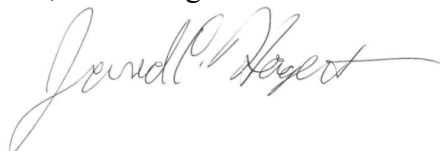


UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Cotton Loans and Loan Deficiency Payments 7-CN (Revision 17)	Amendment 2
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Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 1 C has been amended to update sources of authority.

Subparagraph 3 A has been amended to remove obsolete handbooks.

Subparagraph 4 A has been amended to update URL's.

Subparagraph 9 A has been amended to add CMA's.

Subparagraph 22 E has been amended to include the AWP for ELS cotton.

Subparagraph 26 C has been removed to delete FCA data for the 2023 crop year.

Subparagraph 31 A has been amended to clarify procedure for lost or damaged collateral.

Subparagraph 32 E has been amended to update FI handbook reference.

Subparagraph 33 B has been amended to update interest assessment for redemptions made by CCR.

Subparagraph 33 C has been amended to include 64-FI and update when interest is assessed.

Subparagraph 42 B has been amended to include policy related to small balance write-offs.

Subparagraphs 43 A and B have been amended to update the crop years.

Subparagraphs 47 A, B, D, and G have been amended to update procedures related to warehouse status notifications.

Subparagraph 48 A has been amended to include storage charges related to forfeiture.

Subparagraph 48 B has been amended to include loan repayment amounts related to the AWP.

Amendment Transmittal (continued)

A Reasons for Amendment (Continued)

Subparagraph 48 C has been amended to update the maximum storage credit rates.

Subparagraph 51 A has been amended to update COPS points of contact.

Subparagraph 53 B has been amended to update procedures related to LDP CCC-770.

Subparagraph 57 E has been amended to update the AMS mailing address and add an e-mail address.

Subparagraph 100 A has been amended to remove actively engaged and cash rent tenant.

Subparagraph 118 C has been amended to clarify ELS cotton.

Subparagraph 161 A has been amended to update handbook references for ADP approval.

Subparagraph 183 B has been amended to update table for valid compression codes.

Subparagraph 188 A has been amended to include a reference to Exhibit 23.

Subparagraph 197 B has been amended to include AWP repayment option for ELS cotton.

Subparagraph 201 B has been amended to update CCE policy and procedure.

Subparagraph 201 C has been amended to include ELS for CCE eligibility.

Paragraph 202 has been amended to include both upland and ELS cotton when estimating payments.

Subparagraph 211 H has been amended to include accrual storage.

Paragraph 212 has been added to include Loan Optimization Window for Refund (LOW 30) for Upland MAL's.

Subparagraphs 215 A and B have been amended to clarify CCE and CCR requirements.

Subparagraph 255 A has been updated to include CMA and LSA ability to offer seed cotton loans.

Subparagraph 286 A has been amended to include a handbook reference related to CMA and LSA.

Paragraph 309 has been added to include Low Optimization Window for Refund (LOW 30) for LDP's.

Exhibit 2 has been amended to update the definitions for commodity loan gain, cotton, electronic agent designation, extra-long staple (ELS) cotton, and upland cotton.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Exhibit 13 has been amended to update an e-mail address.

Exhibit 23 has been added to provide an example of CCC-Cotton A and CCC-Cotton A Continuation Sheet.

Page Control Chart		
TC	Text	Exhibit
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21	Guide for Using CCC-605 and EAD Display form
22	Eligibility Requirements and Forms for MAL Disbursements, MLG's, and LDP's
23	CCC-Cotton A Cotton Producer's Note and Security Agreement and CCC-Cotton A Continuation Sheet

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 Agriculture Act of 2014
- Consolidated Appropriations Act, 2016
- Consolidated Appropriations Act, 2017
- Agriculture Improvement Act, 2018
- *--Working Families Tax Cut Act, 2025.--*

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
- 32-AS for records management
- 1-CM for common provisions relating to signature requirements, power of attorney, and assignments
- 10-CM for farm, tract, and crop data
- 11-CM for customer data management
- 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
- * * *
- 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 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
- 3-PL (Rev. 1) for web-based subsidiary files for 2009 and subsequent years
- 5-PL for payment eligibility, payment limitation, and AGI for crop years 2014 and 2020
- 6-PL for payment eligibility, payment limitation, and AGI for crop year 2021 and subsequent years
- 16-PS for Price Support commodity loan processing system automation
- 17-PS for Price Support loan and LDP administrative systems
- 19-PS for Price Support LDP's automation.

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://fcp-apps-fsa.fpac.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)	https://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	https://www.fsa.usda.gov/programs-and-services/price-support/Index
Loan Rates: Cotton (and other commodities) by State/county	https://www.fsa.usda.gov/programs-and-services/price-support/Index
Specifications for Cotton Bale Packaging Materials of JCIBPC	https://www.cotton.org/tech/bale/index.cfm
Forms: FFAS Employee Forms/Publications Online Website	http://intranet.fsa.usda.gov/dam/ffasforms/forms.html
Notices	*-- https://www.old.fsa.usda.gov/programs-and-services/laws-and-regulations/notices/index --* (from the "Subject" drop-down menu, CLICK "Cotton Program")
eAuthentication	eAuthentication (usda.gov)
Warehouses: - list of approved cotton warehouses - receiving and storage rates.	- 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. *--Workbook: WCMD Dashboard (usda.gov) https://publicdashboards.dl.usda.gov/t/MRP_PUB/views/WCMDDashboard/WCMDDashboard?%3AisGuestRedirectFromVizportal=y&%3Aembed=y--*

4 Related Web Sites (Continued)

A Cotton Web Sites (Continued)

Web Site Content	Web Site Address
AMS: CCC-823 CSA	Cotton Storage Agreement Agricultural Marketing Service (usda.gov) *-- https://www.ams.usda.gov/services/warehouse/cotton-storage-agreement --*
AMS: Weekly Cotton Market Report	https://www.ams.usda.gov/market-news/cotton-tobacco
National Cotton Council: industry news	https://www.cotton.org
Cotton Board: Current Gin List	*-- https://www.cottonboard.org/gin-code-list --*
Cotton Incorporated: US Upland Cotton Research	Cotton Incorporated - US Upland Cotton Research & Marketing Company *-- https://www.cottoninc.com/ --*

Section 2 Responsibilities

9 National Office Responsibilities

A CCC Board and Executive Vice President, CCC Responsibilities

[7 CFR 1427.2] [7 CFR 1427.161] The CCC Board and Executive Vice President, CCC will determine policy and program provisions. The Executive Vice President, CCC or designee has the authority for:

- making a determination on any question arising under the programs
- revising or rescinding any determination made by:
 - Kansas City Offices
 - STC's and COC's
 - State and County Office personnel
 - approved cotton clerks
 - *--CMA's and LSA's.--*

B PSD Responsibilities

PSD will:

- administer the programs under DAFP's general supervision and direction
- enter into agreements with approved CMA's and LSA's
- supervise the CMA and LSA program activity.

C PDD Responsibilities

PDD will:

- provide automation support to implement loan and LDP program policies
- develop MAL, LDP, and COPS software
- support administrative software including LPAS, RQMS, and SORS.

10 Kansas City Office Responsibilities

A Kansas City Organization

Kansas City offices primarily involved with cotton are as follows:

- AMS, WCMD:
- CMB
- LSCB.
- FPAC Business Center Information, Information Solutions Division.

B ISD Responsibilities

ISD will:

- provide users and contractors with procedures, directives, methods, and analysis in support of the following:
 - ACRS
 - CLPS
 - COPS
- advise and collaborate in making recommendations to the National Office to adjust or modify operating policy and procedures because of changes in programs, organization, equipment, data processing systems, and techniques
- coordinate systems user requirements for assigned areas

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. eastern time each Thursday. They become effective for calculations as specified in subparagraph B.

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

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. eastern time
- on a Friday at 8 a.m. eastern time, 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 will 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 will be accepted at the County Office. Such applications will be subject to AWP and CCA subsequently announced effective the date the application was received.

If 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 will 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

--Use the AWP and CCA in effect on the date the repayment is received in:--

- the County Office if received in person, by mail, or courier
- CCC's account, if received as a wire transfer of funds.

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

*--Upland and ELS cotton weekly AWP and LDP rates and CCA's and FCA's, applicable to upland cotton, are available at <https://www.fsa.usda.gov/resources/price-support>.

Note: The Working Families Tax Cut Act enacted July 4, 2025, provides for the establishment of an AWP for Extra-long Staple (ELS) cotton.--*

25 Calculation of 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.

B Market Gain Reports

Market Gain reports on a State-wide and National basis are available online at <http://www.fsa.usda.gov/programs-and-services/price-support/price-support-reports/index>.

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: • 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 exceeds 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 grade, leaf, staple length).

* * *

29 Cotton Clerks

A Persons Not Eligible

[7 CFR 1427.3] State Offices will notify County Offices of persons or firms ineligible to become cotton clerks because they have been suspended or debarred from participating in CCC programs.

B Removing Cotton Clerks

If it is determined that a cotton clerk is **not** complying with program provisions or is **not** eligible to serve and the applicable COC does **not** take removal action, STC will remove the cotton clerk according to 14-CN.

C Training and Supervision

State Offices will follow 14-CN to establish criteria for County Offices to follow in approving and training cotton clerks.

30 Finality Rule

A Finality Rule Provisions

See 7-CP for finality rule provisions.

B Statutory Language

The Department of Agriculture Reorganization Act of 1994, Section 281 provides that:

“Each decision of a State, county, or area committee or an employee of such a committee..., made in good faith in the absence of misrepresentation, false statement, fraud, or willful misconduct will be final **not** later than 90 calendar days after the date of filing of the application for benefits, [and] ...no action
*--may be taken...to recover amounts found to have been disbursed as a result--
*
of the decision in error unless the participant had reason to believe that the decision was erroneous.”

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, the National Office will:

- notify the applicable ADP or 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 will 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 is 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 will 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 will 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)**

Following 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, 2017, we were notified that 6 bales of your 2016-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

--32 Graduated Payment Reductions (GPR)--**A Background**

Producers who are determined ineligible for program benefits according to 6-CP, Part 7, because of noncompliance with HELC and WC provisions, may request GPR.

B When GPR IS Not Applicable

If noncompliance is determined and the producer does **not** request GPR or GPR is not approved:

- the producer is ineligible for loans or LDP's for the crop year for which the noncompliance determination is applicable
- after the loan or LDP is made, the producer will be required to repay, as applicable, the:
 - loan principal and charges plus interest
 - market gain plus interest, waived interest, and credits for accrued warehouse charges
- LDP plus interest.

C Applying GPR Before Loan or LDP Is Made

For applicable crop year loans and LDP's when noncompliance is determined and GPR is approved, County Office will, before the loan is disbursed or LDP is made, do either of the following:

- collect GPR
- offset the GPR amount from the loan disbursement or LDP.

--32 Graduated Payment Reductions (GPR) (Continued)--**D Applying GPR After Loan or LDP Is Made**

For applicable crop year loans and LDP's, when noncompliance is determined and GPR is approved, County Offices will notify the producer of the GPR amount according to subparagraph 42 B.

If GPR is not paid within 15 calendar days of the notification letter, County Offices will take the applicable action in the following table.

WHEN there are...	THEN County Offices will...
outstanding loans	call the loan. Note: Follow paragraph 35 for loans that are ineligible for forfeiture.
loans that have been repaid at a market loan repayment rate	follow subparagraph 42 C.
loans that have been repaid at principal and charges, plus interest	take no action.
loans that have been forfeited or delivered	take no action.
LDP's	follow subparagraph 42 C.

E Depositing GPR Amounts

--Deposit amounts applicable to GPR according to 64-FI.--

33 Interest Rates

A Rates

For:

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

*--B Computation for Loans Paid by CCR

Producers who redeem loans through the CCR process will be assessed interest beginning on the loan disbursement date to, but **not** including, the date of repayment.

C Computation for Loans Paid by non-CCR

Producers repaying a loan with a redemption type other than CCR will only be assessed interest beginning on the loan disbursement date up to the second day before the date of repayment, even if the loan was disbursed through NPS.

Note: Follow 64-FI for depositing and recording wire transfers.--*

D Repayment Date

The repayment date will be the date repayment is either received in:

- the County Office
- CCC's account for wire transfer repayments.

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.

34 IRS Reporting Requirements

A IRS Reporting

Loan gains from cash loan redemptions or CCE, LDP's, storage credits, and forfeitures are reported to IRS for Federal income tax purposes. For additional information on IRS reporting requirements, see 62-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 the loan, the cotton **cannot** be forfeited to CCC in settlement of the loan.

Note: See paragraph 281 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, the loan must be redeemed at the principal and charges, plus interest. The producer must be provided the right to appeal the determination and repayment rate.

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 receivable is established, COC will:

- sell the cotton according to instructions provided by PSD
- apply the sales proceeds to the receivable.

42 Overdisbursements and Receivables (Continued)

B Notifying Producers (Continued)

Take action, as applicable, according to the following table.

IF...	THEN...
the overdisbursement or overpayment is not the result of a loan or LDP violation, according to Part 6, Section 1	collect the amount due as follows: • for loans, if the amount due is \$25 or less and is discovered: • 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 64-FI • for LDP's, if the amount due is: • \$25 or less, write off the small balance according to 64-FI • more than \$25, follow procedure in 64-FI for demanding payment. *--Note: Small balance write off only applies to total aggregate of deficiencies of \$24.99 or less involving the same facts or basis of liability. Example: If farmer Joe Smith has an amount due CCC for \$9.00 on loan 10001, and an amount due for \$20.00 on loan 10002, his total aggregate amount owed is \$29.00. This amount should be collected following procedures 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: • \$25 or less, see 16-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 notification letter when a determination has been made that an amount is due CCC.

D Demand Letter (No Appeal)

If repayment is **not** received or the producer did not respond to the initial notification letter, take additional action according to 8-LP, Notification Letter for Accelerating Loan maturity, Loan Call, or refund entire loan amount striking language related to delivery of the commodity.

E Demand Letter (Appeal)

If the receivable was established and the producer did appeal the determination, place the receivable in a “Appeal Review” status and follow 1-APP, Part 3.

43 Payment and AGI Limitation

--A Payment Limitation for 2019 Through 2031 Crops--

* * *

There is no payment limitation for crop years 2019 through 2023 crops.

43 Payment and AGI Limitation (Continued)

***--B AGI Limitation Rule for 2019 Through 2031 Crops**

A person or legal entity will **not** be eligible to receive MLG or LDP benefits during the 2019 through 2031 crop years if the average AGI exceeds \$900,000.--*

Exception: The person or entity is eligible for MAL, but the loan **must** be repaid at principal plus interest, unless a commodity certificate is used to exchange the commodity.

C Commodity Certificate Exchange

MALs redeemed with a Commodity Certificate Exchange are not subject to payment limitation or AGI.

44 (Reserved)

47 Warehouse Status Notification

A Notifying State and County Offices and Producers

[7 CFR 1427.10] LSCB will notify State Offices of the status of a cotton storage warehouse *--by e-mail. Based on the information provided, the State Office may or may **not** provide--* further notification to the County Office and producers.

Use the following table to determine whether notification to the County Office or producers is

*--appropriate. Because the WCMD Commodity Warehouses Dashboard is a public site, issuing a public new release is no longer required unless instructed by the National Office.

IF notification indicates...	THEN the State Office will...	AND the County Office will...
"Approved", "New Agreement"	notify the County Office	issue a news release only if directed according to instructions.
"Approved", "Addition - New Code"	notify the County Office	issue a news release only if directed according to instructions.
"Approved", "Capacity Change"	notify the County Office only if it requests public announcement	issue a news release only if directed according to instructions.
"Removed From List" (suspended) Note: This is a temporary status. No new loans are permitted.	notify the County Office	issue a news release if directed according to subparagraph B.
"Terminated" Note: No new loans are permitted. Existing loans are to be redeemed or transferred to an approved warehouse.	notify the County Office	issue a news release if directed according to subparagraph C.
"Deleted" Note: This status follows termination if a warehouse is closing or will remain unapproved for loan cotton storage.	notify the County Office	issue a news release if directed according to instructions.
"Reinstated" Note: Warehouse is re-approved after being in "Removed/Suspended" status.	notify the County Office	issue a news release if directed according to subparagraph E.
"Other" Note: These changes generally do not affect loan eligibility and are for information only for State and County Offices.	do nothing Note: Generally, notification of the County Office is not required unless it specifies public announcement.	do nothing. Note: Generally, no release is needed. Issue a news release only if directed according to instructions.

--*

47 Warehouse Status Notification (Continued)

B Removed/Suspended Warehouses

“Removal” of a warehouse is synonymous with “suspension”. It is **not** “termination”. When notifying State Offices that a warehouse has been removed, LSCB will provide:

- reason for the removal from the list of approved warehouses
- if a public announcement should be made.

If a public announcement is required, State Offices will notify the appropriate County Offices
 --to issue a public press release announcing the removal by sending a copy of notification to--
 the County Office.

Note: See subparagraph D for a suggested press release.

County Offices will:

- **not** process new loans for cotton stored at a suspended warehouse
- send a copy of the published release to the State Office and LSCB
- if the newspaper refuses to publish the press release, notify the State Office and LSCB
- *--refer inquiries on the reasons for the removal, other than those listed on the notification,--
 * to either of the following:
 - LSCB
 - the manager of the warehouse.

Note: See subparagraph F for AMS mailing address.

Following is a suggested press release for a warehouse suspension announcement:

“CCC announced today the suspension of [*enter name of warehouse*]. This
 *--action was taken because [*enter reason provided on notification*]. During this--
 * suspension period, CCC will **not** provide any new loans for cotton stored at
 this warehouse. Loans that have been provided before this suspension are **not**
 affected by this suspension.”

47 Warehouse Status Notification (Continued)

C Terminated Warehouses

Before a Cotton Storage Agreement is terminated for a warehouse for failure to comply with its terms and conditions or at the request of the warehouseman:

- LSCB will provide affected State Offices with instructions for identifying all outstanding loans in the warehouse to be terminated
- State Offices will immediately identify and notify County Offices with outstanding loans in the warehouse to be terminated
- County Offices will identify loans in the subject warehouse and do the following:
 - offer producers the option of redeeming their loans or agreeing to a transfer of loan cotton at the expense of the producer or producer's agent
 - after redemptions and/or transfers are completed, issue a press release, similar to subparagraph D, announcing the termination of the Cotton Storage Agreement.

Note: For producers who have filed for bankruptcy, County Offices will send a letter explaining the situation to the regional attorney and follow the regional attorney's advice.

D Termination Press Release

The following is a suggested press release for a warehouse termination announcement.

Any cotton put into storage in the [*name of warehouse*] will **not** be eligible for CCC loans during the period this warehouse is terminated from the list of warehouses approved by the Commodity Credit Corporation, the [*State or county*] Farm Service Agency Office said today.

Termination action was taken by the Farm Service Agency Commodity Office at Kansas *--City, Missouri. Such action was taken because [*enter reason stated on notification*].--*

For additional information, contact the [*enter name of County Office*].

47 Warehouse Status Notification (Continued)**E When Warehouse Is Reinstated**

If the warehouse is reinstated, LSCB will notify the State Office.

The State Office will notify the County Office to issue a press release announcing the reinstatement of the warehouse if a press release was issued announcing the removal. The following is a suggested press release for a reinstated warehouse announcement.

Cotton stored in the [*name of warehouse*] at [*city*] is again eligible for CCC loans since the warehouse has been restored to the list of warehouses approved by the Commodity Credit Corporation, the [*State or county*] Farm Service Agency Office said today.

Suspension of the warehouse, dated [*insert date*], has been lifted by the Farm Service Agency Commodity Office at Kansas City, Missouri. The warehouse is now fully complying with the provisions of the Cotton Storage Agreement controlling the storage of Government interest cotton.

F AMS Mailing Address

Use the following AMS address for handling notification of warehouse status:

AMS, WCMD, LSCB
STOP 9148
PO BOX 419205
KANSAS CITY MO 64141-6205.

47 Warehouse Status Notification (Continued)

***--G Example of Notification**

Following is an example of notification.

Dear Stakeholder,

The Warehouse and Commodity Management Division of the Agricultural Marketing Service is hereby notifying you of a change to a warehouse approved by our office to store commodities pledged to the Commodity Credit Corporation (CCC), effective the date of this notice. If you have any questions about this notice, please contact our office at **warehousing@usda.gov**.

Warehouse Operator: The ABC Gin and Elevator Company

Warehouse Name: ABC Gin Warehouse

Warehouse Code: 100000

Warehouse Location: Street Address, City, County, State, Zip

Warehouse Code Status: Terminated

Remarks:

The warehouse operator has requested voluntary termination.

All records have been cleared.

Cotton Storage Agreement for warehouse code 100000 held by The ABC Gin and Elevator Company is terminated effective the date of this notice.

Functional Unit Identifier	Functional Unit Address	Capacity
1	Street Address, City, County, State, Zip	19,800 b/c

--*

47 Warehouse Status Notification (Continued)

*--G Example of Notification (Continued)

The public WCMS – Commodity Warehouses Dashboard website:

- can be accessed at
https://publicdashboards.dl.usda.gov/t/MRP_PUB/views/WCMDDashboard/WCMDDashboard?%3AisGuestRedirectFromVizportal=y&%3Aembed=y
- obsoletes the requirement of KC-232.

48 Warehouse Storage and Other Charges

A Payment of Charges

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

- may be fully or partially credited against the loan repayment amount (that is, will reduce the loan repayment amount) when a loan is repaid
- will be paid by CCC to the storing warehouse if the loan collateral is forfeited.

The producer is responsible for paying any warehouse:

- **storage charges** that accrued **before** the date all documents required from the producer ***--for the loan were provided to the County Office in the event of forfeiture--***
- **unpaid receiving charges.**

B Redemptions Through the Original Maturity Date

***--If applicable, a storage credit rate, found in subparagraph C, will be used to calculate accrued warehouse charges on upland cotton loans when loan collateral is redeemed before the original maturity date.**

When the AWP announced is less than the combined value of loan principal, accrued interest, and warehouse storage that accrued during the period of the loan, CCC will permit the loan to be paid at the AWP. Depending on the AWP announced, some or all the storage can be credited, some or all of the interest can be forgiven, and some of the principal (market gain) can be forgiven.

The total amount that can be forgiven on a bale is determined by the Bale Acquisition Value (principal + interest + storage charges) minus the AWP Bale Value. The forgiven amount is applied to storage first, then interest, and finally principal.

Consider there is a bale with \$10 of storage charges and \$5 of interest charges.

Example 1: The total forgiven amount is \$7.50. This would result in partial storage forgiven of \$7.50. The full interest charges of \$5 would still be due.

Example 2: The total forgiven amount is \$13.00. This would result in all storage forgiven (\$10.00) and partial interest forgiven (\$3). The remaining \$2 of interest charges would still be due.

Example 3: The total forgiven amount is \$16.50. This would result in all storage forgiven (\$10.00) and all interest forgiven (\$5) and an additional \$1.50 of principal forgiven (market gain).--*

48 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

Note: For forfeited collateral offered in an AMS invitation for purchase, the offeror will be responsible for any of these applicable charges, including unpaid compression charges. On lots with unpaid compression charges, the offerors may reduce their bids by any unpaid compression charges. The buyer will be required to pay the warehouse operator any unpaid compression charges.

- excess storage credit; storage credits are provided based on the lower of the following:
 - submitted tariff rate for the year
* * *
 - maximum storage credit rates. * * *

*--Effective with the 2026 crop of cotton, the maximum storage credit rates by area are listed in the following table.

Location	2008 Farm Bill	2012-2013	2014-2025	2026-2031
California or Arizona	\$4.37 less 10%	\$4.37 less 20%	\$4.37 less 10%	\$4.90
Rest of U.S.	\$2.66 less 10%	\$2.66 less 20%	\$2.66 less 10%	\$3.00

Notes: This is the same manner in which the Secretary provided storage payments for the 2006 crop.

Tariff storage rate in effect at the time of loan making will be used for the entirety of the loan period.

Warehouse tariff rates are set by crop year on a by-bale per month basis. When calculating storage amounts, CCC will use a daily rate when applying the storage amount to the bale value.

Daily rate is determined by multiplying the monthly rate used by 12 (months) divided by 365 (days).

Example: Texas Warehouse tariff storage rate is \$3.25. Lesser rate is storage credit cap of \$3.00. Bale is placed in storage and offered for MAL on October 1 and then redeemed on November 5.

$$\begin{aligned}
 &\$3.00 \text{ (lesser rate)} \times 12 \text{ (months)} / 365 \text{ (days of year)} = \$0.0986 \\
 &\$0.0986 \times 36 \text{ (days in storage under loan)} = \$3.55 \text{ per bale credit--*}
 \end{aligned}$$

48 Warehouse Storage and Other Charges (Continued)

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

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

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

49 Notifications During CCC System Failure

A Backup Notifications

Only at times when CCC automation systems are **not** operational, CMA’s, LSA’s, and merchants who are authorized to use CCR may use CCC-734 to establish a record with CCC of a requested transaction. CMAs and LSAs must complete the CCC-734 according to the following procedure and follow instructions in 21-CN paragraph 23 for completing the repayment and CCC-734 process in ACRS. Merchants will follow these instructions.

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

CCC-734 is accepted by CCC only when CCC automation systems are **not** operational. This notification **cannot** be submitted when electronic transactions fail for reasons such as the failure of a merchant’s own transmission hardware/software.

B Instructions

Complete CCC-734 according to the following instructions.

Item	Instructions
2	Enter applicant name and address.
3	Enter phone number of the applicant.
4	Enter applicant e-mail address.
5	CHECK (✓) box to indicate where the form will be e-mailed.
6	Enter file numbers for which CCC-734 is submitted. In each column, enter the file number as column heading and the number of bales on that file for each transaction category.
7	Enter file totals.
8A-B	Enter signature and title/relationship of the applicant.
8C	Enter date of signature.

49 Notifications During CCC System Failure (Continued)

C Example Notification of Pending Redemption

The following is an example of CCC-734.

CCC-734 (11-29-23)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
NOTIFICATION OF PENDING REDEMPTION AND/OR LDP REQUEST			
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, the Commodity Credit Corporation Charter Act (16 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to allow applicants (such as cotton cooperative marketing associations, loan servicing agents, and/or merchants) to notify CCC of an application when the application cannot be transmitted electronically due to CCC system being inoperative or running slow. 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 a determination that the notification of pending redemption and/or LDP request cannot be processed. Paperwork Reduction Act Statement: The information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, 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 ADDRESS IN ITEM 4.			
1. Terms of Notification: A. Applicant certifies that this notification is made due to CCC systems being inoperative or running slow. B. Applicant agrees that liquidated damages apply if the pending transactions explained in Item 5 of this notification are not completed by applicant. C. The date and time of this notification shall be the date and time when received by CCC. D. The processing of applications based upon the content of this notification is: 1) subject to approval by CCC; 2) based upon rate effective on the date this notification is received, or for loan gains, on the date loan repayment funds are received; 3) not applicable for requested bales having unresolved COPS errors at the time of this request.			
2. Applicant Name and Address (Include Zip Code) _____		3. Applicant Phone (Include Area Code): _____	
		4. Applicant Email Address: _____	
5. Forward To: (CCC Addressee)			
☐ PRIMARY: USDA – FPAC Business Center Information Solutions Division Information Solutions Service Delivery and Operations Branch Insurance Delivery and Producer Sustainment Section Email: cops.support@usda.gov		☐ BACK UP ONLY: USDA – FPAC Business Center Farm Service Agency Price Support Division Email: MAL.LDP@usda.gov	
6. Notification: The applicant shall submit File Number(s) _____ containing the following number of bales by transaction and requests CCC to use the upland cotton adjusted world price effective on the date CCC receives this notification for the number of bales indicated below for cash redemptions (C) and LDP (D).			
Transaction Type	File #:	File #:	File #:
Cash Redemptions (C)	_____	_____	_____
LDP (D)	_____	_____	_____
Advance (A)	_____	_____	_____
Forfeiture (F)	_____	_____	_____
Trust (T)	_____	_____	_____
Ineligible (I)	_____	_____	_____
Unqualified (U)	_____	_____	_____
Certificate (N)	_____	_____	_____
Seed Advance (1)	_____	_____	_____
Seed Redemption (2)	_____	_____	_____
7. File total:	_____	_____	_____
8A. Applicant Signature (By) _____		8B. Title/Relationship (Individual Signing in the Representative Capacity) _____	
		8C. Date (MM-DD-YYYY) _____	
In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or national or ancestral origin for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.			
Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.			
To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.nrc.usda.gov/complaints and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9922. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: complaints@usda.gov. USDA is an equal opportunity provider, employer, and lender.			

51 Accessing COPS

A Contacts for Requesting COPS Access

Direct any questions about accessing COPS to the following.

*--

IF COPS user is a...	THEN contact...
buyer, cotton gin, CMA, or LSA	Paige Valdivia by: • e-mail to paige.valdivia@usda.gov • telephone at 202-619-8565.
County Office employee	State Office.
State Office employee	Adam Bonner by: • e-mail to adam.bonner@usda.gov • telephone at 254-749-9887.

--*

52 Eligibility Review

A Review

A second party review of eligibility requirements for loan and LDP applications will be performed before disbursement. The reviewer **must** initial the loan or LDP application when the review is completed.

Notes: The reviewer must **not** do both of the following:

- accept MAL or LDP requests
- initial as the second party reviewer.

It is recommended that CED's in 2-person County Offices:

- initial as second party reviewer
- sign as approving official, as designated by COC.

53 CCC-770 Cotton MAL and CCC-770 LDP

A Using CCC-770 Cotton MAL and CCC-770 LDP

All County Office employees working with LDP's and MAL's, at the beginning of each crop year, are required to complete:

- CCC-770 LDP for the first 5 LDP's processed
- CCC-770 Cotton MAL for the first 3 MAL's processed.

Additionally, a CCC-770 LDP or CCC-770 Cotton MAL, as applicable, is required to be completed for any LDP or MAL that was disbursed, reversed with a receivable established, and is being re-entered. The CCC-770 LDP or CCC-770 Cotton MAL is required to be completed before the LDP or MAL is re-entered to ensure that all eligibility requirements and signatures have been obtained.

B CCC-770 LDP

For crop year 2016, County Offices were required to complete a CCC-770 LDP for **each** LDP they processed before the Interim Attribution Process for determining eligibility and *--controlling payment limitation was available. Beginning with the 2022 crop year, the LDP automated system checks eligibility before COC approval.

If a County Office employee completed at least 5 CCC-770 LDP's, that employee does not have to complete any additional CCC-770 LDPs for the current crop year, unless--* specifically required by SED, STC or designee, DD, or CED.

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 will follow this paragraph.

B Additional Information Required

State Offices will request OIG services 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 a 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 will take action according to OGC instructions.

E Reporting to AMS

State Offices will report in writing to AMS, WCMD, cases of alleged or suspected program violations by approved warehouses and others whose program activity is supervised by AMS.

*--Send reports:

- by regular mail to: AMS, WCMD, LSCB
STOP 9148
PO BOX 419205
KANSAS CITY MO 64141-6205
- by e-mail to **warehousing@usda.gov**.--*

Note: State Offices will e-mail a copy of the report to National Office at **MAL.LDP@usda.gov**.

F Reporting to PSD

State Offices will report, in writing to PSD, cases of alleged or suspected program violations by CMA's and LSA's by e-mail National Office at **MAL.LDP@usda.gov**.

58 Supervision

A Overseeing County Offices

State Offices will require County Offices to:

- provide fast and efficient loan service
- closely supervise cotton clerks and program operations outside of County Offices
- complete inspection for seed cotton, see paragraph 59 for exception
- keep required records
- care for warehouse receipts or other documentation.

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.

U.S. Department of Agriculture Commodity Credit Corporation _____ County
Dear Cotton Ginner: 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). 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. 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. 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. 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 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 USDA Service Center by FSA staff. 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. 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. Producers are directly informed that for cotton to be eligible as loan collateral or for loan deficiency payments it must: •*--be ginned by a ginner who has agreed to use approved materials--* • be wrapped in approved materials • indicate an approved tare weight. Please contact this office if you have any questions regarding the enclosed agreement or use of the JCIBPC specifications. Sincerely, County Executive Director Enclosures 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, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity providers and employer.

72 **Bagging and Tie Requirements Agreement Using CCC-809****A Example of CCC-809**

County Offices will 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**

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.

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 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.**

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 ginner 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, marital status, 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) 720-8590 (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) 877-5339 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 Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.

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

Note: See 2-CP, Part 3 for fully reported acreage requirements. Producers are not responsible for tracts in which they have no interest, if not rented or owned by the specific producer.

- completed AD-1026, according to 6-CP, for producer and all affiliated persons
- completed CCC-902 according to 5-PL or 6-PL as applicable

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 years 2014-2018 market loan gains and LDP's. In addition, COC must make the following determinations:

* * *

- member contribution
- foreign person rule.
- completed CCC-941 for producer and all interest holders in a legal entity according to 5-PL or 6-PL as applicable

100 Determining Producer Eligibility (Continued)**A Basic Requirements (Continued)**

- certify compliance with:
 - controlled substance
 - delinquent debt
 - fraud, including FDIC fraud.

B Beneficial Interest

[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 will:

- 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.

Section 2 Cotton Eligibility

118 Eligibility Requirements

A Separate Commodities

Upland and ELS cotton are considered separate commodities. Compliance with eligibility requirements for 1 kind of cotton will **not** be affected by the producer's noncompliance with respect to the other kind of cotton.

Note: ELS cotton is **not** eligible for LDP.

B Basic Requirements

[7 CFR 1427.1(c)] [7 CFR 1427.5(b)] The upland or ELS cotton, both ginned and seed cotton **must** be:

- produced by the eligible producer who tenders it for loan
- produced in the United States in the current crop year
- in existence and in good condition
- insured at the full loan value against loss or fire damage
- produced on a farm for which total cropland acreage has been reported on FSA-578.

The cotton **must not** have been sold, purchased, or formerly placed under CCC loan and redeemed. The producer must have maintained continual BI in the cotton. BI, once lost, cannot be reestablished.

In addition, cotton is **not** eligible for loan or another LDP if LDP has been paid on this cotton.

Note: Producers **cannot** repay LDP's to cause the cotton to be eligible for a loan or a subsequent LDP.

C ELS Cotton

To be eligible for loan, ELS cotton **must** be:

- *--a variety or first-generation hybrid of the Barbados species of cotton--*
- except for seed cotton, ginned on a roller gin.

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 will:

- 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.

119 Eligible Quantity (Continued)**C Questionable or Commingled Production**

For quantity offered for loan or LDP that exceeds COC maximum established yield by:

- up to 10 percent:
 - producer will provide a statement of reasonableness considering for things, such as farming practices and prior year's production
 - CED will make a determination to approve or deny the requested based on his/her knowledge and current yields in the area

Notes: Approvals **must** be documented in the loan or LDP file.

Denials will automatically be referred to COC.

- more than 10 percent:
 - producer will provide a statement of reasonableness considering for things, such as farming practices and prior year's production
 - COC will make a determination to approve or deny the requested based on his/her knowledge and current yields in the area.

***--Notes:** The decision **must** be documented in the loan or LDP file and recorded in--* the COC minutes. Statement of reasonableness from producer will be attached to applicable CCC Cotton A-5 or CCC-633 EZ.

If COC denies the request, send the 8-LP, Exhibit 11, subparagraph L letter to the producer. The letter will be revised to meet the specific circumstances and provide the producer appeal rights.

Using yields from other producers' farms is not permitted.

All yield approvals and justification for approvals will be documented in the file and include the CED or COC chairperson's signature and date, as follows:

- for loans, on the CCC Cotton A-5
- for LDP's, on the CCC-633 EZ, Page 3, Item 56.

D COC May Not Delegate Yield Determination

COC may **not** delegate authority to approve quantities submitted for loan or LDP that exceed 10 percent of 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.

Part 3 Loans for Ginned Cotton

Section 1 Loan Requirements

160 Regular Loans

A General

This part covers the following day-to-day operations of County Offices that are required before making and disbursing a cotton loan payment:

- source of loan
- loan availability
- disbursements
- bankruptcy cases
- liens
- interest rates.

B Basic Program Provisions

Included in this part are the basic provisions applicable to specific types of loans, such as:

- warehouse receipt requirements
- determining loan rates
- acceptable classification data
- maturity dates.

161 Source of Loans

A Cotton Loans

[7 CFR 1427.6] Eligible producers may obtain cotton loans (and LDP's) **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 LSA, according to 1-CMA [7 CFR 1427.5(a) and 1427.6]
- an approved CMA, according to 1-CMA. [7 CFR 1427.5(a)]--*

Any county Office can accept LDP and MAL applications, but County Offices that are **not** the Administrative County for a multi-county producer **must** send loan, LDP, module lock-in, and other such requests to the Administrative County for processing.

Notes: The producer may obtain loans by having an email sent to the County Offices with cotton bale data prepared by a private entity according to paragraph 167.

CMA's may obtain loans for their eligible producers. [7 CFR 1427.4(e)]

164 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 will:

- 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
 - 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 5 C on CCC-679. If item 5 (a) or (b) is checked, advise the producer that the loan will **not** be approved or disbursed.

164 Statement of Charges Attached to Warehouse Receipts (Continued)

B Handling as an Offset

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

County Offices will 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 (c), 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 will be handled as an offset for an alternate payee.

See subparagraph 124 E for an example of CCC-679.

183 Compression Status

A Definition of Compression Status

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

B Valid Compression Codes

The following table lists valid compression codes when processing cotton loans through:

- CLPS
- COPS.

Valid CLPS Code	Valid Cotton PC Code	Code Explanation
Current Production Compression Codes		
GU	5	Gin Universal Density Bales
M	2	Modified Flat Bales
Discontinued Compression Codes		
F	1	Flat Uncompressed Bales
GH	4	Gin High Density Bales
GS	3	Gin Standard Density Bales
SD	7	Standard Density Bales
SS	8	Standard Density Short Bales
SU	9	Universal Density Short Bales
WU	6	Warehouse Universal Density Bales

Note: Only bales with a compression code of * * * 5 are eligible for MALs and LDPs. Bale data transmitted using discontinued codes will be rejected.

C Loan Eligibility

Virtually all bales are produced based on universal density compression. A universal density bale measures 55 inches (height) by 21 inches (diameter) by 28 inches (width) and is compressed to 28 pounds per cubic foot.

EWR's submitted for loan **must** indicate a compression code of “5” to be eligible for loan. Modified flat bales (compression code 2) are **not** eligible for loan or LDP.

184 Producers' Loan Shares

A Loan Shares

For loans involving multiple producers, individual producer loan shares **must** be consistent in terms of reasonableness with the shares and acres reported on FSA-578.

For more information on:

- acreage reporting and the FSA-578 process, see 2-CP
- questionable or commingled production, see subparagraph 119 B
- recording producer shares during regular loan processing in CLPS, see 16-PS for additional instructions.

188 Using CCC-Cotton A, Producer's Note and Security Agreement**A Description**

[7 CFR 1427.1(a)] [7 CFR 1427.2(f)] CCC-Cotton A is a computer-generated form printed during the CLPS loanmaking procedure used to obtain a producer's certification with the note and security agreement.

Note: If there are more than 3 producers' signatures required or if there are more payees than is allowed to be printed on CCC-Cotton A, page 1, additional signature lines will automatically be printed on a continuing page.

--See Exhibit 23 for an example of CCC-Cotton A and CCC-Cotton A Continuation.--

B Custody

[7 CFR 1427.17] File original copy of CCC-Cotton A in the loan folder with the warehouse receipts and other original loan documents in a locked, fireproof file.

C Distribution

Distribute CCC-Cotton A as follows:

- file the original in locked, fireproof files
- file the County Office copy in the producer's loan folder
- give the producer 1 copy, along with CCC-601 (Exhibit 15).

189 Using CCC-Cotton A-1, Schedule of Pledged Cotton

A Description

The following is an example of CCC-Cotton A-1, a computer-generated form printed during the CLPS loanmaking procedure.

[illegible]

Section 3 Loan Repayments, Ginned Cotton

197 Basic Provisions and Documentation Requirements for Redemptions

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 these loans **cannot** be repaid at AWP.

Note: Repayment of a loan open after maturity must be authorized by the National Office.

197 Basic Provisions and Documentation Requirements for Redemptions (Continued)**B ELS Cotton**

*--[7 CFR 1427.19(c)(2)] Beginning July 4, 2025, with the passage of the Working Families Tax Cut Act, a producer may repay the loan amount for 1 or more bales of ELS cotton pledged as collateral for a loan at a level that is the lesser of the following:

- loan principal, plus interest, plus any charges determined for these bales
- AWP, as determined by CCC and in effect on the day the repayment is received in the County Office, adjusted for location and quality, multiplied times the net bale weight.--*

C Payment Limitation Provisions

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

D CCC-697 Not Authorized for Cotton

The repayment rate for nonrecourse cotton loan collateral **cannot** be “locked-in” using CCC-697.

201 Commodity Certificate Exchanges (CCE)**A Commodity Certificate Exchange (CCE) Authorization**

The Consolidated Appropriations Act, Section 740, 2016, amended Section 166 of the Federal Agriculture Improvement and Reform Act of 1996. Beginning with the 2015 crop year MAL's, the Secretary will provide commodity certificates in the same terms and condition as were in effect for the 2008 crop year for loans.

Note: Commodity certificates are not applicable to crop years 2010 through 2014.

B CCE General Policies and Provisions

CCE's:

- can be used for:
 - redemptions of cotton under a non-recourse loan that have not reached maturity
 - immediate redemption on requested loans, also known as turn-around loans
- have the same producer eligibility requirements as a MAL disbursement in subparagraph 100 A, and Exhibit 22

* * *

- apply to ginned * * * cotton represented by a warehouse receipt for which CCC is the holder in which commodity is first placed under a nonrecourse MAL
- expire immediately upon exchange of the outstanding loan collateral
- *--are calculated using the exchange rate based on the lesser of:
 - the loan rate and charges, plus interest applicable to the loan
 - the AWP for upland or ELS cotton as determined by CCC--*
 - 1-day of storage credit for immediate turn-around loans, if applicable.

201 Commodity Certificate Exchange (CCE) (Continued)

B CCE General Policies and Provisions (Continued)

Commodity certificates are **not** issued for any of the following:

- exchange with collateral of any low-grade UP cotton loan for which the repayment rate calculates as a negative
- exchange with collateral of seed cotton loans

* * *

- CCC-owned inventory.

Commodity loan gains from CCE's are:

- **not** subject to:
 - payment limitation
 - AGI provisions
 - actively engaged, member contribution and cash rent tenant provisions.
- reported to IRS on a IRS 1099-G statement.

Loan collateral exchanged for a commodity certificate:

- **must** meet MAL eligibility requirements and retain Beneficial Interest
- is **not** eligible to be repledged.

Turn-around loan is a special designation for a loan that is requested, approved for disbursement, and exchanged with a commodity certificate purchased the same day provided the loan rate exceeds the applicable AWP. A producer requesting a turn-around loan **must**:

- meet MAL eligibility requirements and retain Beneficial Interest
- request a turn-around loan by the final loan availability date **May 31** following the year the crop was planted.

Notes: Turn-around loans **cannot** be requested by a producer's agent designated on CCC-605.

CCC does **not** need to be made holder of the bales for turn-around loans. Lien searches and UCC-1 filings are **not** required for turn-around loans. See 16-PS to complete a turn-around loan request.

201 Commodity Certificate Exchange (CCE) (Continued)**C Eligibility Requirements**

Eligible producers **must**:

- have an outstanding non-recourse commodity loan, not past maturity
- submit a signed CCC-694-2 to the County Office on the day of redemption
- immediately exchange commodity certificate for loan collateral
- for turn-around loans:
 - meet MAL eligibility requirements and retain BI
 - request the loan by the final loan availability date.

Eligible * * * cotton **must**:

- be produced in the U.S. by an eligible producer for the current crop year
- *--not be previously pledged for LDP, if upland cotton.--*

Exception: Gin-direct LDP applications may be revised or terminated, provided **none** of the cotton covered by the LDP application has been ginned, according to subparagraphs 303 F and G.

* * *

D Purpose and Use of CCC-694-2

CCC-694-2 is the acknowledgement of the commodity certificate purchase by the producer/producer's agent.

A separate CCC-694-2 **must** be completed and filed in the producer's loan folder for **each loan** being exchanged at one time for the same producer if one of the following CCE options are selected:

- Turn-around Loan
- Commodity Certificate Purchase.

County Offices will follow procedure in 16-PS to process and complete CCE's in CLPS.

201 Commodity Certificate Exchange (CCE) (Continued)

E CCE for Producer Agent Not Present to Sign CCC-694-2

Use the following alternative when a producer's agent is not present to sign CCC-694-2:

- the producer's designated agent completes CCC-605, Part E
- the designated agent provides FSA with CCC-605, CCC-605-1 signed and dated by the producer or his agent **and** is on file with the FSA office before CCE is requested.

202 Estimating * * * Cotton Loan Repayments

A When to Estimate Repayments

County Offices may estimate * * * cotton loan repayments when the:

- system is not available
- workload in the County Office will **not** permit loan repayment processing when repayment is requested.

B Using Average Bale Weights

County Offices may estimate loan repayment amounts for cash redemptions by multiplying the national average bale weight of 500 pounds times the number of bales being redeemed times the lesser of the following:

- AWP
- highest loan rate applicable to the loan, plus applicable interest.

C Example Repayment Value Calculation

Estimated loan repayment value is equal to the national AWP, times the average bale weight, times the number of bales being redeemed.

Example: This example is for 10 bales of cotton.

$$\text{AWP} = \$0.4380$$

$$\text{Bale Weight} = 500 \text{ pounds}$$

$$\$0.4380 \times 500 \text{ lbs.} = \$219.00 \times 10 = \$2,190.00.$$

202 Estimating * * * Cotton Loan Repayments (Continued)**D Using Producer or Agent Supplied Repayment Data**

If a producer or, if applicable, an agent provides bale repayment data and the data is determined reasonable by the County Office, the County Office may use the data.

The data **must** show, at a minimum, the following for all bales being redeemed:

- actual individual bale repayment amount
- total repayment amount.

Note: If the data does **not** meet the minimum requirement, estimate the repayment using average bale weights according to subparagraph C.

E Entering Repayment Into CLPS

County Offices will, as soon as possible, process the repayment transaction through CLPS according to 16-PS but no later than 5 days once the systems are available.

Note: EWR's cannot be released until a repayment transaction has been recorded in CLPS.

203 (Reserved)

209 Wire Transfer Repayments (Continued)

C Completing CCC-258

County Offices will complete CCC-258 according to the following table.

Item	Instructions
1	This item is completed at the option of the bank and is not required by CCC.
2	No entry necessary. This item notifies the payer that interest is calculated to the date entered in item 3.
3	Enter repayment date requested by the payer. The wire transfer of funds must occur no later than the requested repayment date for the transfer of funds to be sufficient to repay the loan. If the date is not specified by the payer, the County Office will enter the date corresponding to the amount entered in item 8.
4	This item is preprinted and is the bank's routing number for the FSA account. No entry necessary.
5	This item is completed at the option of the bank for informational purposes and is not required by CCC.
6	This item is completed by the bank.
7	This item is completed by the bank.
8	The County Office will compute the repayment amount to the date entered in item 3 and enter the estimated payment amount required from the payer. Although this amount may be used for the transfer of funds, the final loan repayment amount applied is the amount determined by CCC.
9	This item is completed by the bank.
10	This item is preprinted. No entry is necessary.
11	This item contains a preprinted alpha/numeric code. County Offices will enter the following: • "1" to show the type of payment, followed by "/" • State and county code and check digit, followed by "/" Note: County Offices will contact their State Office for assistance, if needed. • "SCH#" and the 4-digit log number between "9001" and "9998", which is from the county log of wire transfer numbers maintained according to 64-FI, subparagraph 62, followed by "/" Example: BNF = /AC 00004994 OBI = CCC/1/SSCCCX/SCH#XXXX/.

210 Release of Warehouse Receipts**A Policy**

When a cotton loan is repaid with cash, the warehouse receipts for the collateral are released to:

- the producer or other entity authorized by the producer to repay the loan
- another entity, if specified by the entity providing the loan repayment.

B Releasing Receipts Based on Estimated Repayment Amounts

Bales may be released based on estimated repayment value if the remittance for the repayment is equal to or exceeds an amount based on either of the following:

- average bale weights, according to subparagraph 202 B
- producer or agent-supplied repayment data, according to subparagraph 202 D.

If the remittance is **not** sufficient to redeem all of the bales requested, County Offices will:

- only redeem bales for which sufficient payment is received
- advise the person redeeming the cotton:
 - of additional amount required to redeem the additional bales requested
 - that the warehouse receipts for the additional bales will **not** be released unless the additional amount is received
 - any amount in excess required to redeem the released bales will be refunded.

211 Transferred Loan Collateral (Continued)**D County Office Action (Continued)**

- Process any corrections, violations, or EAD updates on transfer bales only **after** the transfer is completed. Producers retain BI for transfer bales and may cancel agent authorizations in writing; similarly, merchants may establish subsequent agents for bales after transfers occur.
- Reject any requests for cash redemptions submitted to the County Office for transferred bales either before or after the transfer is completed. Transferred bales are both repaid and released only by the CCR process. However, if for any reason the planned transfer of a bale is cancelled before shipping (meaning that the bale is still represented by the original EWR at the original location) this bale can be redeemed at the County Office.

E Terminated and Cancelled Transfers

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

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

Requests to terminate or cancel a transfer must be submitted in writing to the National Office by e-mail to **MAL.LDP@usda.gov**.

F Merchant Requests for Redeeming Transfer Bales

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

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

211 Transferred Loan Collateral (Continued)

F Merchant Requests for Redeeming Transfer Bales (Continued)

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

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

G Repayment of Lost/Rejected Transfer Bales

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

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

H Producer Charges Associated With Forfeitures of Transferred Cotton

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

The charges billed to the producer would be limited to:

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

--212 Loan Optimization Window for Refund (LOW 30)*A LOW 30**

For upland cotton redemptions, in the event a lower AWP is announced within 30 days immediately following the loan redemption, a refund will be provided to the producer in an amount equal to the difference between the lowest prevailing AWP and repayment rate in effect on the date of the repayment.

FSA will calculate the 30-day refund amount and batch payments for disbursement. For tax purposes, the payment occurs after collateral has been redeemed, is based on the acquisition value of the bales, and is considered a “benefit” rather than a true “refund”.

Note: LOW 30 payments will be calculated for all applicable loan redemptions beginning July 4, 2025, with the passage of the Working Families Tax Cut Act, 2025.

B Eligibility for LOW 30

LOW 30 will be automatically calculated and applied to all applicable upland cotton redemptions of marketing assistance loans for producers eligible to receive market loan gains.

Producers of loaned upland cotton must meet all eligibility requirements according to Part 2 to receive a subsequent LOW 30 payment.

For members of approved CMA’s and LSA’s, all eligibility discrepancies must be resolved before redemption. In the event eligibility is not resolved, a forced principal plus interest repayment will be required and any applicable LOW 30 will be forfeited.

Note: Loan redemptions involving CCE’s for producers who do not meet AGI are eligible for LOW 30 payments.

For LOW 30 payments applicable to loan redemptions, the term “producer” applies to the remitter or redeemer of the marketing assistance loan.

C Issuance of LOW 30 Payments

LOW 30 payments will be issued at a frequency determined by CCC, but no less than 30 days from the original redemption date. County Offices will receive notification of applicable payments to be certified and signed in NPS.--*

213-214 (Reserved)

Section 4 Loan Redemptions Using CCR**215 Redeeming Loans Using CCR****A General Information**

CCR is a web-based system that:

- provides a centralized process for merchants to redeem upland cotton loans disbursed by County Offices
- allows receipts from multiple loans and multiple counties to be redeemed in a single transaction
- uses EAD established based on a producer-signed CCC-605
- performs all calculation, collection, and release functions for cotton loans redeemed using CCR
- allows repayment either by:
 - *--CCE when the AWP is less than the national loan rate--*
 - * * * the principal plus interest repayment when AWP is equal to or greater than the national loan rate
- releases receipts automatically to the merchant once funds have been received and posted to COPS.

215 Redeeming Loans Using CCR (Continued)**B CCR Requirements**

To be a valid CCR redemption request, each EWR **must**:

- *--be under a loan with CCC as the holder--*
- **not** be in forfeiture status
- **not** be in a pending status for another CCR request
- be a valid EWR reflecting CCC as the current holder
- **not** have any COPS errors
- contain EAD holder ID that matches the COPS record.

The requested repayment date **must** be within the current AWP period of Friday through Thursday.

The storage credit will be calculated up to the applicable due date or repayment date plus 2 calendar days for certificate exchanges regardless of the date the bales are released.

The CCR invoice is valid for 21 calendar days, but may be canceled by the merchant any time before payment is submitted.

215 Redeeming Loans Using CCR (Continued)

B CCR Requirements (Continued)

CCR will accept a repayment:

- **earlier** than the requested repayment date based on the amount due on the requested repayment date. Bales will be automatically released the later of:
 - date payment is processed
 - original due date
- **later** than the due date, but before the invoice expires. The repayment amount will be recalculated based on:
 - repayment rate in effect on the date of the wire transfer
 - a storage credit up to the wire date plus 2 days for certificate exchanges.

If insufficient funds are received:

- only bales for which funds are sufficient will be redeemed
- a new request will be required for remaining bales.

If overpayment is received, CCC will provide a refund by direct deposit to the merchant's account.

C Merchant Action

To use CCR, a merchant **must**:

- register to use COPS at [COPS: Cotton Online Processing System \(COPS\) Welcome Page \(usda.gov\)](https://www.usda.gov/cops)
- obtain producer signature on CCC-605
- coordinate with the EWR provider to make merchant the EAD holder for bales that are being redeemed
- electronically transmit to:
 - CCC a redemption request to the CCR system
 - CCC the requested repayment date
 - CCC a list identifying the receipts to be redeemed
 - FRB funds according to invoice instructions.

215 Redeeming Loans Using CCR (Continued)**D County Office Action**

County Offices will:

- review Exhibit 17 that provides a sequence of events for CCR's
- receive e-mail that CCR has been initiated for a loan
- download CCR repayment file
- liquidate loan in CLPS, which completes the CCR process
- provide copies of CCC-500M to the producer
- file CCC-500M 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 216 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.

Part 5 Seed Cotton Loans**Section 1 Basic Policy****255 Loan Availability and Maturity Dates****A Source of Authority**

[7 CFR 1427 Part D] Eligible producers of seed cotton may obtain a recourse seed cotton loan at the County Office that keeps the records for the farm. Ginners **must** be approved according to paragraph 73.

*--**Note:** Producers who are members of CMA's and LSA's may obtain seed cotton loans through the associated Alternate Delivery Partner.--*

B Availability Period

[7 CFR 1427.169(a)] Recourse cotton seed loans are available from the beginning of harvest through March 31 of the calendar year after the calendar year in which the crop was planted.

Note: When the final availability date falls on a nonworkday, the final date will be extended to the next workday.

C Ability to Change Availability Dates

Loan availability dates may be changed to conform to State or local quarantine regulations by STC.

D Maturity Date

[7 CFR 1427.174] Loans are due:

- on May 31 of the year after the calendar year the crop was planted
- before May 31, if CCC demands payment to conform to State or local quarantine regulations or for other reasons.

255 Loan Availability and Maturity Dates (Continued)**E Repayment**

All loans **must** be repaid at principal plus interest by the date specified in subparagraph D.

F Notification of Producer's CMA or LSA

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

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

A copy of any notification to the CMA/LSA will be retained in the loan file.

Part 6 LDP's**Section 1 Basic Requirements****286 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 Administrative County Office 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 1-CMA **[7 CFR 1427.5(a) and 1427.6]**.--*

Multi-county producers may request LDP's in any county in which they have a farming interest. The LDP must be approved by the administrative County Office.

287 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 the 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 signed and submitted before BI was lost
- the producer must file CCC-941 by the final availability date.

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

Cotton remains eligible for loan and for repayment at principal plus interest or CCE if LDP has been requested on the cotton, but the LDP was denied because of either:

- adjusted gross income provisions
- payment limitation provisions
- actively engaged, member contribution and cash rent tenant provisions.

C Payment Limitation Provisions

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

Cotton denied LDP because of adjusted gross income provisions or payment limitation provisions, the cotton is eligible for loan through the final loan availability date as long as all other eligibility requirements, including BI, are met.

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

- repaid at principal plus interest
- delivery of collateral to CCC
- Repaid at reduced rate with commodity certificate exchange.

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

289 Completing CCC-633 EZ (Continued)

D Example of CCC-633 EZ (Continued)

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

CCC-633 EZ Continuation (05-21-19)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		Page of	
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 No:					
Enter a Check by the Appropriate Part to Indicate which Section this Form Applies.					
☐ PART C - PRODUCER CERTIFICATION (CCC-633 EZ Page 1) (Continuation)					
5A. Producer's Signature (By)	5B. Title/Relationship (Individual Signing in a representative capacity)	5C. Date (MM-DD-YYYY)	5A. Producer's Signature (By)	5B. Title/Relationship (Individual Signing in a representative capacity)	5C. Date (MM-DD-YYYY)
☐ PART F - PRODUCER CERTIFICATION (CCC-633 EZ Page 2) (Continuation for LDP Request)					
24A. Producer's Signature (By)	24B. Title/Relationship (Individual Signing in a representative capacity)	25. Share %	26. Date (MM-DD-YYYY)	24A. Producer's Signature (By)	24B. Title/Relationship (Individual Signing in a representative capacity)
☐ PART J - PRODUCER CERTIFICATION (CCC-633 EZ Page 3) (Continuation for Cotton LDP Request)					
45A. Producer's Signature (By)	45B. Title/Relationship (Individual Signing in a representative capacity)	46. Share %	47. Date (MM-DD-YYYY)	45A. Producer's Signature (By)	45B. Title/Relationship (Individual Signing in a representative capacity)
☐ PART P - PRODUCER CERTIFICATION (CCC-633 EZ Page 4) (Continuation for Wool, Mohair, or Unshorn Pelt LDP Request)					
83A. Producer's Signature (By)	83B. Title/Relationship (Individual Signing in a representative capacity)	84. Share %	85. Date (MM-DD-YYYY)	83A. Producer's Signature (By)	83B. Title/Relationship (Individual Signing in a representative capacity)

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

290 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 an application is received which includes all required signatures and the gin module/trailer numbers	producer has BI.
Gin-direct.	date of ginning	
Irrevocable post-ginning.	date an application is received which includes all required signatures and the bale list (electronic file or paper list)	
Lost BI before application.	the date BI was lost based upon the date on the sales document or invoice	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 a request is submitted with all required signatures **and** gin module/trailer numbers. 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 304 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 303. These requests are allowed to be revised or terminated under certain circumstances. See subparagraphs 303 F and G. Producer must enter farm number and number of bales in Item 39.
- **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 AWP/LDP rate is the rate that is effective on the date the bale list is provided, if it is **not** submitted at the same time as a signed Page 3. These LDP requests once submitted, cannot be revised or cancelled. See subparagraph 304 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 a sales document or invoice to determine the date BI was lost on the applicable quantity.

308 Preprocessed Bale Data**A Overview**

All LDP's will be based on data stored in COPS to reduce the occurrence of duplicate benefits and data errors before the LDP is disbursed. Bales requested for LDP benefit will be submitted either using an electronic bale file or manual entry in the LDP system. See 19-PS for processing LDP requests.

Because each bale is identified by a unique PBI number, LDP's **must** be formatted using the "extended" format as provided in Exhibit 13.

Although **not** required, EWR's will be used for LDP's when the data is available in COPS.

B Data Received by Electronic File

Preprocessed data can be accepted by electronic file or e-mail. County Offices will print and retain these listings in the loan folder using the table in subparagraph 167 B.

See paragraph 317 to process cotton bale data received electronically. Any electronic file should be saved in the cotton EWR folder.

308 Preprocessed Bale Data (Continued)**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.

This step ensures that CCC is acting upon a request that has been validated by the producer so that benefits are **not** mistakenly provided based on an erroneous bale list.

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.

***--309 Loan Optimization Window for Refund (LOW 30) for LDP's**

A LOW 30 for LDP

In the event the AWP used to calculate the original LDP decreases within 30 calendar days of the rate being applied, CCC will issue an additional payment to the producer in an amount equal to the difference between the lowest prevailing AWP and repayment rate in effect on the date of the LDP.

Note: LOW 30 for LDP payments will be calculated for all applicable LDP's disbursed beginning July 4, 2025, with the passage of the Working Families Tax Cut Act, 2025.

B Eligibility LOW 30 for LDP

LOW 30 will be automatically calculated and applied to all applicable upland cotton LDP's approved for producers eligible to receive loan deficiency payments.

In no case will a LOW 30 for LDP occur unless a previously approved LDP exists.

For members of approved CMA's and LSA's, all eligibility discrepancies must be resolved before request. In the event eligibility is not resolved, the LDP will be denied and any applicable LOW 30 will be forfeited.

For LOW 30 payments applicable to LDP's, the term producer applies to the producer for whom the application has been requested.--*

310-325 (Reserved)

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

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
BI	beneficial interest	Text
CCA	coarse count adjustment	Text
CCE	Commodity Certificate Exchange	200, 201, 215, 287,
CCR	Centralized Cotton Redemption	Text, Ex. 17, 21
CLPS	Commodity Loan Processing System	Text, EX. 17
CMB	Commodity Management Branch, WCMD, AMS	10
COPS	Cotton Online Processing System	Text, Ex. 17, 21
CSA	Cotton Storage Agreement	121, 208, 222, Ex. 18
EAD	Electronic Agent Designation	Text, Ex. 17, 21
FCA	fine count adjustment	22, 26, 197, 201, 293
GPR	graduated payment reduction	32
HVI	high volume instrument	Ex. 12
ISD	FPAC Business Center Information Solutions Division	10
JCIBPC	Joint Cotton Industry Bale Packaging Committee	4, 14, 70-74, 76, 125, Ex. 2
LOW30	Loan Optimization Window for Refund	212
LPAS	Loan and LDP Program Administration System	9, 186
LSCB	License & Storage Contract Branch, WCMD, AMS	10, 11, 47, 57, 121
PDD	Program Delivery Division	9
MLG	market loan gain	42, 43, Ex. 22
PBI	permanent bale identifier	308, Ex. 12
REFREP	Refund Repayment	218
RQMS	Reasonable Quantity Management System	9, 186, 287
WCMD	Warehouse & Commodity Management Division, AMS	10, 11, 47, 57, 121, 211

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

Redelegation of authority is provided in paragraph 14.

Redelegation	Reference
CED may redelegate, in writing, the authority to approve all forms and documents prepared according to this handbook, except those in which the person approving has a monetary interest. Exceptions: Only CED will approve loans for: • 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

Approved gin means a gin that is approved by CCC. See subparagraph 4 A for a link to the Cotton Board Gin List.

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.

Definitions of Terms Used in This Handbook (Continued)**Bagging and Ties**

Bagging and ties means wrapping materials as approved by the JCIBPC used to secure a bale of cotton.

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.

Color Group

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

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

Commodity Loan Gain

--Commodity Loan Gain means the difference between the loan principal amount and the adjusted world price (AWP)-value of a commodity certificate used to exchange the loan collateral.--

Commodity Loan Processing System (CLPS)

Commodity Loan Processing System (CLPS) means the automated system for processing CCC commodity marketing assistance loans.

Definitions of Terms Used in This Handbook (Continued)**Compression Charges**

Compression Charges means miscellaneous warehouse charges.

Compression Status

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

Cotton

--[7 CFR 1427.3] Cotton means upland cotton and extra-long staple cotton meeting the definition in the definitions of “upland cotton” and “extra-long staple (ELS) cotton” in this exhibit, respectively, and excludes cotton not meeting those 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.

Cotton Clerk

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

Cotton Online Processing System (COPS)

COPS means CCC’s system for processing cotton management operations.

Date Documents Received

Date documents received (entered on CCC Cotton A-5, item 8) means the later of the following dates that CCC received any of the following documents required for the loan:

- receipt of a signed CCC Cotton A-5 and all other required documents listed in subparagraph 181 B
- 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.

Debarred

Debarred means prohibited from doing business with CCC.

Definitions of Terms Used in This Handbook (Continued)

Delinquent Debt Status

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

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

Note: FLM's are responsible for informing County Office personnel of any FLP delinquent debts, as applicable.

*--Electronic Agent Designation

Electronic Agent Designation is an electronic record that:

- (1) Designates the entity authorized by a producer to redeem all of the cotton pledged as collateral for a specific loan;
- (2) Is maintained by providers of electronic warehouse receipts; and
- (3) A producer may authorize CCC to use as the basis for the redemption and release of loan collateral.--*

Electronic Warehouse Receipt (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.

Note: 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.

Eligible Cotton

Eligible cotton means upland and ELS cotton that:

- was produced by an eligible producer in the U.S. in the current crop year
- meets eligibility requirements.

Definitions of Terms Used in This Handbook (Continued)

Eligible Producer

Eligible producer means a person or legal entity that:

- has complied with annual program requirements including:
 - reporting acreage for applicable crops according to 2-CP
 - completing AD-1026 according to 6-CP
 - CCC-941 according to 5-PL or 6-PL
 - completing applicable 902 according to 5-PL or 6-PL for both loans and LDP's

Notes: CCC-902 is required for foreign person determination on both loans and LDP's.
See subparagraph 181 B.

CCC-941 is required for LDP's and cash redemptions at the AWP which result in a market loan gain, but is not required for an MAL disbursement.

- has a beneficial interest in the eligible commodity for which a loan or LDP is requested
- shares in the risk of producing the applicable commodity.

The person or legal entity may be any of the following:

- landowner
- landlord or waterlord
- tenant
- sharecropper.

*--Extra-Long Staple (ELS) Cotton

[7 CFR 1427.3] Extra-long staple (ELS) cotton means cotton that is produced in the United States and is ginned on a roller gin and includes any of the following varieties:

- (1) American-Pima;
- (2) All other varieties of the *Gossypium barbadense* species of cotton; and
- (3) Any other variety of cotton, including first generation (F1) hybrids, in which one or more of these *barbadense* varieties predominate.--*

Definitions of Terms Used in This Handbook (Continued)**File Sequence Number**

File sequence number means an assigned 8-digit alphanumeric number used to identify each separate loan or LDP.

Impress Signature

Impress signature means a signature that is stamped, embossed, or a mechanically-reproduced signature.

Joint Cotton Industry Bale Packing Committee (JCIBPC)

JCIBPC means the committee, selected by the industry that approves and publishes the bale packaging specifications that are acceptable to industry for each crop cotton. To be eligible for loan, CCC requires cotton to be wrapped in materials that meet the specifications approved and published by JCIBPC.

--Loan Deficiency Payment (LDP)--

LDP means a payment made to a producer who, although eligible to obtain a CCC commodity loan, agrees to forgo the loan in return for a payment on the eligible commodity.

LDP Amount

LDP amount means the difference between the county loan rate and CCC-determined value for the applicable commodity or class of commodity times the eligible quantity.

Lint Cotton

[7 CFR 1427.3] Lint cotton means cotton that has passed through the ginning process.

Lint Turnout Factor

Lint turnout factor means the percentage of lint cotton in a lot of seed cotton.

Loan Commodity

Loan commodity means authorized commodity eligible for CCC loan, which includes baled upland and ELS cotton, and seed-cotton.

Loan Servicing Agent

[7 CFR 1427.3] Loan servicing agent means a legal entity that enters into a written agreement with CCC to act as a loan servicing agent for CCC in making and servicing CCC-Cotton A cotton loans and performing other duties which are specifically prescribed by CCC.

Definitions of Terms Used in This Handbook (Continued)

Market Loan Gain

Market loan gain means the difference between the loan principal amount and the AWP bale value when redeemed with cash.

Mixed-Packed Cotton

Mixed-packed cotton means cotton in a bale that is assigned a special condition code by AMS indicating a mixture of upland and pima growth types.

Option to Purchase

Option to purchase means an agreement allowing the buyer, at the buyer's option, to enter into a contract at a later date to buy a commodity. The option to purchase does **not** give the buyer any interest in the commodity and expires at a specified time.

Overdisbursement

Overdisbursement means the amount of price support loan received by a producer exceeds the amount the producer is entitled to receive.

Overpayment

Overpayment means the amount of LDP received by a producer exceeds the amount the producer is entitled to receive.

Preparation Codes

Preparation codes indicate:

- who prepared the documents required for the loan
- the method by which the documents were prepared.

Provider

A provider is an individual or entity that has a provider agreement with CCC, maintains EWR's in a central filing system, in a format meeting loan program requirements that can be downloaded for MAL or LDP.

Recourse Loan on Seed Cotton

Recourse loan on seed cotton means a loan that **must** be settled by the maturity date of the loan. CCC will **not** accept the seed cotton to settle the loan.

Definitions of Terms Used in This Handbook (Continued)**Reginned Cotton**

Reginned cotton means cotton that, after baling, has been opened for cleaning or any other processing through machinery and then rebaled.

Repacked Cotton

Repacked cotton means cotton that is composed of factor's, brokers' or other samples, or of loose miscellaneous lots that have been collected and rebaled, or a bale composed of cotton from 2 or more smaller bales or parts of bales that are combined after the cotton leaves the gin. If the cotton was combined at the gin, it is **not** repacked and may be eligible for a loan or a joint loan, if owned by more than 1 eligible producer.

Seed Cotton

[7 CFR 1427.3] Seed cotton means cotton that has **not** passed through the ginning process.

Spot Check

Spot Check means to verify measurements, quantity, storability, and sanitary of loan collateral.

Tare Weight

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

Title to the cotton

Title to the cotton means a producer has not sold or delivered the cotton, including delivering warehouse receipts.

Upland Cotton

*--[7 CFR 1427.3] Upland cotton means planted and stub of the Gossypium species cotton that is produced in the United States and is ginned on either saw or roller gin and meets any of the following:

- (1) Is not a pure strain variety of the barbadense species or first generation (F1) hybrid thereof; or
- (2) Is not any other variety of cotton in which one or more of the barbadense varieties predominate.--*

Cotton Data File Format Requirements

1 General Requirements

A General Format Requirements

Cotton data submitted to the County Office must be formatted according to this exhibit.

General instructions for all cotton data files are in this paragraph. Additional instructions are in paragraphs 2 and 3 based on whether it is a loan or LDP request. The following table provides guidance on which cotton data file format will be used.

IF data is for...	THEN follow additional instructions in...
Loan	paragraph 2 or 3.
LDP	paragraph 2 only .

Note: Cotton data files for LDP **must** be submitted using the extended format in paragraph 2 this format includes the bale weights.

Cotton data files not properly formatted cannot be processed by the County Office and will be returned for corrections. For assistance with correct file formatting, contact either of the following:

•*--COPS.Support@usda.gov--*

- Paige Valdivia by either:
 - e-mail to **paige.valdivia@usda.gov**
 - telephone at 202-619-8565.

Cotton Data File Format Requirements (Continued)

1 General Requirements (Continued)

B File Naming Conventions

Format standards require that each cotton loan/LDP bale data file name consist of the following:

- 3-character “X” alphabetic prefix code that identifies the creating entity
- 5-digit “N” numeric file sequence number
- suffix, when applicable, that indicates the file contains EWR data.

The file name format will be:

- “XXXNNNNN”, for paragraph 2 submissions
- “XXXNNNNN.EWR”, for paragraph 3 submissions.

Effective with the 2001 crop, the first digit of the 5-digit file sequence number will be the last digit of the crop year. Each file sequence number is increased by 1 for each file created by the entity during the crop year.

Example: “Big Cotton Gin, Inc.” has a file prefix code “BCG”. Its files would be named as follows for the 2001 crop year:

- BCG10001 (first file created)
- BCG10002 (second file created).

C Requesting Entity Codes

Entities wanting to submit data under this process must contact Laura Schlote at laura.schlote@usda.gov to be assigned a unique 3-character entity code to be used as the file prefix.

CCC-Cotton A and CCC-Cotton A Continuation

The following is an example of CCC-Cotton A.

READ THE ENTIRE INSTRUMENT BEFORE SIGNING		
CCC-Cotton A (11-17-15)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
COTTON PRODUCER'S NOTE AND SECURITY AGREEMENT		
NOTE: <i>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 1427, 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 the cotton loan program through documentation of producer acknowledgement of, and agreement to, the terms and conditions of the note and 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- 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 the cotton loan program.</i> <i>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 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.</i>		
Name & Mailing Address of Contact Producer	Warehouse Code	St. & Co. Codes & Farm No. Where Produced
Loan No.:	Signed Documents Received:	Loan Amount: \$
Crop Year:	Documents Date:	Clerk Fee: \$
Commodity:	Disbursement Date:	Service Fee: \$
Gin Code:	Maturity Date:	Research and Promotion: \$
Prep Code:	Interest Rate:	% TOTAL DISBURSEMENT AMOUNT \$
No. Bales:	Gross Loan Amount: \$	
Loan Quantity:		
A. PRODUCER		B. PRODUCER SHARE
C. LOAN DISBURSEMENT PERCENTAGE:		
The terms and conditions of the Note and Security Agreement are set forth in this Form CCC-Cotton A, ("Note") and Form CCC-601, "Commodity Credit Corporation Note and Security Agreement Terms and Conditions," and any appendix thereto. By signing this Form CCC-Cotton A, each producer agrees to all terms and conditions specified in these forms and acknowledges receipt of Form CCC-601 and any appendix thereto. By signing this form, the producer agrees that: (1) the interest rate applicable to the loan will be determined in accordance with 7 CFR Part 1405 and will be the rate of interest charged by the U.S. Treasury, plus 1 percent, for funds borrowed by CCC on the date the loan proceeds are disbursed to each producer; and (2) the maturity date of the loan will be the last day of the 5th calendar month following the month in which such loan proceeds are disbursed. CCC may at any time accelerate the maturity date of this loan upon demand of payment. The loan disbursement date, actual interest rate, and maturity date for the loan may be obtained at the County FSA Office listed below. In the event that the producer authorizes and designates an agent on form CCC-605 to redeem all or a portion of the collateral for this loan, the producer authorizes CCC to: 1) release to the provider of electronic warehouse receipts the loan number, State and County Code, electronic redemption status, date of documents received, and date of disbursement of this loan; and 2) to accept and act upon the information contained on the CCC-605 received by telefacsimile, mail, or other means. The producer hereby sells, assigns, and mortgages, to CCC as collateral for the payment of this Note plus charges and interest, all of the commodity described in this Note and attached Form CCC-Cotton A-1, Schedule of Pledged Cotton, and Form CCC-Cotton A Continuation, if any, together with all authorized replacements, substitutions, additions, and accessions thereto, which is stored in this warehouse specified in this Note. For all bales of the loan specified in this Note that are represented by an electronic warehouse receipt (EWR), the undersigned producer hereby: 1) acknowledges having exclusive authority to authorize and designate an entity to transfer ownership of EWR's to the Commodity Credit Corporation (CCC); 2) authorizes the individual or entity that transfers ownership of EWR's to CCC for loan, in accordance with requirements of the EWR provider, to: (a) establish at the direction of the producer an Electronic Agent Designation (EAD) for the loan cotton as identified on CCC-605, Designation of Agent, and (b) identify the loan cotton eligible for electronic redemption; 3) agrees that the designated agent, or any subsequent agent, identified by form CCC-605 or by the agent held of the EWR is authorized to repay the CCC loan obligation of the cotton; 4) requests and authorizes CCC to accept repayment from, and release loan collateral of this note to, the individual or entity identified in the agent field of the EWR for the bales; 5) agrees to hold CCC harmless for any errors that may result from reliance on the information supplied by the producer, producer's agent, or subsequent agent through the EWR or otherwise; and, 6) acknowledges that this loan may be removed from the EAD redemption process by specific request to the FSA County Office that processed the loan (see question below).		
Are you or any co-applicant delinquent on any Federal non tax debt? (If YES, attach details to this form) YES ☐ NO ☐		
Do you agree that any agent you authorize to redeem this loan may use the automated EAD redemption process YES ☐ NO ☐		
Signature (By)	Title/Relationship of the Individual Signing in a Representative Capacity	Date (MM-DD-YYYY)
APPROVED FOR CCC BY	DATE (MM-DD-YYYY)	Name and Address of County FSA Office
Second Party Review By	Date (MM-DD-YYYY)	Telephone No.

CCC-Cotton A and CCC-Cotton A Continuation (Continued)

The following is an example of CCC-Cotton A Continuation.

[illegible]