

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Cotton Loans and Loan Deficiency Payments 7-CN (Revision 15)	Amendment 53
---	---------------------

Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraphs 43 A and B have been amended to reflect the AGI provisions of the 2014 Farm Bill, Section 1605 and remove references to crop year 2013.

Exhibit 6 has been amended to correct the discount for bark in all other States.

Exhibit 8 has been amended to correct the discounts and premiums for strength for upland cotton.

Exhibit 21 has been amended to provide the correct forms that must be on file for delinquent debt determination for MAL and LDP eligibility.

Page Control Chart		
TC	Text	Exhibit
	1-87 through 1-90	1, page 5 6, page 1 8, page 1 21, pages 1, 2

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 2014 Through 2018 Crops**

For the 2014 through 2018 crop years, there are payment limitations on LDP's and MLG's associated with the MAL program.

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

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

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

43 Payment and AGI Limitation (Continued)***--A Payment Limitation for 2014 Through 2018 Crops (Continued)--***

Payment limitations do **not**:

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

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

B AGI Limitation Rule for 2014 Through 2018 Crops

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

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

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.--*

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
MLG	market loan gain	43, Ex. 21
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

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)	*-- -400
Level 2	(12)	-705--*
Grass		
Level 1	(21)	-400
Level 2	(22)	-705
Seed Coat Fragments		
Level 1	(31)	-400
Level 2	(32)	-705
Oil		
Level 1	(41)	-400
Level 2	(42)	-705
Spindle Twist		
Level 1	(51)	-400
Level 2	(52)	-705
Other		
Level 1	(61)	-400
Level 2	(62)	-705

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	*-- -190
24.0 - 24.9	-175
25.0 - 25.9	-150
26.0 - 26.9 (Base level)	0
27.0 - 27.9 (Base level)	0
28.0 - 28.9	0
29.0 - 29.9	+5
30.0 - 30.9	20
31.0 - 32.9	40--*
33.0 and higher	45

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

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

Eligibility Requirement	Form Required Before		
	MAL Disbursement and Principal/Interest Repayment	MAL Repayment with MLG	LDP
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 Cotton A.	CCC Cotton A-5.	CCC-633 EZ, page 1.--*
Foreign Person Determination	CCC-902I, Part B and CCC-902E, Part C.	CCC-902.	CCC-902.

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

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

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

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.