

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Cotton Loans and Loan Deficiency Payments
7-CN (Revision 16)

Amendment 5

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reason for Amendment

Subparagraph 26 C has been amended to reflect changes to the FCA applicable to classes of cotton.

Exhibits 5 through 11 have been amended to reflect the applicable premiums and discounts for the 2020 crop of upland and ELS cotton.

Page Control Chart		
TC	Text	Exhibit
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25 Calculations of LDP and Market Gains

A Market Loan Gain Amount

The market loan gain applicable to the payment limitation is equal to the difference between the loan principal amount and the loan repayment amount, excluding any credits for accrued charges.

26 CCA’s and FCA’s

A Determining CCA’s and FCA’s

[7 CFR 1427.25(f)] CCA is an adjustment intended to make designated lower grades of cotton more competitively priced. CCA is either:

- added to the LDP rate for the cotton
- subtracted from AWP for the cotton, thereby reducing the cash loan repayment rate for the loan collateral.

CCA used to adjust the AWP or LDP rate may be less than the level of the announced CCA. Use the following table to determine CCA.

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

26 CCA's and FCA's (Continued)

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 upland 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 and separately calculated to the applicable color grades with loan rate premiums greater than the premium for 31-3-35 (color grad, leaf, staple length).

C FCA Applicable Bales

FCA is applicable to all upland cotton having a loan schedule premium or discount exceeding that for Middling, leaf 3, staple length 1 3/32-inch upland cotton. FCA is applicable to the *--following color-grades of upland cotton for the 2020 crop year.--*

Color	Leaf	Staple
SM and Better, 11 & 21	1-2	35, 36, 37, 38+
	3	35, 36, 37, 38+
	4	36, 37, 38+
MID 31	1-2	35, 36, 37, 38+
	3	35, 36, 37, 38+
	4	36, 37, 38+
***	***	***
SM and Better, 12 & 22	1-2	36, 37, 38+
	3	36, 37, 38+
	--4--	***

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.

* * *

--For 2020 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 2020 crop upland cotton classed as “White”. Coarse count adjustment applies to shaded cells; the fine count adjustment applies to the cells with **bold** entries.

2020 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)	(38and Longer)
SM 11&21 BETTER	1-2	-300	-225	-50	145	310	430	475	490
	3	-365	-245	-70	125	255	390	430	445
	4	-405	-270	-160	75	165	300	330	330
	5	-500	-380	-285	-75	55	145	155	155
	6	-670	-515	-440	-285	-235	-185	-185	-185
	7	-745	-600	-540	-385	-335	-280	-280	-280
MID 31	1-2	-415	-260	-90	90	250	385	440	455
	3	-460	-270	-100	90	230	365	405	420
	4	-525	-315	-215	55	125	230	255	255
	5	-585	-430	-325	-125	-10	65	75	75
	6	-745	-555	-460	-310	-285	-250	-245	-245
	7	-840	-645	-565	-405	-370	-340	-335	-335
SLM 41	1-3	-575	-355	-200	45	105	200	215	225
	4	-625	-380	-305	0	65	140	160	170
	5	-700	-520	-435	-215	-115	-30	-25	-25
	6	-850	-640	-565	-420	-370	-295	-295	-295
	7	-965	-750	-690	-530	-470	-430	-430	-430
LM 51	1-4	-750	-605	-465	-270	-210	-165	-160	-160
	5	-795	-705	-640	-440	-365	-315	-310	-310
	6	-950	-790	-735	-555	-510	-450	-450	-450
	7	-1050	-875	-845	-675	-620	-570	-570	-570
SGO 61	1-5	-860	-755	-700	-500	-440	-395	-395	-395
	6	-1000	-865	-830	-675	-625	-570	-570	-570
	7	-1100	-990	-940	-765	-710	-665	-665	-665
GO 71	1-6	-1060	-1030	-975	-820	-775	-735	-735	-735
	7	-1145	-1065	-1020	-850	-830	-790	-790	-790
BG 81	1-8	-2000	-2000	-2000	-2000	-2000	-2000	-2000	-2000

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

D Light Spotted Upland Cotton

*--Following are premiums and discounts for 2020 crop upland cotton classed as “Light Spotted”. Course count applies to shaded selections; the fine count adjustment applies to the cells with **bold** entries.

2020 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	-600	-330	-175	55	155	275	310	315
	3	-645	-355	-190	45	110	230	265	275
	4	-675	-380	-285	-50	55	185	215	220
	5	-780	-560	-490	-280	-115	-60	-35	-35
	6	-935	-680	-620	-455	-370	-320	-300	-300
	7	-1025	-770	-725	-555	-485	-435	-415	-415
MID 32	1-2	-665	-420	-270	-70	5	60	85	85
	3	-705	-445	-290	-95	-25	40	65	65
	4	-770	-510	-365	-185	-90	-40	-20	-20
	5	-885	-675	-560	-360	-280	-230	-210	-210
	6	-1040	-760	-695	-520	-465	-425	-410	-410
	7	-1155	-865	-790	-630	-565	-540	-520	-520
SLM 42	1-3	-790	-600	-485	-255	-175	-105	-90	-90
	4	-840	-650	-505	-285	-230	-165	-145	-145
	5	-950	-780	-675	-435	-345	-315	-295	-295
	6	-1160	-855	-805	-595	-545	-505	-490	-490
	7	-1250	-965	-885	-725	-650	-615	-600	-600
LM 52	1-4	-1045	-805	-710	-550	-480	-450	-435	-435
	5	-1120	-880	-820	-635	-565	-545	-525	-525
	6	-1325	-1020	-960	-780	-725	-700	-685	-685
	7	-1410	-1125	-1065	-890	-835	-805	-785	-785
SGO 62	1-5	-1170	-990	-925	-760	-715	-690	-670	-670
	6	-1360	-1155	-1090	-910	-875	-845	-830	-830
	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 2020 crop upland cotton classed as “Spotted”.
Course count applies to shaded selections.

2020 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	-945	-755	-685	-375	-300	-250	-200	-200
	3	-990	-780	-710	-400	-325	-275	-225	-225
	4	-1020	-855	-775	-450	-375	-325	-275	-275
	5	-1135	-945	-890	-575	-500	-435	-385	-385
	6	-1245	-1020	-960	-655	-580	-515	-465	-465
MID 33	1-2	-1060	-825	-755	-425	-370	-325	-275	-275
	3	-1060	-825	-755	-430	-375	-330	-275	-275
	4	-1135	-900	-820	-480	-430	-380	-325	-325
	5	-1275	-1005	-935	-625	-555	-490	-435	-435
	6	-1330	-1080	-1050	-700	-665	-600	-545	-545
SLM 43	1-3	-1110	-910	-805	-585	-540	-500	-475	-475
	4	-1185	-960	-850	-625	-560	-520	-495	-495
	5	-1300	-1015	-945	-745	-690	-660	-635	-635
	6	-1380	-1090	-1060	-825	-800	-770	-745	-745
	7	-1465	-1210	-1120	-925	-900	-865	-840	-840
LM 53	1-4	-1270	-1070	-975	-770	-730	-705	-680	-680
	5	-1360	-1150	-1080	-875	-850	-820	-795	-795
	6	-1480	-1245	-1160	-960	-940	-910	-885	-885
	7	-1560	-1320	-1275	-1070	-1050	-1025	-995	-995
SGO 63	1-5	-1490	-1235	-1160	-945	-900	-870	-845	-845
	6	-1560	-1325	-1240	-1045	-1015	-985	-960	-960
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 2020 crop upland cotton classed as “Tinged”. Coarse count applies to shaded selections.

2020 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	-1155	-970	-905	-580	-560	-500	-455	-455
	3	-1155	-970	-905	-580	-560	-500	-455	-455
	4	-1280	-1095	-1005	-680	-660	-600	-555	-555
	5	-1370	-1185	-1120	-805	-785	-725	-680	-680
	6	-1530	-1345	-1280	-1000	-975	-920	-875	-875
MID 34	1-2	-1170	-985	-920	-595	-575	-515	-470	-470
	3	-1170	-985	-920	-595	-575	-515	-470	-470
	4	-1295	-1110	-1020	-695	-675	-615	-570	-570
	5	-1385	-1200	-1135	-820	-800	-740	-695	-695
	6	-1545	-1360	-1295	-1015	-990	-935	-890	-890
SLM 44	1-3	-1290	-1105	-1040	-715	-690	-635	-590	-590
	4	-1365	-1205	-1090	-765	-740	-685	-640	-640
	5	-1450	-1270	-1180	-865	-840	-785	-740	-740
	6	-1605	-1420	-1355	-1075	-1050	-995	-950	-950
LM 54	1-4	-1390	-1230	-1165	-825	-810	-750	-715	-715
	5	-1480	-1300	-1210	-940	-920	-865	-825	-825
	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 2020 crop upland cotton classed as “Yellow Stained”.
Coarse count applies to shaded selections.

2020 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	-1415	-1230	-1165	-840	-820	-760	-715	-715
	3	-1415	-1230	-1165	-840	-820	-760	-715	-715
	4	-1540	-1355	-1265	-940	-920	-860	-815	-815
	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	-1430	-1245	-1180	-855	-835	-775	-730	-730
	3	-1430	-1245	-1180	-855	-835	-775	-730	-730
	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 2020 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) *--2020 Crop
No Extraneous Matter	(00)	0
Preparation		
Level 1	(01)	-195--*
Level 2	(02)	-660--*
Bark		
Kansas, New Mexico, Oklahoma, Texas		
Level 1	(11)	-340--*
Level 2	(12)	-525--*
All other States		
Level 1	(11)	-470--*
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
Plastic		
Level 1	(71)	-1870--*
Level 2	(72)	-2080--*

Schedule of Premiums and Discounts for Uniformity in Upland Cotton

--The following premiums and discounts for uniformity apply to 2020 crop upland cotton in all--
States. Uniformity is expressed as a percent and no other code is used.

Uniformity (Percent)	Points
77.9 & Below	*-- -110--*
78.0 – 78.9	-60
79.0 – 79.9	-50
80.0 – 80.9	0
81.0 – 81.9	0
82.0 – 82.9 (Base Level)	*-- +5--*
83.0 – 83.9	+10
84.0 – 84.9	+15
85.0 – 85.9	*-- +20
86.0 & above	+25--*

Schedule of Premiums and Discounts for Strength for Upland Cotton

--The following are the premiums and discounts for strength for 2020 crop upland cotton.--

Strength (Grams per Tex)	Discounts and Premiums (Points per Pound) *--2020 Crop
17.9 or less	-500
18.0 - 18.9	-395
19.0 - 19.9	-395
20.0 - 20.9	-390
21.0 - 21.9	-385
22.0 - 22.9	-345
23.0 - 23.9	-325
24.0 - 24.9	-320
25.0 - 25.9	-270
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	+25
31.0 - 32.9	+45--*
33.0 and higher	+50

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 2020 crop upland cotton.--

Micronaire Reading	Discounts and Premiums (Points per Pound) *--2020 Crop
2.4 and below	-1840
2.5 through 2.6	-1395
2.7 through 2.9	-905
3.0 through 3.2	-645
3.3 through 3.4	-465
3.5 through 3.6	0
3.7 through 4.2	+5
4.3 through 4.9	0
5.0 through 5.2	-235
5.3 and above	-385--*

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 **2020 crop** ELS cotton is \$0.9500 per pound. The following schedule of loan rates is applicable for eligible qualities of 2020 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.

2020 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	90.00	95.70	96.35
	3	86.55	92.25	92.90
	4	86.40	92.10	92.75
	5	86.30	92.00	92.65
	6	86.20	91.90	92.55
	7	86.20	91.90	92.55
2	1-2	89.65	95.35	96.00
	3	86.20	91.90	92.55
	4	86.05	91.75	92.40
	5	85.95	91.65	92.30
	6	85.85	91.55	92.20
	7	85.85	91.55	92.20
3	1-2	83.65	88.95	88.95
	3	80.20	85.50	85.50
	4	80.05	85.35	85.35
	5	79.95	85.25	85.25
	6	79.85	85.15	85.15
	7	79.85	85.15	85.15
4	1-4	65.90	71.25	71.25
	5	62.20	67.55	67.55
	6	62.10	67.45	67.45
	7	62.10	67.45	67.45
5	1-5	55.05	57.80	57.80
	6	51.25	54.00	54.00
	7	51.25	54.00	54.00
6	1-6	49.35	51.40	51.40
	7	45.55	47.60	47.60
7	1-7	43.45	43.45	43.45

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Notes: The rates shown for color grade/staple length/leaf are calculated based on the NALR of \$0.9500/lb. adjusted by the estimated national average incidence of discounts for micronaire and for strength. A discount of **-3.80** has already been applied to the loan rate of **52.25** for color 7 leaf 1-7.

All grades of ELS cotton are subject to the loan rate adjustments for micronaire, extraneous, and strength matter as shown in Exhibit 11. Starting crop year 2019, ELS strength ranges will be reported as whole numbers. 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 2020 crop ELS cotton.--

Micronaire Reading	Points per Pound *--2020 Crop
2.6 and below	-1900--*
2.7 through 2.9	-1400
3.0 through 3.2	-900
3.3 through 3.4	-400
3.5 and above	0

B ELS Extraneous Matter Discounts

--The following are the extraneous matter discounts for 2020 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
Plastic		
Level 1	(71)	*-- -4000
Level 2	(72)	-4000--*

C ELS Strength Discounts

--The following are the strength discounts for 2020 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

