/32)	1-1/2 Inches (48/32) and Longer
1	1-2	79.30	81.60	81.70
	3	75.85	78.15	78.25
	4	75.70	78.00	78.10
	5	75.60	77.90	78.00
	6	75.50	77.80	77.90
	7	75.50	77.80	77.90
2	1-2	79.05	81.35	81.50
	3	75.60	77.90	78.05
	4	75.45	77.75	77.90
	5	75.35	77.65	77.80
	6	75.25	77.55	77.70
	7	75.25	77.55	77.70
3	1-2	76.95	79.25	79.40
	3	73.50	75.80	75.95
	4	73.35	75.65	75.80
	5	73.25	75.55	75.70
	6	73.15	75.45	75.60
	7	73.15	75.45	75.60
4	1-4	64.00	66.30	66.30
	5	60.30	62.60	62.60
	6	60.20	62.50	62.50
	7	60.20	62.50	62.50
5	1-5	56.70	57.30	57.30
	6	52.90	53.50	53.50
	7	52.90	53.50	53.50
6	1-6	52.85	53.00	53.00
	7	49.05	49.20	49.20
7	1-7	37.00	37.00	37.00

--*

Notes: The rates shown for color grade/staple length/leaf are calculated based on the NALR of \$0.7977/lb adjusted by the estimated national average incidence of discounts for micronaire and for strength.

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

Schedules of Discounts for ELS Cotton

A ELS Micronaire Discounts

*--The following are the micronaire discounts for 2015 crop ELS cotton.

Micronaire Reading	Points per Pound
	2015
2.6 and below	-1955
2.7 through 2.9	-1465
3.0 through 3.2	-975
3.3 through 3.4	-455
3.5 and above	0

--*

B ELS Extraneous Matter Discounts

--The following are the extraneous matter discounts for 2015 crop ELS cotton.--

Description of Code	Code and Discounts (Points per Pound)	
	Code	Discount
No Extraneous Matter	(00)	0
Preparation		
Level 1	(01)	-810
Level 2	(02)	-1095
Grass		
Level 1	(21)	-715
Level 2	(22)	-1035
Spindle Twist		
Level 1	(51)	-715
Level 2	(52)	-1035
Bark, Seed Coat Fragments, Oil, Other		
Level 1	(11), (31), (41), (61)	-715
Level 2	(12), (32), (42), (62)	-1035

C ELS Strength Discounts

*--The following are the strength discounts for 2015 crop ELS cotton.

Strength Reading (g/tex)	Points per Pound
37.5 and above	0
36.5 – 37.4	-850
35.5 – 36.4	-1100
35.4 and below	-1350

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Areas Approved for Outside-Stored Loan Bales

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

*--

Crop Year	Type Cotton	Type Loan	State	Approved Areas
2014	Upland	Warehouse-Received	AZ, CA, FL, MO, OK, TX	Entire State
			ELS	Warehouse-Received
	Farm-Stored		AZ	Maricopa, Pinal, and Yuma Counties
			CA	<ul style="list-style-type: none"> • Imperial and Kings Counties. • Fresno County west of Hwy 90. • Kern and Tulare Counties west of Hwy 99. • Merced County south of Hwy 152.
			NM	Dona Ana and Luna Counties
			TX	El Paso County
2015	Upland	Warehouse-Received	FL, KS, MO	Entire State
			ELS	Warehouse-Received
	Farm-Stored		AZ	Maricopa, Pinal, and Yuma Counties
			CA	<ul style="list-style-type: none"> • Imperial and Kings Counties. • Fresno County west of Hwy 90. • Kern and Tulare Counties west of Hwy 99. • Merced County south of Hwy 152.
			NM	Dona Ana and Luna Counties
			TX	El Paso County

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***--Eligibility Requirements and Forms for MAL Disbursements, MLG's, and LDP's**

Following are the eligibility requirements and forms required for MAL disbursements, MLG's, and LDP's.

Eligibility Requirement	Form Required Before		
	MAL Disbursement & Principal/Interest Repayment	MAL Repayment with a Market Loan Gain	LDP
Acreage Report (on file showing share in requested commodity)	FSA-578.	FSA-578.	FSA-578.
Actively Engaged and Cash Rent Tenant Determinations	N/A	CCC-902 and CCC-901 if an entity.	CCC-902 and CCC-901 if an entity.
AGI Determination	N/A	CCC-941.	CCC-941.
BI in commodity <u>1</u> /	Producer must retain BI in commodity from time of planting through date MAL is redeemed or CCC takes title.	Producer must retain BI in commodity from time of planting through date MAL is redeemed.	Producer must retain BI in the commodity from time of planting through date CCC-633 EZ, page 1 is filed in the County Office.
Conservation Compliance Determination	AD-1026.	AD-1026.	AD-1026.
Controlled Substance Determination	Program participants convicted under Federal or State law of planting, cultivating, growing, producing, harvesting or storing a controlled substance are ineligible for MAL's and LDP's for current and 4 succeeding crop years.		
Delinquent Debt Determination (producer certification)	CCC-666.	CCC-666.	CCC-633 EZ, page 2, 3, or 4.
Foreign Person Determination	CCC-902I, Part B and CCC-902E, Part C.	CCC-902.	CCC-902.

1/ BI is defined as the producer maintaining control of and title to the commodity.--*

***--Eligibility Requirements and Forms for MAL Disbursements, MLG's, and LDP's (Continued)**

Eligibility Requirement	Form Required Before		
	MAL Disbursement & Principal/Interest Repayment	MAL Repayment with a Market Loan Gain	LDP
Fraud Determination (including FDIC fraud)	Determination made and records updated in the National Office.		
LDP Agreement	N/A	N/A	CCC-633 EZ, page 1 filed in the County Office.
Member contribution	N/A	CCC-902 and CCC-901.	CCC-902 and CCC-901.
Power of Attorney	FSA-211, CCC-605, or CCC-605-1 to designate agent authorized to redeem MAL collateral.	FSA-211, or CCC-605, or CCC-605-1 to designate agent authorized to redeem MAL collateral.	FSA-211.

Notes: Eligibility flags for the entity and **all** entity members must be updated in the subsidiary file, according to 3-PL and 5-PL, to show that both the entity and individual member is eligible. If the required determinations are not made and the subsidiary files updated, a market gain repayment and/or a LDP will be denied or reduced to the producer or payment entity. Entity members are required to complete CCC-941 and AD-1026.--*