# FSA
## HANDBOOK

# Marketing Assistance Loans and Loan Deficiency Payments for 2008 and Subsequent Crop Years

To access the transmittal page click on the short reference.

For State and County Offices

SHORT REFERENCE

8-LP
(Revision 2)

UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

**UNITED STATES DEPARTMENT OF AGRICULTURE**
Farm Service Agency
Washington, DC 20250

| **Marketing Assistance Loans and Loan Deficiency Payments for 2008 and Subsequent Crop Years 8-LP (Revision 2)** | **Amendment 8** |
|---|---|

**Approved:** Deputy Administrator, Farm Programs

## Amendment Transmittal

### A Reasons for Amendment

All references to the "2012" crop year, where applicable, have been updated throughout to "2013" because the American Taxpayer Relief Act of 2012 provided for a continuation of the MAL and LDP program for the 2013 crop year.

Subparagraphs 1 A, 225 C, 226 C, 1500 A, 1500 B, 1515 A and Exhibit 2 have been amended to add a note on the suspension of FY 2013 mohair MAL's and LDP's and cite the applicable authority.

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

- American Taxpayer Relief Act of 2012
- Continuing Appropriations Resolution, 2013.

Paragraph 3 has been amended to update the following:

- web site address for authorized Federal and non-Federal warehouses
- applicable web site addresses, along with additional instructions for assessing the specific sites
- site for wool LDP rates.

Paragraph 34 has been amended to update crop years.

Subparagraph 35 B has been amended to provide that County Offices shall process loans and LDP's expeditiously when all required documentation, information, and signatures have been received.

## A Reasons for Amendment (Continued)

Subparagraphs 35 B, 200 A, 501 D, 1000 B, 1000 H, and Exhibit 2 have been amended to include the applicable forms for the respective crop years required for AGI certifications.

Subparagraph 37 A has been amended to update instructions for accessing SORS.

Subparagraph 40 C has been amended to display the updated KC-232.

Subparagraphs 200 A and 201 A have been amended to clarify the requirement that all of a farms cropland must be reported to receive MAL or LDP on commodities produced from that specific farm.

Subparagraph 205 B has been amended to provide that heirs to a commodity must meet the eligibility requirements listed in paragraph 200.

Subparagraph 225 J has been amended to replace the class “Winter Field” Whole Dry Peas with “Mottled” Whole Dry Peas.

Subparagraph 226 C has been amended to add after the commodity Unshorn Pelts, “(LDP Only)”.

Subparagraphs 233 C, 321 C, 322 D, 741 F, 797 B, 797 C, 797 E, 801 A, 801 C, 823 A, 856 A, 861 D, 862 C, 866 A, 866 B, 900 A, and 1221 A have been amended to update the applicable exhibit numbers and subparagraphs, if applicable.

Subparagraph 235 A has been amended to update crop year 2013 MAL and LDP requirements for farms participating in the ACRE Program.

Subparagraph 300 B has been amended to update the web site address for the list of producers selected for annual spot-check reviews.

Subparagraph 301 B was amended to spot-check open farm-stored loans the day after maturity.

Subparagraph 321 C has been amended to update actions for mature nonrecourse warehouse-stored loans.

Subparagraph 400 D has been amended to insert a reference to 9-AO for the addresses of the Regional OIG.

Paragraph 502 has been amended to:

- update the web address for CCC-10
- clarify the information to enter on CCC-10 for an individual
- display an example of a completed CCC-10.

## A Reasons for Amendment (Continued)

Subparagraph 520 C has been amended to update the paragraph reference when adjusting the loan rates for commodities from ACRE elected farms.

Subparagraph 521 E has been amended to clarify how the filing expenses and termination fees are paid and handled for UCC-1's.

Subparagraph 523 B has been amended to add that when the producer signs CCC-666 the quality of the commodity is certified as eligible for loan.

The subparagraph 524 A has been amended:

- in item 17 to delete the entry on where the producer certified moisture content is entered
- in item 19 B to add that the producer certified moisture content for excess moisture or HM commodities is to be entered here.

Subparagraph 540 H has been amended to add information on EWR's.

Subparagraph 542 A has been amended to correct the web address for the current list of authorized USWA warehouses.

Subparagraph 545 A has been amended to include that warehouse receipts shall be either a paper receipt or an electronic receipt issued through a DACO-approved EWR provider.

Subparagraph 547 A has been amended to clarify written concurrence from DAFP must be obtained before any new charges or bills can be offset from loan proceeds.

Subparagraph 600 C has been amended to clarify that a measurement of the commodity before and after moving or commingling is **not** required, unless an eligible commodity is commingled with an ineligible commodity.

Subparagraph 615 G has been amended to clarify that for a partial transfer from a farm-stored loan to a warehouse-stored loan, there will not be an additional disbursement for any additional quantity.

Subparagraph 702 A has been amended to remove the bullet about concentrated banking, because all County Offices now use OTCnet.

Paragraph 720 has been amended to provide detailed instructions for completing CCC-258.

Subparagraph 730 C has been amended to clarify that silage and hay are **not** eligible for loan.

Subparagraph 743 A, items 15 through18 have been amended to clarify the signatures required on CCC-681-1 when producer requests the repayment check be made payable solely to CCC.

## A Reasons for Amendment (Continued)

Subparagraph 743 E has been amended to add a note in the example that if the movement of loan collateral began on a nonworkday but producer requested approval on the next workday, the County Office shall notate this on CCC-681-1, Part D.

Paragraph 745 has been amended to clarify:

- that for any quantity delivered after the loan maturity date, repayment is at principal plus interest
- the applicable handbooks to follow for issuing refunds for excess money received.

Subparagraph 783 C has been amended to clarify that market loan repayment rates are not crop year specific but apply to all outstanding loans and to compute LDP's.

Subparagraph 784 C has been amended to update the web address for the KCCO maintained and archived daily market prices.

Paragraph 785 has been amended to update the:

- 2013 National Average Loan Rates for the classes of wheat
- web addresses and instructions for obtaining the market loan repayment rates for the identified commodities.

Subparagraph 803 A has been amended to update procedure if loan collateral is not delivered by the CCC-691 expiration or extended expiration date.

Subparagraph 822 A has been amended to clarify policy about warehouses purchases from KCCO before the completion of the settlement and transfer of the commodity to CCC.

Subparagraph 861 D was amended to clarify that for nonrecourse loans, the sales proceeds shall **not** be applied to the loan principal plus interest

Subparagraph 866 C has been amended to move the letter to Exhibits 7, 9 and 10, as applicable.

Subparagraph 1000 B has been amended to:

- remove that LDP's can be processed through APSS only with authorization from PSD because all LDP's must be processed through the eLDP web site
- provide that CCC-633 EZ, pages 2, 3, and 4 cannot be approved until the applicable AGI document is on file
- provide where additional information can be obtained on ACRE.

## A Reasons for Amendment (Continued)

Subparagraphs 1507 C, 1515 A, 1525 C, 1525 F, 1575 B, and 1575 G have been amended to remove reference to an exhibit that has been removed.

Subparagraph 1515 A has been amended to clarify that beginning with the 2010 crop year, loan rates, premiums, and discounts will be national rates and not regional.

Subparagraph 1515 C has been amended to remove reference to 2009 and prior crop year posted prices and loan rates for wool and mohair.

Paragraph 1525 has been amended to clarify that loan rates are national, **not** regional.

Exhibit 2 has been amended to add definitions for DACO-approved EWR provider and EWR and edit the definition of denied market gain.

The following exhibits, for the specified loans nearing, at or after maturity, and the applicable letters to producers, have been added:

- Exhibit 7, Nonrecourse Farm-Stored Loans
- Exhibit 8, Nonrecourse Warehouse-Stored Loans
- Exhibit 9, Recourse Loans
- Exhibit 10, Distress Loans.

Exhibit 11 has been amended to remove example letters that are now provided in Exhibits 7-10.

Exhibit 13 has been amended to remove all specific crop year references in eligible grain sorghum varieties. The varieties listed in the various tables become eligible under that table on the issue date of the applicable amendment.

Exhibit 31 has been amended to update the dates to the applicable date for mature MAL's when CCC-691-1 requested shortly before maturity.

The following exhibits have been withdrawn because they are no longer applicable:

- Exhibit 61
- Exhibit 66.

**Amendment Transmittal (Continued)**

| Page Control Chart | | |
|---|---|---|
| **TC** | **Text** | **Exhibit** |
| 1, 2<br>13, 14 | 1-1 through 1-16<br>1-73, 1-74<br>1-77 through 1-102<br>2-1 through 2-4<br>2-11, 2-12<br>2-51, 2-52<br>2-52.5, 2-52.6 (add)<br>2-55 through 2-58<br>2-83 through 2-86<br>3-1, 3-2<br>3-5, 3-6<br>3-45 through 3-48<br>4-5, 4-6<br>5-5, 5-6<br>5-9 through 5-12<br>5-41 through 5-52<br>5-86.5, 5-86.6 (add)<br>5-87, 5-88<br>5-91, 5-92<br>5-95, 5-96<br>6-1, 6-2<br>6-27, 6-28<br>7-7, 7-8<br>7-47 through 7-80<br>7-83, 7-84<br>7-91, 7-92<br>7-95, 7-96<br>7-99 through 7-102<br>7-167 through 7-172<br>7-207, 7-208<br>7-209<br>8-5 through 8-10<br>8-53 through 8-70<br>8-129, 8-130<br>8-143 through 8-152<br>9-1, 9-2<br>10-1 through 10-4<br>10-4.5, 10-4.6 (add)<br>10-15, 10-16<br>12-47<br>15-1 through 15-10<br>15-13, 15-14<br>15-33 through 15-36<br>15-61, 15-62<br>15-91, 15-92<br>15-201 through 15-204 | 1, pages 3, 4<br>2, pages 1-8<br>7, pages 1-16 (add)<br>page 17 (add)<br>8, pages 1-4 (add)<br>9, pages 1-10 (add)<br>10, pages 1-10 (add)<br>11, pages 1-6<br>pages 9-28<br>13, pages 1-16<br>31, page 1<br>61, pages 1-8 (remove)<br>66, pages 1, 2 (remove)<br>page 3 (remove) |

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# Part 1 General Information and Administrative Provisions

## Section 1 Introduction and Purpose

### 1 Purpose and Authority

#### A Purpose

**[7 CFR 1421.1]** This handbook provides general instructions for administering commodity loans and LDP's primarily for barley, canola, corn, crambe, dry peas, flaxseed, grain sorghum, large chickpeas, lentils, mohair, mustard seed, oats, peanuts, rapeseed, safflower, sesame seed, small chickpeas, soybeans, sunflower seed, wheat, and wool (graded and ungraded).

However, these provisions may pertain to other commodities. When these provisions apply, the individual commodity handbooks will reference this handbook.

***--Notes:** The Continuing Appropriations Resolution, 2013, suspended mohair MAL's and LDP's for FY 2013.

Mohair MAL's and LDP's were previously suspended for portion of FY's 2011 and 2012.**--***

Provisions specific to individual commodities are issued on a continuing basis in the following handbooks:

- 7-CN
- 14-CN
- 2-LP Grains and Oilseeds
- 2-LP Honey
- 2-LP Peanuts
- 2-LP Rice
- 10-SU.

#### B Sources of Authority

Authority for the policies prescribed in this handbook is in the following:

- ***--**Food, Conservation, and Energy Act of 2008 for 2008 through 2012 loans and LDP's**--***
- Farm Security and Rural Investment Act of 2002
- 7 CFR Part 1421
- Department of Defense and Full Year Continuing Appropriations Act of 2011
- Consolidated and Further Continuing Appropriations Act of 2012
- ***--**American Taxpayer Relief Act of 2012 for 2013 MAL's and LDP's
- Continuing Appropriations Resolution, 2013 crop year mohair.**--***

## 1 Purpose and Authority (Continued)

### C Loan and LDP Program Objectives

The loan and LDP program objectives are to:

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

## 2 Signatures, Authorizations, and Approvals

### A Signatures

County Offices shall:

- follow 1-CM for producer signature and authorization provisions
- ***--**see 1-CM for a list of forms not approved for FAXed and scanned signatures.**--***

### B Redelegation of Authority by COC or CED

The authority to approve all loan and LDP forms and documents prepared according to this handbook may be redelegated in writing by:

- COC to CED, except forms and documents in which CED has a monetary interest
- CED to Federal and non-Federal County Office employees, except forms and documents in which the person approving has a monetary interest.

**Reminder:** Cross training in all applicable program areas shall be completed **before** signing authority redelegation is made.

Follow this table for exceptions to redelegate authority for approval of loans and LDP's.

| **IF the producer is...** | **THEN the approval authority shall be...** |
|---|---|
| a Federal or non-Federal State or County Office employee | CED. |
| COC member | |
| DD | |
| SED | |
| STC member | |
| CED | COC. |

**Note:** Questionable cases may be referred to the next higher authority for determination.

## 3 Related Handbooks and Web Sites

### A FSA Handbooks

FSA handbooks related to loan and LDP programs are listed in this table.

| Handbook | Purpose |
|---|---|
| 9-AO | Audits and investigations. |
| 1-APP | Program appeals, mediation, and litigation. |
| 25-AS | State and County records operations. |
| 1-CM | Common management and operating provisions. |
| 2-CM | Farm reconstitutions. |
| 3-CM | Farm, tract, and crop data. |
| 1-CMA | Eligibility and payment limitation procedures for CMA's and LSA's. CMA, DMA, and LSA common LDP's |
| 7-CN | Cotton loans and LDP provisions. |
| 2-CP | Acreage and compliance determinations. |
| 6-CP | HELC and WC provisions. |
| 7-CP | Finality rule and equitable relief. |
| 1-DCP (Rev. 3) | DCP and ACRE for 2009 and subsequent crop years. |
| 1-FI | *--Processing payments initiated through NPS.--* |
| 3-FI | State and county deposits and receipts. |
| * * * | * * * |
| 50-FI | Interest rates. |
| 58-FI | Managing FSA and CCC debt. |
| 61-FI | Handling prompt payment interest penalties. |
| 62-FI | Reporting data to IRS. |
| 63-FI | Assignment and Joint Payment system. |
| 64-FI | *--Establishing and Reporting Receipts and Receivables on the National Receipts and Receivables System--* |
| * * * | * * * |
| 2-LP Grains and Oilseeds | Provisions for grains and oilseeds. Commodity data specific to wheat, feed grains, and oilseeds. |
| 2-LP Honey | Loans and LDP's for honey. |
| * * * | * * * |
| 2-LP Rice | Provisions for rice. |
| 5-LP | Commodity inspectors. |
| 1-PL | Payment limitations. |
| 4-PL | Payment eligibility, payment limitation, and AGI. |
| 12-PS | Automated price support procedures and common functions for grains, oilseeds, and rice. |
| 15-PS | Web-based price support procedures and common functions for grains, oilseeds, and rice. |
| 20-PS | State Office loan and LDP reporting and SORS. |
| 10-SU | Sugar loans. |

## 3 Related Handbooks and Web Sites (Continued)

### B Warehouse Operator Handbooks, Letters, and Notices

Warehouse operator handbooks, letters, and notices to industry for authorized Federal and
*--non-Federal warehouses are available at
**www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=was**.

### C Useful Web Sites

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

| Web Site Content | Web Site Address |
|---|---|
| Accessing the National Compliance Review Database | To:<br>• enter results of spotchecks, **www.agcounts.usda.gov**<br>• access producer selection list, **http://fsaintranet.sc.egov.usda.gov/ffas/farmbill/ccc/default.htm**.--* |
| Authorized Storage Rates | **http://erielake.sc.egov.usda.gov/whserates/grain/warehouse_rates.asp** |
| Authorized Warehouses (Including Federal) | **https://saltlake.sc.egov.usda.gov/approved_whses/ugrsa/approved_ugrsa_whses.asp** |
| Cotton | **www.fsa.usda.gov/Internet/FSA_File/cotton_rates.xls** |
| Dairy and Sweetener | **www.fsa.usda.gov/FSA/webapp?area=home&subject=ecpa&topic=dsa** |
| Economic and Policy Analysis | **www.fsa.usda.gov/FSA/webapp?area=home&subject=ecpa&topic=landing** |
| Fact Sheets | **www.fsa.usda.gov/FSA/newsReleases?area=newsroom&subject=landing&topic=pfs&newstype=prfactsheet** |
| Federally Licensed Warehouses | **https://saltlake.sc.egov.usda.gov/approved_whses/uswa/approved_whses_uswa.asp** |
| Forms | *--For:<br>• employees, **http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/forms.html**<br>• public, **http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home**.--* |
| FSA Home Page | **www.fsa.usda.gov/FSA/webapp?area=home&subject=landing&topic=landing** |
| Handbooks | **www.fsa.usda.gov/FSA/webapp?area=home&subject=lare&topic=hbk** |
| *--Honey LDP Rates | **www.fsa.usda.gov/FSA/webapp?area=home&subject=ecpa&topic=dsa**. Scroll down and CLICK "Monthly CCC Honey 30-Day Repayment Rate".--* |

## 3 Related Handbooks and Web Sites (Continued)

### C Useful Web Sites (Continued)

| Web Site Content | Web Site Address |
|---|---|
| Law and Regulations | **www.fsa.usda.gov/FSA/webapp?area=home&subject=lare&topic=landing** |
| News Releases | **www.fsa.usda.gov/FSA/newsReleases?area=home&subject=landing&topic=ner&newstype=newsrel** |
| Notices | **www.fsa.usda.gov/FSA/notices?area=home&subject=lare&topic=not&setflag=FROMURL&getData=NONE** |
| Price Support | **www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing** |
| Pulse Crops | ***--www.fsa.usda.gov/FSA/displayLDPRates?area=home&subject=prsu&topic=1dp-1dp**. CLICK "View Pulse Crop LDP Rates". |
| Rice | **www.fsa.usda.gov/FSA/displayLDPRates?area=home&subject=prsu&topic=1dp-1dp**. CLICK "View Rice LDP Rates". |
| SORS | **https://arcticocean.sc.egov.usda.gov/sors/index.jsp** |
| View Archived LDP/PCP | **https://arcticocean.sc.egov.usda.gov/acr/** |
| Wool | **www.fsa.usda.gov/FSA/displayLDPRates?area=home&subject=prsu&topic=1dp-1dp**. CLICK "View Wool and Mohair LDP Rates".**--*** |

## 4-9 (Reserved)

## 10 Administrative Responsibilities

### A Responsibilities

**[7 CFR 1421.2]** The responsibilities of the administrative levels for loan and LDP programs are provided in this table.

| IF the administrative level is the... | THEN... |
|---|---|
| National Office | • the CCC Board and Executive Vice President shall determine policy and program provisions<br>• the Executive Vice President, CCC, or designee, shall:<br>  • make a determination on any question arising under this program<br>  • revise or rescind an incorrect determination made by COC, STC, KCAO, KCCO, or FSC<br>• PSD shall administer the loan and LDP programs under the general supervision and direction of DAFP. |

## 10 Administrative Responsibilities (Continued)

### A Responsibilities (Continued)

| IF the administrative level is the... | THEN... |
|---|---|
| State Office | STC shall:<br><br>• determine State-wide policy according to this handbook and guidance received from the National Office<br><br>• administer all phases of the program in the State through SED<br><br>• establish and annually review the maximum acceptable moisture levels for applicable commodities<br><br>• require DD's or designee to:<br><br>  • monitor and ensure that loan and LDP computations and disbursements are based on handbook procedures<br><br>  • ensure second party reviews of loans and LDP's are completed<br><br>  • develop, establish, and implement Statewide policy described in subparagraph 537 B.<br><br>**Note:** STC may:<br><br>  • correct, or require COC to correct, any action taken that contradicts this handbook and other current policy<br><br>  • require COC to withhold taking any action that is not consistent with this handbook and other current policy. |

## 10 Administrative Responsibilities (Continued)

### A Responsibilities (Continued)

| IF the administrative level is the... | THEN... |
|---|---|
| County Office | COC shall:<br><br>• determine policy according to this handbook and guidance received from the State Office<br><br>• for each loan commodity, document the beginning of harvest and eligible quantity yield in the COC minutes<br><br>• administer the programs in the county through CED. |
| | County Office shall:<br><br>• determine that:<br><br>  • a producer is eligible for loans and LDP's according to Part 2, Section 1<br><br>  • the commodity is eligible for loans and LDP's according to Part 2, Section 2<br><br>  • the storage is eligible according to paragraph 522 for farm-stored and warehouse-stored loans<br><br>  • the quantity offered for loan and LDP is reasonable based on producer's share of the acreage planted to the commodity<br><br>  • loan computations and disbursements and LDP computations and payments are based on handbook procedures<br><br>  • ensure that second party reviews of loans and LDP's are completed according to paragraph 234<br><br>  • the quantity certified does **not** include quantities delivered to CMA's<br><br>  • procedures listed in subparagraph 537 A are followed |

## 10 Administrative Responsibilities (Continued)

### A Responsibilities (Continued)

| IF the administrative level is the... | THEN... |
|---|---|
| County Office (Continued) | • annually publicize provisions of loan and LDP programs **before**:<br><br>• the beginning of each crop year<br>• making loans and LDP's for the current crop year.<br><br>**Note:** At a minimum, publicity shall include:<br><br>• a handout or newsletter mailed or e-mailed to all eligible producers before harvest begins for the first crop eligible for loans or LDP's<br><br>• beneficial interest requirements<br><br>• at the time the loan or LDP is made, a brief but complete explanation of the producer's required actions<br><br>• a reminder to producers:<br><br>• of the administrative actions that apply for loan and LDP violations<br><br>• that it is the producer's responsibility to maintain the quality of the commodity in farm storage through the term of the loan<br><br>• final loan availability dates.<br><br>Ensure that producers understand and agree to their responsibilities stated in CCC-601 terms and conditions to the note and security agreement (Exhibit 5) |

## 10 Administrative Responsibilities (Continued)

### A Responsibilities (Continued)

| IF the administrative level is the... | THEN... |
|---|---|
| KCCO | KCCO shall:<br><br>• follow guidelines in subparagraph 537 C<br><br>• approve and terminate UGRSA warehouse storage agreements in States listed in subparagraph 536 C<br><br>**Note:** This includes:<br><br>• enforcing provisions of agreements, where applicable<br><br>• paying charges and settling amounts due CCC under the agreement<br><br>• making the following available on the intranet to State and County Offices:<br><br>• authorized warehouses<br>• storage related rates.<br><br>• issue loading orders and shipping instructions<br><br>• maintain custody of warehouse receipts and other documents representing commodities owned by CCC<br><br>• establish market prices as required and provide to State and County Offices<br><br>• assist County Offices with identifying potential buyers for local sales, if necessary. |
| ITSD | ITSD shall:<br><br>• certify and distribute reports of loan and LDP activities<br><br>• maintain all required accounts reflecting loan and LDP activity<br><br>• provide automation support to implement loan and LDP program policies when requested by PSD. |

## 10 Administrative Responsibilities (Continued)

### A Responsibilities (Continued)

| IF the administrative level is the... | THEN... |
|---|---|
| OGC | regional OGC shall:<br><br>• serve as legal counsel and provide opinions to the State Office<br><br>• assist the assistant U.S. attorney when representing FSA in Federal court. |
| OIG | regional OIG shall:<br><br>• review cases to determine whether investigations will be scheduled<br>• investigate cases of suspected fraud. |

### B Nondiscrimination Responsibilities

STC or COC shall **not**, on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, religion, sexual orientation, genetic information, political beliefs, reprisal, bar any producer from participation in, or otherwise subject any producer to discrimination with respect to any benefits resulting from its approval to participate in, a loan or LDP program.

### C Outreach Responsibilities

STC and COC shall ensure that MAL and LDP program information and awareness is communicated to underrepresented individuals, groups, and communities. Underrepresented individuals, groups, and communities may include, but are not limited to minority farmers and cooperatives.

## 11-19 (Reserved)

## 20 Appeals

### A Options Available

When notifying producers of adverse decisions, County Offices shall follow 1-APP to provide appeal options that are applicable depending on who is the agency decision maker.

### B Appeal Procedure

Follow 1-APP when producers appeal adverse determinations arising from their participation in the loan and LDP programs.

**Exception:** When a determination to call a loan is appealed, see subparagraph C.

### C Producer Appeals

When a producer appeals a determination to call a loan and/or accelerate the loan maturity date:

- the appeal process is handled independently of the loan servicing action according to 1-APP
- continue to take or perform all necessary loan servicing actions according to the original decision until or unless a different appeal decision results.

### D Repaying Loans During Appeal Process

A producer may repay a loan, at the CCC-determined value under the marketing loan provisions, for which an appeal process is in effect. The exceptions that require repayments of principal plus interest are listed in paragraph 714.

## 21 Soldiers' and Sailors' Civil Relief Act of 1940 Applicability

### A Applicable Borrowers

The Soldiers' and Sailors' Civil Relief Act of 1940 applies to MAL borrowers who are either:

- on active duty anywhere in the world and are active duty members of any of the following:
  - U.S. Air Force
  - U.S. Army
  - U.S. Coast Guard
  - U.S. Marine Corps
  - U.S. Navy
- officers of the Public Health Service detailed by proper authority for duty with the U.S. Army or U.S. Navy.

**Notes:** Active duty includes members of the:

- Reserve or National Guard Units who have been called to active duty status
- referenced branches in training or education under U. S. supervision preliminary to induction into the military service.

The term "active duty" also includes the period during which a person in military service is absent from duty because of sickness, wounds, leave, or other lawful cause.

### B Applicable Loans

The Soldiers' and Sailors' Civil Relief Act of 1940 applies to warehouse- and/or farm-stored loans secured with personal or real property **before** the borrower entered active military service.

## 21 Soldiers' and Sailors' Civil Relief Act of 1940 Applicability (Continued)

### C Relief Available

Types of relief offered include the following.

- Relief from foreclosure, sale, or seizure of property for nonpayment of a loan obligation, during the period of active military service, or within 3 months thereafter, unless done according to an agreement with CCC or through a court order.

  **Example:** Commodity under loan may be forfeited at loan maturity to settle an outstanding loan. However, if the producer does not settle the loan, either by cash repayment or forfeiture, CCC may **not** take foreclosure action to acquire the commodity to settle a loan.

- Treasury and internal administrative offsets will be discontinued once a producer is ordered to report for induction or military service, and any payments received as a result of offset after the date the borrower was called to active duty will be refunded.

- Interest rates for applicable loans may **not** exceed 6 percent during the period of active military service.

## 21 Applicability of the Soldiers' and Sailors' Civil Relief Act of 1940 (Continued)

### D County Office Action

County Offices shall:

- advise borrowers to notify the County Office if they are full-time members of the military or have been called to active duty status, whether or not their financial situation has been adversely affected

- help the borrower properly execute powers of attorney to designate persons to perform CCC transaction on their behalf

- request minimal documentation to support a request for relief from affected borrowers, such as a copy of orders calling them to active service

- cease any ongoing foreclosure actions against applicable borrowers

- accept and process requests for financial relief according to failure to fully comply policy in 7-CP.

**Note:** Forward all requests applicable to the Soldiers' and Sailors' Civil Relief Act of 1940 to DAFP for final consideration and approval. Further instructions and guidance about interest rate reductions will be sent with the applicable approval notification. At the minimum, requests shall provide the following:

- interest rates applicable to MAL
- copy of CCC-677 or CCC-678
- outstanding loan quantity and principal
- all repayment receipts.

## 22 Bankruptcy Cases

### A Basic Provisions

Follow this table for producers in bankruptcy status.

<table>
<tr><th>IF a producer...</th><th>AND...</th><th colspan="2">THEN the County Office shall...</th></tr>
<tr><td>is involved in bankruptcy proceedings</td><td>requests a loan or LDP</td><td colspan="2">contact the regional attorney, through the State Office, for advice about loan or LDP availability.</td></tr>
<tr><td rowspan="8">files for bankruptcy</td><td rowspan="8">has an outstanding loan</td><td colspan="2">after receiving a Notice of Bankruptcy filing for a producer, follow these steps.</td></tr>
<tr><td>Step</td><td>Action</td></tr>
<tr><td>1</td><td>Perform an immediate collateral inspection of all the producer’s outstanding farm-stored commodity loans and quantities applicable to LDP’s.</td></tr>
<tr><td>2</td><td>Continue to monitor the collateral in storage through the latest of the following:<br><br>• liquidation of indebtedness<br><br>• completion of performance under a plan, if applicable<br><br>• submission, as applicable, of disposition or production evidence.</td></tr>
<tr><td>3</td><td>Access the debtor’s customer profile in financial services and set the indicator flag for “bankruptcy”.</td></tr>
<tr><td>4</td><td>Flag all the debtor’s loans as “bankruptcy” according to 12-PS.</td></tr>
<tr><td>5</td><td>Forward a summary memorandum and legible copies of the following, as applicable, to the State Office:<br><br>• results of the collateral inspection<br><br>• completed, signed copies of CCC-677, CCC-678, financing statements, and any other documentation to support amounts owed to CCC.</td></tr>
<tr><td>6</td><td>Notify the State Office immediately if loan collateral is going out of condition or is removed or disposed without authority.</td></tr>
<tr><td>7</td><td>Continue to forward all future notices from the court to the State Office.</td></tr>
</table>

## 22 Bankruptcy Cases (Continued)

### B State Office Action

State Offices shall:

- inform regional attorney of the bankruptcy filing
- monitor bankruptcy cases with the regional attorney's assistance
- follow advice of the regional attorney with respect to acceptance of repayment or before accepting delivery of loan collateral
- advise regional attorney of all legal notices received pertaining to bankruptcy proceedings.

### C Bankruptcy Proceedings

State or County Office employees shall **not** attend bankruptcy proceedings, unless requested by the OGC representative.

## 23 CCC-770 LDP/eLDP's and CCC-770 MAL's

### A Using CCC-770 LDP/eLDP's and CCC-770 MAL's

CCC-770 LDP/eLDP's and CCC-770 MAL's can be used as management tools to help minimize the number of improper payments and address deficiencies identified by a review or spot check.

SED, STC or designee, DD, or CED shall determine:

- when County Offices are to complete CCC-770 LDP/eLDP's and CCC-770 MAL's if apparent internal control deficiencies are found during CED, STC representative, or DD reviews
- whether the applicable CCC-770 LDP/eLDP and CCC-770 MAL is necessary to avoid findings indicated by CORP reviews
- when additional internal controls are necessary to reduce improper payments.

## 23 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

* * *

### B CCC-770 LDP/eLDP's

The following is an example CCC-770 LDP/eLDP.

**This form is available electronically.**

| **CCC-770 LDP/eLDP** (09-28-10) **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation | 1. Producer/Applicant Name | 2. Date of Application *(MM-DD-YYYY)* |
|---|---|---|
| **LOAN DEFICIENCY PAYMENT (LDP) AND eLDP PROGRAM REVIEW CHECKLIST** | 3. State Office Name | 4. County Office Name |
| | 5. Crop Year | 6. LDP or eLDP Number |
| | 7. Farm Number | 8. Commodity/Class/Type |

NOTE: Properly completed forms mean completed according to the applicable procedure. This shall include proper signature, shares, ID numbers, addresses, date stamp, etc.

| **9. LDP Request/Application** | **Handbook or Other Applicable References** | **YES** | **NO** | **N/A** |
|---|---|---|---|---|
| A. Is there a properly completed and signed CCC-633 EZ Page 1 on file? *Explain "NO" answer:* | 8-LP, paragraph 1002<br>7-CN, subparagraph 261F, and paragraph 261.5 | | | |
| B. Was the CCC-633 EZ Page 1 filed prior to loss of beneficial interest? *Explain "NO" answer:* | 8-LP, paragraph 1002<br>7-CN, paragraph 261.5, 275.5 | | | |
| C. Has the CCC-633 EZ, Page 1 been forwarded to other county offices, if applicable? | 8-LP, paragraph 1002<br>7-CN, subparagraph 261G | | | |
| D. Was the completed CCC-633 EZ, Page 1 and applicable LDP benefit request page (page 2, 3 or 4) received in the county office on or before the final loan/LDP availability date? | 8-LP, paragraph 226<br>7-CN, paragraph 263 | | | |
| E. Are CCC-633 EZ, Page 1 and Pages 2, 3, or 4 date-stamped? | 8-LP, subparagraph 1001E<br>7-CN, paragraph 263 | | | |
| F. Did the producer answer the question, "Are you or any co-applicant delinquent on any Federal non-tax debt?" | 8-LP, subparagraph 202A<br>7-CN, paragraph 100.5 | | | |
| G. Has a second party reviewer verified and initialed the applicable LDP benefits page (CCC-633 EZ, Page 2, 3 or 4) to ensure the applicable LDP request was properly completed and ready for approval and processing? | 8-LP, paragraph 234<br>7-CN, subparagraphs 271A and 274J | | | |
| **10. Producer/Commodity Eligibility *(Continuation)*** | **Handbook or Other Applicable References** | **YES** | **NO** | **N/A** |
| A. Is there a properly completed and timely filed FSA-578 on file for the applicable crop year, with all cropland reported? *Explain "NO" answer:* | 8-LP, paragraph 200<br>7-CN, subparagraph 100A<br>2-CP, paragraph 15 | | | |
| B. Has producer eligibility been verified on the CCC-770 Eligibility Checklist? | 8-LP, paragraph 200<br>7-CN, subparagraph 53A | | | |
| C. Is the quantity requested for LDP within the COC-established reasonable yield for the commodity? **NOTE:** County Office must run price support queries or determine reasonableness based on maximum eligible quantity as applicable. | 8-LP, paragraph 230<br>7-CN, subparagraph 119B | | | |
| D. If the requested quantity exceeded COC established reasonable yield, did the COC determine the quantity was reasonable? *Explain "NO" answer:* | 8-LP, paragraph 230<br>7-CN, subparagraph 119C | | | |
| E. Did the producer have risk of producing the crop? | 8-LP, paragraph 100<br>7-CN, paragraph 100 | | | |
| F. If LDP is based upon date beneficial interest is lost, was acceptable production evidence provided and was the LDP rate verified? *Explain "NO" answer:* | 8-LP, paragraphs 227 and1004<br>7-CN, paragraph 262 | | | |

# 23 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

## B CCC-770 LDP/eLDP's (Continued)

**CCC-770 LDP/eLDP** (09-28-10) Page 2

| 10. Producer/Commodity Eligibility *(Continuation)* | Handbook or Other Applicable References | YES | NO | N/A |
|---|---|---|---|---|
| G. Is LDP rate correct for request date and county where marketed or stored, if beneficial interest is maintained? *(N/A for cotton)* | 8-LP, paragraph 1004 | | | |
| H. Is LDP rate correct for "dates of Delivery", if LDP requested based on date of delivery? *(N/A for cotton)* | 8-LP, paragraph 1004 | | | |
| **11. LDP Processing** | | | | |
| A. Has form CCC-674 or SF-LLL been obtained, if applicable? (LDP greater than $100,000) | 8-LP, paragraph 28<br>7-CN, paragraph 37 | | | |
| B. Has the Financial Services System been updated to reflect assignments, if applicable? **NOTE:** All assignments should be on file and recorded in Financial Services as "LDP" and "LDP Web", for e-mails. ***(Not applicable to CMA's)*** | 63-FI, Parts 3 and 4 | | | |
| **12. eLDP Processing** | | | | |
| A. Has eLDP customer profile been established? ***(Not applicable to CMA's).*** | 15-PS, paragraph 251<br>7-CN, subparagraph 282B | | | |
| B. Has eLDP application been submitted and printed? | 15-PS, Part 3<br>7-CN, paragraph 285.2 | | | |
| **13. Cotton – Specific LDP Processing** | | | | |
| A. If request is for a module-lock-in LDP, is the request date after the beginning-of-harvest-date for the County? | 7-CN, paragraph 261.5 and paragraph 274 | | | |
| B. If request is for a module-lock-in LDP, does production evidence from the gin indicate that the bales were produced from the modules identified on the original application. | 7-CN, subparagraph 275B | | | |
| C. Has CCC-Cotton AA-1 been printed, filed in LDP folder and given to producer? | 7-CN, subparagraph 278C | | | |
| **14. Remarks** | | | | |

***Certification: I (we) the undersigned certify the above items have been verified or updated accordingly. I also certify that the applicable LDP documents will be filed in accordance with Handbook 25-AS and that the producer will receive the applicable LDP documentation according to policies and procedures found in Handbook 8-LP.***

| 15A. Signature of Preparer(s) | 15B. Date *(MM-DD-YYYY)* |
|---|---|
| | |
| | |
| | |

**16A. I concur/do not concur the above items have been verified or updated accordingly.** ☐ Concur ☐ Do Not Concur

| 16B. CED Signature for Spotcheck | 16C. Date *(MM-DD-YYYY)* |
|---|---|
| | |

**17A. I concur/do not concur the above items have been verified or updated accordingly.** ☐ Concur ☐ Do Not Concur

| 17B. STC Designee Signature for Spotcheck | 17C. Date *(MM-DD-YYYY)* |
|---|---|
| | |

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## 23 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

### C CCC-770 LDP/eLDP Instructions

The following are FSA employee CCC-770 LDP/eLDP instructions.

| Item | Instructions |
|---|---|
| 1 | Enter name of producer. This should be the name of the individual, joint operation, or entity for which benefits may be requested. |
| 2 | Enter date of LDP application. |
| 3 and 4 | Enter State and county name. |
| 5 | Enter crop year. |
| 6 | Enter LDP or eLDP number. |
| 7 | **Not** required to be completed. |
| 8 | Enter commodity/class/type. |
| | **LDP Request/Application** |
| 9<br>A - G | CHECK (✓) appropriate box to designate either "**Yes**" or "**No**".<br><br>**Note:** For CCC-770 questions **not** applicable, enter "**N/A**". |
| | **Producer/Commodity Eligibility Verification** |
| 10<br>A - H | CHECK (✓) appropriate box to designate either "**Yes**" or "**No**".<br><br>**Note:** For CCC-770 questions **not** applicable, enter "**N/A**". Questions 10 A through 10 E are **not** applicable to CMA's. |
| | **LDP Processing/Approval** |
| 11<br>A and B | CHECK (✓) appropriate box to designate either "**Yes**" or "**No**".<br><br>**Note:** For CCC-770 questions **not** applicable, enter "**N/A**". Question 11 B is **not** applicable to CMA's. |

## 23 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

### C CCC-770 LDP/eLDP Instructions (Continued)

| Item | Instructions |
|---|---|
| | **eLDP Processing** |
| 12<br>A and B | CHECK (✓) appropriate box to designate either "**Yes**" or "**No**".<br><br>**Note:** For CCC-770 questions **not** applicable, enter "**N/A**". Question 12 A is **not** applicable to CMA's. |
| | **Cotton-Specific LDP Processing** |
| 13<br>A and B | CHECK (✓) appropriate box to designate either "**Yes**" or "**No**".<br><br>**Note:** For CCC-770 questions **not** applicable, enter "**N/A**". Questions 13 A through 13 C are **only** applicable to cotton LDP's. |
| 14 | Enter any remarks about any questions included on CCC-770. |
| | **Certification** |
| 15<br>A and B | At the time of completing the LDP request, the preparer shall sign and date. |
| 16<br>A - C | CED shall CHECK (✓) appropriate box to designate either "**Concur**" or "**Do Not Concur**", and date.<br><br>**Note:** This item will **only** be completed if the applicable CCC-770 is selected for spot check. |
| 17<br>A - C | DD shall CHECK (✓) appropriate box to designate either "Concur" or "**Do Not Concur**", and date.<br><br>**Note:** This item will **only** be completed if the applicable CCC-770 is selected for spot check. |

# 23 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

## D CCC-770 MAL's

The following is an example CCC-770 MAL.

**This form is available electronically.**

| | | | | | | |
|---|---|---|---|---|---|---|
| **CCC-770 MAL** (09-28-10) | **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation | | 1. Name of Applicant | | | |
| **MARKETING ASSISTANCE LOAN (MAL) PROCESSING CHECKLIST** | | | 2. Date of Application (MM-DD-YYYY) | | 3. Loan Type: Warehouse / FS-Cert. / FS-Measured | |
| | | | 4. State Office Name | | 5. County Office, DMA or CMA Name | |
| 6. Commodity | 7. Class/Type | 8. Crop Year | 9. Farm Number | 10. Warehouse | 11. No. of Warehouse Receipts: Paper: | EWR: |

| **12. MAL Request/Application:** | **Handbook or Other Applicable References** | **YES** | **NO** | **N/A** |
|---|---|---|---|---|
| A. Is the CCC-666 properly completed and signed for farm-stored loans? | 8-LP, paragraph 500 | | | |
| B. For warehouse-stored loans, has the warehouse receipt been properly endorsed? | 8-LP, paragraph 545 | | | |
| C. For measured loans, has the CCC-666, FSA-409 and the CCC-677-1 been completed and signed? | 8-LP, Part 5 | | | |
| D. Is the CCC-10 properly completed and on file? | 8-LP, paragraph 502 | | | |
| **13. Producer/Commodity Eligibility Verification:** | | | | |
| A. Has the FSA-578 been properly completed and filed? ***(Not applicable for CMA's).*** | 8-LP, paragraph 200 | | | |
| B. Has the CCC-770 Eligibility checklist been completed and verified? ***(Not applicable for CMA's).*** | 3-PL, paragraph 3 | | | |
| C. Did the producer answer the question, "Are you or any co-applicant delinquent on any Federal non-tax debt?" | 8-LP, paragraph 202 | | | |
| D. Is the eligible loan commodity in existence and in storable condition? | 8-LP, paragraph 225 | | | |
| E. Has the loan been requested on or before the final loan availability date? | 8-LP, paragraph 226 | | | |
| F. Did the producer certify to maintaining beneficial interest in the crop? ***County Offices shall review contracts, if provided.*** | 8-LP, paragraphs 227, 228,and 229 | | | |
| G. Is the quantity requested within the COC-established reasonable yield for the commodity? **Note:** *County Office MUST run price support queries or determine reasonableness based on maximum eligible quantity as applicable.* | 8-LP, paragraph 230 | | | |
| H. Did the producer certify to having risk of producing the crop? ***(Not applicable for CMA's).*** | 8-LP, paragraph 200 | | | |
| I. Has a second party review been properly completed? ***Ensure that the loan application was initialed by the reviewer.*** | 8-LP, paragraph 234 | | | |
| **14. MAL Processing/Approval:** | | | | |
| A. Has a lien search been performed, if applicable? ***(Not applicable for CMA's).*** | 8-LP, paragraph 504 | | | |
| B. Have lien waivers been obtained, if applicable? | 8-LP, paragraph 505 | | | |
| C. For DAFP authorized loan deductions, were the deductions submitted on a statement of charges signed by the producer? | 8-LP, paragraph 505 | | | |
| D. Were the deductions made according to lien-holder instructions on CCC-679? | 8-LP, paragraph 505 | | | |
| E. Has the UCC-1 been properly filed and verification of the filing was received? ***(Not applicable for CMA's).*** | 8-LP, paragraph 521 | | | |
| F. Were CCC-683, Commodity Loan Seals provided for farm stored MAL? | 8-LP, paragraph 523 | | | |

# 23 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

## D CCC-770 MAL's (Continued)

**CCC-770 MAL** (09-28-10) Page 2

| **14. MAL Processing/Approval *(Continuation)*:** | **Handbook or Other Applicable References** | **YES** | **NO** | **N/A** |
|---|---|---|---|---|
| G. Has the CCC-665, Agreement for Grain Pledged as Collateral For CCC Commodity Loans, been properly completed, if applicable. | 8-LP, paragraph 527 | | | |
| H. Was the applicable loan rate for the stored commodity requested for loan verified? **Note:** Loan rate is based on where the commodity is stored. | 8-LP paragraph 506 | | | |
| I. Has form SF-LLL been obtained, if applicable? (MAL disbursement greater than $150,000) | 8-LP, paragraph 28 | | | |

**15. Remarks**

***Certifications:***
***I (we) the undersigned certify the above items have been verified or updated accordingly. I also certify that the producer will be provided the applicable Note and Security Agreement and the Note and Security Agreement Terms and Conditions upon the approval of the requested marketing assistance loan and that the policies and procedures were followed according to Handbook 8-LP and other policy handbooks, as applicable.***

| 16A. Signature of Preparer(s) | 16B. Date (MM-DD-YYYY) |
|---|---|
| | |
| | |
| | |

**17A. I concur/do not concur the above items have been verified or updated accordingly.** ☐ Concur ☐ Do Not Concur

| 17B. CED Signature for Spotcheck | 17C. Date *(MM-DD-YYYY)* |
|---|---|
| | |

**18A. I concur/do not concur the above items have been verified or updated accordingly.** ☐ Concur ☐ Do Not Concur

| 18B. STC Designee Signature for Spotcheck | 18C. Date *(MM-DD-YYYY)* |
|---|---|
| | |

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## 23 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

### E CCC-770 MAL Instructions

The following are FSA employee CCC-770 MAL instructions.

| Item | Instructions |
|---|---|
| 1 | Enter name of producer. This should be the name of the individual, joint operation, or entity for which benefits may be requested. |
| 2 | Enter date of MAL request (MM-DD-YYYY). |
| 3 | CHECK (✓) applicable loan type (warehouse, farm-stored, or farm-stored measured). |
| 4 and 5 | Enter State and County Office, DMA, or CMA name. |
| 6 and 7 | Enter commodity and class or type. |
| 8 | Enter crop year. |
| 9 | Enter loan number. |
| 10 | Enter warehouse code, for warehouse-stored loans. |
| 11 | Enter number of warehouse receipts pledged as collateral for MAL. |
| | **MAL Request/Application** |
| 12<br>A - D | CHECK (✓) appropriate box to designate either "**Yes**" or "**No**".<br><br>**Note:** For CCC-770 questions **not** applicable, enter "**N/A**".<br><br>**Example:** Question 12 A, "Is the CCC-666 properly completed and signed for farm-stored commodities?" is **only** applicable to farm-stored. Therefore, for warehouse-stored loans, this question is **not** applicable and "**N/A**" should be entered in the "**NO**" column. |
| | **Producer/Commodity Eligibility Verification** |
| 13<br>A - I | CHECK (✓) appropriate box to designate either "**Yes**" or "**No**".<br><br>**Note:** For CCC-770 questions **not** applicable, enter "**N/A**". Questions 13 A, 13 B, 13 G, and 13 H are **not** applicable to CMA's. |

## 23 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

### E CCC-770 MAL Instructions (Continued)

| Item | Instructions |
|---|---|
| | **MAL Processing/Approval** |
| 14<br>A - I | CHECK (✓) appropriate box to designate either "**Yes**" or "**No**".<br><br>**Note:** For CCC-770 questions **not** applicable, enter "**N/A**". Questions 14 A and 14 E are **not** applicable to CMA's. |
| 15 | Enter any remarks about any questions included on CCC-770. |
| | **Certification** |
| 16A and B | When completed, for the MAL request, preparer shall sign and date. |
| 17<br>A - C | CED shall CHECK (✓) appropriate box to designate either "**Concur**" or "**Do Not Concur**", and date.<br><br>**Note:** This item will **only** be completed if the applicable CCC-770 is selected for spot check. |
| 18A - 18C | DD shall CHECK (✓) appropriate box to designate either "**Concur**" or "**Do Not Concur**", and date.<br><br>**Note:** This item will **only** be completed if the applicable CCC-770 is selected for spot check. |

## 24 Collecting Commodity Assessments and Other Fees

### A Applicability

**[7 CFR 1405.9]** The Secretary of Agriculture has the authority to collect approved State and Federal commodity assessments on behalf of State or Federal entities from the proceeds of MAL's. The assessment may be collected at the time MAL is disbursed or forfeited. The provisions outlined in this paragraph include new and existing collections.

Grain sorghum and soybeans have Federal assessments that would be collected in addition to any individual State assessment.

### B Conditions for Collection

For State commodity assessments the State entity **must**:

- submit a written request for commodity assessment collection and a copy of the State legislation authorizing the commodity assessment to the applicable SED; the written request **must** indicate when the assessment is to be collected according to subparagraph A, and the name of the State entity director or official authorized to enter into an agreement with CCC

- provide a written opinion from the Office of the Attorney General that verifies the State director or authorized official has legal authority to enter into an agreement with CCC and that the State legislation authorizing commodity assessment collection is in compliance with Pub. L. 108-470

- have the director or authorized signing official of the State entity sign MOU agreeing to the terms and conditions as provided in MOU according to subparagraph C.

For Federally mandated commodity assessments, the Federal entity **must** submit a written request and a copy of the Federal statute authorizing the commodity assessment collection to the PSD Director.

CCC will deduct the commodity assessments according to the Federal statute.

## 24 Collecting Commodity Assessments and Other Fees (Continued)

### C MOU's

State entities are **required** to enter into an agreement with CCC for the collection of commodity assessments. The authorized SED or authorized official will be **required** to sign MOU (subparagraph D), **before** assessment collection can begin.

For State entities, MOU will be sent to SED, if the request is approved, to obtain final signatures of the respective parties. State entities have 30 calendar days to return the signed and dated MOU to SED. SED or designee will sign MOU on behalf of CCC and submit the original signed and dated MOU to PSD as soon as possible.

## 24 Collecting Commodity Assessments and Other Fees

### D Example MOU

The following is an example of an MOU that **must** be obtained to continue the collection of existing commodity assessments.

MEMORANDUM OF UNDERSTANDING
BETWEEN
(**name of State association, board, or commission**)
AND
COMMODITY CREDIT CORPORATION

1. This Memorandum of Understanding is entered into voluntarily by the Commodity Credit Corporation (CCC) in accordance with Public Law 108-470 for the purpose of setting forth the agreement between the **(association, board, or commission**) and CCC regarding the collection of the assessments with respect to (**specific commodity**), the remittance of such collections, and related matters. This Memorandum of Understanding supersedes all previous Memoranda of Understanding entered into by CCC regarding such collections.

2. CCC will cooperate with the (**association, board, or commission**) in the collection of such assessments with respect to (**specify commodity**) which is pledged as collateral for a CCC MAL or forfeited to CCC in satisfaction of such loan.

3. Section _____ , Revised Statutes of _____ authorizes the creation of the (**name of State association, board, or commission**) whose duties include, among other things, conducting programs of market development, education, publicity, research, and the promotion of the sale and use of (**specific commodity**). This Act provides authority for an assessment to be levied on (**specific commodity**) for the purpose of carrying out the activities of the (**association, board, or commission**).

4. The producer is responsible for payment of the assessment to the (**association, board, or commission**) with respect to (**specify commodity**) pledged as collateral for a CCC MAL or forfeited to CCC under such loan. CCC will undertake to deduct from loan proceeds otherwise owed the producer the amount of the assessment which shall be determined by multiplying the applicable assessment rate by the quantities of (**specify commodity**) pledged as collateral for a CCC MAL or forfeited to CCC. CCC shall have no obligation or liability for failure to collect the (**specific commodity**) assessment from any producer. The (**association, board, or commission**) agrees that, in the event of suit against CCC to recover any sums collected as assessments, the (**association, board, or commission**) will arrange for the defense of such action or, at the election of CCC, the (**association, board, or commission**) will reimburse CCC for any costs incurred by the CCC in the defense of such action. In addition, the (**association, board, or commission**) will indemnify CCC for any amount which CCC is required to repay to a (**specify commodity**) producer from whom the assessment was collected.

5. The producer's copy of the MAL or delivery documents, which will show the amount of the (**specify commodity**) assessment collected, will serve as the producer's invoice and evidence the assessment has been collected. In cases where double assessments have been paid by producers the (**association, board, or commission**) agrees upon receipt of substantiating documents to promptly grant a refund of the double assessment.

# 24 Collecting Commodity Assessments and Other Fees

## D Example MOU (Continued)

6. The (**specify commodity**) assessments collected by CCC will be remitted monthly to the (**association, board, or commission**). Each remittance will be supported by a listing showing the county code number and name of the office that made the collection, the loan or account number assigned, the crop year and quantity of (**specify commodity**) pledged for MAL or forfeited to CCC, the amount of the MAL or forfeiture, the amount of the assessment collected, and the producer's name, and address.

7. The (**association, board, or commission**) will not release any information received under this Memorandum of Understanding to any other individual or organization.

8. Any refund of the amount of such assessment shall be made directly to the producer by the (**association, board, or commission**). CCC shall have no responsibility for making refunds.

9. CCC will not have any responsibility to make additional collection of any (**specify commodity**) assessment where, owed to error, the amount of such assessment was undercollected. CCC will notify the producer of the amount owed as the result of an error and a copy of this notification will be provided to the (**association, board, or commission**).

10. The provisions of this Memorandum of Understanding shall not apply to (**specify commodity**) handled by a CCC-approved cooperative marketing association (CMA) or a CCC-approved designated marketing association (DMA). The (**association, board, or commission**) may arrange for the collection of assessments on such (**specify commodity**) directly with the approved CMA or DMA.

11. The effective date of this Memorandum of Understanding shall be the final date of signature below. However, assessment collection hereunder will begin only after all applicable Farm Service Agency Offices in the State have received the assessment collection software, and the assessment deduction is scheduled to begin. This Memorandum of Understanding may be modified by mutual agreement between the parties in writing and may be terminated by either party thirty calendar days after written notice is provided to the other party.

(**State association, board, or commission**)

_____ By _____
Date Director

COMMODITY CREDIT CORPORATION

_____ By _____
Date (**name of State**) State Executive Director

02-24-06
Approval Date

## 24 Collecting Commodity Assessments and Other Fees (Continued)

### E Deduction of Commodity Assessment

Upon the approval and the receipt of properly signed MOU's, APSS will be modified to deduct the commodity assessment, as applicable. Federal and State entities shall be informed of the necessary automation enhancements associated with deducting the commodity assessment fees. Software enhancements could take as long as 8 weeks from the date PSD receives the properly signed and dated MOU or written request (Federal entities).

### F Modifying an Existing Commodity Assessment Collection

Federal and State entities **must** submit to the applicable SED:

- written request for modifying an existing collection, indicating when the modified collection is to begin and the name of the Federal or State entity director or official authorized to enter into an agreement with CCC
- copy of the legislation authorizing the change in the rate
- method of collection, etc.

### G Submitting Requests for New or Modified Commodity Assessment Collections

State Offices shall mail requests to:

DIRECTOR, USDA, FSA, PSD
1400 INDEPENDENCE AVE SW
STOP 0512
WASHINGTON DC 20250-0512.

### H New and Modified Commodity Assessment Approval or Disapproval

PSD will review each request for a new or modified commodity assessment collection and respond to the appropriate SED, in writing, with the determined preliminary approval or disapproval.

## 24 Collecting Commodity Assessments and Other Fees (Continued)

### I Deducting Federal Grain Sorghum Commodity Assessment for Loan Collateral

CCC has been authorized to collect the grain sorghum research and promotion fee from the proceeds of farm- or warehouse-stored MAL's when the loans are disbursed. A 0.6 percent of the net market value research and promotion fee will be deducted from the producer's loan proceeds based on the value of MAL at disbursement, in addition to any individual State assessment.

CCC will remit the collected fees to the National Grain Sorghum Board no later than 60 calendar days after the last day of the month in which they were offered as collateral for MAL.

Grain sorghum DMA's and CMA's are responsible for collecting the research and promotion fee from DMA or CMA disbursed loans and remitting the collection to the National Grain Sorghum Board. The first handler/purchaser is responsible for collecting and remitting all grain sorghum research and promotion fees for commercially purchased grain sorghum.

### J Collection of the Federal Soybean Commodity Assessment

CCC has been authorized to collect the national soybean assessment and promotion fee when processing farm-stored soybean loan settlements and warehouse-loan forfeitures. The assessment is collected in loan settlement or forfeiture at the rate of 0.5 percent of the settlement value.

## 25 Incorrect Loan or LDP Rate or Incorrect Quantity Used

### A Incorrect Loan Rate or Quantity Used

If an incorrect loan rate or quantity was used because of a data entry error, use the following.

| IF an incorrect loan rate or quantity for loan was used that results in money owed... | THEN... |
|---|---|
| CCC | • correct the loan<br><br>• re-record the loan with the correct loan rate or quantity that will result in an overdisbursement of the loan<br><br>**Note:** Follow 12-PS for:<br><br>• correcting the loan<br>• re-recording the loan.<br><br>• establish the receivable through NRRS.<br><br>**Notes:** The receivable amount is equal to the principle plus interest as of the date the receivable is established.<br><br>The initial notification letter will be issued through NRRS. |

## 25 Incorrect Loan or LDP Rate or Incorrect Quantity Used (Continued)

### A Incorrect Loan Rate or Quantity Used (Continued)

| IF an incorrect loan rate or quantity for loan was used that results in money owed... | THEN... |
|---|---|
| the producer **and** the loan has been repaid to zero | **if** all of the repayments, principal plus interest, were repaid, **no** additional action is necessary. |
| | **if** 1 or more of the repayments were repaid as a market repayment:<br><br>• correct the loan<br><br>• re-record the loan with the correct loan rate or quantity that will result in an under disbursement of the loan<br><br>**Note:** Follow 12-PS for:<br><br>• correcting the loan through APSS<br><br>• re-recording the loan through APSS<br><br>• in NPS, reconcile repaying the receivable, if applicable, resulting from the correction.<br><br>• re-record the repayments according to 12-PS, Part 7, that were removed when the loan was corrected. |

## 25 Incorrect Loan or LDP Rate or Incorrect Quantity Used (Continued)

### A Incorrect Loan Rate or Quantity Used (Continued)

| IF an incorrect loan rate or quantity for loan was used that results in money owed... | THEN... |
|---|---|
| the producer **and** the loan has an outstanding balance | • correct the loan<br>• re-record the loan with the correct loan rate or quantity that will result in an under disbursement of the loan<br><br>**Note:** Follow 12-PS for:<br>  • correcting the loan through APSS<br>  • re-recording the loan through APSS<br>  • in NPS, reconcile repaying the receivable, if applicable, resulting from the correction.<br>• notify the producer of the under disbursement<br>• if the producer requests the additional disbursement in writing, process an additional disbursement through APSS for the under disbursement according to 12-PS.<br>• if the additional disbursement is **not** requested and the loan is later repaid:<br>  • in full and **all** payments were paid principal and interest, **no** additional action is necessary<br>  • as a market gain repayment, process the additional disbursement for the under disbursement **before** recording the repayment<br>• re-record any repayments according to 12-PS, that may have been removed when the loan was corrected. |

## 25 Incorrect Loan or LDP Rate or Incorrect Quantity Used (Continued)

### B Incorrect LDP Rate or Quantity Used

If an incorrect LDP rate or quantity was used because of a data entry error, use the following.

| IF an incorrect LDP rate or quantity for LDP was used that results in money owed... | THEN... |
|---|---|
| CCC | • correct LDP<br><br>• if issued in APSS, re-record LDP with the correct LDP rate or quantity that will result in an overpayment of LDP.<br><br>**Notes:** Follow 12-PS for correcting and rerecording LDP issued by APSS<br><br>Follow 15-PS for correcting eLDP. |
| the producer | • correct LDP<br><br>• re-record LDP with the correct LDP rate or quantity that will result in an underpayment of LDP<br><br>• reconcile receivable through NRRS, as applicable. |

## 26 Interest Rates and Calculations

### A Interest Applicable to Loans

The interest rate:

- applicable to CCC loans shall be:
  - equal to the interest rate announced by CCC for the month in which the loan is disbursed
  - adjusted on January 1 to equal the interest rate announced for the month of January by CCC
- is assessed at the rate applicable to the loan, subject to January 1 adjustment, from the disbursement date to the **earlier** of the following:
  - second day before date of repayment for loans disbursed through NPS
  - settlement date.

See 50-FI for applicable interest rates.

The monthly interest rates announced for 1996 and subsequent crop years include the additional 1 percent applicable to loans. This additional 1 percent is **not** applicable to LDP's.

A loan deficiency resulting from processing a settlement becomes a **receivable** and will be handled according to NRRS.

## 26 Interest Rates and Calculations (Continued)

### B Interest Applicable to Violations

The interest rate for:

- loan violations is the interest rate applicable to the loan according to subparagraph A
- LDP violations is the interest rate applicable to CCC loans, **excluding** the additional 1 percent, for the month in which LDP was made.

### C Manually Calculating Interest

Interest is calculated by APSS for transactions processed through APSS. When APSS is inoperable, interest may be manually computed.

For regular loan repayments:

- interest is computed on a daily basis from the date of disbursement to, but **not** including, the second day before the date of repayment
- when different interest rates apply, interest is computed from date of:
  - disbursement to, but **not** including, the effective date interest changed
  - interest change to, but **not** including, date of repayment, or date another rate change occurs.

**Note:** If the interest period includes February 29, include February 29 in the number of days computed, **but** divide the total number of days by **365** when computing the interest.

### D Total Aggregate Amount of $500,000 or More

Producers repaying a loan that has a total aggregate principal amount of **$500,000 or more**, by:

- other than a wire transfer, shall be assessed interest beginning on the loan disbursement date **through the day after** the date of repayment
- wire transfer, shall **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.

## 27 IRS Reporting

### A Market Gains, LDP's, and Forfeitures

Market gains, LDP's, and forfeitures shall be reported to IRS for Federal income tax assessment purposes and inclusion on CCC-1099 (62-FI).

*** * ***

## 28 Lobbying Activity Provisions

### A Applicability

Lobbying disclosure requirements apply to applicants and recipients of loan proceeds exceeding $150,000 or LDP's exceeding $100,000.

### B Filing Forms

Applicants **must** file the forms specified in the following table for **each** LDP exceeding $100,000 and for all loans exceeding $150,000 where the loan proceeds will be used to lobby or otherwise influence the actions of a Federal official about a particular loan.

| **IF monies received have…** | **THEN…** |
|---|---|
| **not** or will **not** be used to lobby or otherwise influence the action of a Federal official about a particular **loan** | CCC-674 is **not** required because CCC-601(6)(i) contains lobbying disclosure requirements. Loan applicants certify to compliance when signing CCC-677 or CCC-678. |
| **not** or will **not** be used to lobby or otherwise influence the action of a Federal official about a particular **LDP** | file CCC-674 (subparagraph C).<br><br>**Note:** CCC-674 is needed for **all** LDP's exceeding $100,000. |
| or will be used to lobby or otherwise influence the action of a Federal official about a particular loan or LDP | file SF-LLL (subparagraph D). CCC-674 is **not** required because CCC-601(6)(i) contains lobbying disclosure requirements. Loan applicants certify to compliance when signing CCC-677 or CCC-678.<br><br>**Note:** File SF-LLL-A, if applicable (subparagraph E). |

**Note:** Lobbying activity provisions apply to individual loans and LDP's **not** the producer/entity's cumulative total.

# 28 Lobbying Activity Provisions (Continued)

## C Example of CCC-674

The following is an example of CCC-674.

This form is available electronically.

Form Approved - OMB No. 0348-0046

**CCC-674**
(08-01-98)

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

**CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS**

NAME AND ADDRESS OF RECIPIENT

Able Farmer
9999 Any Road
Town, ST 99999-9999

TRANSACTION DOCUMENT *(Loan No., Contract No., CCC-6 No(s)., Check No., etc.)*
99999

PROGRAM YEAR
20xx

*To comply with lobbying disclosure requirements (31 U.S.C. 1352), applicants for and recipients of: 1) A Federal loan exceeding $150,000; or 2) A Federal contract, grant, or cooperative agreement payment exceeding $100,000 must file, with the disbursing office:*

*A. If they have not or will not use monies received for lobbying purposes, CCC-674.*
*B. If they have or will use monies received for lobbying purposes, SF-LLL.*

**CERTIFICATION**

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U. S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

/s/ Able Farmer
RECIPIENT SIGNATURE

10-12-20xx
DATE

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0348-0046. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.* ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.*

## 28 Lobbying Activity Provisions (Continued)

### D Example of SF-LLL

The following is an example of SF-LLL.

Approved by OMB No. 0348-0046

**DISCLOSURE OF LOBBYING ACTIVITIES**

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See Reverse for public burden disclosure.)

| | | |
|---|---|---|
| **1. Type of Federal Action:**<br>☐ a. contract<br>b. grant<br>c. cooperative agreement<br>d. loan<br>e. loan guarantee<br>f. loan insurance | **2. Status of Federal Action:**<br>☐ a. bid/offer/application<br>b. initial award<br>c. post-award | **3. Report Type:**<br>☐ a. initial filing<br>b. material change<br>**For Material Change Only:**<br>year _____ quarter _____<br>date of last report _____ |
| **4. Name and Address of Reporting Entity:**<br>☐ Prime ☐ Subawardee<br>Tier _____, *if known:*<br>**Congressional District,** *If known:* | **5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:**<br>**Congressional District,** *If known:* | |
| **6. Federal Department/Agency:** | **7. Federal Program Name/Description:**<br>CFDA Number, *if applicable:* | |
| **8. Federal Action Number,** *If known:* | **9. Award Amount,** *If known:*<br>$ | |
| **10. a. Name and Address of Lobbying Registrant**<br>*(If individual, last name, first name, MI):* | **b. Individuals Performing Services** *(Including address if different from No. 10a)*<br>*(last name, first name, MI):* | |
| **11.** Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less that $10,000 and not more than $100,000 for each such failure. | Signature: _____<br>Print Name: _____<br>Title: _____<br>Telephone No.: _____ Date: _____ | |
| **Federal Use Only:** | | Authorized for Local Reproduction<br>Standard Form LLL (Rev. 7-97) |

# 28 Lobbying Activity Provisions (Continued)

## D Example of SF-LLL (Continued)

**INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES**

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.

2. Identify the status of the covered Federal action.

3. Identify the appropriate classification of this report. If this a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred, Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.

4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be a prime or subaward receipt. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.

5. If the organization filing the report in item 4 checks :Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.

6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.

7. Enter the Federal program name or description for the covered Federal action (Item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans and loan commitments.

8. Enter the most appropriate Federal identifying number available for the Federal action identified in Item 1 (e.g., Request for Proposal (RFP) number; Invitation for bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g. "RFP-DE-90-001."

9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in Item 4 or 5.

10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in Item 4 to influence the covered Federal action.

    (b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name and Middle Initial (MI).

11. Certifying official shall sign and date the form, print his/her name, title and telephone number.

*According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 10 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.*

## 28 Lobbying Activity Provisions (Continued)

### E Example of SF-LLL-A

The following is an example of SF-LLL-A.

**DISCLOSURE OF LOBBYING ACTIVITIES**
**CONTINUATION SHEET**

Approved by OMB
0348-0046

Reporting Entity: _____ Page _____ of _____

Authorized for Local Reproduction
Standard Form - LLL-A

## 28 Lobbying Activity Provisions (Continued)

### F County Office Action

***--**County Offices shall follow procedures in this table each time an LDP exceeding $100,000 is requested or each time a loan exceeding $150,000 is requested where the loan proceeds will be used to lobby or otherwise influence the actions of a Federal official about a particular loan or LDP.**--***

| Step | Action |
|---|---|
| 1 | Provide the applicant a copy of CCC-674, SF-LLL, and SF-LLL-A with instructions, to complete and return the applicable form to the County Office. |
| 2 | Disburse the loan or LDP **after** the applicant returns the completed CCC-674, SF-LLL, or SF-LLL-A, as applicable, to the County Office. |
| 3 | File the original CCC-674, SF-LLL, and SF-LLL-A in the County Office. |

***--Note:** CCC-601(6)(i) contains lobbying disclosure requirements. Loan applicants certify to compliance when signing CCC-677 or CCC-678. Therefore, for loans exceeding $150,000 where the loan proceeds will **not** be used to lobby or otherwise influence the actions of a Federal official about a particular loan, CCC-674, SF-LLL, and SF-LLL-A are **not** required.**--***

### G Assistance

For situations **not** covered in this paragraph, County Offices shall contact PSD through their State Office price support specialist for additional assistance.

## 29 Misaction/Misinformation and Finality Rule

### A Misaction/Misinformation Provisions

Follow 7-CP if an otherwise eligible producer is deprived of the benefits of the loan and LDP programs because administering the programs resulted in:

- errors
- misaction
- misinformation
- omissions.

### B Definition of Misaction/Misinformation

**[7 CFR Part 718]** Misaction/misinformation means performance rendered in good faith based on action of, or information provided by, an authorized COC or STC representative.

### C Applicability

Misaction/misinformation is **not** applicable when producers:

- knew, or had sufficient reason to know, that the action or advice on which the producer relied was improper or erroneous

- relied or acted upon their own understanding or misinterpretation of program provision, notices, or advice.

### D Reason to Know

Misaction/misinformation policies do **not** apply to cases where a producer has reason to suspect the information was erroneous or the action to be improper.

There is **no** legal authority to grant relief in cases where misaction/misinformation **cannot** be determined.

### E Equitable Relief for Misaction/Misinformation and the Finality Rule

See 7-CP for policies and procedures for granting equitable relief.

## 30 Offsets

### A Basic Provisions

Offsets are applicable for amounts owed CCC, FSA, or other creditors. The offset amount may be shown on CCC-679 or established as the result of a claim against the producer.

Make administrative offsets from loan or LDP proceeds owed to producers, if appropriate.

### B Joint Disbursement of Loan Proceeds

The balance of the loan proceeds may be disbursed jointly to the producer and lienholder **after** applicable administrative offsets to CCC, FSA, or other creditor agencies according to 58-FI, have been made when the lienholder requests joint disbursement on CCC-679 for:

- recorded lien
- unrecorded lien, if **actual** notice of lien is given to the County Office.

For other creditor agency debts received in the County Office:

- **before** the filing date of any recorded lien or notification of an unrecorded lien, the lienholder **must** agree to the creditor agency debt offset **before** disbursement of loan proceeds jointly to the producer and lienholder by checking CCC-679, item 5, block (c)

- **after** the filing date of any recorded lien or notification of an unrecorded lien, the creditor agency debt shall be offset **only** if the lienholder agrees to disburse the loan proceeds solely to the producer by checking CCC-679, item 5, block (a).

## 30 Offsets (Continued)

### C Authorizing Offsets

A loan disbursement can be offset to provide for charges other than in-handling, if the warehouse receipt indicates in-handling charges have been provided for or paid.

If using rice EWR's, the prepaid in-handling indicator must be set to "Y" to indicate in-handling charges have been provided for or paid, for the quantity to be eligible for a warehouse-stored MAL.

Beginning with the 2008 crop year, producers must provide acceptable documentation specifying that all in-handling charges have been provided for or paid **before** either of the following:

- a warehouse-stored MAL will be disbursed for the commodity
- ***--**recording settlement of a forfeiture farm-stored MAL.**--***

**Note:** See subparagraph 540 E.

Offsets may be made for amounts contained on a separate statement of unpaid charges, or for a separate bill for unpaid charges, if **both** of the following apply:

- the charges on the statement or bill are associated with other than handling of the commodity represented by the warehouse receipt

- the charges have been approved by DAFP.

These charges are **not** considered a lien, but **must** be included on CCC-679, item 5, block (c), if an offset will be made for the charges (paragraph 404).

If an offset applies, do **not** disburse the loan unless the lienholder agrees to the offset on CCC-679 by checking item 5, block (a) or (c). If any lienholder checks item 5, block (b), the loan shall **not** be approved.

### *--D Offsets from Other Program Payments

A producer with an outstanding MAL may request the County Office to offset other specific payments to apply to a specific outstanding MAL. Any requests **must** be writing.

If requested, County Office shall:

- set the "Other Agency Claim" flag in Financial Services
- request applicable payment be made to CCC and sent to County Office
- apply to applicable outstanding MAL as a "lump sum" repayment
- **not** establish a receivable in NRRS to offset a payment.

**Note:** The producer's request is only applicable if the commodity is still in storage.**--***

## 31 Overdisbursements, Overpayments, and Receivables

### A Overdisbursements, Overpayments, and Receivables

A producer is personally liable for repaying:

- any loan amount disbursed or LDP exceeding the amount authorized, including any charges plus applicable interest
- any deficient amount determined to be owed CCC, plus interest.

### B Notifying Producers

For loans and LDP's, producers will be notified of amounts owed of $25 or more in writing, ***--**according to Exhibit 11. Take action, as applicable, according 58-FI and the following.**--***

| IF... | THEN... |
|---|---|
| the **overdisbursement** or **overpayment** is **not** because of a loan or LDP violation | collect the amount owed as follows:<br>• for loans, if the amount owed is $25 or less and is discovered:<br>  • before settlement, do **not** collect immediately; however, collect on the next repayment<br>  • after settlement, do **not** send the producer a demand letter; immediately write off the small balance according to 12-PS<br>•***--**for LDP's processed through eLDP or APSS, if the amount**--*** owed is:<br>  • $25 or less, write off the small balance according to 12-PS<br>  • more than $25, follow procedure in 58-FI for demanding payment. |
| a **receivable** is created because an amount remitted to CCC is less than the amount required | if the total amount outstanding is:<br>• $25 or less, see 12-PS<br>• more than $25 with outstanding loan balance, collect on next repayment<br>• more than $25 with no outstanding loan balance, follow NRRS procedures. |

**32, 33 (Reserved)**

## *--34 Payment and AGI Limitation for 2009-2013 Crops

### A Payment Limitation for 2009-2013 Crops

For the 2009-2013 crop years CCC will **not** limit market loan gains and LDP's.

### B AGI Limitation Rule for 2009-2013 crop

A person or legal entity shall not be eligible to receive Market Loan Gains or LDP benefits for the 2009 through 2013 crop years, if the average nonfarm AGI exceeds $500,000.--*

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

## 35 Prompt Payment Act

### A Applicability

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

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

### B Payment Due Dates

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

| IF the program is for... | THEN the payment due date is... |
|---|---|
| loan agreements | 30 calendar days after the County Office receives an application with **all** required documentation and signatures.<br><br>***--Note:** County Offices shall make every effort to process loans expeditiously when all required documentation and signatures have been received.--* |
| manual loan repayments that result in overcollection | the eighth workday after the following:<br><br>• repayments are recorded through APSS<br>• loans are determined to be overpaid. |

## 35 Prompt Payment Act (Continued)

### B Payment Due Dates (Continued)

| IF the program is for... | THEN the payment due date is... |
|---|---|
| LDP's | 30 calendar days from the date the producer provides all information needed to complete the LDP request. This information includes, but is **not** limited to, the following:<br><br>• acreage certification<br><br>• AD-1026's<br><br>**Note:** Includes farm plans.<br><br>• all signatures, as applicable<br><br>• CCC-902's for foreign person determinations (crop years 2009 ***--**through 2013) according to 4-PL<br><br>• CCC-931 for 2009-2012 crop years**--***<br><br>**Notes:** For the 2012 crop year, CCC-931 must **not** be a version dated before 12-7-11.<br><br>A valid AGI certification is on file according to 4-PL, Part 6 for each applicable crop year.<br><br>•***--**CCC-931C or CCC-933 for 2013 crop year**--***<br><br>• certifies the quantity<br><br>**Notes:** For commodities harvested as other than grain and quantity is certified in acres, the prompt payment due date is 30 calendar days from the date COC determines the maximum eligible quantity according to paragraph 336.<br><br>COC is **required** to establish the maximum eligible quantity within 30 calendar days from the date all required information is available.<br><br>• delivery date, if the date of delivery is needed to determine the applicable LDP rate<br><br>• requesting LDP on CCC-633 EZ page 1 and the applicable benefits page (page 2, 3, or 4).<br><br>**Notes:** County Offices **must** determine maximum quantity eligible **before** LDP payments can be made.<br><br>***--**Every effort must be made to process LDP's expeditiously as soon as all required information has been received.**--*** |

## 35 Prompt Payment Act (Continued)

### B Payment Due Dates (Continued)

| IF the program is for... | THEN the payment due date is 30 calendar days... |
|---|---|
| settlements | after County Office receives **all** of the following:<br>• properly completed warehouse receipt<br>• if applicable, CCC-691 for the commodity subject to the settlement<br>• documentation required to complete the transaction. |
| payments that are the subject of an ongoing judicial action, including when the payee has filed for bankruptcy | after judicial action is completed. |

### C Paying Prompt Payment Interest

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

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

## 36 * * * Unnegotiated Treasury Checks

### A * * * Unnegotiated Loan Treasury Checks

If unnegotiated Treasury checks for a loan disbursement or LDP are returned to the County Office, follow this table.

| IF all unnegotiated Treasury checks for... | THEN... |
|---|---|
| a loan disbursement are returned to the County Office and no repayments have been made on the loan | cancel the loan as follows:<br><br>• use the correct loan process, according to 12-PS, to remove the loan making transaction; a receivable will automatically be created in NRRS<br><br>• send the Treasury check to Kansas City according to 1-FI, *--subparagraph 131 F, and request a new check made payable--* to CCC<br><br>• apply the check, made payable to CCC, to the receivable.<br><br>**Note:** LDP may be made on the quantity originally requested on the canceled loan, if eligibility requirements are met and requests are made within the applicable crop year final loan availability period. |
| a loan disbursement are **not** returned to the County Office | • use the correct a loan process, according to 12-PS, to remove the loan making transaction; a receivable will automatically be created in NRRS<br><br>• NRRS will notify producer of the receivable amount owed CCC<br><br>• when producer pays amount owed, apply to receivable<br><br>• do **not** release **any** collateral until receivable is repaid. |

**36 * * * Unnegotiated Treasury Checks (Continued)**

**A * * * Unnegotiated Loan Treasury Checks (Continued)**

| **IF all unnegotiated Treasury checks for...** | **THEN...** |
|---|---|
| LDP are returned to the County Office, processed through eLDP or APSS | • use the correction process to cancel LDP; a receivable will automatically be created in NRRS<br><br>• request a replacement check according to 1-FI and apply to the receivable in NRRS according to 64-FI.<br><br>**Notes:** The same LDP quantity may **not** be pledged as collateral for a loan; however, if the producer later requests another LDP for the same LDP quantity, an LDP would be made as follows:<br><br>• is within the final loan availability period<br><br>• for the original LDP quantity<br><br>• at the same LDP rate in effect for the date the original LDP was requested. |
| LDP, processed through eLDP or APSS, are **not** returned to the County Office | use the correction process to cancel LDP; a receivable will automatically be created in NRRS. |

## 37 State Office Reporting System (SORS)

### A Individual Report Availability

SORS, available on FSA Intranet, provides up-to-date access to national, State, county, and individual reports on:

- LDP's
- MAL's.

***--**To access SORS, go to at **http://intranet.fsa.usda.gov/fsa**, under "Resources", CLICK**--***
"**FSA Applications**", and under "Price Support", CLICK "**SORS - State Office Reporting System**".

**Note:** For authority to access SORS, submit FSA-13-A to SLR. On FSA-13-A, in the "Resource Privilege" Section, under "**WEB**", select "**Add**" and in "EAS Role(s)" blank, ENTER "**app.fsa.sors.readonly**".

### B Activity Reports

Unofficial cumulative price support loan and LDP activity reports are available to the general public on the Price Support web page at **www.fsa.usda.gov/FSA**; under "Browse by Subject", CLICK "**Price Support**", and under "Related Topics", CLICK "**Price Support Reports**".

## 38, 39 (Reserved)

## Section 4 Warehouse Status Notification

### 40 Notification of UGRSA Warehouse Status

#### A Notification

KCCO shall notify the State Offices listed in subparagraph B of the following on KC-232:

- newly approved warehouses
- reinstated warehouses
- removed warehouses
- terminated warehouses.

**Note:** See subparagraph B for an example of KC-232.

State Offices shall notify the appropriate County Offices of the applicable warehouse status by providing a copy of KC-232, when notified by KCCO.

County Offices shall post for 30 calendar days, in a public area, newly approved warehouses or warehouse status updates received from State Offices.

#### B States Without an Operating Warehouse Licensing Program (UGRSA Required)

The following States do **not** have an operating warehouse licensing program and warehouse operators will **be** required to execute a UGRSA for MAL purposes:

- Alaska
- Arizona
- California
- Connecticut
- Delaware
- Florida
- Hawaii
- Maine
- Maryland
- Massachusetts
- Nevada
- New Hampshire
- New Jersey
- New Mexico
- New York
- North Carolina
- Oregon
- Pennsylvania
- Rhode Island
- Utah
- Vermont
- Virginia
- West Virginia.

**Note:** This listing is based on USDA's interpretation of current State laws.

# 40 Notification of UGRSA Warehouse Status (Continued)

## C Example of KC-232

The following is an example of KC-232

*--

*See reverse side for Privacy Act, Public Burden, and Nondiscrimination Statements.* OMB Exempt

**KC-232**
(09-17-12)

**U. S. DEPARTMENT OF AGRICULTURE**
Farm Service Agency
Post Office Box 419205
Kansas City, Missouri 64141-6205

**NOTICE OF APPROVAL OR CHANGE IN STATUS OF STORAGE AGREEMENT/SCHEDULE OF WAREHOUSES**

| Agrmt. Type | | | | | AGREEMENT NO. | NOTICE DATE |
|---|---|---|---|---|---|---|
| | | CSA | | PSA | | |
| | | HSA | | SSA | | |
| | | PCSA | | UGRSA | | |

| WAREHOUSE CODE | FEDERAL LICENSE NO. | INITIATOR'S REFERENCE LINE |
|---|---|---|
| | | |

WAREHOUSE LOCATION (City, County, State)

NAME AND ADDRESS OF WAREHOUSE OPERATOR

| | APPROVED | Capacity |
|---|---|---|
| | New Agreement | |
| | Addition - New Code | |
| | Capacity Change - From: | |
| | To: | |

**OTHER** (See explanation below.)

**REMOVED FROM LIST**

The warehouse(s) described above is being removed from CCC's List of Approved Warehouses as of this date for conditions explained below. Until further notice, no additional CCC-owned or loan commodities, or commodities delivered to CCC for purchase under a price support program subject to the terms of the above agreement can be stored or handled through this warehouse(s).

**TERMINATED**

The above Storage Agreement is being terminated as of this date, under conditions explained below, reserving to CCC and other interested parties all rights and privileges which may have accrued under the agreement.

**DELETED**

The above warehouse(s) is being deleted from the above Storage Agreement as of this date, under conditions explained below, reserving to CCC and other interested parties all rights and privileges which may have accrued under the agreement.

**REINSTATED**

The warehouse(s) described above is being reinstated to CCC's List of Approved Warehouses as of this date. CCC owned or loan commodities, or commodities delivered to CCC for purchase under a price support program subject to the terms of the above agreement can, until further notice be stored or handled through this warehouse(s).

EXPLANATION OF CHANGE

**COMMODITY CREDIT CORPORATION: BY:** _____
**CONTRACTING OFFICER**

| | |
|---|---|
| **TO:** SED, State FSA Office | **PUBLIC ANNOUNCEMENT** |
| **FROM:** Director, Kansas City Commodity Office | Should be made (please notify interested counties) |
| **COPIES TO:** | Should **NOT** be made |

| **DISTRIBUTION (Check all applicable designations)** | |
|---|---|
| SED, State FSA Office | KC-1117 |
| State Licensing Authority | |
| Warehouse Licensing & Examination Division - EB and/or LB | GIMS: |
| Contract Reconciliation Division - FRB | PCIMS: |
| Contract File Copy | Other: |
| Reading File Copy | |

--*

# 40 Notification of UGRSA Warehouse Status (Continued)

## C Example of KC-232 (Continued)

*--

**KC-232** (REVERSE)

**PRIVACY ACT AND PUBLIC BURDEN STATEMENTS**

The authority for entering the information identified on this form is 7 CFR Part 1423, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Farm Security and Rural Investment Act of 2002 (Pub. L. 107–171). The information will be used to inform the storing warehouse operator of approval or if there is a change in the contract status. The information 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).

The authority for collecting the following information is Public Law 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.

**NONDISCRIMINATION STATEMENT**

The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of Discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

--*

## 40 Notification of UGRSA Warehouse Status (Continued)

### D Warehouse Status Changes

Follow this table when a warehouse has been newly approved, removed, terminated, or reinstated from the approved list.

| Step | Applicable Office | Action |
|---|---|---|
| 1 | KCCO | Inform the appropriate State Office when a particular warehouse has been newly approved, removed, terminated, or reinstated from the approved list and include the following information on the KC-232:<br><br>• reason for the approval, removal, termination, or reinstatement<br>• whether a public notice should be made. |
| 2 | State Office | Notify the appropriate County Offices of the following:<br><br>• the warehouse that has been removed from the approved list by sending a copy of KC-232 received from KCCO<br><br>• based on the advice of KCCO, to post the public notice announcing the approval, removal, termination, or reinstatement.<br><br>**Note:** The state office may provide additional suggested wording for the public notice. Exercise caution in using reasons not fully investigated and established by KCCO. |
| | | Advise County Offices to refer inquiries on the reasons for removal to either of the following:<br><br>• KCCO<br>• manager of the warehouse. |
| 3 | County Office | Post a copy of KC-232 in the County Office, in a public place, for 30 calendar days. |

## 40 Notification of UGRSA Warehouse Status (Continued)

### E Warehouse Termination

Follow this table when a warehouse is terminated.

| Step | Applicable Office | Action |
|---|---|---|
| 1 | KCCO | Inform the appropriate State Office when a particular warehouse is terminated.<br><br>Provide instructions for identifying and calling all outstanding loans in the terminated warehouse. |
| 2 | State Office | Immediately:<br><br>• identify County Offices with outstanding loans in the terminated warehouse by generating the warehouse loan summary report in SORS<br><br>• notify County Offices of the termination and loan call and include KCCO instructions for completing the loan call. |
| 3 | County Office | Identify warehouse-stored loans in the terminated warehouse.<br><br>If any outstanding loans in the county include commodities stored in the terminated warehouse, issue a letter to each loan borrower according to KCCO loan call instructions.<br><br>Followup to assure the loan call is completed timely. |
| | | Call the loans according to instructions received from KCCO, **except** for producers who have filed bankruptcy.<br><br>For producers who have filed bankruptcy, County Offices shall:<br><br>• send a letter explaining the situation to **both** of the following:<br><br>  • regional attorney, through the State Office<br><br>  • "LOAN CALL" USDA, KCCO, PD, MB<br>  STOP 8748<br>  PO BOX 419205<br>  KANSAS CITY MO 64141-6205<br><br>• follow the regional attorney's advice. |

## 41 Violations and Suspected Violations by Warehouse Operator

### A Necessary Action by County Offices

When a violation of the storage agreement or loan and LDP regulations is discovered or suspected, the County Office shall immediately notify the State Office of the circumstances.

### B Necessary Action by State Offices

When a violation of the storage agreement or loan and LDP regulations is discovered or suspected, the State Office shall notify:

USDA, KCCO, WLED
STOP 9148
PO BOX 419205
KANSAS CITY MO 64141-6205.

**42-199 (Reserved)**

# Part 2 Common Loan and LDP Provisions

## Section 1 Producer Eligibility

### 200 Eligible Producers

#### A Definition of Eligible Producer

**[7 CFR 1421.4]** Eligible producer means a person or legal entity that:

- has complied with annual program requirements including:

  •*--reporting acreage for **all** cropland on the farms according to 2-CP

  **Note:** Acreage reports must be obtained for the specific commodity on the farm **before** MAL disbursements and LDP benefits are received for that specific commodity. Report acreage, according to 2-CP, for all cropland on the farm on which the crop pledged as collateral or LDP was produced. Failure to--* report all cropland on a farm shall be considered noncompliance with program requirements and considered a violation according to 2-CP, Part 2.

  - completing AD-1026 according to 6-CP

  - completing CCC-931 according to 4-PL and applicable PL directives for 2009 through 2012 crop years--*

  **Notes:** CCC-931 is not needed on file at **loan** disbursement, but is required before the loan is repaid with a marketing loan gain.

  For the 2012 crop year, CCC-931 must **not** be a version dated before 12-7-11.

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

  •*--completing CCC-931C or CCC-933 for the 2013 crop year--*

  - completing applicable CCC-902 according to 4-PL

  **Note:** CCC-902 is required for foreign person determination on both loans and LDP's. See subparagraph 203 A.

- 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.

## 200 Eligible Producers (Continued)

### A Definition of Eligible Producer (Continued)

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

- landowner
- landlord or waterlord
- tenant
- sharecropper.

*--**Exception:** For 2009 through 2013 crops, States, local Governments, political--* subdivisions, and agencies thereof are **not** eligible for loans, market loan gains, or LDP's.

Legal entity means the entity either:

- owns land or an agricultural commodity, product, or livestock
- produces an agricultural commodity, product, or livestock.

### B Company or Other Legal Entity

An eligible producer may be an irrigation company or other legal entity that provides **all or part** of the following that are necessary to produce and harvest a crop:

- equipment
- labor
- land
- water.

### C Estates and Trusts

An eligible producer may be an estate or trust, including any of the following:

- receiver of an insolvent debtor's estate
- executor or an administrator of a decedent's estate
- guardian of any of the following:
  - an estate
  - a ward
  - an incompetent person
- trustees of a trust estate, if their representative authority is legally valid (1-CM).

## 200 Eligible Producers (Continued)

### D Minors

A minor may be an eligible producer; however, signature requirements in 1-CM **must** be met.

### E Heirs of Deceased Producer

An eligible producer may be an heir of a deceased producer, whether succession of interest occurs before or after harvest, when **all** of the following apply:

- succeeds to the beneficial interest of the deceased in the commodity, including purchase from other heirs
- assumes the decedent's obligation under a loan if a loan has already been obtained
- for farm-stored loans, ensures that safe storage continues
- completes CCC-686, according to paragraph 205, when the heirs want to obtain or assume a loan and either of the following applies:
  - there will be no administration or probate of the estate
  - administration or probate of the estate is closed.

### F Hybrid Seed Contract Producer Eligibility

When determining if a producer under a hybrid seed contract is eligible for MAL or LDP, the County Offices shall **not** take into consideration existing hybrid seed contracts when determining beneficial interest eligibility. However, all other MAL and LDP program requirements are applicable.

**Note:** The contract **must:**

- specify that it is a hybrid seed contract
- be for an eligible loan commodity.

## 201 Ineligible Producers

### A Ineligibility

Ineligible producers are producers who:

- ***--**have **not** reported acreage for all cropland on the farms requesting MAL and/or LDP for the current crop year according to 2-CP

  **Note:** Acreage reports must be obtained for the specific commodity on the farm **before** MAL disbursements and LDP benefits are received for that specific commodity. Report acreage, according to 2-CP, for all cropland on the farm on which the crop pledged as collateral or LDP was produced. Failure to report all cropland on a**--***farm shall be considered noncompliance with program requirements and considered a violation according to 2-CP, Part 2.

- violate WC and HELC provisions according to 6-CP

- have **not** complied with applicable program requirements

- are convicted under Federal or State law of a controlled substance violation according to 1-CM

- have a delinquent nontax debt to the Federal Government according to paragraph 202

- violate FCIC provisions as determined by FCIC.

## 202 Delinquent Federal Nontax Debtors

### A DCIA Rule

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

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

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

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

See subparagraphs E and F for additional information about DCIA.

For barring delinquent debtors from obtaining Federal financial assistance purposes, a debt is **not** in delinquent status if the debtor is the subject of, or has been discharged in, a bankruptcy proceeding. Producers with an unresolved delinquent Federal nontax debt **are** considered eligible to receive MAL or LDP if the unresolved delinquent Federal nontax debt is the subject of a bankruptcy proceeding.

***--**Producers owing tax debt to IRS are still eligible for MAL or LDP as long as all other eligibility and program requirements are met. See subparagraph 505 A for MAL's.**--***

## 202 Delinquent Federal Nontax Debtor (Continued)

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

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

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

### C Producer Incorrectly Certifies to the DCIA Question

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

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

If the producer has resolved the delinquent debt and COC makes a good faith determination, then MAL or LDP may be disbursed.

## 202 Delinquent Federal Nontax Debtor (Continued)

### D Delinquency Resolution

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

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

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

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

## 202 Delinquent Federal Nontax Debtor (Continued)

### E Additional Information About Delinquent Federal Nontax Debt

This example represents a farm program delinquent debt.

As a result of LDP spot check, the producer over-certified to production and was overpaid $50; therefore, the County Office shall establish a receivable through NRRS, according to 12-PS.

### F DCIA Questions and Answers

**Q1. If a producer has an unresolved delinquent Federal nontax debt, can the producer lock-in on CCC-697?**

A1. No. If the producer has an unresolved delinquent Federal nontax debt at the time of the CCC-697 request, the producer can only repay at principal plus interest.

**Q2. If a partnership applies for LDP and 1 member (25 percent shareholder) of the partnership has a delinquent Federal nontax debt, is the partnership eligible to receive LDP?**

A2. Yes. The partnership will receive 75 percent of LDP and the delinquent debtor's pro-rata share (25 percent shareholder) of the partnership is offset and applied to the delinquent Federal nontax debt.

**Q3. Are delinquent producers who enter into Federal agency-approved payment agreements eligible for MAL's and LDP's if the producer is current on the payment agreement?**

A3. Yes. The producer is eligible if the producer is able to resolve the delinquent Federal nontax debt with the creditor approved payment agreement on or before the date MAL's and LDP's are issued.

## 202 Delinquent Federal Nontax Debtor (Continued)

### F DCIA Questions and Answers (Continued)

**Q4. If a producer forwards the MAL disbursement or payment from LDP to cover part or all of the producer's delinquent Federal nontax debt, can MAL or LDP be issued?**

A4. Yes, as long as an approved payment agreement has been completed according to 58-FI and the MAL disbursement or payment from LDP is applied to the delinquent debt under the terms of the approved payment agreement.

**Notes:** It is the creditor agency and the producer who develop the terms in the approved payment agreement that will resolve the delinquent Federal nontax debt. If the LDP will resolve the delinquent Federal nontax debt in full or in part, the producer may apply the LDP to the delinquent Federal nontax debt and make acceptable payment arrangements with the creditor for the remainder of the delinquent Federal nontax debt. For FLP purposes, at the time of disbursement MAL or LDP must cure the delinquency in full.

If a portion of the debt has been written off, after the person has paid the debt in part and where the creditor agency accepts this partial payment as a compromise instead of payment in full, the entire debt would be deemed resolved.

**Q5. If a producer repays MAL and a market gain is earned and it is later discovered that the producer had a delinquent Federal nontax debt at the time of the MAL repayment, is the producer entitled to retain market gain?**

A5. No. The producer must repay the market gain with interest since it was discovered that he/she had a delinquent Federal nontax debt at the time of MAL repayment.

**Q6. If 2 producers sign the same CCC-633 EZ page 2 and Producer A is not delinquent debtor, but Producer B has a delinquent Federal nontax debt, can FSA pay Producer A his/her share of LDP?**

A6. Yes. Producer A is entitled to receive his/her share of LDP and, **if** Producer B resolves the delinquent Federal nontax debt before the final loan availability date, he/she then will be entitled to receive his/her share of LDP.

## 203 Eligible Foreign Person

### A Foreign Person Eligibility

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

The applicable CCC-902 is needed to be on file at the time of MAL disbursement or LDP request to determine foreign person status. In most instances, producers who participate in DCP/ACRE have already submitted the applicable CCC-902 for an actively in farming determination and to determine foreign person status.

Producers who apply **only** for MAL or LDP will need to complete the U.S. citizenship and certification portions of CCC-902 to certify U.S. citizenship status. No other parts of CCC-902 have to be completed. County Office shall manually denote across the top of CCC-902 the following statement:

"For MAL and LDP purposes only."

### B Handling Disbursements Involving an Ineligible Foreign Person

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

| IF a loan or LDP has been disbursed to... | THEN... |
|---|---|
| an ineligible foreign person | notify the producer according to Exhibit 11, subparagraph M. |
| a cooperative for a commodity delivered to the cooperative by an ineligible foreign person | contact the State Office for instructions. |

## 204 Eligible CMA's

### A Approved CMA's

**[7 CFR Part 1425]** CMA's approved to participate in loan and LDP programs may obtain loans and LDP's for their eligible producer members.

An approved CMA is considered an eligible producer. See 1-CMA for approved CMA's and commodities.

### B Determining Producer Eligibility

If program year requirements are in effect for the crop year, producer eligibility will be determined according to 1-CMA, Part 7.

## 205 Deceased Producers

### A Notification to Heirs

When the County Office learns that a producer is deceased and has outstanding loans, the County Office shall:

- send a certified letter, drafted on the advice of the regional attorney, to the fiduciary representative, heirs, or other persons in charge of settling the estate that notifies them:
  - of the existence of the outstanding CCC loan
  - that the loan is covered by a security agreement or secured by pledged warehouse receipts
- attach a copy of the letter to the loan papers on file in the County Office.

### B Application for Loan or LDP by Heirs

CCC-686 shall be completed for a deceased producer when:

- heirs want to obtain or continue a loan or request LDP
- there will be no administration or probate of the estate
- administration or probate of the estate is closed.

If CCC-686 has **not** been executed by the appropriate party for a deceased producer who has outstanding loans, the:

- County Office shall immediately notify the State Office
- State Office shall forward notification of deceased producers to the regional attorney for appropriate action.

**Notes:** County Offices shall:

- **not disburse** any MAL's or LDP's using a deceased individual's TIN.
- disburse MAL's or LDP's in TIN of the estate or to other qualifying individuals or entities as reflected on a properly completed and approved CCC-686.

***--**Heirs must complete the required documents and meet the eligibility requirements according to paragraph 200.**--***

MAL's or LDP's disbursed to joint ventures or general partnerships with a deceased member will be included on the Payments to Individuals Identified as Deceased Report for corrective action.

See 1-CM for additional information on deceased individuals.

## 205 Deceased Producers (Continued)

### C Completing CCC-686

Complete an original and 1 copy for each person signing CCC-686 according to the following table.

**Note:** Items not listed on this table are self-explanatory.

| Item | Instructions |
|---|---|
| 3 | Enter current loan number, if applicable. |
| 9 and 10 | Enter name, address, and relationship of all persons inheriting the commodity, even though the persons are not related to the deceased. |
| 11 and 12 | Enter names and relationship of all persons assuming farming unit, even though the persons are not related to the deceased. |
| 13-16 | Enter name of any heir who is a minor or an incompetent. Enter name and address and capacity of the representative of this person. |
| *--17F | Heirs must answer. |
| 18A-C | Heirs, or representative of heirs, who have inherited the commodity and who are requesting a loan or LDP, must sign CCC-686 and indicate title and date.--* |

### D Distributing CCC-686

Distribute CCC-686 as follows:

- file the original in the County Office
- provide a copy to each person signing CCC-686.

# 205 Deceased Producers (Continued)

## E Example of CCC-686

The following is an example of CCC-686.

*--

This form is available electronically.

**CCC-686** (09-28-10)

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

**APPLICATION FOR LOAN OR LOAN DEFICIENCY PAYMENT BY HEIRS**
(On a commodity produced by a person who has died)

*See Page 2 for Privacy Act Statement.*

1. NAME AND ADDRESS OF COUNTY FSA OFFICE
Any County FSA Office
999 Any Road
Town, ST 99999

TELEPHONE NO. *(Include Area code)*: 999-999-9999

| 2. ST. & CO. CODES | 3. APPLICATION NUMBER |
|---|---|
| 99-999 | 99999 |
| **4. CROP YEAR** | **5. COMMODITY** |
| 2010 | Corn |

| 6. NAME OF DECEASED PERSON | 7. DATE OF DEATH (MM-DD-YYYY) | 8. DEATH OCCURRED |
|---|---|---|
| Able Farmer | 11-09-2010 | BEFORE HARVEST ☐ AFTER HARVEST ☒ |

| 9. PERSONS INHERITING COMMODITY *(Name and Address)* | 10. RELATIONSHIP TO DECEASED |
|---|---|
| Imma Farmer, 9999 Any Road, Town, ST 99999 | Spouse |
| | |
| | |

| 11. NAMES OF PERSONS ASSUMING FARMING UNIT *(Include heirs in Item 9)* *(Address if not already listed in Item 9)* | 12. RELATIONSHIP TO DECEASED OR CAPACITY |
|---|---|
| | |
| | |
| | |

If any person shown in Item 9 or 11 above is a minor or incompetent, furnish the following:

| 13. NAME OF MINOR OR INCOMPETENT | 14. NATURE OF DISABILITY *(if any)* | REPRESENTATIVE OF PERSON SHOWN IN ITEM 13 | |
|---|---|---|---|
| | | 15. NAME AND ADDRESS | 16. CAPACITY *(Guardian, Custodian, Conservator, Liquidator, etc.)* |
| | | | |
| | | | |
| | | | |

17. CERTIFICATONS *(To be certified to and by each person shown in Items 9 and 11 or his or her representative shown in Item 15 who is requesting a loan or LDP.)*

**The undersigned hereby certifies that 1/**

A. The person shown in Item 6 died on the date shown and he or she produced the commodity identified above in the crop year shown.
B. The decedent and the commodity heir she produced were eligible for loan or LDP and that the persons shown in Item 9 have inherited the decedent's interest in the commodity shown above.
C. (1) There has not been nor is it contemplated that there will be administration or probate of the estate or (2) administration or probate of the estate is closed.
D. The persons listed in Items 9, 11, and, if applicable 13, are the only persons who have inherited or otherwise acquired an interest in the commodity and farming unit of the decedent described in this form.
E. Each of such persons requests (1) a loan be continued or disbursed, or (2) an LDP be made.
F. Are you or any co-applicant delinquent on any federal non-tax debt? YES ☐ NO ☒ *(If "YES", provide details):*

| 18A. Signature (By) | 18B. Title/Relationship of the Individual Signing in the Representative Capacity | 18C. Date *(MM-DD-YYYY)* |
|---|---|---|
| ***/s/ Imma Farmer*** | Self | 11-29-2010 |
| 18A. Signature (By) | 18B. Title/Relationship of the Individual Signing in the Representative Capacity | 18C. Date *(MM-DD-YYYY)* |
| 18A. Signature (By) | 18B. Title/Relationship of the Individual Signing in the Representative Capacity | 18C. Date *(MM-DD-YYYY)* |

19A. CERTIFICATION OF COUNTY COMMITTEE
The undersigned certifies that each applicant whose signature appears above has the authority to act in the capacity indicated; that the right of the applicant(s) to file this application was determined in accordance with the regulations of the Department of Agriculture; and that the statements contained herein have been examined and are true and correct to the best of my knowledge and belief.

| 19B. FOR THE COUNTY COMMITTEE | 19C. Date *(MM-DD-YYYY)* |
|---|---|
| BY ***/s/ Bill Done*** | 11-29-2010 |

1/ Section 15 (a) of the Commodity Credit Corporation Charter Act *(62 Stat. 1070)* provides a fine of not more than $10,000 or not more than five years imprisonment for making any statements knowing it to be false for the purpose of influencing the action of the Corporation or of obtaining money under any act applicable to the Corporation.

--*

## 206 Dissolved Corporations or Partnerships

### A Assumption of Loans

If a corporation or partnership is dissolved and an individual stockholder or group of stockholders, or an individual partner or group of partners, wants to assume the commodity loan or loans held by the corporation or partnership, they may do so if **all** stockholders in the corporation or partners in the partnership agree to the assumption on CCC-664. *** * ***

### B Basic Provisions for Assumptions

The loan may only be assumed by the stockholders in the corporation or partners in the partnership.

Collateral mortgaged for a single loan shall **not** be split among the stockholders or partners.

All stockholders, or partners, shall sign CCC-664.

**Note:** If all stockholders or partners do **not** sign CCC-664:

- call the loan according to paragraph 865
- contact the regional attorney through the State Office.

Follow 12-PS, Part 11, Section 1 to correct the names of the producers on the loan agreement.

## 207-224 (Reserved)

## Section 2 Commodity Eligibility

### 225 Eligible Commodities

#### A Eligibility Requirements

**[7 CFR 1421.5]** To be eligible for a loan or LDP, the commodity **must**:

- have been produced by an eligible producer on a farm
- be in existence and in a storable condition
- be merchantable for food, feed, or other uses determined by CCC
- **not** contain mercurial compounds, toxin-producing molds, or other substances poisonous to humans or animals

  **Exception:** For commodities containing vomitoxin and aflatoxin, see paragraph 231.

- meet the definition for the applicable commodity in the Official United States Standards for grain, rice, whole dry peas, split peas, and lentils, or beans for pulse crops, as applicable

  **Note:** See subparagraph J for eligible commodities, classes, subclasses, and varieties.

- meet the specific commodity eligibility requirements for a nonrecourse loan
- **not** be:
  - substituted, purchased, bartered, or received as a gift
  - produced on land owned by the Federal Government, if the land is occupied without lease, permit, or other rights of possession.

    **Note:** A commodity pledged as collateral for loan or LDP that is **not** produced and harvested by the eligible producer, but was exchanged for a commodity produced and harvested by the eligible producer is ineligible for loan and is considered a substitution.

#### B Substituted Commodities

Substituted commodities are commodities that are not harvested, sheared, or slaughtered by the eligible producer for the applicable crop year. Substituted commodities are **ineligible** for MAL's and LDP's.

If a County Office determines that a loan or LDP has been disbursed on substituted commodities, handle according to Exhibit 11, subparagraph M.

## 225 Eligible Commodities (Continued)

### C Commodities Eligible for Loan or LDP

The commodities eligible for a loan or LDP include:

- barley
- corn
- grain sorghum

  **Notes:** Including dual purpose sorghum varieties as determined by CCC.

  See Exhibit 13 for eligible grain sorghum varieties and applicable yields.

- honey
- mohair

  ***--Notes:** The Continuing Appropriations Resolution, 2013, suspended mohair MAL's and LDP's for FY 2013.**--***

  Effective November 18, 2011, the Consolidated and Further Continuing Appropriations Act of 2012 suspended funding for mohair MAL's and LDP's through FY 2012. Mohair MAL's and LDP's were previously suspended for FY 2011 effective April 14, 2011.

- oats
- oilseeds

  **Note:** Including canola, crambe, flaxseed, mustard seed, rapeseed, safflower seed, sesame seed, soybeans, and sunflower seeds.

- pulse crops

  **Note:** Including large and small chickpeas, dry peas, and lentils.

- rice

  **Note:** Long and medium grain; medium grain includes short grain (2-LP Rice).

- wheat

## 225 Eligible Commodities (Continued)

### C Commodities Eligible for Loan or LDP (Continued)

- wool

  **Note:** Graded and nongraded.

- any of the commodities, listed in this subparagraph, mechanically harvested as other than grain, **excluding** hay or silage (paragraph 520).

**Note:** Hay, silage, and unshorn pelts are eligible for LDP **only** (paragraph 1020).

## 225 Eligible Commodities (Continued)

### D Established STC Maximum Acceptable Moisture Level

STC shall:

- establish maximum acceptable moisture levels for all harvested commodities listed in paragraph 225 that are applicable for the State

- annually review the maximum acceptable moisture levels to assess CCC's risk.

**Note:** Starting with the 2010 crop, the maximum acceptable moisture levels established for Price Support purposes will also be used for SURE program purposes.

### E Commodities Exceeding Maximum STC Moisture Levels

All harvested loan commodities with moisture exceeding the established maximum STC level are **only** eligible for recourse loans according to paragraph 1210. Eligible quantity shall be adjusted for moisture to the applicable standard in 2-LP (see shrink factors in Exhibit 12).

Harvested loan commodities with moisture exceeding the established maximum STC level are **ineligible** for LDP's.

### F Commodities Exceeding the Moisture Standard in 2-LP

All harvested loan commodities with moisture levels falling between the applicable 2-LP standard and maximum STC are eligible for nonrecourse loans and LDP's. Eligible quantity shall be adjusted for moisture to the applicable standard in 2-LP. See shrink factors in Exhibit 12.

***--Note:** The applicable shrink factors shall apply when adjusting the quantity for excess moisture, according to subparagraph 528 C and Exhibit 12.**--***

**Only** corn and grain sorghum are also eligible for recourse loan if the moisture levels fall between the applicable 2-LP standard and maximum STC.

**Note:** See paragraph 1210.

### G Commodities At or Below the Moisture Standard in 2-LP

All harvested loan commodities with moisture levels at or below the applicable 2-LP standard are eligible for nonrecourse loans and LDP's. Quantity adjustments are **not** needed for moisture.

## 225 Eligible Commodities (Continued)

### G Commodities At or Below the Moisture Standard in 2-LP (Continued)

| IF moisture level… | AND the commodity is… | THEN eligible for… |
|---|---|---|
| exceeds the maximum STC level | harvested | recourse loans.<br><br>**Note:** Ineligible for LDP's. |
| exceeds the 2-LP standard and does **not** exceed maximum STC moisture levels | corn and sorghum | HM recourse loans. |
| | harvested, including corn and sorghum | excess moisture nonrecourse loans and LDP's. |
| is at or below the 2-LP standard | harvested | nonrecourse loans and LDP's. |

### H Low Quality Commodities

Low quality commodities include:

- sample grade commodities
- commodities that do **not** meet warehouse-stored loan standards excluding moisture
- commodities that have a test weight discount on the additional schedule of discounts.

***--Note:** Wheat is not a low quality commodity when the **only** discount on the additional schedule of discounts is falling numbers. See information on falling number discounts for wheat in 2-LP Grains and Oilseeds.**--***

Low quality commodities:

- are eligible for nonrecourse loans; however, the loan rate is 20 percent of the applicable base county loan rate; no other discounts will be applied to the nonrecourse loan disbursed at the reduced loan rate

  **Example:** Base county loan rate is $2 x 20 percent = $0.40 low quality commodity nonrecourse loan rate.

- must be repaid at principal plus interest

- that are delivered to CCC in settlement of a nonrecourse outstanding loan, have a settlement rate of zero.

### I Subsequent Crops

Subsequent crops produced and harvested on acreage that previously produced a loan eligible commodity are eligible for MAL and LDP, if STC determines that the subsequent crops are of a type or variety that could produce a crop that would meet U.S. standards for the applicable commodity. The subsequent crop produced and harvested **must** be reported on the annual acreage report. For crops that are harvested as silage or hay, COC shall base the reasonable yield on farming practices and other pertinent information that may impact the yield determination.

## 225 Eligible Commodities (Continued)

### J Abbreviations for Commodity Classes, Subclasses, and Varieties

This table lists abbreviations for commodity classes, subclasses, and varieties.

| Commodity | Class | Abbreviation | Subclass | Abbreviation |
|---|---|---|---|---|
| Barley (48 lbs. per bu.) | Barley | BRL | Barley | BRY |
| | | | Six-Rowed Barley | 6BR |
| | | | Two-Rowed Barley | 2BR |
| | Hulless | BHL | | |
| Canola (cwt.) | Canola | CAN | | |
| Chickpeas (cwt.) | Miscellaneous Beans | CHKP | | |
| Corn (Shelled) 56 lb. per bu. | Yellow | YC | | |
| | White | WC | | |
| | Mixed | MXC | | |
| Crambe (cwt.) | Crambe | CRA | | |
| Flaxseed (cwt.) | Flaxseed | FLX | | |
| Grain Sorghum (cwt.) | White | WHG | | |
| | Sorghum | SOR | | |
| | Tannin | TAN | | |
| | Mixed | MIX | | |
| Lentils (cwt.) | Lentils | LEND | | |
| Mustard (cwt.) | Yellow Mustard | YMU | | |
| | Brown Mustard | BMU | | |
| | Oriental Mustard | OMU | | |
| | Mixed Mustard | XMU | | |
| Oats (32 lbs. per bu.) | Oats | OAT | | |
| | Hulless | HLS | | |
| Rapeseed (cwt.) | Rapeseed | RAP | | |
| Safflower Seed (cwt.) | Safflower Seed | SAF | | |
| Soybeans (60 lbs. per bu.) | Yellow | YSB | | |
| | Mixed | XSB | | |
| Sunflower (Oil Type) (cwt.) | Sunflower Seed | SUN | | |
| Sunflower (Other Type) (cwt.) | Sunflower Seed | SFN | | |

## 225 Eligible Commodities (Continued)

### J Abbreviations for Commodity Classes, Subclasses, and Varieties (Continued)

| Commodity | Class | Abbreviation | Subclass | Abbreviation |
|---|---|---|---|---|
| Wheat (60 lbs. per bu.) | Durum | DUM | Hard Amber Durum | HAD |
| | | | Amber Durum | AD |
| | | | Durum | D |
| | Hard Red Spring | HRS | Dark Northern Spring | DNS |
| | | | Northern Spring | NS |
| | | | Red Spring | RS |
| | Hard Red Winter | HRW | | |
| | Hard White Wheat | HWW | | |
| | Soft Red Winter | SRW | | |
| | Soft White Wheat | SWW | Soft White | SWH |
| | | | White Club | WHC |
| | | | Western White | WWH |
| | Mixed Wheat | MIX | Mixed High Percent Spring | XS |
| | | | Mixed High Percent Durum | XD |
| | | | Mixed High Percent Winter | XW |
| | | | Mixed Hard and Soft (50-50) | HS5 |
| | | | Mixed Hard and Soft (High Percent Hard) | HSH |
| | | | Mixed Hard and Soft (High Percent Soft) | HSS |
| | | | Mixed Amber Durum | XAD |
| | | | Mixed Durum | XDU |
| | | | Mixed Soft Red and Soft White (High Percent Soft White) | RSS |
| | | | Mixed Soft Red and Soft White (High Percent Soft Red) | RSR |
| Whole Dry Peas (cwt.) | Smooth Green | PEAD | | |
| | Smooth Yellow | | | |
| | Wrinkled | | | |
| | *--Mottled--* | | | |
| | Miscellaneous | | | |
| | Mixed Dry | | | |

## 226 Loan and LDP Final Availability Dates

### A Availability

**[7 CFR 1421.7]** Loans and LDP's are available to eligible producers in any area in the U.S. and Puerto Rico where the applicable commodity is produced.

### B Requesting Loans and LDP's

Requests for loans and LDP's shall be made on or before the final availability date for the respective commodities.

## 226 Loan and LDP Final Availability Dates (Continued)

### C Final Availability Date

**[7 CFR 1421.7]** This table provides the final availability date for loans and LDP's for the commodities listed.

| Commodity | Final Availability Date |
|---|---|
| Mohair<br>Peanuts<br>***--**Unshorn Pelts (LDP only)**--***<br>Wool | January 31 |
| Barley<br>Canola<br>Crambe<br>Flaxseed<br>Honey<br>Oats<br>Rapeseed<br>Wheat<br>Sesame Seed | March 31 |
| Corn<br>Dry Peas<br>Grain Sorghum<br>Lentils<br>Mustard Seed<br>Rice<br>Safflower Seed<br>Chickpeas<br>Soybeans<br>Sunflower Seed | May 31 |

***--Note:** The Continuing Appropriations Resolution, 2013, suspended mohair MAL's and LDP's for FY 2013.**--***

Effective November 18, 2011, the Consolidated and Further Continuing appropriations Act of 2012 suspended funding for mohair MAL's and LDP's through FY 2012. Mohair MAL's and LDP's were previously suspended for FY 2011 effective April 14, 2011.

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

### D Final Disbursement Date

The approved disbursement date shall **not** be later than 30 calendar days after the final loan availability date. When the final loan availability date falls on a nonworkday, the final date shall be extended to the next workday.

State Offices may grant extensions in 15-calendar-day increments, as applicable.

## 227 Beneficial Interest

### A Applicability

**[7 CFR 1421.6]** To be eligible for a loan or LDP, **both** of the following shall apply:

- eligible producers, heirs of the producer, or another producer who succeeds in interest to the farming unit, according to paragraph 200, **must**:
  - have beneficial interest in the commodity
  - be in compliance with HELC and WC provisions
- commodity must have been produced by an eligible producer on a farm that is in compliance with the annual program requirements.

For LDP's only, if the producer filed CCC-633 EZ page 1, **before** loss of beneficial interest the:

- the commodity would be eligible for LDP
- LDP rate would be based on the rate in effect on the day beneficial interest was lost, if before final loan availability date and both of the following are true:
  - payment is requested on CCC-633 EZ page 2, 3, or 4
  - required documentation is presented.

**Note:** Purchasing a growing crop does **not** transfer beneficial interest **unless** the producer is succeeding in interest to the farming unit.

### B Definition of Conditions for Beneficial Interest

Conditions for beneficial interest mean a producer *** * *** has **both** control of the commodity and title to the commodity.

**Note:** CCC has determined that if a producer has control of the commodity, it is assumed that the producer has risk of loss of the commodity; therefore, the risk of loss component is removed when determining whether a producer has beneficial interest in the commodity.

## 227 Beneficial Interest (Continued)

### B Definitions of Conditions for Beneficial Interest (Continued)

This table defines beneficial interest, but is **not** limited to the following.

| Condition | Definition |
|---|---|
| Control of the commodity. | A producer has control of the commodity if the producer retains:<br>• the ability to make **all** decisions affecting the commodity<br>• **all** risk of loss associated with producing and maintaining the quality and quantity of the commodity. |
| Title to the commodity. | A producer may be considered to have title to the commodity if the producer has **not** sold or delivered the commodity, including delivering warehouse receipts. |

### C Definition of 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.

## 227 Beneficial Interest (Continued)

### D Definition of Sales Contracts

Sales contracts, including advance sales contracts, contracts to sell, price later contracts, and contracts for future delivery, mean the buyer has an interest in the commodity at a time specified in the contract or at a time implied by law.

In many cases, deferred price, forward, or price later contracts allow producers to select the sales price of the commodity at the time the contract is entered into or at a later date.

Producers under a deferred price, forward, or price later contract will be considered to have:

- beneficial interest in the commodity, if there are **no** restrictive or contradictory clauses within the contract that may cause the producer to lose beneficial interest in the commodity until the earlier of the following:
    - date payment is received
    - date commodity is applied in fulfillment of the contract
- lost beneficial interest if the contract states that ownership or title in the commodity transfers at any of the following specific times:
    - commodity is priced
    - date of contract signing
    - date the commodity is delivered.

## 227 Beneficial Interest (Continued)

### E Option to Purchase Language

If a producer has entered into an option to purchase, the producer may receive a payment from the buyer and retain beneficial interest if the option to purchase contains a provision **exactly** as follows:

> "Notwithstanding any other provision of this option to purchase, title and control of the commodity, and beneficial interest in the commodity, as specified in 7 CFR Part 1421 shall remain with the producer until the buyer exercises this option to purchase the commodity. This option to purchase shall expire, notwithstanding any action or inaction by either the producer or the buyer, at the earlier of: (1) the maturity of any Commodity Credit Corporation loan which is secured by such commodity; (2) the date the Commodity Credit Corporation claims title to such commodity; or (3) such other date as provided in this option."

Inserting this language into a sales contract does **not** mean that the producer retains beneficial interest when a payment from the buyer is made under the contract.

If a producer has or will receive any payment from the buyer in return for a sales contract, beneficial interest is lost when the payment is made.

### F Retaining Beneficial Interest

For a producer to retain eligibility to obtain a loan or LDP, **any** contract signed by a producer must conform to **all** provisions for beneficial interest.

Beneficial interest **must** be retained by a producer from harvest continuously through:

- for LDP, the date LDP is requested
- for loan, the earlier of the following date:
    - the loan is repaid
    - CCC takes title to the commodity.

## 227 Beneficial Interest (Continued)

### G Losing Beneficial Interest

If a producer sells the equity in the commodity, the commodity is immediately ineligible for a loan or LDP. If the commodity has been pledged as collateral for a loan, or LDP has been made, immediate repayment of the loan principal and charges, plus interest, or LDP amount plus interest, as applicable, is **required**.

When beneficial interest in the commodity is lost by the producer, the commodity remains ineligible for loan or LDP even if the producer regains any of the following:

- control of the commodity
- title to the commodity.

The producer loses beneficial interest upon signing any contract that contains, but is **not** limited to, the following provisions:

- buyer has the option to require the producer to obtain loan or LDP
- requires producer to obtain permission from buyer to request a loan or LDP
- requires that casualty losses be paid to the buyer's account.

### H Transferring or Assigning Interest

Interest in a commodity or the right to redeem a commodity under loan may **not** be transferred or assigned **except** according to paragraphs 205 and 206, or by executing FSA-211.

### I Integrated Entity

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

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

## 227 Beneficial Interest (Continued)

### J Commodity Rejected and Returned

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

The commodity is **not** considered rejected if the producer receives a reduced contract price for the commodity.

### K Payments for Services

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

### L Feedlot, Feedyard, or Grain Bank

If the commodity is delivered to, but not limited to, a feedlot, feedyard, dairy, pit, poultry facility, or grain bank, beneficial interest in the commodity is considered to be lost at the time of delivery, **unless** other events cause beneficial interest to be lost before delivery according to subparagraph 228 E.

Delivery of the commodity by a producer to, but not limited to, the feedlot, feedyard, dairy, pit, poultry facility, or grain bank, removes the producer's ability to make all decisions affecting the delivered commodity. Therefore, control of the commodity does **not** remain with the producer.

## 227 Beneficial Interest (Continued)

### M Beneficial Interest and Open Storage Policy

Producers who deliver commodities to a Federally, non-Federally, or State-licensed warehouse and the commodity is placed in open storage **must** be able to receive, from the warehouse, a negotiable warehouse receipt or other form of acceptable production evidence, if requested (see subparagraphs 335 C and D for acceptable types and requirements for production evidence).

For State-licensed facilities, each State FSA Office shall contact their State Department of Agriculture to obtain a copy of the State warehousing license to determine the existing State law as it relates to producers delivering commodities to open storage. The specific State law, if applicable, may dictate the timeframe of when title and ownership transfers or when a warehouse receipt can be written for commodities delivered and placed in open storage. For State FSA Offices that do **not** have a specific State law governing open storage, see paragraphs 227 through 228 for events that will cause producers to lose beneficial interest in the commodity.

**Example:** A producer delivers a commodity to a Federally, non-Federally, or State-licensed warehouse. The State law specifies that after 30 calendar days of open storage the producer must decide to either:

- apply the commodity to a contract
- place the commodity into warehouse inventory that would enable the producer to obtain a warehouse receipt indicating title and control remains with the producer.

## 228 Reviewing Contracts

### A Documents for Review

**[7 CFR 1421.6]** County Offices shall review contracts or leases, as applicable, only when there is reason to believe the producer may have lost beneficial interest in the commodity.

When requested by the County Office, producers shall provide the following, as applicable:

- copy of the combination lease agreement
- copy of all options to purchase and all sales contracts
- certification of **no** contract according to subparagraph B.

Producers who provide the certification according to subparagraph B shall be advised that, for loans **only**, if a contract is negotiated at a later date, the following, as applicable, **must** be provided to the County Office:

- copies of written contracts
- terms and conditions of verbal contracts.

If a commodity contract is received in the County Office, and it is known that the company has filed for bankruptcy protection, State and County Offices may:

- review the contract
- make a beneficial interest determination based on the submitted contract.

Regional attorneys may need to be consulted before the beneficial interest determination can be made.

Producers with a commodity contract from a company that has filed for bankruptcy protection are eligible to request MAL's or LDP's.

**Important:** The contract status is **not** affected by the bankruptcy. FSA does **not** intend to intervene with legal matters about commodity contracts.

State and County Offices shall **not** provide recommendations or suggestions to producers regarding legal matters about contracts.

Producers must seek their own counsel to determine and establish any legal rights and/or discrepancies about their contract.

## 228 Reviewing Contracts (Continued)

### B Certification of Verbal or No Written Contract

The following certification may be provided if the producer does **not** have a written contract **and** there is reason to believe the producer may have lost beneficial interest in the commodity.

This form is available electronically.

| CCC-491 (11-06-09) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation | 1. Crop Year | 2. LDP Number | 3. Loan Number |
|---|---|---|---|
| BENEFICIAL INTEREST CERTIFICATION FOR LOAN AND LOAN DEFICIENCY PAYMENTS | 2010 | 99999 | N/A |
| | 4. FSA State and County Code 99-999 | | |

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 Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to certify that a producer does have a beneficial interest in the commodity which is the subject of the CCC loan or loan deficiency payment. 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 of ineligibility to file the beneficial interest certification.*

*This 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 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.***

**PART A – PRODUCER'S INFORMATION**

| 5. Producer Name and Address | 6. Telephone Number: *(Include Area Code)*: | 7. Crop |
|---|---|---|
| Able Farmer<br>9999 Any Rd<br>Town, ST 99999-9999 | 999-999-9999 | Corn |

**PART B – PRODUCER'S CERTIFICATION**

*The undersigned producer(s) ("Producer") has requested a loan or loan deficiency payment (LDP) from the Commodity Credit Corporation (CCC). With respect to the commodity which will be the subject of such loan or LDP, the Producer certifies that; (1) the Producer has had beneficial interest in the commodity and has not lost such interest before filing for the LDP application or loan application; (2) the Producer did not enter into any written option to purchase or any written contract for sale, with respect to the commodity to sell, deliver, or market the commodity, before such loan or LDP was requested; (3) the Producer did not enter into a verbal option to purchase or verbal contract for sale, except as noted below; (4) no payment with regard to such commodity was received before such loan or LDP was requested. The Producer understands that this certification is subject to review by CCC to determine that no option to purchase, contract for sale, or payment was applicable to the commodity. If any option to purchase, contract for sale, or payment is later negotiated while the commodity is pledged for collateral for a loan, the producer agrees to notify the County FSA Office of such event and to provide a copy of such option or contract to the County FSA Office for review. Upon such notification, CCC shall review such option to purchase and contract for sale for a determination of the date beneficial interest would be considered to have been lost. By signing this certification, the Producer warrants and agrees that the making of any fraudulent representation may render the Producer subject to criminal prosecution under Federal law and will result in the refund by the producer of any amounts paid as the result of the fraudulent representation, plus interest.*

*8. Terms and Conditions of Verbal Contract:*
*N/A*

**PART C – PRODUCER'S CERTIFICATION**

| 9A. Producer's Signature *(By)* | 9B. Title/Relationship *(Individual Signing in a Representative Capacity)* | 9C. Date *(MM-DD-YYYY)* |
|---|---|---|
| /s/ Able Farmer | Self | 10-15-2010 |
| 9A. Producer's Signature *(By)* | 9B. Title/Relationship *(Individual Signing in a Representative Capacity)* | 9C. Date *(MM-DD-YYYY)* |
| | | |

**PART D – COC'S APPROVAL**

| 10A. Signature of CCC Representative | 10B. Title of CCC Representative | 10C. Date *(MM-DD-YYYY)* |
|---|---|---|
| /s/ CED Signature | CED | 10-15-2010 |

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).*

*To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.*

## 228 Reviewing Contracts (Continued)

### B Certification of Verbal or No Written Contract (Continued)

*--CCC-491 shall be completed according to the following instructions. Producer completes entries for items 1-9C. FSA may assist with completing items 1 through 4.

| Item | Instruction |
|---|---|
| 1 - 4 | Enter the crop year, LDP or loan number, as applicable, and the FSA State/County Code for the office where the loan/LDP is being processed. |
| 5 | Producer enters name and address. |
| 6 | Producer enters phone number. |
| 7 | Producer enters the commodity for which the loan/LDP is requested. |
| 8 | Producer enters the terms of the verbal contract about beneficial interest. |
| 9A - C | Producer or producer's representative:<br>• signs in item 9A<br>• if applicable, enters in item 9B representative's relationship to the producer<br>• enters the signature date in item 9C. |
| 10A - C | FSA signs, enters title, and signature date. |

--*

### C Verbal Contract

If the producer certifies to a verbal contract, the producer may be required to enter the terms and conditions of the verbal contract in the space provided on the certification in subparagraph B.

### D County Office Review

When a contract or lease review is necessary, County Offices, **before** approving a loan or LDP for commodities subject to market loan provisions, shall:

- determine whether the requirements of beneficial interest or succession of interest are complied with
- review all options to purchase and sales contracts provided according to subparagraph A
- determine the date the producer would be considered to have lost beneficial interest
- determine whether the producer has retained beneficial interest in the commodity according to subparagraph 227 F.

For any option to purchase or sales contract on which a determination cannot be made, send a copy of the option to purchase or sales contract to the State Office for a determination according to paragraph 229.

## 228 Reviewing Contracts (Continued)

### E Events Causing Loss of Beneficial Interest

Producers shall be considered to have lost beneficial interest in a commodity the earlier of any 1 of the following events:

- receipt of a payment (without option to purchase)
- date of invoice
- F.O.B. bin, when the commodity is loaded for shipment from farm storage bins or other storage to the buyer
- F.O.B. warehouse, when the commodity is loaded for shipment from the warehouse to the buyer
- delivery of warehouse receipts to the buyer or agent
- the time of signing a contract with clauses restricting the producer's decision to obtain a loan or LDP from CCC, such as:
  - buyer may require the producer to obtain a loan or LDP
  - producer may obtain a loan or LDP **only** with prior approval of the buyer
  - producer may obtain a loan if the producer executes certain documents designating the buyer as agent
- when the commodity enters the warehouse, if contract contains a casualty clause that provides that after commencement of insured warehouse cover, insurance settlement shall be for the buyer's account
- when the commodity is redeemed from CCC loan
- when the commodity is delivered to, but not limited to, a feedlot, feedyard, or grain bank according to subparagraph 227 L.

## 228 Reviewing Contracts (Continued)

### F Written Opinions

County Offices may give an opinion with respect to an option to purchase or a sales contract when **both** of the following apply:

- if the producer is **not** applying for benefits
- the producer requests an opinion.

County Offices shall:

- provide the opinion to the producer in writing

- send a copy of the option to purchase or sales contract to the State Office with a copy of the opinion provided to the producer for review according to subparagraph H.

**Note:** Opinions given for options to purchase and sales contracts are **not** appealable unless the producer has been denied benefits.

## 228 Reviewing Contracts (Continued)

### G Hybrid Seed Contract Review

If a producer submits a hybrid seed contract for review, County Offices shall maintain a copy for file purposes **only** and are **not** required to review for a beneficial interest determination for producer eligibility.

Producers under hybrid seed contracts will be considered to have lost beneficial interest in the seed, the earlier of the date of:

- delivery to the hybrid seed company
- receipt for any payment justifying the seed.

For producers under a hybrid seed contract and an advance payment is received before harvest of the commodity, the producer:

- **must** file CCC-633 EZ page 1 **before** harvest of the hybrid seed
- will receive LDP based on the LDP rate in effect on the date of the advance payment for the hybrid seed
- **must** provide production evidence justifying the hybrid seed advance payment.

LDP shall **not** be issued until the hybrid seed is harvested.

**Note:** Not all seed contracts are considered as hybrid seed contracts.

### H Addendum

An addendum to an option to purchase or sales contract to amend any contract provision, including removing any restrictive clause, **must** be agreed to by **all** parties.

For CCC to consider the addendum valid, it must be executed **before** the earlier of the following:

- harvest of the commodity
- date beneficial interest is considered to have been lost.

## 228 Reviewing Contracts (Continued)

### I Canceling Contracts

An option to purchase or a sales contract entered into may be canceled at any time **before** harvest of the commodity if beneficial interest has not been lost.

If the option to purchase or sales contract to be canceled was previously provided to the County Office, a copy of the following must be provided to the County Office:

- the canceled option to purchase or sales contract, as applicable, with the signatures of all parties canceling the contract
- any subsequent option to purchase or sales contract.

### J State Office Action

State Offices shall:

- review options to purchase and sales contracts submitted by County Offices, including purchase and sales contracts submitted for which the County Office gave the producer a written opinion

  **Note:** If the written opinion provided to the producer by the County Office is inaccurate, **immediately** notify the County Office.

- determine whether the producer retains beneficial interest and the date the producer would be considered to have lost beneficial interest
- for any option to purchase or sales contract on which PSD's concurrence with the State Office's preliminary determination is requested, FAX a copy of the contract for PSD review
- advise the County Office of PSD's determination when notified by PSD of the date beneficial interest would be considered to have been lost
- send to all County Offices and applicable States a copy of the following:
  - option to purchase or sales contract, as applicable
  - decision for reference.

## 228 Reviewing Contracts (Continued)

### K Action After Contract Review

A loan or LDP shall **not** be approved when both of the following apply:

- the contract is reviewed after harvest
- it is determined that the producer has lost beneficial interest in the commodity.

**Exception:** LDP's may be approved, based on the LDP rate in effect on the date of delivery, when the producer maintained beneficial interest until the date of delivery.

If an application for loan or LDP is:

- approved, attach a copy of the option to purchase or sales contract, as applicable, to the applicable loan or LDP document signed by the producer

- **not** approved because of loss of beneficial interest:

  - send a letter of the determination to the producer and attach the letter to the option to purchase or sales contract, as applicable

  - do **not** provide the producer appeal rights, the beneficial interest requirement is **not** appealable.

    **Notes:** Use example letter in Exhibit 11, subparagraph K.

    See 1-APP for determining issues that are **not** appealable.

**Note:** Producers may appeal the beneficial interest determination, but **not** the denial of benefits, if beneficial interest was lost. Beneficial interest is a statutory requirement.

When notified by the State Office of the determination of the date beneficial interest would be considered to have been lost, COC shall approve or disapprove loan or LDP.

## 229 Guidelines for Submitting Contracts

### A Submission Guidelines

For **each** contract submitted for review to the State Office or PSD:

- provide a preliminary determination with respect to when producers would be considered to have lost beneficial interest in the commodity under the terms and conditions of the contract
- ensure that the:
  - general terms, exhibit, addendum, etc., referenced in the contract are also submitted with the contract
  - copies are legible
- by FAX, do **not** submit a hard copy by mail **unless** requested to do so
- by mail, do **not** submit a FAX copy **unless** requested to do so
- and for which a previous determination was received, do **not** submit a subsequent identical contract for review
- number each page in the proper order and provide the total number of pages for each contract.

State or County Offices, as applicable, will be requested to submit this information, if these documents are **not** submitted with the contract.

A determination will **not** be rendered until **all** documents pertinent to the contract have been received.

## 230 Eligible Quantity

### A Determining Eligible Quantity

**[7 CFR 1421.8]** All applicable commodity produced on eligible acreage by an eligible producer and mechanically harvested is considered eligible for loan or LDP.

### B Using Crop Appraisals

If a producer has applied for crop insurance indemnity or NAP on the acreage related to the disaster, the crop appraisal on file **must** be used when determining the maximum eligible quantity for commodities harvested as other than grain for loans or LDP's.

### C Exception for Using Crop Appraisals

COC's may determine maximum eligible quantity determinations by using other methods according to subparagraph 336 C.

## 230 Eligible Quantity (Continued)

### D Determining Eligible Dry Pea Quantity for Loan or LDP

MAL's and LDP's for dry peas will be based on net weight excluding nonpea material. Nonpea material consists of foreign and other material.

Producers must submit production evidence that indicates net weight has been reduced for foreign and other material.

**Example:** Producer requested LDP on 7,000 cwt. of marrowfat peas at $2.68 (LDP rate). The settlement sheet includes:

- the statement, "Sample contains 97.5 percent of whole broken or pieces of peas."
- dockage breakdown: small peas, 2.0 percent; splits, 1.8 percent; other material, 1 percent
- defects and foreign material breakdown: foreign material, 1.5 percent; bleached, 86.2 percent.

The quantity will be reduced by 2.5 percent (foreign and other material **only**). The producer would receive LDP for $18,291 based on 6,825 cwt. (97.5 percent of 7,000 cwt) x $2.68 (LDP rate).

### E Establishing Yield Estimates

COC shall:

- ***--**annually, in close proximity to harvest of price support commodities grown in the county:
  - document the beginning of harvest
  - determine reasonable maximum yields for each commodity based on crop and weather conditions in the county**--***

    **Note:** A 3-5 year average of NASS yields could be used as a guide when establishing yields. The State Office may require a review of COC yields to determine reasonableness.

- ***--**document both determinations in COC minutes**--***

- review questionable applications.

## 230 Eligible Quantity (Continued)

### F Using Price Support Queries

County Offices shall use the automated Price Support queries according to 12-PS. Instructions for entering yields established by COC are in 12-PS. Price Support queries:

- are useful in determining a producer's reasonable production
- provide for a running account total by the producer for remaining MAL and LDP eligible quantities.

***--Note:** The automated Price Support queries will not be available at the beginning of the 2011 crop year. An interim process has been provided.**--***

### G Questionable or Commingled Production

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

- up to 10 percent:
  - producer shall 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 request 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 shall 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 request based on comparable *** * *** yields and farming practices in the area.

    **Notes:** The decision **must** be documented in the loan or LDP file, according to this note and in the COC minutes. Statement of reasonableness from producer shall be attached to applicable CCC-666 or CCC-633 EZ.

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

***--**Using yields from other producers' farms is not permitted.**--***

## 230 Eligible Quantity (Continued)

### G Questionable or Commingled Production (Continued)

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

- for loans, in CCC-666, item 19 B, "Remarks" section

- for LDP's, on applicable CCC-633 EZ page as follows, in the "Additional Information" section:

  - page 2, item 32
  - page 3, item 56
  - page 4, item 86.**--***

### H Determining Ineligible Quantity

A quantity of a commodity is **not** eligible for loan if:

- it was previously placed under loan and redeemed at the CCC-determined value
- LDP benefits have been requested or made on the quantity.

**Note:** LDP quantities requested on CCC-633 EZ Page 2 are **ineligible** to be pledged for loan.

## 231 Poisonous Substances and Contamination

### A Contaminated Commodities

**[7 CFR 1421.5(c)]** A producer is personally liable for any damages resulting from tendering, to CCC as loan collateral, commodities that contain:

- mercurial compounds
- toxin producing molds, such as aflatoxin
- other substances poisonous to humans or animals.

Illegally contaminated and nonmarketable commodities that test positive are **not** eligible for loan or LDP.

All contaminated commodities **must** be merchantable to be eligible.

***--Note:** FDA considers both unharvested commodities and harvested commodities in storage that are exposed to flood waters as not acceptable for human consumption or use in animal feed. These commodities may contain chemical contaminants, are susceptible to the development of mold and toxins, and are **not** eligible for loan or LDP.**--***

### B Acceptable Levels for Aflatoxin and Vomitoxin

This table provides the acceptable levels for toxins.

| Contaminant | Acceptable Level |
|---|---|
| Aflatoxin in corn | 20 parts per billion or less. |
| Vomitoxin | 5 parts per million or less. |

See Part 5 for applicable county loan rates.

## 231 Poisonous Substances and Contamination (Continued)

### C Monitoring Corn Containing Aflatoxin

In areas of the State where it is determined that the corn may contain aflatoxin, STC shall:

- designate affected areas each crop year, as applicable
- monitor the aflatoxin situation
- notify DAFP when the first area in the State is designated.

Producers who request farm- or warehouse-stored corn loans in the designated areas shall, **before** disbursement of the loan:

- have the corn tested for aflatoxin at the producer's expense
- provide the County Office with the results of the aflatoxin test.

If the test results indicate the aflatoxin level is:

- 20 parts per billion or less, the loan may be disbursed as nonrecourse, according to Part 5, as applicable, if the corn is otherwise eligible for a nonrecourse loan

- more than 20 parts per billion, a loan may be disbursed as nonrecourse using the applicable adjusted county loan rate according to paragraph 520.

### D Commodities Containing Vomitoxin

This table provides policies and procedures for commodities containing vomitoxin.

| IF... | AND contains vomitoxin of... | THEN County Offices shall... |
|---|---|---|
| producers indicate a commodity was tested | 5 parts per million or less | disburse loans as nonrecourse according to Part 5, if the commodity is otherwise eligible. |
| | more than 5 parts per million | disburse loans as nonrecourse using the applicable adjusted county loan rate according to paragraph 520. |
| nonrecourse loan is delivered to CCC | 5 parts per million or less | base the settlement rate on the quality of the commodity as shown on the warehouse receipt. |
| | more than 5 parts per million | use a zero settlement rate. |

## 232 Repledging Commodities

### A Basic Provisions

Before the final loan availability date, producers may re-offer as security or repledge as collateral for a loan, any commodity that has been previously mortgaged or pledged, **except** for situations described in subparagraph B.

### B Ineligible for Repledge

This table provides situations when a commodity is ineligible to be repledged.

| **IF the commodity represents a loan...** | **THEN...** |
|---|---|
| that was called because of a violation of provisions for:<br><br>• loans or LDP's<br>• HELC or WC according to 6-CP | the commodity shall **not** be repledged for loan. |
| 1 or more of the following conditions:<br><br>• loans called at CCC's option<br><br>• commodities redeemed at a rate less than the principal plus interest<br><br>• commodities for which loss of beneficial interest has occurred and CCC-633 EZ page 1 is **not** on file<br><br>• commodities that were previously collateral for recourse loans, **except** distress loans<br><br>* * *<br><br>• commodities for which LDP was made | |
| disbursed under distress loan provisions | see Part 12, Section 4. |

## 232 Repledging Commodities (Continued)

### C Repledged Loan Maturity Date and Interest Rate

The maturity date shall be the same as the original loan maturity date.

In APSS, enter the approval date of the original loan to establish the proper maturity date for the repledged loan.

The repledged loan interest rate shall be the applicable rate on the day the repledged loan is disbursed.

### D Commodity Assessment Deductions

Commodity assessments, when applicable, shall **not** be deducted on the repledged loan quantity.

## 233 Loans Ineligible for Delivery or Forfeiture

### A Ineligible for Delivery or Forfeiture

The following are ineligible for delivery to CCC if the collateral is for:

- recourse loan

  **Note:** See Part 12, Section 1.

- nonrecourse loan and the:

  - producer is determined ineligible
  - commodity is determined ineligible.

### B COC Notification to Producer

Send the producer the notification letter in Exhibit 11, subparagraph M if COC determines:

- an ineligible commodity was placed under loan
- the producer is ineligible for loan.

## 233 Loans Ineligible for Delivery or Forfeiture (Continued)

### C Action for Nonpayment

If the loan is **not** repaid by 31st calendar day after the call notification and CCC must acquire the commodity, the County Office shall take action according to the following.

| IF the loan is... | THEN... |
|---|---|
| **recourse** farm- or warehouse-stored | • begin foreclosure proceedings according to paragraph 866 and Part 8, Section 4 for provisions for:<br>  • selling warehouse receipts<br>  • completing a local sale<br>• use the sales price as the value of the commodity<br>• follow:<br>  •*****--Exhibit 9, subparagraph A for "recourse loans"<br>  • Exhibit 10, subparagraph A for "distress loans".**--*** |
| **nonrecourse** warehouse-stored | • transfer the loan to a farm-stored loan according to 12-PS<br>  **Note:** See Part 8 for provisions for:<br>  • selling warehouse receipts<br>  • completing a local sale.<br>• determine the value of the commodity according to the schedules of premiums and discounts according to the applicable 2-LP<br>• record the local sale settlement according to 12-PS. |

## 233 Loans Ineligible for Delivery or Forfeiture (Continued)

### D Insufficient Value or Excess Sales Price

If the settlement value was insufficient to clear the amount owed on the loan, establish the receivable in NRRS.

If the sales price exceeds the amount needed to repay principal and charges plus interest on the loan, the excess shall be for:

- recourse loans, refunded to the producer
- nonrecourse loans, retained by CCC.

## 234 Second Party Reviews

### A Reviews

A second party review of eligibility requirements for CCC-633WM's, CCC-677's, CCC-678's, and CCC-633 EZ, pages 1 through 5, as applicable, shall be performed **before** disbursement. Reviewer **must** initial CCC-677 or CCC-633WM, as applicable for farm-stored loan, CCC-678 for warehouse-stored loan, or LDP application, when review is completed.

***--**The second party reviewer shall also check that the correct loan or LDP rate is used on all bins and/or receipts on each loan or LDP. The correct rate is determined according to paragraphs 506 and 1004.**--***

**Before** a loan or LDP is issued, CCC-770 MAL or CCC-770 LDP/eLDP **must** be completed according to paragraph 23.

### B Approving Reviews

If the program technician accepts MAL or eLDP/LDP request, then he/she will **not** 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.

## 235 Commodities From ACRE-Elected Farms

### A Commodities Harvested from ACRE-Elected Farms

The ACRE Program reduces applicable (county, regional, or national) loan commodity rates ***--**by 30 percent if producers on a farm make the irrevocable decision to elect to participate in the ACRE Program, at any time during 2009 through 2012 crop years.

For the 2013 crop year, the loan rate will also be reduced by 30 percent if producers on the farm make the decision to participate in the ACRE program for that year.

**Note:** For the 2013 crop year, eligible producers **must** enroll in ACRE. ACRE enrollment will **not** carry over on the farm from the previous years.

Commodities harvested from an ACRE-elected farm will have a 30 percent reduction in MAL rates.

**Example:** $2 base county loan rate x 70 percent = $1.40 applicable loan rate.**--***

**Notes:** The applicable loan repayment option (the lesser of loan rate principal plus interest, 30-day, or alternative rate) will **not** be similarly adjusted with a 30 percent reduction to calculate the applicable CCC-determined value (PCP, regional county price, national posted price, or AWP).

The loan rate used to determine LDP rates on ACRE elected farms will be reduced by 30 percent, accordingly.

Commingled commodities harvested from ACRE and non-ACRE elected farms must be placed under separate loans.

Warehouse stored ACRE commodities require separate warehouse receipts.

If ACRE and non-ACRE production cannot be distinguished separately, then the entire quantity is subject to the 30 percent reduction in MAL rates.

Wool, mohair, and honey are **not** subject to ACRE provisions.

## 235 Commodities From ACRE-Elected Farms (Continued)

### B Example of Determining ACRE-Elected Rate for MAL's

*--The following table illustrates how the MAL rate is computed for ACRE-elected and non-ACRE-elected farms. The applicable market gain is also computed when the CCC-determined value is $4.50.

| Example of Determining ACRE-Elected MAL Rate | | | |
|---|---|---|---|
| **Line** | **Description** | **ACRE** | **Non-ACRE** |
| 1 | Loan Rate (County Rate for Durum Wheat) | $6.00 | $6.00 |
| 2 | ACRE Reduction: 30 Percent of Loan Rate (.30 x Line 1) | $1.80 | N/A |
| 3 | Effective MAL Rate Adjusted for ACRE (Line 1 - Line 2) | $4.20 | $6.00 |
| 4 | CCC-Determined Value of Commodity (Never Reduced) | $4.50 | $4.50 |
| 5 | Applicable Market Gain (Line 3 – Line 4) | $0.00 | $1.50 |

### C Examples of Determining ACRE-Elected Rate for LDP's

The following table illustrates how the LDP rate is computed for ACRE-elected and non-ACRE-elected farms when the CCC-determined value is $4.

| Determining LDP Rate | | | |
|---|---|---|---|
| **Line** | **Description** | **ACRE** | **Non-ACRE** |
| 1 | Loan Rate (County Rate for Durum Wheat) | $6.00 | $6.00 |
| 2 | ACRE Reduction: 30 Percent of Loan Rate (.30 x Line 1) | $1.80 | N/A |
| 3 | Effective Loan Rate Adjusted for ACRE (Line 1 - Line 2) | $4.20 | $6.00 |
| 4 | CCC-Determined Value of Commodity | $4.00 | $4.00 |
| 5 | Applicable LDP Rate (Line 3 – Line 4) | $0.20 | $2.00 |

The following table illustrates how the LDP rate is computed for ACRE-elected and non-ACRE-elected farms when the CCC-determined value is $4.50.

| Determining LDP Rate | | | |
|---|---|---|---|
| **Line** | **Description** | **ACRE** | **Non-ACRE** |
| 1 | Loan Rate (County Rate for Durum Wheat) | $6.00 | $6.00 |
| 2 | ACRE Reduction: 30 Percent of Loan Rate (.30 x Line 1) | $1.80 | N/A |
| 3 | Effective Loan Rate Adjusted for ACRE (Line 1 - Line 2) | $4.20 | $6.00 |
| 4 | CCC-Determined Value of Commodity | $4.50 | $4.50 |
| 5 | Applicable LDP Rate (Line 3 – Line 4) | $0.00 | $1.50 |

--*

## 236-299 (Reserved)

# Part 3 Spot-Checking and Production Evidence

## Section 1 Spot-Check Policy

### 300 Compliance Reviews for MAL's and LDP's

#### A Spot-Check Selection Process Overview

The compliance review/spot-check selection process will:

- help reduce the number of spot checks performed monthly
- provide a more comprehensive and meaningful compliance review by covering all program activity for the selected producer
- enhance the way spot-check findings are recorded
- implement OIG recommendations included in an audit of FSA compliance activities.

#### B Handling Spot-Check Selection Process for MAL's and LDP's

Producers will be selected based on their participation in various programs. FSA employees, STC and COC members, and other required producers are included in the national selection.

FSA employees, STC and COC members, and other required producers **are** included in the selection; therefore, County Offices shall no longer conduct separate spot checks on required producers.

Early each calendar year, the National Office will post the list of producers selected for annual spot-check reviews on the Intranet at
***--http://fsaintranet.sc.egov.usda.gov/ffas/farmbill/ccc/default.htm**.**--***

The producer selection list is broken down by State and county. Under each county, the list displays the producer's first and last name and/or business name.

## 300 Compliance Reviews for MAL's and LDP's (Continued)

### B Handling Spot-Check Selection Process for MAL's and LDP's (Continued)

Producers will be listed for each State and county with which they are associated.

**Notes:** The producer selection list includes producers selected (based on program participation) and the representative sample of FSA employees, committee members, and other required spot checks.

Producers may operate as an individual and legal entity. The producer selection list will identify the tax ID associated with the selected producer. County Offices shall only review MAL's and LDP's associated with the tax ID selected.

County Offices shall print and maintain the producer selection list. The National Office will **not** make another selection of producers for the year.

County Offices are:

- required to spot check all MAL and LDP activity for the selected producers
- responsible for recording spot-check results of MAL's and LDP's identified for the selected producers in the newly developed National Compliance Review Database at **www.agcounts.usda.gov**
- required to determine when the farm visit will be completed during the loan period.

When the spot check reveals, and it is determined, that a shortage or violation occurred, County Offices shall continue to record the shortage or violation in APSS according to 12-PS and 15-PS.

## 300 Compliance Reviews for MAL's and LDP's (Continued)

### C Conducting Farm Visits

On-farm visits are required if farm-stored loan collateral or LDP quantities are still stored on the farm. At the storage site, commodity inspectors shall complete the spot check according to subparagraphs 316 B and 1553 B for mohair, unshorn pelts, and wool.

Because MAL's and LDP's are disbursed throughout the applicable crop year, multiple farm visits may be necessary to complete the requirement to spot-check all the producer's MAL and LDP activity.

When multiple visits are made to the same farm, previously measured farm storage structures are **not** required to be measured again, **unless** the commodity inspector has reason to believe a violation has occurred or CCC security interest is at risk. Previously spot-checked loans or LDP's:

- will be treated as related loans and LDP's according to subparagraphs 316 B and 1553 B
- shall always be visually inspected for proper storage maintenance, commodity existence, and quality.

**Note:** County Offices will be responsible for determining when the on-farm visits shall be completed.

Spot-check results shall be recorded on and according to the following:

- CCC-677-1 (Exhibit 15)
- MAL and LDP questionnaires provided in 2-CP.

The spot-check results shall be recorded in the National Compliance Review Database at **www.agcounts.usda.gov**.

## 300 Compliance Reviews for MAL's and LDP's (Continued)

### D Adding Producers for Spot Check

Additional producers may be added to the list of producers selected during the annual spot-check reviews, when it is reported or determined that the:

- quantity of the loan collateral or the applicable LDP quantity is questionable
- storability of the loan collateral is questionable.

MAL and LDP spot-check results for the additional producers selected for spot-check will **not** be required to be entered in the National Compliance Review Database. County Offices shall record the following:

- reasons why the producer was selected for spot-check in the COC minutes
- results on CCC-677-1.

If a shortage or violation is determined as a result of the spot check, County Offices shall record the shortage or violation in APSS, as applicable.

### E STC-Established Guidelines for Conducting Additional Spot-Checks

STC's shall:

- establish guidelines for conducting additional spot-checks

- determine how and when County Offices should select additional producers for spot-check

- record the established guidelines in the STC minutes for auditing purposes.

### F Additional Spot-Check Policy

See 2-CP for additional spot-check policy.

## 301 Outstanding Farm-Stored Loans

### A Basic Spot-Checking Policy

**[7 CFR 1421.11]** Farm-stored loans shall be spot-checked:

- during and after the loan availability period
- for up to 9 months from date of disbursement.

County Offices shall make onsite spot-checks of outstanding farm-stored loans, if the producer is either of the following:

- selected through the national selection process
- added to the list of producers selected during the annual spot-check reviews.

### *--B Required Spot Checks

County Offices shall spot-check quantities for all **farm-stored**:

- nonrecourse and recourse outstanding loans, including loans that are:
  - open on the first workday after maturity
  - transferred out of APSS and a receivable established in NRRS, but with a debt not fully repaid

  **Note:** These spot checks shall be done on the first workday after maturity.--*

- outstanding loans repaid under marketing loan provisions, in part or in full, if production or disposition evidence is not provided at time of repayment
- loan collateral when certain situations require spot-checks according to subparagraph D
- loans repaid to zero with a market loan repayment without production evidence will be subject to spot-check through the loan maturity date.

Do **not** spot-check commodities stored in structures that **cannot** be safely measured.

## 301 Outstanding Farm-Stored Loans (Continued)

### C Not Subject to Spot-Check

Outstanding farm-stored loans repaid under the marketing loan gain provisions are **not** subject to spot-check **on the amount repaid under the marketing loan gain provisions if** production evidence is provided on the date of repayment.

Delivery evidence is considered production evidence for all marketing loan repayments.

### D Situations Requiring Spot-Checks

In addition to national selection spot-checks, other situations require that spot-checks be performed for loans. These situations include, but are **not** limited to, the following:

- quantity of the loan collateral is questionable
- storability of the loan collateral is questionable
- **all** of a producer's loans when a second or subsequent violation is determined
- loan collateral is reported to be going out-of-condition (paragraph 322).

## 302 LDP's

### A Basic Spot-Check Policy

**[7 CFR 1421.11]** LDP's are subject to spot-check for up to 9 months from date of disbursement.

### B What to Spot-Check

If a producer is selected through the national selection process, or added by the County Office as an additional spot-check, County Offices shall spot-check:

- **all** quantities certified for LDP
- LDP's when certain situations require spot-checks according to subparagraph D.

Once a specific LDP has been selected for spot-check, that LDP is no longer subject to additional spot-checks.

Do **not** spot-check commodities stored in structures that cannot be safely measured.

### C Not Subject to Spot-Check

LDP's are **not** subject to spot-check **if**:

- production evidence was submitted on date of request
- LDP's are paid on the amount shown on production evidence
- maximum eligible quantity was determined for:
    - commodities harvested as other than grain
    - commodities that exceed the moisture standard that are stored in structures that **cannot** be measured
    - commodities immediately fed during harvest.

### D Situations Requiring Spot-Checks

In addition to national selection spot-checks, other situations may require spot-checks to be performed for LDP's. Situations may include, but are **not** limited to, the LDP quantity being questionable.

## 303 Loans Delivered to CCC

### A Review of Deliveries

County Offices shall:

- determine whether deliveries were made according to program provisions
- determine that quantities delivered to CCC do **not** include any purchased quantities
- document the spot-check results of the review in the COC minutes and file documents in the producer's folder.

### B Questionable Deliveries

When there is reason to question the quantity delivered or the eligibility of the commodity delivered, County Offices shall:

- examine the warehouse operator's copy of scale tickets or weight certificates for the commodity delivered to determine whether the quantity and quality are the same quantity and quality as shown on CCC-691
- follow paragraph 820 for provisions for splitting warehouse receipts if it is determined that an ineligible quantity was included on CCC-691.

### C Action if COC Determines Violation

If COC determines a violation has occurred, take administrative actions according to Part 4 for all shortages of loan quantities discovered by spot-checking loan deliveries according to this paragraph.

## 304 Commodity Inspector Spot-Check Review

### A County Office Responsibility

County Offices shall ensure that commodity inspectors are performing their duties properly, including completing and signing forms used to record spot-check results.

### B State Office Responsibility

State Office representatives shall annually spot-check commodity inspectors' work in each County Office according to this table.

Handle single and combined County Offices in the same manner.

| Step | Action |
|---|---|
| 1 | Check at least 1 loan or LDP for each commodity inspector.<br><br>Check more loans and LDP's for an inspector if the State Office representative believes that additional checks are warranted. |
| 2 | To determine accuracy of employee's work, for each loan or LDP spot-checked:<br><br>• draw a sample to determine the quality of the stored commodity<br>• measure the structure and determine the quantity. |
| 3 | Complete a new CCC-677-1, according to Exhibit 15, to record spot-check results. Do **not** use the same CCC-677-1 completed by the commodity inspector. |
| 4 | Compare spot-check results with information recorded by the commodity inspector, and resolve any differences. |
| 5 | Record the quantity determined in step 2 on CCC-677-1, item 30. |

## 305-314 (Reserved)

## Section 2 Spot-Check Process

### 315 Notifications

#### A Contacting Producers

When repaid MAL's with earned market gain and LDP's have been selected for spot-check, County Offices shall:

- notify the contact producer by telephone or memorandum, as applicable
- inquire if the commodity:
  - has been sold
  - is still on the farm.

#### B Initiating Loans and LDP's Selected for Spot-Check

Determine how to proceed with the spot check as follows.

| IF the commodity... | THEN... |
|---|---|
| is still on the farm and a spot check has **not** been performed | complete a farm visit according to paragraph 316. If the producer does **not** want to pay the measurement service fee to use the spot-checked quantity for production evidence, request the producer to provide production evidence by the earlier of the following:<br><br>• 15 calendar days after the commodity has been sold<br><br>• loan maturity date<br><br>• the last day of the 9th calendar month after the month in which LDP was disbursed.<br><br>If production evidence has not **been** submitted by the due date, the producer **must** pay the measurement service fee for the spot-checked quantity to be used for production evidence **or** the producer may have to refund the market gain or LDP amount. |

## 315 Notification (Continued)

### B Initiating Loans and LDP's Selected for Spot-Check (Continued)

| IF the commodity... | THEN... |
|---|---|
| has been previously spot-checked and the producer requests to use the spot-checked quantity for production evidence | require the producer to pay the measurement service fee for the spot-checked quantity.<br><br>No farm visit is required **except** for outstanding loans, as applicable. |
| has been sold | request delivery, sales, or other types of production evidence to verify the quantity and delivery dates of:<br><br>• certified LDP's<br>• loan repayments when market gain was earned.<br><br>Review the loan for a violation according to Part 4 if loan is **not** repaid. |
| has been fed | determine maximum quantity eligible according to paragraph 336. |

Require the producer to submit evidence on commodities **sold** within 15 calendar days from date of request.

## 316 On-Farm Visits

### A When to Complete On-Farm Visits

**[7 CFR 1421.11]** Complete on-farm visits if commodities are still stored on the farm for:

- outstanding loans
- outstanding loans and a market gain has been earned
- certified LDP's.

### B Spot-Check Process

At the storage site, commodity inspector shall complete the spot check by measuring farm-stored quantities for all loans and LDP's selected by the national selection process according to this table.

**Notes:** Measurements are required even if commodity was previously measured for farm-stored regular loans.

Once a specific LDP has been selected for a spot check, that LDP is no longer subject to additional spot checks.

| Step | Process | Action |
|---|---|---|
| 1 | Check CCC-683. | Replace CCC-683 if missing or incorrect loan data is shown (Exhibit 16). |
| 2 | Inspect storage structure and determine commodity storability and sanitary conditions. | Annotate any structure, storability, or sanitary problems on reverse side of CCC-677-1, "Remarks" section. |
| 3 | Measure commodity in all applicable structures that can be safely accessed. | Complete CCC-677-1 according to Exhibit 15. |
| 4 | • Obtain commodity sample from all storage structures applicable for the loan or certified LDP.<br>• Use representative sample to determine test weight, and if applicable, moisture content. | |

### C Shortages of Commingled Commodities

Shortages determined by spot-checking commingled commodities **must** be prorated among the entire quantity stored in the designated storage structure, including quantity for other producers, whether or not under loan or LDP.

## 317 Completing Spot Checks

### A Reviewing Documentation

Once the on-farm visit is complete or production evidence is submitted, County Offices shall:

- calculate the measured quantity or quantity provided on submitted documentation, as applicable
- review the documentation submitted to ensure that all production evidence requirements are met according to Section 3.

### B Determining Quantity and Quality

County Offices shall determine the quantity of the loan collateral or the applicable LDP quantity from information provided by the:

- commodity inspector on CCC-677-1
- producer on other types of production evidence.

For loans, CCC is considered secured when a sufficient quantity of the commodity is found in any individual or number of structures designated on CCC-677 or CCC-687-1.

### C Verifying Loan and LDP Quantity

County Offices shall:

- verify the quantity determined in subparagraph B
- compare the determined quantity to the:
    - outstanding loan quantity
    - market gain quantity
    - LDP quantity.

### D Tolerance Level

Normal tolerance level for loans and LDP's is 10 percent. However, any shortage can be considered a violation.

**Examples:** Shortage is only 3 percent, but there is evidence of feeding before repayment.
Shortage is 7 percent, but producer is moving grain without authorization.

For spot-check shortages **within** the tolerance level, CED's have the authority to determine whether a violation occurred according to Part 4.

## 318 Loan Quantity Determination and Action Required

### A Outstanding Loans and No Market Gain Was Earned

When a spot check reveals the **measured** quantity is less than the certified or measured outstanding farm-stored loan quantity, take applicable action according to the following.

| IF the spot check reveals the... | THEN... |
|---|---|
| **adjusted** measured quantity is within tolerance **and** no violation has occurred | COC shall **not** take any action. |
| measured quantity is **both** of the following:<br><br>• before adjustment, within tolerance<br><br>• after adjustment, **not** within tolerance | notify the producer, using the notification letter in Exhibit 11, subparagraph M, that repayment of the shortage at principal and charges plus interest is required.<br><br>COC shall not consider the shortage incorrect certification.<br><br>See Part 4 if another type of violation has occurred. |
| measured quantity is **not** within tolerance before or after adjustment | COC shall consider a violation has occurred. Follow Part 4 for notifying the producer of the violation. |

## 318 Loan Quantity Determination and Action Required (Continued)

### B Loans Repaid and Market Gain Was Earned

When a spot check reveals the quantity supported by **production evidence** is less than the quantity on which market gain was earned, take applicable action according to the following.

| IF the quantity verified is... | THEN... |
|---|---|
| greater than the market gain quantity | a **new** loan or LDP may be requested for any overage provided the producer still has beneficial interest in the commodity and it is before the final loan availability date.<br><br>Additional market gain payments to the original loan disbursement are **not** available. |
| determined based on spot-check measurements and the producer does **not** pay the measurement service fee | no action is necessary at this time if:<br><br>• commodity is still stored on the farm<br>• measurement service fee has not been paid<br>• the quantity has not been sold<br>• other production evidence has not been submitted. |
| • based on paid measurements, or any other type of production evidence<br><br>• less than the quantity on which market gain was earned<br><br>• within tolerance | establish receivable for the amount owed through NRRS.<br><br>Good faith determinations are not necessary. |

## 318 Loan Quantity Determination and Action Required (Continued)

### B Loans Repaid and Market Gain Was Earned (Continued)

| IF the quantity verified is... | THEN... |
|---|---|
| • based on paid measurement or any other type of production evidence<br><br>• less than the market gain quantity amount<br><br>• **not** within tolerance | COC shall:<br><br>• consider a discrepancy has occurred<br><br>• review discrepancies to determine whether a violation has occurred according to Part 4<br><br>• record the discrepancy according to subparagraph C.<br><br>If the discrepancy is the result of a County Office error and the producer did not have reason to know a violation had occurred, the County Office shall:<br><br>• document in the COC minutes reasons why to the fullest extent possible<br><br>• not assess liquidated damages<br><br>• demand the shortage, plus interest as applicable, using the notification letter in Exhibit 11, subparagraph M<br><br>• not make good faith determinations<br><br>• complete FSA-321 according to 7-CP.<br><br>For all other violations, COC shall determine any of the following according to Part 4:<br><br>• good faith<br>• misrepresentation, scheme, or device. |

When spot check verifications are complete, notify producers and record results according to paragraph 323.

## 318 Loan Quantity Determination and Action Required (Continued)

### C Calculating and Recording the Discrepancy

If the quantity is **not** within tolerance, for the:

- quantity involved in the violation, any payment will be processed at principal plus interest

- amount of liquidated damages determined, manually determine the liquidated damages and deposit the liquidated damages on the current CCC-257 using the code of "PSLIDACOMM" ("COMM" equals the commodity code).

**Example:** 10,000 bu. of corn under loan; 2,000 bu. determined as an unauthorized disposition.

- Repayment of 2,000 bu. will be at principal plus interest.

- Liquidated damages will be calculated as follows:

  2,000 bu. x $2 (example loan rate for corn) x 10 percent = $400.

- When liquidated damages are paid, deposit on the current CCC-257 using the code of "PSLIDACORN."

If there are any unpaid violation balances, use the APSS "Transfer to Claims" option according to 12-PS, and establish the receivable in NRRS according to 64-FI.

## 319 LDP Quantity Determination and Action Required

### A LDP Spot Checks

Handle spot-check verifications according to this table.

| IF the quantity verified is... | THEN... |
|---|---|
| greater than the LDP quantity | a **new** LDP with a **new** LDP rate, or a new loan, may be requested for any overage provided the producer still has beneficial interest in the commodity and it is before the final loan availability date.<br><br>Additional LDP payments to the original loan disbursement are **no longer** available. |
| determined based on spot-check measurements, is less than the LDP amount, and is within tolerance | no further action is necessary at this time if:<br><br>• still stored on the farm<br><br>• measurement service fee has not been paid<br><br>• quantity has not been sold<br><br>• other types of production evidence have not been submitted. |
| • based on measurements and the producer agrees and pays for the measurement service, or is based on any other type of production evidence submitted<br><br>• less than the LDP quantity<br><br>• within tolerance | record the shortage in APSS using the violation software, or if eLDP, correct the quantity according to 15-PS.<br><br>Do not assess liquidated damages and demand the shortage, as applicable, using the notification letter in Exhibit 11, subparagraph M.<br><br>Good faith determinations are not necessary. |

## 319 LDP Quantity Determination and Action Required (Continued)

### A LDP Spot Checks (Continued)

| IF the quantity verified is... | THEN... |
|---|---|
| • based on paid measurement or any other type of production evidence<br><br>• less than the LDP amount<br><br>• **not** within tolerance<br><br>• delivered on a date other than the delivery date certified | COC shall:<br><br>• consider a discrepancy has occurred<br><br>• review discrepancies to determine whether a violation has occurred according to Part 4.<br><br>If the discrepancy is the result of a County Office error and the producer did not have reason to know a violation had occurred, the County Office shall:<br><br>• document in the COC minutes reasons why to the fullest extent possible<br><br>• not assess liquidated damages<br><br>• demand the shortage, plus interest as applicable, using the notification letter in Exhibit 11, subparagraph M<br><br>• not make good faith determinations<br><br>• complete FSA-321 according to 7-CP.<br><br>For all other violations, COC shall determine any of the following according to Part 4:<br><br>• good faith<br>• misrepresentation, scheme, or device. |

When spot check verifications are complete, notify producers and record results according to paragraph 323.

## 319 LDP Quantity Determination and Action Required (Continued)

### B Reducing On-Farm Visits for LDP's

For LDP's **only**, County Offices, **with State Office concurrence**, may elect to forgo the farm visit by sending the producer a notification letter that includes all of the following:

- identification of LDP to be spot-checked, as applicable
- options to the producer for quantities still on the farm to:
  - request measurement service within 7 calendar days at the expense of the producer and use the measurements as final production evidence
  - provide production evidence by the earlier of the following:
    - 15 calendar days after the commodity is sold
    - the last day of the 9th month after the month in which LDP was disbursed
- the following statement, "Failure to provide acceptable production evidence may result in repayment of the entire LDP amount plus applicable interest."

County Offices shall:

- consider the spot check complete when the producer:
  - does **not** respond within 7 calendar days, agreeing to provide required production evidence by the deadlines
  - agrees to provide required production evidence by the deadline
  - requests and pays for measurement service, and the measurement service is complete
- monitor all letters and determine when production evidence is due
- collect unearned LDP amounts, plus interest, according to paragraph 339.

State Offices shall:

- authorize County Offices to use the letter
- provide a time limit when providing the authorization.

## 320 Producer Requests for Redetermination of Quantity or Quality

### A Requests for Redetermination

A producer may request redetermination of quantity or quality if the producer disagrees with the:

- quantity determined
- quality determined.

### B Producer Action

The producer shall:

- make a written request that a redetermination be made for:
  - quantity measured
  - test weight and moisture
- pay for the measurement service.

### C County Office Action

When redetermination requests are received and producers have complied with subparagraph B, County Offices shall:

- remeasure and redetermine the quantity or quality, as applicable
- apply the test weight, combined test weight and pack factors (Exhibit 17), and moisture shrink, as applicable, on remeasurements.

### D Results of Redetermination

County Office shall review results of redetermination. When the remeasured quantity indicates the quantity or quality determined on the initial spot check was incorrect, County Offices shall:

- refund the producer's measurement service fee collected according to subparagraph B
- remove the producer's name from the list of loan and LDP violators, if a violation had previously been determined based on the initial spot check.

## *--321 Loan Maturity Date Acceleration and Loans Called Before Maturity

### A Accelerating Loan Maturity Date and Calling Loans Before Maturity--*

COC may authorize and call farm-stored loans, accelerating the maturity date on an individual basis **before** the established maturity date when necessary, to protect CCC's interest or in emergency situations.

**Examples:** Uncontrollable insect infestation.

Danger of flood or fire.

Damage to the structure or other condition that makes it unsafe to continue storage on the farm.

Involuntary loss of control of the storage structure.

### B Notifying Producer

Notify producers using the notification of a loan call letter, according to Exhibit 11, subparagraph O, that:

- the loan, or part of the loan, if applicable, is immediately due and payable because CCC's interest is not protected
- amounts due must be paid, with cash, on or before the accelerated maturity date
- commodities for nonrecourse loans may be delivered to CCC
- commodities for recourse loans, if not repaid, will be sold.

## 321 Loan Maturity Date Acceleration and Loans Called Before Maturity (Continued)

### C Action When Producer Does Not Repay

If the producer fails to make the requested repayment by the accelerated maturity date, the County Office shall, **immediately** after the accelerated maturity date, for a:

•*****--nonrecourse farm-stored loan:

- authorize delivery on CCC-691
- issue demand letter according to Exhibit 7, subparagraph A, "farm-stored--***** nonrecourse loan" *** * ***
- handle delivery in the normal manner
- record settlement according to 12-PS

•*****--nonrecourse warehouse-stored loan shall be forfeited to CCC according to paragraph 900

- recourse loan:
  - follow local sale procedures according to Part 8 and Exhibit 9, subparagraph A, "recourse loan" and Exhibit 10, subparagraph A, "distress loan"--*****
  - transfer loan from APSS using the "Transfer to Claims" option in 12-PS
  - establish a receivable in NRRS according to 64-FI to match the amount on the Transfer to Claims Report
  - issue announcement of sale according to paragraph 858
  - apply sales proceeds to the NRRS-established receivable.

### D Deducting Storage Charges

When a nonrecourse loan is called before maturity, make a storage deduction as a separate item instead of reducing the settlement rate.

APSS will determine storage charges:

- through the loan maturity date
- when "Y" is entered in response to "Are storage charges for early delivery applicable?"
- from the appropriate offer shipping rate table.

**Exception:** County Offices shall **not** make a storage deduction when deliveries of farm-stored commodities are called by CCC under general acceleration of the loan maturity date for a particular geographic area.

***--321 Loan Maturity Date Acceleration and Loans Called Before Maturity (Continued)--***

**E Additional Action**

If the loan has not been liquidated by repayment or delivered by the specified final date, County Offices shall take steps to acquire the commodity by foreclosure according to paragraph 866.

If the producer appeals the loan call, follow paragraph 20.

**322 Loan Collateral Storability Questioned**

**A Producer's Responsibility**

The producer is responsible for any loss in quantity and quality of the commodity placed under farm-stored nonrecourse or recourse loan.

CCC shall **not** assume any loss in quantity or quality for any reason.

***--Note:** This includes commodities under loan that are affected by flood waters. See note in subparagraph 231 A.**--***

**B Action When Collateral Storability Is Questioned**

When it is reported or determined the nonrecourse or recourse loan collateral storability is questioned, the County Office shall, as applicable:

- immediately spot-check the commodity
- draw samples of the commodity to verify the condition
- notify the producer of **all** of the following:
    - condition of the collateral, using the letter in Exhibit 11, subparagraph M
    - if the condition of the collateral can be corrected, to correct the problem within 30 calendar days
    - if the condition of the collateral **cannot** be corrected, the loan shall be called according to paragraph 321.

## 322 Loan Collateral Storability Questioned (Continued)

### C Action When Corrective Action Is Taken

Send the producer the following letter when **both** of the following apply:

- County Office is notified by the producer that corrective action has been taken and the commodity is ready for a followup spot check
- followup spot check confirms the collateral appears to be in storable condition.

(***Date***)

Dear _____:

A recent inspection of the collateral for your (***year***)-crop (***commodity type***) loan (***number***) was completed on (***month, day, year***) to determine the result of corrective actions you have taken to resolve the storability problems.

The current inspection shows the following results:

| Storage Structure | Condition |
|---|---|

The collateral now appears to be in a storable condition. Thank you for your prompt action in correcting the situation. You should; however, continue periodic checks to see that the collateral remains in good condition.

Sincerely,

County Executive Director,
_____ County FSA Office

## 322 Loan Collateral Storability Questioned (Continued)

### D Nonrecourse Loan Action

When the nonrecourse loan has been called according to subparagraph B, County Offices shall:

- include delivery instructions on CCC-691, according to paragraph 801, with the ***--**applicable demand letter in Exhibit 7, subparagraph F or G**--***

- complete delivery according to this subparagraph and Part 8

- when CCC is unable to accept delivery in a reasonable length of time:

  - obtain a representative sample and submit to GIPSA for grade determination

    **Note:** Quality determination fees shall be paid according to 1-FI.

  - redetermine quality when final delivery is made

- base the settlement on the **higher** of the following:

  - quality determined at final delivery
  - initial quality determination by GIPSA.

    **Note:** When settlement is based on GIPSA's quality determination, enter the following on CCC-691:

    - the quantity delivered according to paragraph 816

    - rate for the quality on which settlement is based (see 12-PS for entering special settlement rate).

### E Recourse Loan Action

Recourse loan collateral is ineligible for delivery to CCC. When the recourse loan has been called, County Offices shall:

- use the APSS "Transfer to Claims" option , according to 12-PS
- record receivables in NRRS according to 64-FI
- complete the local sale, if applicable, according to Part 8, Section 3
- **not** issue CCC-691.

## 323 County Office Spot-Check Review

### A Reviewing Spot-check results

County Offices shall:

- notify the producer of any discrepancies using the applicable notification letter according to the following:
  - paragraph 322 for:
    - storability problems
    - storage structure damage
  - Exhibit 11, subparagraph M for:
    - quantity shortages
    - other conditions, as applicable
  - subparagraph 402 B for shortages resulting in loan or LDP **violation**
- record spot-check results in the National Compliance Review Database at **www.agcounts.usda.gov**
- document any discrepancies found, because of a spot check, in COC minutes.

## 323 County Office Spot-Check Review (Continued)

### B Quality of Nonrecourse Loan

For nonrecourse loans, if the quality as determined from the sample indicates the commodity is **ineligible** for a nonrecourse loan at the full loan rate, notify the producer using the notification letter in Exhibit 11, subparagraph M that the loan collateral is eligible **only** for an adjusted loan rate.

**Note:** Farm-stored commodities ineligible for a nonrecourse loan at the full loan rate include commodities with a test weight on the additional schedule of discounts, low quality (sample grade) commodities, contaminated commodities, and commodities harvested as other than grain.

Within 30 calendar days, the producer shall do 1 of the following:

- agree to reduce the loan rate to 20 percent of the applicable county loan rate
- convert to recourse loan according to paragraph 1200
- repay the entire loan at the lesser of the following:
    - principal plus interest
    - market loan repayment rate in effect on the day the repayment is received.

If the producer does **not** respond within the 30-calendar-day notification period, the loan shall be called according to paragraph 321 and Exhibit 11, subparagraph O.

### C Converting to a Recourse Loan

County Offices shall convert a nonrecourse loan to a recourse loan as follows:

- correct the nonrecourse loan according to 12-PS, Part 11
- re-record as a manual recourse farm-stored measured loan according to 12-PS, Part 3
- adjust the loan rate according to paragraph 1201.

## 324 State Office Spot-Check Review

### A Reviewing County Office Spot Checks

State Offices shall:

- establish controls to monitor County Office spot check completions
- annually review County Office spot check folders to ensure that:

  - spot checks are being performed in a timely manner
  - appropriate followup action is taken to correct problems detected
  - document the results of these reviews according to subparagraph C
  - maintain documented review results for 24 months.

### B Reviewing Loans Open After Maturity

State Offices shall monthly review the SOR's List of Loans Open After Maturity to ensure that matured or unsettled loans are being properly handled and, when applicable, transferred out of APSS and a receivable established in NRRS on a timely basis.

### C STC and State Office Spot Check Requirements

STC and State Office spot check requirements are as follows.

| Paragraph Reference | Spot Check |
|---|---|
| 230 | STC, or STC designee, shall annually spot check 25 percent of COC-determined reasonable estimate of yields for each commodity. |
| 304 | State Offices shall annually spot check the commodity inspector's work to determine the accuracy of the employee's work. |
| 324 | State Offices shall *** * *** review:<br><br>•***--**county spot-check folder annually to ensure that spot checks are**--*** performed timely and that appropriate followup action is taken to correct problems<br><br>• the list of loans open after maturity on a monthly basis to ensure that matured or unsettled loans are properly handled. |
| 336 | STC, or STC designee, shall annually spot check COC-determined yields established for producers harvesting commodities as other than grain. |

## 325-334 (Reserved)

## Section 3 Production Evidence

### 335 Requirements

#### A Required Production Evidence

**[7 CFR 1421.12]** Production evidence is **required** for any farm-stored loan quantity on which a market gain is received or LDP **selected for spot check** according to 2-CP.

#### B Production Evidence Not Required

Production evidence is **not** required to be submitted for any producer's loan or LDP that is not selected for spot check.

Outstanding loans repaid under CCC-681-1 provisions are not subject to spot check if delivery or production evidence was submitted at time of repayment.

LDP's are not subject to spot check if production evidence was submitted at time of request for LDP.

## 335 Requirements (Continued)

### C Acceptable Production Evidence

Acceptable types of production evidence are:

- cleaning tickets for seed
- delivery evidence
- evidence of sales
- load summaries from warehouse, processor, or buyer
- maximum eligible quantity determined according to paragraph 336
- paid measurement service
- scale tickets, if **not** issued by the producer for the producer's own production and issued as a commercially acceptable arm's length transaction
- spot check measurements with paid measurement service
- warehouse receipts.

Production evidence may be handwritten, but is **not** acceptable for any type of production evidence submitted by the producer for the producer's own production.

### D Requirements

All production evidence submitted including scale tickets, except for maximum eligible quantity determined, **must** show the following requirements:

- producer's name
- crop year may be certified or provided by the producer
- commodity
- net weight for grain sorghum and oilseeds, **except** soybeans
- net bu. for barley, corn, oats, soybeans, and wheat
- class, if applicable
- date of sale, if commodity was sold.

**Note:** County Offices may convert the weighed quantity to the applicable unit of measure, with concurrence from the producer, using the unit equivalency according to 2-LP Grains and Oilseeds, as applicable.

## 335 Requirements (Continued)

### E Production Evidence Requirements for Open Storage

It is **not** mandatory at the time of LDP request that the producer deliver a negotiable warehouse receipt or acceptable production evidence to the FSA County Office for the commodities placed in open storage.

The producer must have the capability to obtain a negotiable warehouse receipt or provide another form of acceptable production evidence, if requested. Any other form of acceptable production evidence that is submitted may be verified by the warehouse that ownership or title of the delivered commodity remains with the producer if required by the County Office.

If load summary sheets or delivery records are provided instead of negotiable warehouse receipts, it is the responsibility of the producer to provide production evidence that includes a certification statement from the warehouse indicating the following:

> "Title and control remains with the producer and a negotiable warehouse receipt can be issued to the producer for the quantity physically delivered to the warehouse."

The warehouse operator certification statement is good for 30 calendar days. If the producer provides the certification statement 30 calendar days after the warehouseman's signature and date, County Offices **must** call the elevator to verify the commodity is still in open storage.

**Note:** A certified CCC-633 EZ can be accepted if the producer is submitting a CCC-633 EZ page 2 and is requesting the date of the LDP request as the LDP rate.

If the LDP request is based on the date beneficial interest is lost, production evidence **must** be submitted with CCC-633 EZ.

## 335 Requirements (Continued)

### F Unacceptable Production Evidence

Unacceptable production evidence may be documentation that:

- indicates someone other than the producer
- does **not** meet the requirements for acceptable production evidence.

If the producer submits production evidence with a different person/entity name, COC shall review the evidence thoroughly to verify whether the production is eligible. Different names on the production evidence should be reviewed to determine relationships to producer and other farming interests and to ensure that beneficial interest has been maintained.

These different person/entity names are, but **not** limited to, the following:

- church organizations
- minor children
- other charitable entities
- owners
- spouse.

### G Production Evidence Voluntarily Submitted

County Offices shall accept production evidence when producers **voluntarily** provide production evidence and were not selected for spot check.

See Part 4 for determining possible violations.

## 335 Requirements (Continued)

### H Moisture Determinations

Follow this table when moisture **is** indicated on the production evidence.

| IF... | THEN adjust the quantity to the eligible moisture level according to... |
|---|---|
| moisture level is indicated on the production evidence and the net quantity has **not** been adjusted | paragraph 1005 or 528, as applicable. |
| production evidence indicates the net quantity has been adjusted for moisture but not to the acceptable moisture level shown in 2-LP Grains and Oilseeds<br><br>**Note:** A monetary reduction for moisture in the form of a discounted sales price is **not** a quantity reduction. | paragraph 1005 or 528, as applicable.<br><br>**Note:** Do **not** adjust the quantity upward if the evidence indicates the quantity was adjusted **below** the acceptable moisture level. |

## 335 Requirements (Continued)

### I Measurements as Production Evidence

Quantities determined by measurement service may be used to determine whether **new** LDP's or refunds are applicable.

Use this table when measurements are used as production evidence for a requested loan or LDP.

| IF the producer... | AND the... | THEN... |
|---|---|---|
| requests and pays for measurement service for loan or LDP | moisture content:<br>• exceeds the standard moisture level for the applicable commodity<br>• is equal to or less than the moisture level set by STC | • reduce the quantity by applying the applicable shrink factor<br>• use the test weight to determine quantity, if applicable. |
| requests and pays for measurement service for loan or LDP, after disbursement and before spot check selection | producer agrees to use the measured quantity as production evidence | producer **must**:<br>• request, at the County Office, to use the measured quantity as production evidence for the requested loan<br>• initial and date CCC-677-1<br>• place CCC-677-1 in producer's file.<br>**Note:** Other forms of acceptable production evidence, according to subparagraph C, will **not** be accepted. |

## 335 Requirements (Continued)

### I Measurements as Production Evidence (Continued)

| IF the producer... | AND the... | THEN... |
|---|---|---|
| requests and pays for measurement service for loan | producer does **not** use the measured quantity as production evidence | other forms of acceptable production evidence, according to subparagraph C, shall be used.<br><br>If the producer later requests to use the measurement service as production evidence, the producer **must** initial and date CCC-677-1. |
| does **not** request and pay for measurement service | | other forms of acceptable production evidence shall be provided according to subparagraph C if selected for spot check. |
| will use part of the quantity measured as either of the following:<br><br>• for seed<br>• for feed | | producer must do **either** of the following:<br><br>• agree to use the measured quantity as production evidence<br><br>• pay for the commodity to be used for seed or feed to be measured separately from other production. |
| requests to use the measurements resulting from a spot check for loan or LDP | producer agrees to use the measured quantity as production evidence | producer **must** do **both** of the following:<br><br>• pay the measurement service fee<br>• initial and date CCC-677-1. |

**Note:** If using measurements from CCC-677-1 as production evidence, producer **must** initial and date CCC-677-1 within 30 calendar days of the completed measurement.

## 335 Requirements (Continued)

### J Combinations of Production Evidence

To meet time requirements for submitting production evidence or for other reasons, producers may use a combination of measurement services and other forms of acceptable production evidence for each loan or LDP spot-checked.

COC **must** be satisfied that documentation submitted and quantities measured do **not** represent the **same** quantity. If questionable, COC may require the producer to submit documentation to account for **all** of the production.

### K Production Evidence Shows Less Quantity

If the total quantity shown on production evidence provided is less than the original loan or LDP quantity, see paragraph 339 for determining repayment of unearned market gain or LDP amount. If production evidence is **not** provided, see paragraph 338 for determining repayment of unearned market gain or LDP amount.

Deficient production evidence without evidence that supports a violation does **not** mean that a violation occurred. Accordingly, when shortages appear excessive, COC's must determine whether additional research is necessary to verify whether there is a violation according to Part 4.

## 335 Requirements (Continued)

### L Maintaining Copies of Production Evidence Submitted

When production evidence is submitted, County Offices shall:

- date-stamp and write the County Office name on the original evidence, **except** warehouse receipts, **before** copying
- make copies of the evidence submitted
- place copies in the loan or LDP folder
- review production evidence to determine eligibility
- return the originals to the producer.

## 336 Maximum Eligible Quantity

### A Actual Production

LDP's for commodities harvested as other than grain will be made on actual production.

Maximum eligible quantity is considered production evidence for:

- commodities harvested as other than grain according to Part 10, Section 2
- silage and commodities harvested as hay
- commodities stored in structures that cannot be measured
- commodities immediately fed during harvest
- commodities fed or seed quantities planted after LDP is disbursed or market loan repayment with no paid measurement service:
    - before feeding
    - before seeding
    - after spot check.

**Note:** Complete CCC-633EW according to subparagraph E, as applicable.

## 336 Maximum Eligible Quantity (Continued)

### B STC and COC Responsibilities

STC and COC have major roles and responsibilities determining, reviewing, and approving certain determinations that affect many producers, such as determining whole kernel grain yields for producers who harvest crops as other than grain.

STC's should play an active role in providing guidance to COC's to ensure that responsible and equitable determinations are made.

COC's **must**:

- ensure that the actual production determinations fairly reflect what a producer's anticipated yield would have been had that actual crop been harvested as grain

  **Example:** If the commodity is affected by any disaster, such as drought, hail, etc., the yield shall be adjusted to accurately reflect the actual yield if the crop was allowed to be harvested as grain.

- protect program integrity by ensuring that actual production determinations are made in a realistic manner, are well documented, and can be supported when reviewed by auditors.

STC's and COC's are in the best position to know what production levels or practices are reasonable for their area. This responsibility is being entrusted to STC's and COC's to deliver the program in the most feasible, reasonable, and reliable manner possible. Adjoining County Offices that are divided by State boundaries are encouraged to work with both STC's when determining acceptable production levels and practices for those applicable counties.

STC or designee shall monitor maximum eligible quantity determinations established by the COC.

## 336 Maximum Eligible Quantity (Continued)

### C Determining Maximum Eligible Quantity

Determine the maximum eligible quantity of commodities listed in subparagraph A according to this table. All determinations **must**:

- be equivalent to the whole grain yield for that crop
- reflect disaster conditions, as applicable.

COC shall exercise judgment and rely on their knowledge of practices and growing conditions when:

- determining the maximum eligible quantity from any method
- adjusting the results of any method according to STC guidelines, as applicable.

**Note:** COC's **must:**

- document in COC minutes to support any method determined on COC's judgment or knowledge; **except** for method 1, establish a reasonable production yield from any order

- document in COC minutes, justification for using any method or a combination of methods.

## 336 Maximum Eligible Quantity (Continued)

### C Determining Maximum Eligible Quantity (Continued)

| Method | Description |
|---|---|
| 1 | Crop appraisals for disaster-affected acreage.<br><br>The intent of using a crop appraised yield is to have the same yield established for LDP's and crop disaster related programs. Producers are eligible to receive MAL's and LDP's for commodities harvested as other than grain **only** if the commodity harvested as other than whole grain **could have been** harvested as whole grain. Therefore, MAL's and LDP's are **not** authorized on silage, haylage, etc., as such, but as whole grain represented in that crop.<br><br>If a producer has applied for crop insurance indemnity or NAP on the acreage related to the disaster, the crop appraisal on file **must** be used when determining the maximum eligible quantity for commodities harvested as other than grain for loans or LDP's.<br><br>**Note:** No other method is applicable if this method applies.<br><br>**Exception For Using Crop Appraisals**<br><br>COC's may determine maximum eligible quantity determinations by using other methods when a crop appraisal is on file **only** if either of the following apply:<br><br>• appraisal has been completed on units that differ from the FSA farm that the MAL or LDP has been requested<br><br>• appraisal has been completed on multiple farms and the documentation does **not** differentiate between farms.<br><br>Before COC can make a determination, the producer **must** provide applicable documentation to COC to support that the LDP production is **not** from the crop appraised acreage.<br><br>**Note:** Producers are responsible for providing documentation, as applicable. |

## 336 Maximum Eligible Quantity (Continued)

### C Determining Maximum Eligible Quantity (Continued)

| Method | Description |
|---|---|
| 2 | The applicable crop's comparable, actual production harvested as grain on the same farm. |
| 3 | COC's may establish a yield to determine maximum quantity based on eligible COC's judgment, knowledge of practice, and grazing conditions in the county. |
| 4 | Use a conversion factor to determine the bu. equivalent of silage weighed by ton. This is applicable **only** to weighed production. The conversion factors are:<br><br>• 6.47 for barley<br>• 3.11 for large chickpeas<br>• 6.00 for small chickpeas<br>• 7.94 for corn<br>• 5.51 for dry peas<br>• 3.114 cwt. for grain sorghum<br>• 4.30 for lentils<br>• 4.08 for oats<br>• 5.00 for soybeans<br>• 6.99 for wheat.<br><br>Multiply the applicable conversion factor times the ton (or cwt. for grain sorghum) to determine bu. Divide bu. by the actual harvested acres to determine bu. per acre for reasonableness. COC's may adjust the conversion factor based on COC's judgment and knowledge of practices, crop variety, and growing conditions in the county. |
| 5 | Except for method 1, if no other method is available to determine bu. equivalent of hay per acre, the following yield is:<br><br>• 29.15 for barley<br>• 14.00 for large chickpeas<br>• 12.51 for small chickpeas<br>• 64.50 for corn<br>• 17.38 for dry peas<br>• 34.75 for grain sorghum<br>• 13.55 for lentils<br>• 30.25 for oats<br>• 19.50 for soybeans<br>• 19.85 for wheat.<br><br>Multiply the applicable yield times the acre to determine the maximum bu. COC's may adjust the yield based on COC's judgment and knowledge of practices and growing conditions in the County. |

**Notes:** Except for the conversion factor method, calculate maximum eligible quantity for commodities harvested as other than grain by multiplying acres harvested times the yield.

COC **must** approve all maximum eligible quantity determinations and document accordingly, including notifying the producer of the yield determination and providing appeal rights, as applicable.

Comparing 3 similar farms is **not** permitted.

## 336 Maximum Eligible Quantity (Continued)

### D Using CCC-633EW's

CCC-633EW is a:

- worksheet for determining maximum eligible quantity for all producers of a specific commodity per farm

- a ledger to account for each loan or LDP quantity.

**Note:** Producers who request a loan at the reduced loan rate or LDP on a commodity harvested as other than grain cannot request a quantity that exceeds the maximum eligible quantity according to CCC-633EW.

County Offices shall complete one CCC-633EW if all of the following apply:

- there are multiple farms
- producer is the same for all farms
- production is commingled.

**Note:** Eligible acres of grain production obtained from FSA-578 **must** include all totals from all farms. The yield will be the same for the commodity from all farms regardless of which farm the commodity was actually produced.

### E Completing CCC-633EW's

Complete CCC-633EW for **each** request when maximum eligible quantity must be determined.

| Item | Instructions |
|---|---|
| 1-5 | Self-explanatory. |
| 6 | **Complete item 6 to determine a whole grain yield if whole grain has been harvested**. |
| 6 A | Enter farm number if different from item 5. |
| 6 B | Enter the eligible acres of grain production from FSA-578. |
| 6 C | Enter actual grain production. Actual production **must** be verifiable or supported by acceptable production evidence. |
| 6 D | Divide item C by item B to determine the actual whole grain yield. |
| 7-8 | **Complete items 7 and 8 to determine a reasonable production yield based on COC's judgment, knowledge of practice, and grazing conditions, if method 1 or 2 is not applicable.**. |

## 336 Maximum Eligible Quantity (Continued)

### E Completing CCC-633EW (Continued)

| Item | Instructions |
|---|---|
| 9 | **Complete item 9 to determine a COC-established yield, crop appraisal yield, or production determined by using conversion factors, as applicable**. |
| 9 A | Enter COC-established yield or other yields or production, as applicable. |
| 9 B | Record COC justification when determining COC yield or other yields or production, as applicable. |
| 10 | Enter yield from item 6 D, 7 F, or 9 A, as applicable. |
| 11 | Determine maximum eligible quantity and maintain the ledger of the maximum quantity available as follows, in item 11:<br><br>• A, enter LDP or loan number<br><br>• B, enter applicable acreage from FSA-578 (acres should include harvested as grain and other than grain)<br><br>• C, leave blank<br><br>• D, leave blank<br><br>• E, enter calculated yield from item 6 D, 7 F, or 10<br><br>• F, multiply item B times item E<br><br>• G, maintain a balance of the maximum quantity available.<br><br>Apply the loan or LDP quantity against the maximum eligible quantity. Do **not** allow the producer to receive loan or LDP on quantities in excess of the maximum eligible quantity.<br><br>If individual producers from joint operations apply on separate loan or LDP applications, create a separate ledger showing their share of the maximum quantity available. |

## 336 Maximum Eligible Quantity (Continued)

### E Completing CCC-633EW (Continued)

After item 11 has been completed to determine the maximum quantity available, complete item 11 according to the following to maintain the balance of maximum quantity available.

<table>
<tr><th>Item</th><th colspan="2">Instructions</th></tr>
<tr><td>11 A</td><td colspan="2">Enter LDP or loan number, as applicable.</td></tr>
<tr><td>11 B</td><td colspan="2">Enter acreage applicable to the quantity certified on CCC-633 EZ.</td></tr>
<tr><td>11 C</td><td colspan="2">Enter share of the producer, as applicable.</td></tr>
<tr><td>11 D</td><td colspan="2">Enter name of the producer, as applicable.</td></tr>
<tr><td>11 E</td><td colspan="2">No further action is necessary.</td></tr>
<tr><td>11 F</td><td colspan="2">No further action is necessary.</td></tr>
<tr><td rowspan="3">11 G</td><td>Step</td><td>Action</td></tr>
<tr><td>1</td><td>Enter result of item B times item E in the left column. If multiple producers share the farm, determine the share, as applicable, by multiplying item B times item C, and enter the amount in the left column.<br><br>Enter quantity, as applicable, on CCC-633 EZ.</td></tr>
<tr><td>2</td><td>Subtract amount entered in item 11 G, step 1, to determine the balance of maximum quantity available.</td></tr>
</table>

# 336 Maximum Eligible Quantity (Continued)

## F Example of CCC-633EW Using Actual Production

The following is an example of CCC-633EW using actual production.

**This form is available electronically.**

| **CCC-633EW** (09-28-10) **U.S. Department of Agriculture** Commodity Credit Corporation<br><br>**Loan and LDP Eligibility Worksheet Commodities Harvested As Other Than Grain Determining Maximum Eligible Quantity** | 1. Name and Address of Contact Producer<br>Able Farmer<br>9999 Any Rd.<br>Town, ST 99999-9999 | | | |
|---|---|---|---|---|
| | 2. Crop Year | 3. Commodity | 4. ST. and CO. Code | 5. Farm Number |
| | 2010 | Corn | 99-9999 | 9999 |

**6. Whole Grain Yield on Actual Production:**

| A. Farm Number | B. Eligible Acres | C. Actual Production | D. Actual Whole Grain Yield *(Item C divided by Item B)* |
|---|---|---|---|
| | 200.0 | 30,000 BU | 150 BU |

**7. COC Established Yield:**

| A. Established Yield | B. Justification:<br>Method 1 - Based on FCIC Crop appraisal. |
|---|---|
| 8. Commodity Other Than Grain Yield | |

**9. Commodities Harvested As Other Than Grain Determination:**

| A. Loan/LDP Number | B. Acreage | C. Share% | D. Producer Name | E. Calculated Yield *(from Item 8)* | F. Maximum Eligible Quantity *(Item B x Item E)* | G. Maximum Quantity Available (1) Used | (2) Balance |
|---|---|---|---|---|---|---|---|
| 99999 | 50.0 | ALL | Able Farmer | 150 | 7500 | 7500 | - 0 - |
| | | | | | | | |
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# 336 Maximum Eligible Quantity (Continued)

## G Example of CCC-633EW Using COC-Established Yield

The following is an example of CCC-633EW using COC-established yield.

This form is available electronically.

**CCC-633EW** (09-28-10) **U.S. Department of Agriculture** Commodity Credit Corporation

**Loan and LDP Eligibility Worksheet Commodities Harvested As Other Than Grain Determining Maximum Eligible Quantity**

1. Name and Address of Contact Producer
Able Farmer
9999 Any Rd.
Town, ST 99999-9999

| 2. Crop Year | 3. Commodity | 4. ST. and CO. Code | 5. Farm Number |
|---|---|---|---|
| 2010 | Corn | 99-9999 | 9999 |

**6. Whole Grain Yield on Actual Production:**

| A. Farm Number | B. Eligible Acres | C. Actual Production | D. Actual Whole Grain Yield *(Item C divided by Item B)* |
|---|---|---|---|
| | | | |

**7. COC Established Yield:**

A. Established Yield
124.7 BU/AC

B. Justification:
Method 4 - Scale Tickets of harvested silage attached - 550 tons/35ac = 15.71 tons/ac x 7.94 factor.

8. Commodity Other Than Grain Yield
124.7 BU/AC

**9. Commodities Harvested As Other Than Grain Determination:**

| A. Loan/LDP Number | B. Acreage | C. Share% | D. Producer Name | E. Calculated Yield *(from Item 8)* | F. Maximum Eligible Quantity *(Item B x Item E)* | G. Maximum Quantity Available (1) Used | G. Maximum Quantity Available (2) Balance |
|---|---|---|---|---|---|---|---|
| 199 | 35 | | | 124.7 | 4364.5 | 2000.0 | 2364.5 |
| 200 | | | | | 2364.5 | 500.5 | 1864 |
| 300 | | | | | 1864 | 1864 | -0- |
| | | | | | | | |
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## 337 Dates for Submitting Evidence

### A Final Dates to Submit Evidence

Producers must submit production evidence for:

- sold quantities within 15 calendar days from date of request
- commodities stored on the farm, the earlier of the following:
    - 15 calendar days of when the commodity has been sold
    - loan maturity date
    - last day of the 9th calendar month after the month in which LDP was disbursed.

### B Production Evidence Not Submitted

If producers have **not** submitted production evidence by the final date to submit evidence, County Offices shall notify applicable producers in writing that:

- production evidence must be submitted within 30 calendar days from the date of notification

- LDP's and loan market gains, plus interest, must be refunded to CCC if production evidence is not received in the County Office within 30 calendar days from the date of notification.

COC may accept production evidence **after** the deadline and rescind the demand for refund; if it is determined the delay in submitting production evidence resulted from circumstances beyond the producer's control.

See Exhibit 11, subparagraph M for the applicable letter.

## 338 Failure to Provide Acceptable Production Evidence

### A Loan Provisions

County Offices shall follow the procedures in this table for market loan repayments when the producer receives a market gain and when:

- **no** acceptable production evidence is received in the County Office within 30 calendar days from date notified according to subparagraph 337 B

- the total loan quantity is determined ineligible.

See paragraph 336 if the producer reports the commodity was fed.

| Step | Action |
|---|---|
| 1 | Cancel the loan according to 12-PS. A receivable will be established in NRRS. Liquidated damages may be waived if good faith has been determined. County Offices shall:<br><br>• manually track the loan<br>• repay the loan at principal plus interest<br>• transfer the loan to claims after 30 calendar days according to 12-PS<br>• establish a receivable through NRRS according to 64-FI |
| 2 | Interest will begin to accrue:<br><br>• at the interest rate in effect for loans for the month the loan was disbursed<br>• from the date the loan was disbursed to the earlier of the following:<br><br>  • date of repayment<br>  • date a receivable is established. |

## 338 Failure to Provide Acceptable Production Evidence (Continued)

### B LDP Provisions

County Offices shall follow the procedures in this table for LDP's when:

- **no** acceptable production evidence is received in the County Office within 30 calendar days from date notified according to subparagraph 337 B

- the total LDP quantity is determined ineligible.

See paragraph 336 if the producer reports the commodity was fed.

| Step | Action |
|---|---|
| 1 | Correct eLDP according to 15-PS. Assess liquidated damages, as applicable.<br>A receivable will be established in NRRS. |
| 2 | The interest on the LDP overpayment amount will be calculated from the date LDP was made to the earlier of the following:<br><br>• date of repayment<br>• date of demand letter.<br><br>**Notes:** Interest will begin to accrue:<br><br>• at the interest rate applicable to CCC loans, **excluding** the additional 1 percent, for the month in which LDP was made<br><br>• from the initial LDP date to the earlier of the following:<br><br>• date of refund<br>• date a receivable is established.<br><br>Interest is **not** subject to adjustment each January 1. |

## 339 Insufficient Production Evidence

### A Quantity Less Than Loan Quantity or Portion Determined Ineligible

Follow this table for market loan repayments when there is market gain earned if the quantity shown on the production evidence is **less than** the loan quantity or a portion of the loan quantity is determined ineligible.

| Step | Action |
|---|---|
| 1 | If the quantity shown on the production evidence provided by the producer is:<br><br>• less than the quantity repaid with market gain, and is:<br><br>  • within tolerance, or not within tolerance and determined to be a discrepancy, correct the repayment according to 12-PS and do **not** assess liquidated damages<br><br>  • not within tolerance and determined to be a violation, correct the repayment according to 12-PS<br><br>  • manually calculate liquidated damages according to paragraph 412<br><br>• equal to or greater than the quantity repaid with market gain, no further action is necessary. |
| 2 | The unearned market gain for the ineligible quantity will be established as an overdisbursement.<br><br>**Note:** Interest will begin to accrue from the date the loan was disbursed to the earlier of the following:<br><br>  • date of repayment<br>  • date of demand letter. |

## 339 Insufficient Production Evidence (Continued)

### B Quantity Less Than LDP Quantity or Portion Determined Ineligible

Follow this table for LDP's if the quantity shown on the production evidence is **less** than the LDP quantity or a portion of the LDP quantity is determined ineligible.

| Step | Action |
|---|---|
| 1 | If the quantity shown on the production evidence provided by the producer is:<br><br>• less than the original LDP quantity and is:<br><br>  • within tolerance, or not within tolerance and determined to be a discrepancy, correct the LDP according to 15-PS and do not assess liquidated damages<br><br>  • **not** within tolerance and determined to be a violation, correct the LDP according to 15-PS and manually calculate liquidated damages according to paragraph 412<br><br>• equal to the original LDP quantity, no further action is necessary. |
| 2 | The unearned LDP for the ineligible quantity will be established as a receivable in NRRS. |

## 340 Apportioning Commingled Production Evidence

### A Commingled Production Evidence

If the producer provides production evidence, the production evidence is considered commingled if it represents:

- 1 or more loans **and** different market gain rates were used for repayment
- more than one LDP **and** different LDP rates were used
- a combination of loans and LDP's **and** different market gain rates were used for repayment or to make LDP's.

## 340 Apportioning Commingled Production Evidence (Continued)

### B Reviewing Production Evidence

County Offices shall follow this table to review production evidence when provided.

| Step | Action |
|---|---|
| 1 | Determine whether the production evidence represents 1 of the following:<br><br>• more than one LDP<br>• more than 1 loan<br>• a combination of LDP's and loans. |
| 2 | Determine whether:<br><br>• more than one LDP or market gain rate applies<br>• evidence represents a farm that does **not** have LDP or loan. |
| 3 | Review the production evidence submitted to determine loan eligibility based on grading factors, if shown. |
| 4 | Identify any ineligible quantity including quantities:<br><br>• for which beneficial interest was lost before LDP or loan was approved<br>• from ineligible acres.<br><br>**Notes:** If commingled evidence includes a farm on which LDP or loan was not obtained, require the producer to provide total production for all farms commingled in the production.<br><br>County Offices shall apportion the submitted production evidence based on each farm's acreage multiplied times the expected yield before proceeding. |
| 5 | Deduct the following from the total production evidence submitted:<br><br>• apportioned quantity from farms without a loan or LDP<br>• ineligible quantity. |

## 340 Apportioning Commingled Production Evidence (Continued)

### C Apportioning Resulting Evidence to Each Loan and LDP

After the evidence is separated according to subparagraph B, the eligible evidence must be adjusted and apportioned to each LDP and loan repayment associated with the evidence.

Adjust and apportion the eligible production evidence using this table. See subparagraph D for an example.

| Step | Action | Result |
|---|---|---|
| 1 | Add the following for **farm-stored** LDP's and loans:<br><br>• quantity on which payment was made for each LDP<br>• quantity for each loan.<br><br>**Exception:** Do **not** include LDP or loan quantities for which measurement service was used as production evidence for the entire LDP or loan. | The quantity that will be used to apportion the result of step 2. |
| 2 | From the total eligible production evidence determined according to subparagraph B, subtract:<br><br>• total LDP quantity for all LDP's<br>• total loan quantity for farm- and warehouse-stored loans. | The additional quantity for payment that shall be apportioned between LDP's and loan repayments. |
| 3 | Multiply the quantity determined in step 1 times 10 percent. | The maximum quantity that can be apportioned. |
| 4 | Divide the smaller of the result in step 2 or 3 by the result in step 1, and round to 4 decimal places.<br><br>**Note:** This factor will **not** exceed .1000 if steps 1 through 4 are properly determined. | A factor for apportioning the additional quantity. |

## 340 Apportioning Commingled Production Evidence (Continued)

### C Apportioning Resulting Evidence to Each Loan and LDP (Continued)

| Step | Action | Result |
|---|---|---|
| 5 | Multiply the factor determined in step 4 by each quantity determined in step 1, and round to 2 decimal places.<br><br>When different market gain rates were used to repay an individual loan, multiply the factor times:<br><br>• each repayment quantity to determine the additional quantity at each market gain rate for manual calculations<br><br>• the total quantity repaid for automated transactions. | The additional quantity as prorated to each LDP or loan repayment. |
| 6 | Add the results of step 5 to each corresponding LDP or loan repayment quantity. | The quantity used to recalculate LDP or loan amount for each applicable loan repayment. |

## 340 Apportioning Commingled Production Evidence (Continued)

### D Example of Apportioning Eligible Production Evidence

In this example, the producer cash rents 5 farms. Each farm has received a corn loan, LDP, or a combination of the loan and LDP.

- **Loan Information**

Loan No. 1: Certified 5,400 bu. (5400-loan) from farms A and B.

3 repayments:

- 2,000 bu. market gain was $0.50 per bu.
- 2,000 bu. market gain was $0.00 per bu.
- 1,400 bu. market gain was $0.30 per bu.

Loan No. 3: Warehouse-stored 10,000 bu. from farms B and C.

Loan No. 5: Warehouse-stored 12,000 bu. from farm E.

- **LDP Information**

LDP No. 2: Measured 10,000 bu. from farms A and C.

**Note:** The measurements were used as production evidence.

LDP No. 4: Certified 8,800 bu. (8,550 bu. requested LDP quantity) from farms A and D. LDP rate is $0.35.

- **Production Evidence**

The producer provided, before final loan availability date, a load summary sheet from 1 warehouse with 50,300 bu. of corn delivered.

The producer stated that the production evidence includes the total production from all 5 farms cash rented and cannot be identified by farm, loan, or LDP. All production has been sold.

## 340 Apportioning Commingled Production Evidence (Continued)

### D Example of Apportioning Eligible Production Evidence (Continued)

- **Results of County Office Review of Production Evidence**

  The following determinations were made in the County Office review of production evidence:

  - the evidence submitted was for all of the production from all of the farms represented by LDP's and loans requested
  - evidence was commingled between all loans and LDP's requested
  - all production was eligible at the time LDP or loan was approved.

- **Apportioning Resulting Evidence**

  Using this table in subparagraph 340 C, apportion the resulting evidence using this table.

| Step | Calculation | Result |
|---|---|---|
| 1 | 8,550 bu. (LDP no. 4) + 5,400 bu. (loan no. 1) | 13,950 bu. |
| 2 | 50,300 bu. (total eligible quantity) -<br>10,000 bu. (loan no. 3) -<br>12,000 bu. (loan no. 5) -<br>10,000 bu. (LDP no. 2) -<br>13,950 bu. (result of step 1) | 4,350 bu. |
| 3 | 13,950 bu. x 10 percent | 1,395 bu. |
| 4 | 1,395 ÷13,950 | .1000 |
| 5 | 8,550 x .1000 (LDP #4) | 855 bu. |
| | 2,000 x .1000 (loan no. 1) | 200 bu. |
| | 2,000 x .1000 (loan no. 1) | 200 bu. |
| | 1,400 x .1000 (loan no. 1) | 140 bu. |
| 6 | 8,550 bu. + 855 bu. (LDP no. 4) | 9,405 bu. |
| | 2,000 bu. + 200 bu. (loan no. 1) | 2,200 bu. |
| | 2,000 bu. + 200 bu. (loan no. 1) | 2,200 bu. |
| | 1,400 bu. + 140 bu. (loan no. 1) | 1,540 bu. |

## 341 New Loans or LDP's Based on Submitted Production Evidence

### A Basic Provisions

Additional market gain payments or additional LDP's are not available when production evidence is submitted. Any amount that exceeds LDP quantity or the market gain amount must be requested on a new LDP or new loan.

### B New Payments

New LDP's and MAL's based on the quantity eligible for additional market gain may be requested when all of the following apply:

- production evidence is provided
- loan and LDP is requested by the final loan availability date
- producer maintains beneficial interest in the commodity through the date the new LDP request is received in the County Office according to paragraph 127.

### C Applicable Rates

For:

- LDP's, the rate is the rate in effect on the date of the new LDP request, as applicable
- loans, the loan rate is applicable to the loan according to Part 5.

## 342-399 (Reserved)

# Part 4 Violations

## Section 1 General Provisions

### 400 Producer Liability

#### A Liability

When a producer obtains a commodity loan or requests LDP, the producer agrees:

- to the terms and conditions, when signing CCC-633 EZ, CCC-666, CCC-677, or CCC-678
- **not** to do either of the following:
  - provide an incorrect certification of the quantity or make any fraudulent representation, including misrepresentation, of the eligibility of a commodity
  - remove or dispose of a quantity of a commodity pledged as collateral for CCC commodity farm-stored loan without prior COC approval.

See Exhibit 2 for definitions of types of violations, as applicable.

#### B Violating Terms and Conditions

Violation means the breach of any of the terms and conditions of the loan or LDP agreement, which includes the regulations by reference. Any discrepancy in the loan collateral whether or **not** within tolerance may be considered a violation.

Any producer determined to have discrepancies not within tolerance, and/or COC determines a violation occurred or has violated the terms and conditions of the applicable forms identified in subparagraph A, shall be subject to:

- liquidated damage assessment and other administrative actions, and shall be liable for monetary amounts as specified in the applicable regulations and terms and conditions of the applicable forms
- criminal prosecution under Federal law.

***--Note:** All shortages shall be recorded in APSS using the violation software according to 12-PS.**--***

In cases of illegal activity, such as fraud, see 9-AO.

See subparagraphs C and D for COC and County Office action.

## 400 Producer Liability (Continued)

### C Guide for Handling Violations

Review Part 4, Section 2 about violations.

| Item | Action |
|---|---|
| 1 | **Verifying Discrepancy:** Complete a second party review of the test weight and pack factors and the calculations on the CCC-677-1 according to Exhibit 15.<br><br>**Note:** It is important that spot checks are performed and required actions taken when a discrepancy is discovered. |
| 2 | **Initial Notification:** If a violation is suspected or determined to have occurred, the county office must send the letter in Exhibit 11, subparagraph N, notifying the producer of the worst case scenario (no good faith, calling loan, liquidated damages, denial of farm-stored loans).<br><br>**Notes**: If the producer is in bankruptcy status, contact your State Office before sending letters.<br><br>If the violation involves COC member, refer the case to STC. |
| 3 | **COC Determinations:** COC shall determine the type of violation the earlier of:<br><br>• 30 calendar days after the notification letter or<br>• after the producer responds.<br><br>If COC determines the violation to be incorrect certification or unauthorized removal, they may determine whether:<br><br>• the producer acted in good faith according to STC guidelines (paragraph 412)<br>• liquidated damages should be reduced or waived (paragraphs 412 and 413)<br>• future farm-stored loans should be denied and for how long (paragraph 414).<br><br>**Notes**: If the producer fed, sold or lost beneficial interest in the commodity, the violation shall be considered unauthorized disposition.<br><br>If unauthorized disposition is determined, COC shall **not** make a determination of good faith/no good faith or take any other administrative action until ***--**authorized by the State Office. Follow subparagraph D and paragraph 413.**--*** |

## 400 Producer Liability (Continued)

### C Guide for Handling Violations (Continued)

| Item | Action |
|---|---|
| 4 | **Good Faith:** If COC determined good faith according to STC guidelines, send the good faith demand letter in paragraph 410. This letter rescinds the loan call, provides appeal rights, if applicable, and makes demand for the following which is applicable to the quantity found to be in violation:<br><br>• loan principal or LDP amount<br>• interest<br>• liquidated damages<br>• market gain.<br><br>**Notes:** Justification for determining good faith shall be thoroughly documented in the COC minutes.<br><br>If good faith is determined, COC has authority to waive or reduce liquidated damages. Such waiver shall be documented in the COC minutes.<br><br>Loan will be called and a receivable will be established, if the amounts listed in the demand letter are not repaid within the later of 30 calendar days of either of the following:<br><br>• of the demand letter<br>• after CCC-691 expires.<br><br>**Note:** Applicable to nonrecourse farm-stored loans **only**. |
| 5 | **No Good Faith:** If COC could **not** determine good faith according to STC guidelines, send the "No Good Faith Demand" letter in paragraph 410. This letter:<br><br>• advises that any future CCC/FSA payments will be offset against the debt and the amount owed transferred to NRRS<br><br>• demand letters will be issued through NRRS according to 64-FI<br><br>• provides instructions on what to do with any remaining loan collateral<br><br>• provides appeal rights, if applicable<br><br>**Note:** If circumstances warrant the reduction or waiver of liquidated damages, the COC shall submit a memorandum to STC requesting such. The memorandum shall provide documentation justifying the request. |

## 400 Producer Liability (Continued)

### C Guide for Handling Violations (Continued)

| Item | Action |
|---|---|
| 6 | **Repayments:** If the producer comes in to make a repayment on the loan, accept the money, but do not advise the producer that because the shortage is repaid, it releases him/her from administrative or legal actions.<br>For any repayment received for the loan involved in the violation, type the following statement on the payment receipt, "**This payment will not release you from administrative or legal action or from additional administrative actions**." |

### D Unauthorized Dispositions

Review Part 4, Section 2 about unauthorized dispositions.

| Item | Action |
|---|---|
| 1 | All unauthorized disposition cases require special handling and are to be referred to OIG through the State Office. |
| 2 | Before making a good faith determination and taking any administrative actions, the case shall be reviewed by OIG. The following shall be submitted to OIG through the State Office:<br><br>• memorandum summarizing the situation including:<br><br>  • date the violation was discovered<br><br>  • quantity found to be in violation<br><br>  • outstanding loan amount and the outstanding quantity at the time of the spot check<br><br>  • all actions COC has taken to date (most determinations cannot be made until after OIG responds)<br><br>  • amount and date of any repayments made since the violation was discovered<br><br>  • any special circumstances with respect to the violation<br><br>• copy of the complete loan file including CCC-677-1.<br><br>**Notes:** COC's shall **not** make recommendations as to whether the case shall be investigated by OIG.<br><br>The pending OIG review shall not be discussed with anyone without a need to know. When an investigation has been requested or opened, employees shall not make any comments or take action that might harm or prejudice the Government's interest in a later criminal or civil suit. |

## 400 Producer Liability (Continued)

### D Unauthorized Dispositions (Continued)

| Item | Action |
|---|---|
| 3 | ***--**State Office will forward the file to OIG. See 9-AO for the address of the applicable OIG Regional Office for Investigations. Once OIG receives the file they have**--*** 30 calendar days to advise FSA as to whether they will investigate the case. It is assumed that OIG will **not** investigate the case if they do **not** respond within 30 calendar days. |
| 4 | If the County Office receives additional information or documents (including repayment receipts) relating to the loan or the unauthorized disposition, the information or documents shall be immediately forwarded to OIG through the State Office. |
| 5 | State Office will advise the county office of OIG's decision. |
| 6 | If the case file has been accepted by OIG for investigation, any letters that would be sent to the producer regarding the violation must first be sent to the State Office for review by OIG. OIG wants to ensure that the content of the letter would not hinder any investigation that might take place. |

## 401 Loan and LDP Violations

### A List of Loan and LDP Violators

County Offices shall:

- maintain a list of producers who have been determined to have an loan or LDP discrepancy and COC determines a violation occurred, or who have violated the terms and conditions of the applicable forms identified in subparagraph 401 A

- keep producer's name on the list for 24 months after the date the discrepancy and/or when the violation is discovered

- notify all other counties in which the producer has an interest.

This list of violators is:

- not considered an administrative action and placement on the list is not appealable
- a method of determining whether the producer has had previous violations.

### B Notifying Producer

When a discrepancy that is within tolerance is discovered, County Offices shall send the producer the notification letter according to Exhibit 11, subparagraph M.

When a discrepancy exceeding the tolerance violation is discovered, County Office shall:

- assume good faith **cannot** be determined for:

  - flagrant violations of loan and LDP agreement terms and conditions
  - incorrect certifications
  - unauthorized dispositions
  - unauthorized removals

- determine what administrative actions are to be taken according to subparagraph 410 A and the amounts due according to subparagraphs 410 D and 412 A

- notify the producer of the violation and the actions to be taken, send the violation notification letter to the producer according to Exhibit 11, subparagraph N

## 401 Loan and LDP Violations (Continued)

### C Violations Involving COC Members

If the violation involves COC member, refer the case to STC for determination.

- Submit a memorandum explaining the details of the situation along with the complete case file.

- COC shall **not** make any determinations or recommendations about COC member discrepancies.

STC shall follow this part when determining violations and assessing liquidated damages for all COC members considered being involved in violations of loan or LDP.

## 401 Loan and LDP Violations (Continued)

### D Actions Taken After Notification

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

| IF the producer... | THEN COC shall... | |
|---|---|---|
| does not respond within the 30-calendar-day notification period | determine whether a violation has occurred. Follow paragraph 410 for assessing administrative actions for which the producer was notified, including administrative actions for no good faith. Send demand letter from subparagraphs 410 E through I, as applicable. | |
| appeals the determination | follow paragraph 20. | |
| responds within the 30-calendar-day notification period, but does **not** appeal | determine, based on the evidence provided by the producer, whether the producer acted in good faith. | |
| | **IF good faith...** | **THEN follow...** |
| | is determined and the producer has been involved in 2 or less violations in the previous 24 months | subparagraph 410 B, using the good faith demand letter in subparagraph 410 E. |
| | **cannot** be determined or the producer has already been involved in more than 2 violations in the previous 24 months | subparagraph 410 C for assessing administrative actions, as applicable, using the no good faith demand letter in subparagraph 410 F. |

**Note:** If COC determines the violation is an unauthorized disposition or a flagrant incorrect certification, COC shall **not** make any other determination **until** the actions in paragraph 413 are taken.

## 402-409 (Reserved)

## Section 2 Administrative Action

### 410 Determining Administrative Actions

#### A Types of Administrative Actions

The following administrative actions are possible for loan and LDP violations:

- assessing liquidated damages
- calling the loan
- denying future certified LDP's
- denying future farm-stored loans
- requiring repayment of the entire LDP quantity
- requiring repayment of LDP quantity involved in the violation
- requiring repayment of loan quantity involved in the violation.

Producers who remove or dispose of any part or all of the commodity loan collateral without prior authorization or do not provide required production evidence:

- have violated the loan or LDP program

- are subject to assessment of liquidated damages or other administrative actions, as applicable.

**Note:** For unauthorized disposition of loan collateral or for flagrant cases of incorrect certification, see paragraph 413 **before** taking any additional administrative actions or making COC determinations.

## 410 Determining Administrative Actions (Continued)

### B Good Faith Determinations

COC shall determine whether a producer is considered to have acted in good faith if 1 of the following applies:

- there is evidence to support that the producer made every effort to comply with CCC-601 terms and conditions and CCC's security interest was protected
- violation was inadvertent, accidental, or unintentional according to STC-established guidelines (subparagraph 412 B)
- actions that resulted in a violation prevented the spoilage of the commodity or were necessary to protect CCC's security interest in the commodity.

The good faith determination does **not** negate the producer's responsibility to repay MAL and fulfill MAL terms and conditions.

If a producer can show he/she acted in good faith when the loan or LDP violation occurred, and the producer has had 2 or less loan or LDP violations in the previous 24 months, COC shall demand:

- as applicable, repayment of:
  - loan principal and charges plus interest applicable to the loan quantity affected by the violation according to Part 7

    **Note:** For violation repayments based on:

    - incorrect certifications, see paragraph 714 A
    - unauthorized disposition or removal, see paragraph 416.
  - LDP amount and charges plus interest applicable to the LDP quantity affected by the violation
- payment of liquidated damages assessed according to paragraph 412.

See subparagraph:

- 412 B for authority to waive liquidated damages
- 417 A for additional actions if amount due is not repaid within 30 calendar days of this demand.

## 410 Determining Administrative Actions (Continued)

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

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

- demand payment of liquidated damages assessed according to paragraph 412

***--Note:** Only STC or DAFP has the authority to waive liquidated damages when lack of good faith is determined.**--***

- for loans:
  - call the applicable loan involved in the violation
  - demand repayment of any market gain previously realized on the loan, plus interest according to subparagraph F

    **Note:** If the producer repays the previously realized market gain, interest, and liquidated damages, then County Offices shall **not** send the demand letter.

- for LDP's, demand repayment of entire LDP amount plus interest.

## 410 Determining Administrative Actions (Continued)

### D Determining the Offense

The number of violations during a 24-month period is used in determining the applicable offense.

**Example:** To be considered as a first offense, the producer must not have had any loan or LDP violations in the 24 months previous to the current violation.

**Notes:** If 1 or more loan or LDP violations are determined for the same producer during the same spot-check selection, and only if production evidence is provided for all loans or LDP's spot-checked, consider only 1 offense to have occurred.

A second offense may be determined if a shortage exists for any loan or LDP spot-checked when production evidence is submitted at a later date.

If the producer is a multi-county producer, County Offices shall include violations that occurred in other counties when determining the number of violations that occurred within the 24-month period.

***--**The liquidated damages penalty for **all** violations is 10 percent. Until the MAL software is moved to a web based system, enter all violations as the first offense to correctly calculate the 10 percent liquidated damages.**--***

## 410 Determining Administrative Actions (Continued)

### E Good Faith Demand Letter

If good faith is determined and the producer has been involved in 2 or less violations in the previous 24 months, use the following demand letter.

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

Dear_____:

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

- **loan principal**
- **LDP amount**
- **interest**
- **liquidated damages**
- **market gain**
- **other charges**).

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

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

After the receivable is established:

- the receivable may be reported to other Federal agencies for offset from any amounts that may be due you

- late payment interest, based on the rate established by the Department of the Treasury, will be applied to your debt on a daily basis from the date the receivable is established until your debt is paid in full.

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

(**Include appeal options according to 1-APP.**)

## 410 Determining Administrative Actions (Continued)

### F No Good Faith Demand Letter

If good faith **cannot** be determined **or** the producer has more than 2 violations in the previous 24 months, use this demand letter.

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

Dear_____:

You were notified on (**enter date of notification of violation**) of the situation with respect to your (**loan or LDP**). The amount due has been recorded for offset from any FSA or CCC payment due you. **(Describe the situation, including the determinations made because of an appeal, reconsideration, or failure by the producer to taken any action.**

**Add paragraph in subparagraph:**

- **G for nonrecourse farm-stored loans**
- **H for nonrecourse warehouse-stored loans**
- **I for recourse loans.)**

The following amounts are now due and payable **(enter as applicable:**

- **outstanding loan principal**
- **interest**
- **previously realized market gain**
- **LDP amount**
- **liquidated damages**
- **other charges**).

Applicable interest will continue to accrue from the date of this letter until these amounts are repaid or transferred to receivable. If the above amounts are not repaid within 30 calendar days of this letter:

- ***--**a receivable may be established
- foreclosure proceedings will begin on any ineligible commodity.**--***

After the receivable is established:

- the receivable may be reported to other Federal Agencies for offset from any amounts that may be due you

- late payment interest, based on the rate established by the Department of the Treasury, will be applied to your debt on a daily basis from the date the receivable is established until your debt is paid in full.

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

(**Include appeal options according to 1-APP**.)

## 410 Determining Administrative Actions (Continued)

### G Nonrecourse Farm-Stored Loans

If the violation involves a nonrecourse farm-stored loan, use the following paragraph in the no good faith demand letter according to subparagraph F.

> Based on this determination, the maturity date for your nonrecourse loan was accelerated to (**enter the 31st calendar day after the date of the notification letter**).
>
> Because the loan has matured and the debt has not been repaid, the collateral not involved in the violation must be delivered to CCC. Follow the delivery instructions enclosed on CCC-691, Commodity Delivery Notice. If the principal and charges plus interest applicable to the quantity on CCC-691 are not repaid or delivery of the loan quantity shown on CCC-691 is not completed on or before the 30th calendar day after the date of the expiration, or extended expiration date of CCC-691, the following will apply:
>
> - foreclosure proceeding will begin
> - the amount due will be recorded for offset from any FSA or CCC payment due you
> - a receivable will be established.

## 410 Determining Administrative Actions (Continued)

### H Nonrecourse Warehouse-Stored Loans

If the violation involves a nonrecourse warehouse-stored loan, use the following paragraph in the no good faith demand letter according to subparagraph F.

> Based on this determination, the maturity date for your nonrecourse loan was accelerated to (**enter the 31st calendar day after the date of the notification letter**).
>
> Because the loan has matured and the debt has not been repaid, the loan collateral not involved in the violation has been forfeited to CCC.

**Note:** If the producer has appealed or requested reconsideration, notify the producer that if the principal and charges, plus interest applicable to the quantity not involved in the violation, is not repaid within 30 calendar days of this letter, the loan collateral will be forfeited to CCC.

### I Recourse Loans

If the violation involves a recourse loan, use the following paragraph in the no good faith demand letter according to subparagraph F.

> Based on this determination, the maturity date for your recourse loan was accelerated to (**enter the 31st calendar day after the date of the notification letter**).
>
> Because the loan has matured and the debt has not been repaid, foreclosure proceedings will begin on the loan collateral not involved in the violation. In addition, the amount of principal and charges, plus interest, is due and payable and has been recorded for offset from any FSA or CCC payment due you. If the amount due is not repaid within 30 calendar days of this letter, a receivable will be established.

## 411 Calling Loans

### A CCC's Interest Not Protected

COC's may, if CCC's interests are not or will not be protected, call any or all of the producer's farm-stored loans.

## 412 Assessing Liquidated Damages

### A Calculating Liquidated Damages

For loan and LDP violations, calculate liquidated damages by multiplying the quantity involved in the violation times 10 percent of the loan or LDP rate.

***--Note:** The liquidated damages penalty for **all** violations is 10 percent. Until the MAL software is moved to a web based system, enter all violations as the first offense to correctly calculate the 10 percent liquidated damages.**--***

### B Authority to Waive Liquidated Damages

**[7 CFR 1421.109]** COC's may grant relief by waiving **any or all** of the liquidated damages determined according to subparagraph A when COC determines good faith and both of the following apply:

- violation occurred inadvertently, accidentally, or unintentionally
- first or second offense.

STC's:

- shall establish written guidelines for determining when a violation occurred inadvertently, accidentally, or unintentionally

- shall ensure that COC's are following STC guidelines and making equitable determinations based on the merits and facts involved in the violation

- may grant relief on a case-by-case basis by waiving **any or all** of the liquidated damages for both good faith and lack of good faith determinations, as long as the dollar amount falls within their authority.

### C Canceling Liquidated Damages

Liquidated damages not waived cannot be canceled.

## 413 Special Provisions for Unauthorized Disposition or Flagrant Incorrect Certification Cases

### A COC Action

For each violation for unauthorized disposition or flagrant incorrect certification cases, COC shall:

- submit a memorandum to SED summarizing the situation that includes **all** of the following:

  - all actions COC has taken to date

    **Note:** COC shall notify producer of violation according to subparagraph 401 B. An appeal hearing may be held, but do not determine good faith or waive liquidated damages until notified by SED of OIG action. COC shall notify producers of demand for payment according to subparagraphs 410 F or G when notification is received from SED.

  - copies of documents about the violation, as appropriate, including a **complete** copy of the loan file

- meet with producers if they appeal, but do **not** make a good faith determination or waive liquidated damages before receiving notification from the State Office indicating OIG action

  **Note:** COC shall assume good faith **cannot** be determined when notifying the producer.

- **not** make recommendation as to whether an investigation is warranted

- **not** acknowledge that an investigation may be conducted or provide any other information to anyone, including the producer, unless authorized by OIG.

## 413 Special Provisions for Unauthorized Disposition Cases (Continued)

### B State Office Action

DOJ attorneys may provide prosecutive guidelines to OIG for SED's to use in determining cases to be referred to OIG for investigation. State Offices shall follow this table.

| IF DOJ prosecutive guidelines have... | THEN State Offices shall... |
|---|---|
| been received | • determine whether the unauthorized disposition should be referred to OIG for investigation by reviewing:<br>  • DOJ prosecutive guidelines<br>  • COC's memorandum<br>• refer unauthorized disposition cases that meet DOJ prosecutive guidelines to OIG for investigation<br>• for cases **not** referred to OIG, notify COC to take appropriate administrative actions according to paragraph 410<br>• keep complete files on all cases evaluated, but not referred to OIG, in the State Office for future review by OIG. |
| **not** been received | refer all unauthorized disposition cases to OIG for investigation with the following:<br>• a memorandum summarizing the unauthorized disposition, including all actions COC has taken to date<br>• a copy of the complete County Office loan file.<br>For cases referred to OIG, include a statement in the memorandum to OIG, as follows:<br>"If **no** response is received by the State Office within 30 calendar days, SED will:<br>  • notify COC to take administrative actions, as applicable, according to paragraph 410 and 9-AO<br>  • assume no investigation will be conducted." |

## 413 Special Provisions for Unauthorized Disposition Cases (Continued)

### C No Response From OIG

Assume that OIG will **not** investigate the unauthorized disposition if OIG does **not** respond to the State Office within 30 calendar days.

SED will notify COC to take administrative actions, as applicable, according to paragraph 410 and 9-AO.

### D Action When Investigation Is Scheduled

When OIG schedules an investigation:

- County Office shall **not** take any administrative actions, **unless** OIG advises, in writing through the State Office, that actions can be taken without possible adverse effect on prosecution

- State Office shall immediately advise County Office of OIG determination

- County Office shall, through the State Office, coordinate any administrative actions with appropriate OIG regional office **before** initiating the actions.

## 414 Denying Future Farm-Stored Loans and LDP's

### A COC's Interests Not Protected

**[7 CFR 1421.109]** COC's may, if CCC's interests are not or will not be protected, deny the following up to 24 months after the date the violation is discovered future:

- farm-stored loans
- LDP's requested without production evidence.

### B Additional Denial Timespan

Depending on the violation severity, COC may deny farm-stored loans and LDP's without production evidence for an additional period designated by COC.

## 415 Waiving Administrative Actions

### A COC Action

COC may request STC waive any administrative action of loan or LDP violations that COC does **not** have the authority to waive.

For all requests for waivers, COC shall submit copies of the complete case file to STC.

### B STC Action

STC may request DAFP waive any administrative action that STC does **not** have the authority to waive, if **all** of the following apply:

- the violation:
  - occurred inadvertently, accidentally, or unintentionally, or the producer acted to prevent spoilage of the commodity
  - did **not** result in harm or damage to the rights of any person or Government agency
- the complete case file is submitted, including the request by COC for the waiver.

## 416 Accepting Payments for Violations

### A Accepting Payments From Producers

For any violations, including violations referred to OIG, accept payments offered by the producer according to Part 7. County Offices shall notify the producer that payment will **not**:

- release the producer from administrative or legal action
- relieve producer of additional administrative actions.

### B Unacceptable Payments

County Offices shall **not**:

- accept repayments with restrictive endorsements.

  **Examples:** "Final payment" or "Payment in full".

- permit producers to repay loan quantity involved in violations at a repayment rate that is less than the principal and charges, plus interest, **except** as authorized in subparagraph C.

### C Repayment Rate for Unauthorized Disposition and Removal

Determine the repayment rate, according to this table, for quantities involved in unauthorized:

- removal
- disposition.

| **IF COC...** | | **THEN the repayment rate is...** |
|---|---|---|
| determines **good faith** according to subparagraph 410 B | **and** the producer has 2 or less violations | the lesser of:<br>• principal and charges plus interest<br>• CCC determined value on the date the violation occurred as determined by CCC **plus** 15 percent of the loan rate. |
| does **not** determine good faith according to subparagraph 410 C | **or** the producer has more than 2 violations | principal and charges plus interest. |

## 416 Accepting Payments for Violations (Continued)

### D Repayment for Incorrect Certification

Any incorrect certification of loan or LDP quantity shall be repaid at principal plus interest.

### E Repayment before Producer Notification of Discrepancy

For producers who repay MAL before being notified of a shortage on violation, County Offices shall manually insert the following statement in CCC-500, “Remarks” section:

> “This repayment does not release the borrower from any administrative actions.”

## 417 Amount Due Not Repaid Within 30 Calendar Days

### A Additional Action for Good Faith First or Second Offense

If the amount due for a first or second offense, with a good faith determination according to subparagraph 410 B, is **not** paid within 30 calendar days of demand, the County Office shall:

- establish a receivable, according to 64-FI, for:

  - loan principal involved in the violation, plus accrued interest
  - entire LDP amount, plus interest
  - all market gain realized on the loan, plus interest
  - amount of liquidated damages, if applicable
  - loan amount, plus accrued interest applicable to any ineligible commodity

  **Note:** Receivable amount is equal to the principle plus interest as of the date of the first demand letter.

- for loans:

  - issue CCC-691 for outstanding nonrecourse farm-stored loan quantity, **excluding** any ineligible quantity or quantity involved in the violation

  - begin foreclosure or local sale proceedings on recourse loan or ineligible quantity

  - forfeit any remaining warehouse receipts on a warehouse-stored nonrecourse loan

- offset amount due from future FSA or CCC payments.

## 418-499 (Reserved)

# Part 5 Loanmaking Provisions

## Section 1 Basic Loanmaking

### 500 Obtaining Loans

#### A Loan Availability

**[7 CFR 1421.100]** Eligible producers may obtain loans by placing the eligible commodity in:

- approved farm storage structure and obtaining a loan, on the quantity determined according to paragraph 528, using either of the following options:
  - CCC-666 for a certified farm-stored loan request
  - CCC-666 and FSA-409 for a measured farm-stored loan request.
- CCC-authorized warehouse storage and obtaining a loan on 100 percent of the net quantity shown on the warehouse receipt.

Eligible producers may obtain LDP's instead of loans. See Part 10 for LDP provisions.

#### B Producers in Bankruptcy

For producers involved in bankruptcy proceedings, see paragraph 22.

## 500 Obtaining Loans (Continued)

### C CMA's Obtaining Loans

CMA's may:

- obtain farm-stored loans on commodities that are stored on the member's farm in approved storage structures, if other eligibility requirements are met, such as beneficial interest

- obtain warehouse-stored loans on commodities stored in approved warehouses, ***--**according to paragraph 536**--***

- request separate loans for commodities determined eligible for nonrecourse or recourse loans

- **not** obtain loans on quantities on which members:

  - obtain individual LDP's

  - place under individual loans and eventually deliver to CMA, unless the producer repays the loan at principal and plus interest **before** delivery to CMA

CMA's shall request loans at a CMA service County Office identified in 1-CMA.

## 501 Requesting Loans

### A Where Producers Request Loans

**[7 CFR 1421.104]** Producers shall request loans through the County Office that maintains the farm program records.

If the producer farms in more than 1 county, the County Office **first** contacted shall:

- accept requests and process loans
- contact other County Offices when either of the following applies:
  - request covers eligible production from more than 1 farm and the farm program records are kept in more than 1 County Office
  - loans were received from more than 1 County Office
- send a copy of the loan documents to the applicable County Office
- complete CCC-770 MAL **before** approving the loan disbursement, **if applicable** (paragraph 23).

**Note:** See subparagraph D for an example of processing loan applications.

## 501 Requesting Loans (Continued)

### B When to Request Loans

Requests for loans:

- may be received by mail, FAX, telephone, or filed in person
- are documented on CCC-666 for farm-stored loan requests according to paragraph 524 instructions
- shall be requested no later than the final loan availability date according to subparagraph 226 C

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

- shall be requested **before** beneficial interest is considered lost (paragraph 227)
- is complete when CCC-666 for farm-stored loan requests is signed by producer, approved by CCC, and all required documents are received
- can be canceled or revised **before** the loan is disbursed
- shall be processed and disbursed through APSS as soon as possible according to the applicable commodity handbook
- shall be handled according to the Prompt Payment Act requirements in paragraph 35 and 61-FI.

  **Note:** County Offices shall **not** honor requests from producers to delay disbursements on completed applications.

Farm-stored loan requests can be electronically transmitted to the County Office where the farm records are maintained, if the applicable producer received electronic access credentials through eAuthentication. Electronically transmitted loan requests are processed in APSS in the normal manner.

### C Joint Loans

Loans may be disbursed jointly if the commodity is either of the following:

- jointly owned
- stored in the same storage structure.

## 501 Requesting Loans (Continued)

### D Suggested Loan Processing Table

The following is an example guide that may be used when processing loan applications and completing loan approvals and disbursements. Use is optional.

| Step | Action |
|---|---|
| 1 | Accept loan request by phone, in person or by FAX.<br><br>• Ensure that:<br><br>  • application, CCC-666, CCC-677-1, or FSA-409 is complete and signed by producer for farm-stored loan requests<br><br>  • FSA-211 is on file, if applicable.<br><br>• County Office may find it helpful to have the producer mark on a map or plat book page of a township the exact location of the storage structures for farm-stored loan requests.<br><br>• See if producer has signed CCC-10 and, if not, obtain the required information to complete. |
| 2 | The following is needed for security documentation:<br><br>• UCC-1 on file and active for farm-stored loan requests for the loan period as determined by the individual State<br><br>• lien search, as determined by the individual State<br><br>• obtain CCC-679's on all parties with a security interest in the producer's crop, as determined by the lien search, or notified by a lienholder.<br><br>**Note:** If necessary, obtain copies of non-standard filings, as determined by individual States, to determine if CCC-679 is needed. |
| 3 | Check the following eligibility for all producers on CCC-666, if applicable:<br><br>• FSA-578 has been filed, as applicable<br><br>• AD-1026 completed<br><br>• CCC-902 E or I for foreign person determination completed according to 4-PL<br><br>•*****--CCC-931 completed for 2009 through 2012 crop years--*****<br><br>**Notes:** CCC-931 is not required at disbursement but is required if loan is repaid with a marketing loan gain.<br><br>For 2012 crop year, CCC-931 must **not** be a version dated before 12-7-11.<br><br>A valid AGI certification is on file according to 4-PL, Part 6 for each applicable crop year. |

## 501 Requesting Loans (Continued)

### D Suggested Loan Processing Table (Continued)

| Step | Action |
|---|---|
| 3 (Cntd) | •*--CCC-931C or CCC-933 completed for 2013 crop year--*<br><br>• commodity eligibility<br><br>• DCIA compliance<br><br>• storage eligibility. |
| 4 | A second party, according to paragraph 234, shall review and check:<br><br>• Bu. calculations for:<br><br>  • certified loans<br>  • measured loans<br>  • warehouse loans<br><br>• loan rate to ensure the correct rate, according to subparagraph 506 A, is used.<br><br>Ensure that FSA-409, Part B is complete, if applicable. |
| 5 | Quantity eligibility according to paragraph 230.<br><br>Ensure that quantity is within the COC set maximum yield for that commodity and crop year.<br><br>If the County Office has a worksheet (from Price Support Query or their own query) showing eligible bu., subtract bu. on application from total eligible to keep tract of eligibility balance. |
| 6 | If applicable, ensure that CCC-665 is completed and on file **before** disbursing commingled loans. |
| 7 | Load and/or process loan requests in APSS according to 12-PS.<br><br>If all required information is on file and producer is in the office to sign CCC-677 or CCC-678, then the loan can be completed in APSS.<br><br>If CCC-677 or CCC-678 is to be mailed to the producer for signatures or the producer will be coming into the office at a later date to sign, then the loan can be printed and saved in APSS. |

## 502 Completing CCC-10's

### A Applicability

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

- serves as CCC's or FSA's notice of intent to perfect its security interest
- identifies the debtor's exact full legal name, and if the debtor is an entity, the type and location of the entity
- identifies the jurisdiction in which CCC will perform lien searches according to State law and advice of the regional attorney
- authorizes CCC or FSA to file financing statements **before** executing a security agreement

*** * ***

- is applicable to warehouse loans to identify the jurisdiction in which to perform lien searches.

## 502 Completing CCC-10's (Continued)

### B Obtaining Authorization

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

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

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

## 502 Completing CCC-10's (Continued)

### C CCC-10 Availability

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

### D Instructions for Preparing CCC-10's

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

| Item | Instructions |
|---|---|
| Part B | Ensure that the producer understands the statements in part A. |
| 1 | CHECK (✓) box for:<br><br>• individual, if the producer conducts a farming operation as an individual<br><br>• organization or entity, if the producer conducts a farming operation as an organization or entity. |
| 2 | If box in item 1 is checked for:<br><br>• individual, enter the complete applicable SSN or TIN<br>• organization or entity, enter the complete applicable TIN. |
| 3 | If box in item 1 is checked for:<br><br>•*--individual, enter the individuals full legal name including first, middle, and last name and, if applicable, a suffix<br><br>• organization or entity, enter the full legal name of the organization or entity as filed with the State and provided on the organization charter or legal documents establishing the entity.<br><br>**Notes:** An individual's full legal name should be the name that appears on their driver's license.<br><br>This is the name that will be used on UCC forms. |
| 4 | If box in item 1 is checked for individual, enter the individuals full legal name, including the first, middle, and last name and, if applicable, a suffix for spouse.<br><br>**Notes:** This is the name that will be used on UCC forms for additional debtors.<br><br>If spouse has an interest in the commodity, the spouse shall complete a separate CCC-10. --* |
| 5 | If box in item 1 is checked for individual, enter the name of the State and county of producer's primary residence. Unless otherwise advised by OGC, this is where to file UCC-1's and perform lien searches. |

## 502 Completing CCC-10's (Continued)

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

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

# 502 Completing CCC-10's (Continued)

## E Example of CCC-10

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

*--

This form is available electronically. Form Approved – OMB No. 0560-0215

**CCC-10**
(08-31-11)

**U.S. DEPARTMENT OF AGRICULTURE**
Commodity Credit Corporation
Farm Service Agency

**REPRESENTATIONS FOR COMMODITY CREDIT CORPORATION OR FARM SERVICE AGENCY LOANS AND AUTHORIZATION TO FILE A FINANCING STATEMENT AND RELATED DOCUMENTS**

Note: *The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 761, 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to provide CCC's or FSA's notice of intent to protect its security interest, identify debtor or entity, and authorize CCC or FSA to file financing statements before executing a security agreement. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in denial of loan benefits*

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0215. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.* ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

**PART A – INTRODUCTION**

The undersigned is an applicant for a loan from the Commodity Credit Corporation (CCC) or the Farm Service Agency (FSA), or is currently indebted to CCC or FSA on account of loans previously made or will encumber, pledge or mortgage property to CCC or FSA to secure payment of a loan made or to be made by CCC or FSA. The undersigned understands that CCC or FSA will take or has taken a security interest in collateral to secure the payment of any loan made or to be made, that CCC or FSA will file or has filed a financing statement or an amended financing statement to perfect its security interest in such collateral, that the information provided in this instrument will affect the contents of the financing statement or any amended financing statement and where it will be filed and that CCC or FSA will rely upon this information provided by the undersigned. For warehouse-stored CCC marketing assistance loans, I understand that a financing statement will not be filed but this form is necessary to establish the jurisdiction in which a lien search will be conducted. Further, the undersigned understands that CCC or FSA will continue to use this information for any future loans to be made to the undersigned until the undersigned notifies CCC or FSA of any changes. The undersigned agrees to immediately notify CCC or FSA of any changes in this information.

**PART B – REPRESENTATION OF UNDERSIGNED**

| | |
|---|---|
| 1. Type of Undersigned: ☒ Individual ☐ Organization or Entity | 2. Social Security Number or Tax Identification Number *(9 Digits)*<br>111-XX-79XX |
| 3. Undersigned's Full Legal Name<br>John Roscoe Smith, Jr. | 4. Spouse's Full Legal Name<br>Anita LuAnne Baxter Smith |
| 5. State and County of Primary Residence if Undersigned is an Individual<br>New Jersey, Adams County | 6. If Undersigned is an Organization or Entity, Specify the Type of Organization or Entity |
| 7. If undersigned's organization or entity is a registered organization or entity, specify the state in which the organization or entity was created. | |
| 8. If undersigned's organization is a non-registered organization or entity, specify the state where the place of business is located or where the organization or entity conducts its affairs. | |

**PART C – AUTHORIZATION TO FILE**

9. ***The undersigned authorizes CCC or FSA to file a financing statement under the name of the undersigned for collateral to be described in the financing statement and security agreement at any time following the date that this instrument is signed. By signing below, I give CCC or FSA permission to file a financing statement prior to the execution of the security agreement, as well as to file amendments and continuations of the financing statement thereafter.***

***I authorize CCC to enter on the financing statement a broader description of the collateral used to secure a CCC marketing assistance loan than the description on the applicable security agreement.***

| | | |
|---|---|---|
| 10A. Signature of Individual in Item 3 (By)<br>*/s/ John Roscoe Smith Jr.* | 10B. Title/Relationship of the Individual Signing in the Representataive Capacity<br>Self | 10C. Date *(MM-DD-YYYY)*<br>07-18-20XX |
| 10D. Signature of Individual in Item 4 (By)<br>*/s/ Anita LuAnne Baxter Smith* | 10E. Title/Relationship of the Individual Signing in the Representative Capacity<br>Self | 10F. Date *(MM-DD-YYYY)*<br>07-18-20XX |
| 11A. Signature for Organization or Entity in Item 3 (By) | 11B. Title/Relationship of the Individual Signing in the Representative Capacity | 11C. Date *(MM-DD-YYYY)* |
| 11D. Signature for Organization or Entity in Item 3 (By) | 11E. Title/Relationship of the Individual Signing in the Representative Capacity | 11F. Date *(MM-DD-YYYY)* |

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.*

--*

## 503 Loan Benefits Denial Notification

### A Notifying Producers

When the producer is denied loan benefits, County Offices shall:

- immediately notify the producer in writing
- use the letter in Exhibit 11, subparagraph L and include the following:
    - reasons for denying the loan
    - right to appeal COC's decision according to 1-APP
    - availability of warehouse-stored loan or recourse loan, as applicable.

## 504 Lien Searches

### A General Information

**[7 CFR 1421.104]** Lien searches shall be performed in the appropriate recording official's office according to State law for:

- **all** loan requests that meet the criteria in subparagraph B, **except** loans made to CMA's, DMA's, and LSA's, according to subparagraph D

- warehouse-stored collateral transferred to farm storage.

**Note:** Lien searches are **not** required for Federal and State tax liens or judgments; however, if the office is notified of either, then a search for Federal and State tax liens is ***--required**. A Federal Tax lien listed on a lien search is considered notification, and CCC-679 is required.**--***

For multi-county producers, the loanmaking County Office shall perform or obtain lien searches at the appropriate location according to State law.

Contact the regional attorney, through the State Office:

- when assistance or advice is needed
- for assistance when any of the following conditions apply:

  - producer has farming operations in more than 1 State
  - commodity is stored in another State
  - commodity is moved to another State during the loan period.

***--**When requesting lien searches, States and counties shall follow specific search instructions from their appropriate State recording official to ensure that all liens on the requested producer are listed.**--***

## 504 Lien Searches (Continued)

### B Criteria for Performing Lien Searches and File UCC-1's

County Offices shall perform lien searches and file UCC-1's according to the following.

| Loan Amount / Loan Type | Perform Lien Searches | | UCC-1 or Applicable Financing Statement | |
|---|---|---|---|---|
| | Yes | No | Yes | No |
| **< $50,000** | | | | |
| Farm-Stored | | X | X | |
| Warehouse-Stored | | X | | X |
| = or > **$50,000** | | | | |
| Farm-Stored | X | | X | |
| Warehouse-Stored | X | | | X |
| **Note:** If performing lien searches is a free service provided through the State, lien searches may be performed on all loans regardless of the dollar amount. | | | | |

County Offices shall perform lien searches and perfect the security interest, regardless of the loan amount, if **any** of the following applies:

- producer is, at the time of the loan request, either of the following:
  - involved in a bankruptcy
  - under investigation by OIG
- producer committed a MAL/LDP violation in the current or preceding crop year
- CCC is notified by the producer, lending institution, or lienholder that a lien exists on the commodity
- aggregate loan principal for the crop year will equal or exceed $50,000
- STC **required** additional search actions.

**Note:** County Offices shall file applicable UCC-1's required by State law, to protect CCC's security interest according to paragraph 521, regardless of MAL principal.

### C Recording UCC-1's for Chattel Mortgage Filing Date in APSS

APSS was enhanced to **not** require filing dates of UCC-1's for loans less than $50,000. County Offices are instructed to enter the date UCC-1 was filed in the "UCC-1 or Chattel Mortgage Filing Date" field on Screen PLA13005 for **all** loans.

## 504 Lien Searches (Continued)

### D When to Perform Lien Searches

Lien searches shall be performed:

- **after** the loan request is filed and **before** the loan is approved and disbursed
- when collateral for a warehouse-stored loan is transferred to farm storage according to paragraph 617.

*** * ***

Do **not** perform the lien searches **before** requests are filed.

Advise producers that loans **cannot** be disbursed until lien searches are completed and necessary CCC-679's are obtained according to paragraph 505.

### E Action After Lien Searches Are Performed

When lien searches are completed, County Offices shall:

- file results of searches in applicable loan folders
- **before** loan disbursement, **require** producers to provide CCC-679's according to paragraph 505, for each lienholder discovered on lien search.

### *--F CMA, DMA, and LSA Responsibilities

CMA's, DMA's, and LSA's shall be reminded of their responsibility to pledge eligible commodities for CCC loan free of any liens based on their respective financial agreement.

If CMA, DMA, or LSA has pledged the commodity offered or to be offered for loan to obtain a line of credit, CMA, DMA, or LSA shall provide CCC-679 that is:--*

- completed according to subparagraph 505 D
- signed by the applicable lending institution.

### G Paying Lien Search Fees

Issue payment using the online payment web-based application for the lien search fees.

## 504 Lien Searches (Continued)

### H Lien Search and Filing Fees Paid by Producers

***--**To decrease the lag time between a loan request and loan disbursement, producers may**--***
pay for lien search and filing fees with a negotiable document made out to the applicable recording office using checks, cashier's checks, or money orders.

The producer is responsible for any charges resulting from insufficient funds for returned checks. If payment is made by cashier's check or money order, the producer is responsible for the applicable service fees. Producer-paid charges shall **not** be deducted from the loan proceeds.

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

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

## 505 CCC-679's

### A Obtaining CCC-679's

CCC-679's shall be obtained by the producer or CMA, DMA, or LSA, as follows:

- **before** loan disbursement
- if liens or encumbrances are recorded, include CCC-679's from FSA FLP representatives
- even if the liens or encumbrances will be satisfied from the loan proceeds
- if **actual** notice is received from a lienholder
- for IRS Federal tax liens, if the producer certifies that the lien exists.

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

**Note:** Notice of Levy received from IRS is considered evidence of a lien; therefore, CCC-679 **must** be sent to IRS.

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

**Note:** Lienholder may sign CCC-679 and FAX to the County Office.

## 505 CCC-679's (Continued)

### A Obtaining CCC-679's (Continued)

*--CCC-679's can be submitted by producers or CMA's, DMA's, and LSA's at the beginning--* of a crop year. After CCC-679 is obtained for the first loan made for a specific crop year, the same CCC-679 may be used for all subsequent loans made for the specific crop, if CCC-679 is applicable for "**all**" the quantity on specified farms, including "**all**" farms. However, a lien search shall be performed for **all** loan requests according to paragraph 504.

**Note:** Producers are responsible to provide completed CCC-679's before loan disbursements. Under **no** circumstances should County Offices initiate the loan disbursement process without producers providing applicable CCC-679's or until County Office has completed the lien search according to this paragraph.

### B Completing CCC-679's for Producers

County Offices shall complete:

- CCC-679 according to this table
- item 5, block (c), if applicable, according to subparagraph C.

| Item | Instructions |
|---|---|
| 1A-C | Enter county name, address, telephone, and FAX.<br><br>***--Notes:** More than 1 County Office can be listed in item 1A.<br><br>If producer farms in more than 1 county, a county with a signed CCC-679 may, if requested, FAX CCC-679 to the other County Office to use, **if** the crop year and commodities listed in items 3 and 4 are correct. It is **not** necessary for the other County Office to obtain another CCC-679 from the lienholder if the crop year and commodities are correct.--* |
| 2 | Enter producer name and address. If lienholder has UCC-1 filed for both the borrower and spouse, enter both names. |
| 3 | Enter crop year. |
| 4 | Enter commodity. More than 1 commodity may be listed. Enter each commodity.<br><br>**Example:** Enter, "**Corn, Soybeans, Wheat**" or "**All**". |
| 5 | Lienholder **must** indicate how the monetary proceeds are to be distributed by entering a check (✓) in 1 of the boxes provided. See subparagraph C to complete item 5, block (c). |
| 6 | Enter lienholder's or authorized agent's name and address. |
| 7A-C | Lienholder identified in item 6 **must** sign and date CCC-679. |

***--Notes:** Signed and dated CCC-679 may be faxed to the applicable County Office.

For producers who farm in more than 1 county, signed and dated CCC-679 may be FAXed to the other County Offices.--*

# 505 CCC-679's (Continued)

## B Completing CCC-679's for Producers (Continued)

The following is an example of CCC-679 for producers.

**This form is available electronically.**

| | |
|---|---|
| **CCC-679** (04-07-10) **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation<br><br>**LIEN WAIVER** | 1A. County Name and Address *(Including Zip Code)*<br>Any County FSA Office<br>900 Any RD<br>Town, ST 99999-9999<br><br>1B. County Office Telephone Number *(Including Area Code)*<br>999-999-9999<br><br>1C. County Fax Number *(Including Area Code)*<br>999-999-9999 |

| 2. Name and Address of Producer *(Including Zip Code)* | 3. Crop Year | 4. Commodity |
|---|---|---|
| Able Farmer<br>9999 Any RD<br>Town, ST 99999-9999 | 2010 | Wheat |

***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 1427, 7 CFR Part 1435, the Commodity Credit Corporation Charter Act (15 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 determine eligibility for program benefits. 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 of ineligibility for program benefits.*

*The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.* ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

5. The undersigned is the holder of a lien on the commodity identified above. In order for the producer identified above to pledge such commodity as collateral for a Commodity Credit Corporation ("CCC") loan, with respect to CCC only, the undersigned waives all interest in, and title to, such commodity. The undersigned agrees that the proceeds of the loan shall be disbursed (lienholder must check one of the following):

(a) ☒ To the producer.

(b) ☐ Jointly to the producer and the undersigned lienholder.

(c) ☐ Jointly to the producer and the undersigned lienholder, less *(1)* $ _____ administrative offset as of *(2)* _____ (Date)

and charges due *(3)* _____ .

6. Name and Address of Lienholder or Authorized Agent

Farmer Credit
100 Any RD
Town, ST 99999-9999

| 7A. Lienholder Signature *(By)* | 7B. Title/Relationship *(of the Individual Signing in the Representative Capacity)* | 7C. Date |
|---|---|---|
| /s/ I.M. Banker | Vice President | 10-10-20XX |
| 7A. Lienholder Signature *(By)* | 7B. Title/Relationship *(of the Individual Signing in the Representative Capacity)* | 7C. Date |
| | | |

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*To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.*

## 505 CCC-679's (Continued)

### C Completing CCC-679, Item 5, Block (c)

Complete CCC-679, item 5, block (c) according to this table.

| IF... | AND... | THEN... |
|---|---|---|
| administrative offset does **not** apply | | on CCC-679, item 5, block (c), value line, ENTER "**none**". |
| administrative offset does apply | | on CCC-679, item 5, block (c), value line, enter the offset amount as of the date CCC-679 is prepared. |
| | the lienholder is any of the following:<br>• CCC<br>• FmHA<br>• FSA<br>• FSA, formerly FmHA<br>• USDA<br>• USDA, formerly FmHA | • on CCC-679, item 5, block (c), value line, enter the offset amount as of the date CCC-679 is prepared<br>• calculate the estimated net disbursement amount as follows:<br>  • multiply applicable county loan rate for the commodity times the quantity for loan<br>  • deduct assessments, fees, and administrative offsets, as applicable. |
| statement of charges signed by the producer, according to paragraph 547, accompanies the receipt | | do either of the following:<br>• add the total dollar amount of the charges to any other offset amounts<br>• modify the statement to add language stating whose charges are being offset without specifying the type or amount of the charges. |

## 505 CCC-679's (Continued)

### D Completing CCC-679 for CMA's

Complete CCC-679 for CMA's according to subparagraph 504 D and this table.

| Item | Instructions |
|---|---|
| 1A-C | Enter county name, address, telephone and FAX. |
| 2 | Enter CMA's name and address. |
| 3 | Enter crop year of the commodity. |
| 4 | Enter name of the commodity. More than 1 commodity may be listed. Enter each commodity.<br><br>**Example:** Enter, "**Corn, Soybeans, Wheat**". |
| 5 | Lienholder **must** indicate how the monetary proceeds are to be distributed by entering a check (✓) in 1 of the boxes provided. See subparagraph C to complete item 5, block (c). |
| 6 | Enter lienholder's or authorized agent's name and address. |
| 7A-C | Lienholder identified in item 6 must sign and date CCC-679.<br><br>**Exception:** If the lienholder is CCC, a signature is **not** required. |

# 505 CCC-679's (Continued)

## D Completing CCC-679 for CMA's (Continued)

The following is an example of CCC-679 for CMA's.

**This form is available electronically.**

| | | |
|---|---|---|
| **CCC-679** (04-07-10) **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation<br><br>**LIEN WAIVER** | | 1A. County Name and Address *(Including Zip Code)*<br>Any County FSA Office<br>900 Any RD<br>Town, ST 99999-9999 |
| | | 1B. County Office Telephone Number *(Including Area Code)*<br>999-999-9999 |
| | | 1C. County Fax Number *(Including Area Code)*<br>999-999-9999 |
| 2. Name and Address of Producer *(Including Zip Code)*<br>Harvest Cooperative<br>PO Box 999<br>Town, ST 99999-9999 | 3. Crop Year<br>2010 | 4. Commodity<br>All Wheat, All Corn, All Soybeans |

***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 1427, 7 CFR Part 1435, the Commodity Credit Corporation Charter Act (15 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 determine eligibility for program benefits. 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 of ineligibility for program benefits.*

*The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.* ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

5. The undersigned is the holder of a lien on the commodity identified above. In order for the producer identified above to pledge such commodity as collateral for a Commodity Credit Corporation ("CCC") loan, with respect to CCC only, the undersigned waives all interest in, and title to, such commodity. The undersigned agrees that the proceeds of the loan shall be disbursed (lienholder must check one of the following):

(a) ☒ To the producer.

(b) ☐ Jointly to the producer and the undersigned lienholder.

(c) ☐ Jointly to the producer and the undersigned lienholder, less *(1)* $ _____ administrative offset as of *(2)* _____ (Date)

and charges due *(3)* _____ .

| | | |
|---|---|---|
| 6. Name and Address of Lienholder or Authorized Agent<br>Farmer Credit<br>100 Any RD<br>Town, ST 99999-9999 | | |
| 7A. Lienholder Signature *(By)*<br>*/s/ I.M. Banker* | 7B. Title/Relationship *(of the Individual Signing in the Representative Capacity)*<br>Vice President | 7C. Date<br>10-10-20XX |
| 7A. Lienholder Signature *(By)* | 7B. Title/Relationship *(of the Individual Signing in the Representative Capacity)* | 7C. Date |

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).*

*To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.*

## 505 CCC-679's (Continued)

### E Distributing CCC-679's

Distribute CCC-679 as follows:

- file County Office copy in the producer's or CMA's loan folder
- send second copy to producer or CMA, as applicable
- send third copy to lienholder.

### F Completed CCC-679's Returned to County Offices

When CCC-679 has been completed and signed by the lienholder and is returned to the County Office, the County Office shall, **before** disbursing the loan, ensure that the lienholder has:

- checked item 5, appropriate block (a), (b), or (c)
- signed and dated item 7.

Signatures must be affixed personally by all lienholders or authorized agents. The County Office may verify the lienholder's signature, if necessary.

Follow this table for guidance when preparing loan disbursement.

| **IF...** | **THEN, if the lienholder has checked item 5, block...** |
|---|---|
| an administrative offset is:<br><br>• required for FSA, CCC, or other creditor agencies<br><br>• for a statement of charges submitted with a warehouse receipt according to paragraph 547. | • (b), do **not** disburse the loan<br><br>• (a) or (c) in agreement with the offset, disburse the loan.<br><br>**Note:** See paragraph 30 for offsets. |
| CCC-679 is for CMA<br><br>**Note:** Administrative offsets are **not** applicable. | (a) or (b), disburse the loan. |

## 505 CCC-679's (Continued)

### G Obtaining Additional CCC-679's

If additional liens or situations that do **not** fully protect CCC's interest are discovered **after** a loan is disbursed, County Offices shall:

- obtain additional CCC-679's
- take any other necessary action, according to the regional attorney's advice, including calling the loan.

The following are examples of situations that do **not** protect CCC's interest:

- lien or liens were overlooked during the lien search
- all CCC-679's were **not** obtained
- UCC-1's were **not** filed properly
- UCC-1's were **not** extended when required.

## 506 County Loan Rates

### A Determining Base County Loan Rates

**[7 CFR 1421.9]** Base county loan rates shall be applied according to this table for the applicable crop year.

| IF the commodity is... | THEN use the loan rate... |
|---|---|
| farm-stored | for the county where the commodity is stored, adjusted for the applicable reductions according to paragraph 520. |
| **both** of the following:<br>• farm-stored<br>• transferred from farm to farm, to another county, or to another State | for the county in which the commodity was originally located when the loan was disbursed. |
| warehouse-stored | for the county where the commodity is stored.<br><br>**Note:** Apply premiums and discounts at forfeiture **only**. |
| both of the following:<br>• warehouse-stored<br>• stored in a warehouse operating under a merged code agreement | for the location to which the producer delivered the commodity.<br><br>**Notes:** The warehouse receipt issued under merged warehouse code agreements must show location and county to which the commodity was delivered.<br><br>Apply premiums and discounts at forfeiture **only**. |
| both of the following:<br>• transferred from farm storage to warehouse storage<br>• stored in a warehouse operating under a merged code agreement | |
| both of the following:<br>• warehouse-stored<br>• represented by a warehouse receipt indicating the “grain covered by this receipt has been redeposited” | where the receipt is issued. |

## 506 County Loan Rates (Continued)

### B Recording Loan Rates in APSS

Record loan rates for the applicable commodities in APSS:

- by crop year
- according to 12-PS.

**Note:** Second party loan rate reviews are **required** by initialing and dating the printed copy.

### C Requesting Loan Rates for New Crops

To request loan rates that are **not** available, State Office shall contact PSD.

### D ACRE-Elected Loan Rate Adjustments

The base loan rate for commodities pledged for a loan or LDP request harvested from an ACRE-elected farm will be reduced by 30 percent through APSS, as applicable.

***--**See paragraph 235 for additional ACRE-elected provisions.**--***

## 507 Loan Service Fees

### A Establishing Loan Service Fees

**[7 CFR 1421.104]** CCC establishes a nonrefundable loan service fee that is deducted from each loan.

County Offices shall **not** add any other fees to the loan service fee established by CCC.

### B Loan Service Fee Rates

The loan service fee:

- is **not** applicable to LDP's
- shall be the **smaller** of the following:
    - 1/2 (.005) of 1 percent times the gross loan amount
    - amount shown in this table.

| Type of Loan | Loan Service Fee (In Dollars) |
|---|---|
| Farm-stored: | |
| • per loan | 45 |
| • each storage structure with loan collateral over 1. | 3 |
| Warehouse-stored: | |
| • per loan | 45 |
| • each warehouse receipt over 1. | 3 |
| Distress, per loan. | 45 |

## 508 Loan Maturity Dates

### A Nonrecourse and Recourse Loans

**[7 CFR 1421.101]** Loans mature on demand, but no later than the last day of the ninth calendar month after the month in which the loan is disbursed.

For repledged loans:

- the maturity date shall be the same as the original loan maturity date
- in APSS, enter the approval date of the original loan to establish the proper maturity date for the repledged loan.

Distress loans mature on demand, but no later than 90 calendar days after the date the loan is disbursed. The collateral may be repledged for loan according to paragraph 1221.

### B Nonworkday

If the maturity date falls on a nonworkday, the maturity date shall be the next workday.

### C Maturity Month Table

This table shows applicable maturity months. Loans **cannot** be extended.

| Month Disbursed/Approved | Maturity Month (Last Day) |
|---|---|
| June | March |
| July | April |
| August | May |
| September | June |
| October | July |
| November | August |
| December | September |
| January | October |
| February | November |
| March | December |
| April | January |
| May | February |

## 509 Disbursing Loans

### A Preparing CCC-677 or CCC-678

Prepare CCC-677 or CCC-678 in APSS according to 12-PS.

All commodity loans **must** be recorded through APSS and disbursed through NPS. For manual processing when APSS will be unavailable for an extended period of time, State Offices shall contact the National Office.

***--**Disburse loan proceeds to each producer who has a share in the loan after offset, if applicable, unless CCC-679 indicates that the remaining disbursement is to be issued jointly to the lienholder.

After all offsets have been deducted from the loan proceeds as indicated on CCC-679, item 5 (c), disburse the remaining loan proceeds by either of the following methods:

- EFT or check to the producer, if item 5(a) was checked where all lienholders indicate they do not want to be included on the disbursement
- 1 check to the producer and lienholders requesting joint payment in item 5(b) or (c).**--***

**Note:** Loan proceeds are **not** assignable. See 63-FI, paragraph 64.

### B Approving CCC-677's or CCC-678's

Approve CCC-677 or CCC-678 for CCC when:

- all lien waivers, if applicable, are obtained
- for farm-stored loans, UCC-1's are filed

  **Note:** Do **not** delay loan disbursement after UCC-1 has been recorded by the proper official.

- second party review has been completed according to paragraph 234
- CCC-770 MAL has been completed, if applicable
- all required borrowers' signatures are obtained.

When CCC-677 or CCC-678 is approved, the person signing for CCC shall have determined that the producer and the commodity are eligible.

The properly completed CCC-677 or CCC-678 **must** be signed **before** the loan can be approved and disbursed. The disbursement date shall **not** be later than 30 calendar days after the approval date or final loan availability date.

### C Denial Notification

See paragraph 503 for notifying producers when loan benefits are denied.

## 509 Disbursing Loans (Continued)

### D Distributing Documents

Provide producers a copy of the following:

- approved CCC-677 or CCC-678
- transaction summary report generated by APSS, if applicable

  **Note:** The transaction summary report provides written notification to the producer of the loan maturity date and interest rate. This report is only generated when previously **saved loans** are disbursed according to 12-PS.

- CCC-601 (Exhibit 5).

### E Filing Documents

File in:

- locked, custody, fireproof files, the following **original** documents:
  - signed and approved CCC-677 or CCC-678
  - for warehouse-stored loans, warehouse receipts and, if applicable, KC-350 (Grain) or KC-350 (Oilseed)
  - transaction summary report, if applicable
- producer's loan folder, **copies** of the following documents:
  - signed and approved CCC-677 or CCC-678
  - for warehouse-stored loans, front and back of the warehouse receipts and, if applicable, KC-350 (Grain) or KC-350 (Oilseed)

    **Important:** The warehouse receipt **must** show endorsement.

  - transaction summary report, if applicable.

**Note:** See 25-AS for filing details.

## 510 COC Approval of Certain Farm-Stored Loans

### A COC Approval Required

**[7 CFR 1421.4]** Cases shall be referred to COC **before** approving a farm-stored loan when an otherwise eligible producer has:

- been convicted of a criminal act in connection with the loan and LDP programs
- made a misrepresentation in connection with the loan and LDP programs
- unlawfully disposed of or willfully converted CCC loan collateral
- caused the County Office difficulty in settling a previous loan.

COC shall approve a loan **only** when satisfied that CCC's interests are **fully protected**.

### B Denial Notification

See paragraph 503 for notifying producers when loans are denied.

## 511 Additional Disbursement Guidelines

### A Farm-Stored Loans

For farm-stored loans, follow this table when additional disbursements are available.

| IF... | THEN... |
|---|---|
| request is made for an increase in loan quantity **only**<br><br>**Example:** Certified loan quantity that is later measured or weighed. | an additional disbursement for an increase in the loan quantity shall **not** be authorized.<br><br>During the loan availability period, producers may request a separate loan or LDP for quantities exceeding the initial loan quantity. |
| farm-stored commodity is transferred to an approved warehouse for storage | a disbursement for additional quantity may be available (Part 6, Section 2). |

### B Warehouse-Stored Loans

If requested by the producer, an additional disbursement for money **only** may be processed for an:

- error resulting in underdisbursement
- increase in loan rate.

An additional disbursement for money **only** shall be processed **before** loans are repaid at a market loan repayment rate for errors resulting in underdisbursement.

Process additional disbursements, if applicable, according to 12-PS.

## 512-519 (Reserved)

## Section 2 Farm-Stored Loans

### 520 Nonrecourse Loan Requests and Loan Rates

#### A Requesting Farm-Stored Loans

**[7 CFR 1421.105]** When requesting farm-stored loans, producers shall:

- for certified loans, certify the quantity in farm storage on CCC-666 according to paragraph 524
- for measured loans:
  - complete CCC-666 according to paragraph 524
  - request measurement service according to paragraph 525 and Exhibit 15.

#### B Loan Rates

Use the loan rate for the county where the commodity is stored to calculate the loan amount for certified or measured farm-stored loans according to paragraph 506.

#### C Adjusting Loan Rate

Adjust the base county loan rate for the following:

- commodities harvested as other than grain, **except** silage and hay (subparagraph D)
- contaminated commodities (subparagraph E)
- low quality or sample grade commodities (subparagraph F).

**Note:** The loan rate for commodities harvested from ACRE-elected farms **must** be adjusted ***--**according to subparagraph 235 A.**--***

#### D Loan Rate for Commodities Harvested as Other Than Grain

For certified or measured farm-stored loans on commodities harvested as other than grain, the loan rate shall be 30 percent of the loan rate for the county where the commodity is stored to calculate the loan amount. Silage and hay are **not** eligible for a MAL.

The following illustrates how the commodity harvested as other than grain MAL rate is computed for ACRE-elected and non-ACRE-elected farms.

| Determining Commodities Harvested as Other Than Grain MAL Rate | | | |
|---|---|---|---|
| **Line** | **Description** | **ACRE** | **Non-ACRE** |
| 1 | MAL Rate (County Rate for Corn)) | $2.00 | $2.00 |
| 2 | ACRE Reduction: 30 Percent of MAL Rate (.30 x Line 1) | $0.60 | N/A |
| 3 | Effective MAL Rate (Adjusted for ACRE, if applicable) | $1.40 | $2.00 |
| 4 | Nonrecourse MAL Rate for Commodities Harvested as Other Than Grain: 30 Percent of Loan Rate (.30 x Line 3) | $0.42 | $.60 |

## 520 Nonrecourse Loan Requests and Loan Rates (Continued)

### E Contaminated Commodities

For contaminated commodities, the loan rate shall be 10 percent of the loan rate for the county where the commodity is stored to calculate the loan amount for certified or measured farm-stored loans exceeding acceptable contaminate levels according to paragraph 231.

***--**The following table illustrates how the contaminated commodity MAL rate is computed for ACRE-elected and non-ACRE-elected farms.

| Determining Contaminated Commodity MAL Rate | | | |
|---|---|---|---|
| **Line** | **Description** | **ACRE** | **Non-ACRE** |
| 1 | MAL Rate (County Rate for Corn)) | $2.00 | $2.00 |
| 2 | ACRE Reduction: 30 Percent of MAL Rate (.30 x Line 1) | $0.60 | N/A |
| 3 | Effective MAL Rate (Adjusted for ACRE, if applicable) | $1.40 | $2.00 |
| 4 | Nonrecourse MAL Rate for Contaminated Commodities: 10 Percent of Loan Rate (.10 x Line 3) | $0.14 | $.20 |

**--***

### F Low Quality Commodities

For low quality commodities, including commodities with a test weight falling on the additional schedule of discounts in 2-LP Grain and Oilseeds, the loan rate is 20 percent of the applicable base county loan rate; no other discounts will be applied to the nonrecourse loan disbursed at the reduced loan rate except for the 30 percent acre reduction, if applicable.

***--**The following table illustrates how the low quality commodity MAL rate is computed for ACRE-elected and non-ACRE-elected farms.

| Determining Low Quality Commodity MAL Rate | | | |
|---|---|---|---|
| **Line** | **Description** | **ACRE** | **Non-ACRE** |
| 1 | MAL Rate (County Rate for Corn)) | $2.00 | $2.00 |
| 2 | ACRE Reduction: 30 Percent of MAL Rate (.30 x Line 1) | $0.60 | N/A |
| 3 | Effective MAL Rate (Adjusted for ACRE, if applicable) | $1.40 | $2.00 |
| 4 | Nonrecourse MAL Rate for Low Quality Commodities: 20 Percent of Loan Rate (.20 x Line 3) | $0.28 | $.40 |

**Note:** Wheat that has falling numbers and grades 1-5 or does **not** have quality factors listed on the additional schedule of premiums and discounts, shall **not** be considered a low quality commodity. See subparagraph 225 H. For the falling number discounts for wheat, see 2-LP Grains and Oilseeds.**--***

## 520 Nonrecourse Loan Requests and Loan Rates (Continued)

### G Premiums and Discounts

***--**For 2009 through 2013 crop years, premiums and discounts will **not** apply for all eligible**--***
commodities at loan disbursement, **except** for peanut and cotton MAL's; however, premiums and discounts will apply if the eligible loan commodities are forfeited and delivered to CCC and any deficiency **must** be repaid to CCC.

### H Adjustments to Loan Rate After Forfeiture or Settlement

Except for peanuts and cotton, loan rates will be adjusted to reflect applicable premiums and discounts and/or storage charges owed to CCC at the time of recording the forfeiture or settlement.

## 521 Filing UCC-1's

### A UCC Article 9 Revision

All States have adopted the revision to UCC Article 9. One of the key changes included centralizing the electronic filing of most security interests for States without a pre-existing centralized filing system. However, as States transition to a centralized, electronic UCC filing and recording system, the means by which UCC-1's are filed and paid for may vary from State to State. State Offices shall:

- continue to follow the regional attorney's advice
- request, from PSD, isolated exceptions to policy in this paragraph based on the following:
    - written direction or recommendations from the regional attorney
    - PSD concurrence.

**Example:** The regional attorney advises that filing UCC-1 without a loan applicant's signature negates the double jeopardy protection afforded secured lenders by certain State laws according to Pub. L. 99-198, Section 1324. In this case, upon PSD concurrence, the State Office may direct County Offices to continue **requiring** that a loan applicant sign UCC-1, as advised by the regional attorney.

## 521 Filing UCC-1's (Continued)

### B Applicability

County Offices shall file applicable UCC-1's required by State law to protect CCC's security interest after CCC-10 is obtained:

- for all farm-stored loans
- for warehouse-stored loan collateral transferred to farm storage
- immediately after the lien search and **before** loan disbursement so there can be no intervening security interests filed; obtain CCC-679 to ensure CCC's first lien position.

**Notes:** If UCC-1 has previously been filed, ensure UCC-1 will **not** lapse **before** loan maturity.

***--**The procedure for filing UCC-1's, and the time period before the filing appears on the lien search, is different in every State. The loan can be disbursed provided the County Office has the results of the requested lien search, documentation showing the filing date and the reference number for the filed UCC-1, and the necessary lien waivers.**--***

### C Where to File UCC-1's

Generally, UCC-1's are filed in the State where, in the case of an:

- individual, the individual resides
- organization or entity, the organization or entity is registered.

**Note:** See paragraph 502 to determine the UCC filing location based on CCC-10 data.

UCC-1 filing location is **not** based on the location of the commodity, as shown in this table.

| **IF...** | **THEN, unless otherwise advised by the regional attorney...** |
|---|---|
| commodity is stored in:<br>• multiple counties within the same State<br>• a State different from the producer's principle residence | file UCC-1 in the State having jurisdiction according to the current CCC-10. |
| farm-stored loan collateral is moved to another State for storage after perfecting the lien | no additional UCC-1 is filed because the lien is still perfected. |

## 521 Filing UCC-1's (Continued)

### D Describing Collateral on UCC-1's and Other Situations

Describe collateral on UCC-1's according to the following.

| IF... | THEN... |
|---|---|
| additional quantity is placed under loan | file another UCC-1 describing the collateral, if the quantity is **not** covered by a previously recorded UCC-1. |
| existing UCC-1 for that commodity covers all the current year production | it is **not** necessary to file additional UCC-1's. |
| producer requests a specific quantity | **only** that quantity needs to be described on UCC-1 before the loan is disbursed. |
| producer agrees to lien on quantity greater than the loan quantity requested that may also apply to more than 1 crop year or may be effective until UCC-1 expires | describe the collateral on UCC-1 as advised by OGC. |

### *--E Paying Filing Expenses and Termination Fee

County Offices shall pay filing and termination fees according to the following.**--***

| IF the... | THEN... |
|---|---|
| filing cost is for a financing statement, such as UCC-1 | use the online payment web-based application. Special provisions allow the producer to pay the filing fee (subparagraph 504 H). |
| producer requests termination of CCC's security interest | ***--**prepare and file applicable UCC-1 **after** receiving the termination fee from the producer. State Offices may issue more detailed instructions on terminating UCC-1's applicable to their State. |
| termination fee was included in the initial filing fees | after producer requests termination of lien, prepare and file applicable UCC-1.**--*** |
| * * * | * * * |

**Note:** Do **not** include **any** of these fees in the service fee for the loan.

## 522 Eligible Storage Structures

### A Approved Farm Storage

**[7 CFR 1421.103]** Approved farm storage shall consist of storage structures:

- located on or off the farm, excluding unauthorized (commercial storage) warehouses as defined in Exhibit 2, that provide safe storage for the commodity through the maturity date for the loan
- adequate to maintain the quality and quantity as determined by the County Office
- designed so that the commodity can be:
  - measured, safely inspected, and sampled, if necessary
  - safely stored in oxygen-limiting structures, as applicable.

Commodities stored in all types of bags may be eligible for loan if **all** of the following apply:

- COC determines CCC's interests are not at risk and that the bags provide safe storage
- COC determines that storing in bags of a particular size is normal for the commodity in that county

  **Note:** COC, with STC concurrence, may waive this requirement on a case-by-case basis.

- the commodity shall **not** be accepted in bags for delivery to CCC for a farm-stored loan settlement.

Commodities stored in pits or bunkers are **not** approved farm storage **unless** the grain is a commodity harvested as other than grain. The loan rate will be adjusted according to subparagraph 520 D.

## 522 Eligible Storage Structures (Continued)

### B Approved Warehouse Storage

Warehouse-stored loans are available for commodities stored in authorized warehouses or at the time either of the following occurs:

- warehouse-stored loan is requested
- farm-stored loan collateral is transferred to warehouse storage.

Authorized warehouse storage, as defined in 7 CFR 1421.103(c)(1), consists of warehouses that:

- are Federally licensed under USWA
- if **not** Federally licensed:
    - are in compliance with State laws in a State with an operating warehouse licensing program and that issue warehouse receipts that meet the criteria for MAL's, as specified in 7 CFR 1421.107
    - or in a State without an operating warehouse licensing program, have entered into UGRSA with CCC.

## 523 Producer Certifications for Loans

### A Using CCC-666's

Producers shall certify to the quantity and quality of a commodity and the eligibility for a certified farm-stored loan. County Offices shall accept the producer's certification on CCC-666.

Remind producers of the administrative actions applicable for incorrect certification.

COC shall **not** require that all loans based on the producer's certification be spot-checked or measured before or after disbursement.

## 523 Producer Certifications for Loans (Continued)

### B Signing CCC-666's

The producer shall sign CCC-666 certifying:

- to having beneficial interest in the commodity
- the quantity in the structures and how the determination was made
- the quantity on which to base the loan
- the storability of the commodity
- ***--**to the quality of the commodity**--***
- the location of the commodity and, if applicable, additional designated storage structures
- that CCC-683 will be posted on the structures containing loan collateral as instructed when the loan is disbursed
- whether there are lienholders having an interest in the commodity that will secure the loan
- the class applicable to the commodity
- that the identity of the commodity securing the farm-stored loan will remain unchanged
- the commodity securing the farm-stored loan will **not** be moved or commingled with any other commodity without prior written approval of the County Office.

If producers designate additional storage structures according to paragraph 526, loan collateral may be moved without prior County Office approval.

Before signing CCC-666, the producer must ENTER "**yes**" or "**no**" to the question, "Are you or any co-applicant delinquent on any Federal non-tax debt?" If the producer answers "**yes**", see subparagraph 202 B.

## 524 Completing and Distributing CCC-666's

### A Completing CCC-666's

Complete CCC-666 according to this table.

| Item | Instructions |
|---|---|
| 1 | Enter County Office's name, address, and telephone number. |
| 2 | Enter applicable information. For joint loans, enter all producers' names and addresses. |
| 3 | Enter location or legal description where commodity is stored. |
| 4 | Enter crop year of commodity. |
| 5 | Enter commodity. |
| 6 | Enter type of loan collateral, if applicable. Indicate if corn is cracked, rolled, or crimped. |
| 7 | Enter State and county codes and loan number applicable to the County Office disbursing the loan. |
| 8 | Ask producer if there are liens on the commodity. If there are:<br><br>• lienholders, enter lienholder's name and address for each producer<br>• **no** lienholders, producer shall ENTER "**none**" and initial the entry. |
| 9 | Enter farm number or numbers where the commodity for the loan was produced. |
| 10 | If designated by producer, enter other payee information, including amounts. |
| 11 | Enter County-Office assigned seal numbers for each storage structure containing loan collateral.<br><br>**Note:** Producer-assigned bin numbers may be used instead of County Office-assigned seal numbers. Record the applicable producer or County Office-assigned bin/seal numbers on CCC-683. |

## 524 Completing and Distributing CCC-666's (Continued)

### A Completing CCC-666's (Continued)

| Item | Instructions |
|---|---|
| 12 | Enter description of structure and location.<br><br>**Example:** "Round steel bin next to barn." |
| 13 | Enter class, variety, or type of commodity. |
| 14 | Enter basis for producer's quantity determination, such as producer measurements, scale tickets, FSA measured loan requested, etc.<br><br>**Notes:** County Offices **must** be satisfied that the producer's basis for quantity determined is acceptable.<br><br>Do **not** accept manufacturer's rated capacity of the structure as a determination of certified quantity.<br><br>**If item 14 is not completed, the MAL will be considered an improper payment.**<br><br>County Offices shall complete measured loan requests according to paragraph 525. |
| 15 | Enter producer's certification of quantity in structure, as determined from entries in item 14. Enter total of entries at bottom of column. |
| 16 | Enter quantity in structure that is eligible for loan. Entry shall **not** exceed quantity in item 15. Enter total of entries at bottom of column.<br><br>**Note:** For measured loans. in item 19 B, County Offices shall ENTER, "**See FSA-409 and CCC-677-1**". |
| 17 | Enter quantity for loan (paragraph 528). Enter total of entries at bottom of column.<br><br>*** * *** |

## 524 Completing and Distributing CCC-666's (Continued)

### A Completing CCC-666's (Continued)

| Item | Instructions |
|---|---|
| 18 | Producer shall sign and date the Producer Certification.<br><br>County Offices shall:<br><br>• ensure that all applicable CCC-666 items are completed<br><br>• explain to the producer the administrative actions that may be taken if the certification is incorrect<br><br>• ensure that the producer has read the Producer Certification statement **before** the producer signs the Producer Certification. |
| 19 A | Enter amount for offset and for other payees, if applicable, from item 8. |
| 19 B | Do the following:<br><br>• enter additional structures designated by the producer<br><br>•*****--indicate moisture content certified by the producer for excess moisture or HM commodities--*****<br><br>• indicate whether the:<br><br>  • commodity will be dried<br>  • structure can be measured. |
| 20 | Enter date the lien search was completed as indicated on documentation in the County Office. |
| 21 | Enter date the County Office forwarded UCC-1 or UCC-1F to the applicable recording official to be recorded. |
| 22 | County Office employee shall sign and date for CCC. |

# 524 Completing and Distributing CCC-666's (Continued)

## B Example of CCC-666

The following is an example of CCC-666.
*--

This form is available electronically

**CCC-666**
(06-25-08)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

**FARM STORED LOAN QUANTITY CERTIFICATION**

*(See Page 2 for Privacy Act and Public Burden Statements)*

1. COUNTY FSA OFFICE NAME AND ADDRESS
Any County FSA Office
999 Any RD
Town, ST 99999-9999
Telephone No. (area code): (999) 999-9999

2. NAME AND MAILING ADDRESS OF PRODUCER
Able Farmer
9999 Any RD
Town, ST 99999-9999

3. LOCATION OF FARM WHERE STORED
9999 Any RD
Town, ST

4. CROP YEAR
20XX

5. COMMODITY
Corn

6. TYPE
☐ HM ☐ EAR CORN
☐ ATHM

7. ST. & CO. CODE & LOAN NO.
99-999-99999

8. LIENHOLDER(S)

9. FARM NUMBER(S) WHERE PRODUCED
9999

10. OTHER PAYEES
None

| 11. SEAL | 12. BIN IDENTIFICATION | 13. CLASS VARIETY OR TYPE | 14. BASIS FOR PRODUCER'S QUANTITY DETERMINATION | 15. QUANTITY IN BIN | 16. ELIGIBLE QUANTITY IN BIN | 17. TOTAL QUANTITY FOR LOAN |
|---|---|---|---|---|---|---|
| CN-YY-/xxx X-N | North Bin 1 | YC | North 36' Bin | 15,000 | 15,000 | 10,000 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | **TOTALS:** | 15,000 | 15,000 | 10,000 |

18. **PRODUCER'S CERTIFICATION**

*The undersigned producer(s) ("Producer") requests a farm-stored Commodity Credit Corporation (CCC) loan on the commodity identified in Item 5 with respect to the quantity specified in Item 17. The Producer certifies that, (1) the Producer has beneficial interest in the quantity of the commodity shown in Item 16; (2) the commodity is eligible to be pledged as collateral for a CCC loan; (3) the Producer has retained control of the commodity at all times; (4) the quantity of the commodity shown in Item 15 above is in existence and is stored in the bin(s) noted; (5) the commodity is in storable condition and such condition will be maintained; (6) the structure will safely store the commodity through the loan period; and (7) the commodity on which the loan is requested is free and clear of all liens, security interest, and encumbrances, except as shown above. The Producer further agrees to (1) post CCC loan seals on bin(s) as instructed by CCC; (2) maintain the identity of the above identified commodity; and (3) not move or commingle the commodity with any other commodity without the prior written approval of CCC.*

***Are you or any co-applicant delinquent on any federal non tax debt? (If "YES", provide details in the remarks)*** ☐ *YES* ☑ *NO*

18A. REMARKS

18B. PRODUCER'S SIGNATURE
***/s/ Able Farmer***

18C. DATE (MM-DD-YYYY)
***09-15-20XX***

**19. FOR OFFICIAL USE ONLY**

A. OFFSETS $

B. REMARKS
Producer Certified moisture at 14.0% and TWT of 56.0

20. LIEN SEARCH DATE (MM-DD-YYYY)
***09-20-20XX***

21. DATE UCC-1/UCC-1 F FILED (MM-DD-YYYY)
***09-15-20XX***

22. FOR CCC BY:
***/s/ CED Signature***

DATE (MM-DD-YYYY)
***09-21-20XX***

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.*

**Note:** An entry in item 14 is required. Leaving item 14 blank will cause COR findings or Improper Payments Information Act of 2002 results.--*

## C Distributing CCC-666

File original in the producer's loan folder and provide a copy to the producer.

## 525 Measurement Service for Loans or LDP's

### A Requesting Measurement Service

The producer may request and receive measurement service for a loan application or LDP for all commodities. County Offices shall:

- complete the request for measurement service according to 2-CP
- initially prepare CCC-677-1 for use by the commodity loan inspector (Exhibit 15).

A paid measurement service may be requested up to 30 calendar days before a producer submits a loan application. If a loan request is not made within 30 calendar days after measurement service is completed, the producer may certify to the quantity pledged for a loan or pay for another measurement service.

See Part 10 when measurement service is needed to determine quantity for LDP request.

County Offices shall **not** provide measurement service for commodities stored in:

- authorized warehouses (commercial storage)
- structures that **cannot** be safely accessed
- **sealed structures**, such as oxygen-limiting structures.

Measurement service may be used for production evidence if fee is paid and producer indicates on CCC-677-1, block 32, within 30 calendars of measurement service completion. Producer should be immediately notified of measurement service results.

If the loan is spot-checked, the spot check results may be used as production evidence, if the producer pays for measurement service within 30 calendar days of the spot check being completed and CCC-677-1, block 32 is checked.

## 525 Measurement Service for Loans or LDP's (Continued)

### B Measurement Service Fees

Establish measurement service fees according to 2-CP.

Fees may be either:

- collected when the producer requests the measurement service or after completion
- deducted from the loan or LDP proceeds as a payee to CCC.

### C Producer Responsibilities

**[7 CFR 1421.105]** The producer **must** provide access to the commodity during inspection. If safe access to the structure and commodity is **not** available, the commodity inspector shall:

- not complete the measurement service request
- record the conditions on CCC-677-1 and report the findings to the County Office.

To ensure accurate measurements, the producer should:

- leave excess space on top of commodity in structure

- level the commodity, if possible

- square ends and sides of commodity piles by using bulkheads if commodity is stored in a flat structure.

## 525 Measurement Service for Loans or LDP's (Continued)

### D Commodity Inspector Responsibilities

Commodity inspectors shall follow the steps in this table when measurement service has been requested.

| Step | Action |
|---|---|
| 1 | Measure commodity stored in all structures that may be safely accessed that will be included in the disbursement.<br><br>To ensure accurate measurements, if the commodity is not level:<br><br>• record depth of commodity from several places in the storage structure<br>• use the average measurements for entries on CCC-677-1.<br><br>Commodity inspectors shall **not** measure any commodity stored in a structure that is not safe to measure. |
| 2 | Check the commodity and structures, as applicable, for any of the following conditions:<br><br>• insect infestation<br>•*--heating because of excess moisture--*<br>• rodent or other animal or bird damages<br>• structural damage.<br><br>Record on CCC-677-1, "Remarks" section, any factors that could affect storability or quality of the commodity. |
| 3 | Draw a representative sample, using the method according to 5-LP, with a standard grain probe from varying depths of the commodity throughout all storage structures that will be included in the disbursement.<br><br>**Note:** Do **not** obtain sample solely from the surface of the stored commodity. |

## 525 Measurement Service for Loans or LDP's (Continued)

### D Commodity Inspector Responsibilities (Continued)

| Step | Action |
|---|---|
| 4 | Use sample to determine whether the commodity is eligible for recourse or nonrecourse loan or for LDP.<br><br>**Note:** Quality determinations shall be made for the following:<br><br>• grade, based on test weight<br>• test weight<br>• moisture when moisture level is greater than STC level. |
| 5 | Complete CCC-677-1 according to Exhibit 15. |

### E County Office Responsibilities

Before disbursing loans or LDP's, County Offices shall follow these steps after measurement service has been completed.

| Step | Action |
|---|---|
| 1 | Review all entries and calculations of quantity on CCC-677-1 and notate any comments entered by the commodity inspector.<br><br>Refer loan or LDP application information to COC for review if there:<br><br>• are comments from the commodity inspector about the adequacy of the storage structure or storability of the commodity<br><br>• is reason to question quantity eligibility. |
| 2 | Enter measurements through APSS according to 12-PS. The quantity in the storage structure will be calculated by APSS from the measurements entered.<br><br>Manual calculations are required before entry into APSS for the following:<br><br>• inverted cone when a pit measurement<br><br>• pit calculation when a peak measurement<br><br>• quality factors to determine the applicable loan rate for recourse warehouse-stored grain processed as farm-stored loans in APSS. |

## 525 Measurement Service for Loans or LDP's (Continued)

### E County Office Responsibilities (Continued)

| Step | Action |
|---|---|
| 3 | The quantity determined in step 2 is adjusted by APSS for the following, as applicable:<br><br>• combined test weight and pack factor, if applicable, according to subparagraph F<br><br>• test weight for oilseeds, **except** soybeans (Exhibit 26)<br><br>• moisture shrinkage factor, if applicable, according to Exhibit 12. |
| 4 | Review the following data with the producer **before** completing the loan or LDP:<br><br>• measurements<br>• calculations of the quantity.<br><br>Producers:<br><br>• shall:<br><br>  • verify the measurements<br>  • initial and date CCC-677-1, item 31<br><br>• may request to use measurements for production evidence for the requested loan or LDP by entering initials and date on CCC-677-1, item 32 within 30 calendar days from the completion of the measurement. |

## 525 Measurement Service for Loans or LDP's (Continued)

### E County Office Responsibilities (Continued)

| Step | Action |
|---|---|
| 5 | COC may use scale weights instead of the measured quantity if **all** of the following apply:<br><br>• commodity is measured<br><br>• producer provides scale tickets representing the measured commodity for **initial** loans<br><br>• COC determines that the scale weights are representative of the measured quantity.<br><br>COC shall document the following in the minutes and the loan or LDP folder, as applicable:<br><br>• any use of scale weights<br><br>• that COC believes the quantity represented by the scale tickets is in the storage structure<br><br>• producer's request to use, for production evidence, measurements or scale weights for loan or LDP quantity.<br><br>The quantity on the scale ticket shall be adjusted for moisture and test weight determined from the measurement service. |
| 6 | Complete the loan or LDP, as applicable, if:<br><br>• data is complete and accurate<br><br>• determinations for loan for reducing the maximum loan rate and quantity have been made, when applicable according to paragraphs 528 and 530<br><br>• quality determinations are made for eligibility for nonrecourse or recourse loan<br><br>• the quantity is determined eligible. |
| 7 | Provide completed CCC-683 to producers according to Exhibit 16. |

## 525 Measurement Service for Loans or LDP's (Continued)

### F Applying Certain Factors to Loan and LDP Quantities

Apply, to loan and LDP quantities, test weight factor, combined test weight and pack factors, and moisture shrinkage factor, as applicable. Use the following:

- combined test weight and pack factors to determine the measured quantity of barley, corn, oats, grain sorghum, soybeans, and wheat

- test weight and pack factors to determine the measured quantity for oilseeds, **except** soybeans

- as applicable, moisture shrinkage factors, according to Exhibit 12, when determining the measured quantity for:

  - oilseeds, **except** soybeans (subparagraph B)
  - all other commodities, including soybeans and ear corn (subparagraph A).

Do **not** apply the combined factors to any of the following:

- grain not stored in a structure
- corn and grain sorghum exceeding the maximum STC moisture levels
- cracked, rolled, or crimped shelled or ear corn.

For soybeans, the net weight and net bu. shall be the gross weight minus the weight of the foreign material exceeding 1 percent.

Exhibit 17 provides the combined test weight and pack factor tables for commodities that match calculations in APSS. When determining quantity using the combined test weight and pack factors in Exhibit 17, County Offices shall:

- enter the measurements in APSS on Screen PLB12000 in the normal manner; APSS calculates measurements using all columns in Exhibit 17

- remind producers they **must** verify the measurements and are responsible for the entire loan amount.

***--**Exhibit 75 provides the combined test weight and pack factors for pulse crops. The factors in columns 2 through 4 of the tables match the combined test weight and pack factors used in APSS when calculating quantity. For larger structures, the last 3 columns have been developed but are not equal to the combined test weight and pack factors used in APSS.**--***

## 525 Measurement Service for Loans or LDP's (Continued)

### F Applying Certain Factors to Loan and LDP Quantities

***--**When determining quantity using the combined test weight and pack factors for pulse crops in Exhibit 75, County Offices shall:

- enter the determined test weight when entering the measurement in APSS on Screen PLB12000 in the normal manner
- manually compute the quantity using the last 3 columns of Exhibit 75 for larger structures, as applicable
- enter the manually calculated quantity on Screen PBL12000 in the field, "If measured quantity is not used, enter the weighted quantity."**--***

## 526 Additional Storage Structure Designation for Loans

### A Designating Additional Structures

Producers shall be provided the opportunity to designate **additional** eligible storage structures to which loan collateral may be moved during the loan period.

Producers may request to designate structures at time of loan application on any of the following, as applicable:

- CCC-666 according to paragraph 524
- at loanmaking on CCC-677
- after loanmaking on CCC-687-1 according to paragraph 600.

### B Designated Structures

The designated structures may be:

- any or all structures under the producer's control
- structures that contain:
  - the producer's loan collateral
  - other producer's loan collateral.

The designated structures shall meet the eligible storage requirements according to paragraph 522.

## 527 Completing CCC-665's for Commingled Production

### A Commingled Commodities

All producers whose commodities are stored commingled in a storage structure, when all or a portion of the commodity is or will be collateral for **separate** CCC loans, shall sign CCC-665. See subparagraph B for an example of CCC-665.

**Note:** If all applicable producers do **not** sign CCC-665, loans shall, as applicable:

- **not** be disbursed
- be called.

Producers whose commodities are stored commingled in the same storage structure may obtain **joint** loans in the normal manner when **all** producers sign CCC-677. CCC-665 is not required in this situation.

See Part 6, Section 1 for additional commingling provisions.

# 527 Completing CCC-665's for Commingled Production (Continued)

## B Example of CCC-665

County Offices shall use CCC-665 when subparagraph A is applicable.

**This form is available electronically.** Form Approved - OMB No. 0560-0087

**CCC-665**
(04-13-98)

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

**AGREEMENT FOR GRAIN PLEDGED AS COLLATERAL FOR CCC COMMODITY LOANS**

**NOTE:** *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information to be supplied on this form is authorized by Pub. L. 104-127, the Commodity Credit Corporation Charter Act, as amended (15 USC 714 b & c) and 7 CFR Part 1421. The information will be used to monitor collateral placed under loan in the CCC commodity loan program. Providing this information is voluntary; however, without it authorization to pledge grain as collateral will be denied. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.*

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0087. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.* ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

Whereas, Commodity Credit Corporation (CCC) desires to make commodity loans available to individual producers whose grain is commingled with other producer's grain in the same farm storage structure(s) *(a)*:

The following producers whose signatures appear below are entering into this agreement to store *(b)* Wheat (Commodity) for loan number(s) *(c)* 99-999-XX and 99-999-XX in storage structures designated on CCC-677, Farm Storage Note and Security Agreement and located at the storage locations named on CCC-677. The grain stored in such designated structures will be commingled with other producers' grain. Some of this grain will be pledged as collateral for a CCC commodity loan. All producers who store grain in such designated structures while any part of the grain is pledged as collateral for a CCC loan must sign this agreement. CCC will hold all producers signing this agreement liable for any damage incurred by CCC and each producer signing this agreement acknowledges that they will comply with provisions determined by CCC with respect to any commodity stored in the structures designated on the applicable CCC-677 regardless of whether their share of the commodity is pledged as collateral for a CCC commodity loan.

***(d)*** **Producers (Sign and Date):**

| | |
|---|---|
| 1. Approved for CCC by: /s/ County Office Employee | 2. Date (MM-DD-YYYY) 06-30-20XX |

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.*

☐ COUNTY OFFICE COPY ☐ PRODUCER COPY

## 528 Quantity Determinations

### A Maximum Quantity

The loan quantity for certified or measured farm-stored loans shall **not** exceed 100 percent of the eligible quantity certified by the producer.

For maximum quantity limitations for:

- distress loans, see paragraph 1220
- acquired commodities applicable to recourse loans for commodities exceeding the maximum STC moisture levels, see paragraph 1121.

The quantity for measured loans may be based on either of the following:

- measured quantity determined according to paragraph 525
- a quantity that was previously determined by measurement for other program purposes, such as disaster determinations, when COC:
    - has no reason to believe any commodity has been removed
    - determines the commodity is in storable condition
    - documents these facts in the COC minutes.

The mortgaged quantity shall be the loan quantity.

## 528 Quantity Determinations (Continued)

### B When to Conduct Moisture Tests

Conduct moisture tests according to the following.

| IF... | THEN... |
|---|---|
| there is reason to believe the moisture exceeds the standard level applicable to the commodity | field representatives shall draw samples for moisture testing when completing:<br><br>• spot checks on farm-stored commodities<br>• measurement service. |
| moisture problems are known to exist | • COC's may direct field representatives to draw samples for moisture testing<br><br>• STC's may direct COC's to require moisture testing in 1 or more counties. |
| | County Offices shall determine the moisture content for:<br><br>• certified loan and LDP requests made in designated areas<br>• measurement service requests<br>• all spot checks. |

### *--C Applying Shrink Factor for Excess Moisture--*

When moisture level is determined, adjust the certified or measured quantity as follows:

- for oilseeds, **except** soybeans, 1.1 times each percent or fraction thereof over the standard moisture percentage in 2-LP Grains and Oilseeds

- for all other commodities, including soybeans, 1.3 times each percent or fraction thereof over the standard moisture percentage in the applicable 2-LP.

See shrink factors in Exhibit 12, as applicable. The factors in Exhibit 12, page 1, are the factors for APSS.

## 529 Quality Determinations

### A Quality Adjustment

Quality determinations for test weight are required for farm-stored loans at the time of loan settlement for:

- certified loans in designated counties
- measurement service.

Use the test weight sample to determine eligibility for nonrecourse or recourse loans for measured commodities at the time of loanmaking.

See subparagraph 528 B for conducting moisture tests.

### B Official Quality Determinations

Official quality determinations shall **not** be made for farm-stored loans.

## 530 Reducing Farm-Stored Loan Rates in Designated Areas

### A Requesting State Office Approval

**[7 CFR 1421.105]** If COC believes CCC's interest would not be adequately protected if loans are made for the base county loan rate, COC may request State Office approval for a reduced loan rate for a commodity for:

- the entire county
- designated portions of the county.

The area to be included shall be the area where the commodity is produced, not where stored.

### B State Office Action

State Offices shall:

- **not** establish a blanket policy that all farm-stored loan rates be reduced for the State, particular county, or specific area of the State or county

- approve or disapprove COC requests to reduce loan rates to provide CCC with the necessary protection

- notify PSD of COC requests for approved reduction of loan rates for certified loans.

## 530 Reducing Farm-Stored Loan Rates in Designated Areas (Continued)

### C Obtaining Test Weight and Moisture Samples

If reduced loan rates are approved for designated areas of the county according to subparagraph B, County Offices shall obtain a representative sample of the commodity produced in designated areas to determine test weight and, if applicable, moisture according to paragraph 528, for **all** of the following:

- certified farm-stored loan requests
- when completing a measurement service
- when performing a spot check.

Do **not** submit the sample for an official grade.

### D Determining Loan Rates

Adjust the reduced base county loan rate according to paragraph 520.

### E Fails to Meet Nonrecourse Requirements

See recourse provisions in Part 12 for commodities that do **not** meet the minimum eligibility standards because moisture exceeds STC-level or quality makes the commodity ineligible for a nonrecourse loan.

## 531-534 (Reserved)

## Section 3 Warehouse-Stored Loans

### 535 Warehouse-Stored Loans

#### A Warehouse Storage

Warehouse-stored loans are available for commodities stored in authorized warehouses or at the time either of the following occurs:

- warehouse-stored loan is requested
- farm-stored loan collateral is transferred to warehouse storage.

#### B Authorized Warehouse Storage

Authorized warehouse storage consists of warehouses that:

- are Federally licensed under USWA
- if **not** Federally licensed, are either of the following:
    - in compliance with State laws in a State with an operating warehouse licensing program and that issue warehouse receipts that meet the criteria for MAL's, as specified in paragraph 545
    - located in a State without an operating warehouse licensing program and have entered into UGRSA with CCC.

### 536 General Warehouse Policy

#### A UGRSA Not Required

Beginning with the 2009 crop year, for MAL loan making purposes, CCC will no longer require the execution of UGRSA by warehouse operators in grain, rice, oilseeds, and pulse crops storage facilities that are either of the following:

- Federally licensed
- in compliance with State laws in a State with an operating warehouse licensing program.

**Note:** CCC reserves the right to execute a UGRSA if deemed necessary by DACO to protect CCC's interests.

## 536 General Warehouse Policy (Continued)

### B UGRSA Not Required for Federally Licensed Warehouses or in States With an Operating Warehouse Licensing Program

The following are **not** required to execute UGRSA with CCC:

- Federally licensed warehouse operators, regardless of location

- warehouse operators in the following States because they have an operating warehouse licensing program.

  - Alabama
  - Arkansas
  - Colorado
  - Georgia
  - Idaho
  - Illinois
  - Indiana
  - Iowa
  - Kansas
  - Kentucky
  - Louisiana
  - Michigan
  - Minnesota
  - Mississippi
  - Missouri
  - Montana
  - Nebraska
  - North Dakota
  - Ohio
  - Oklahoma
  - South Carolina
  - South Dakota
  - Tennessee
  - Texas, **except** rice **1/**
  - Washington
  - Wisconsin
  - Wyoming.

  **1/** CCC will execute UGRSA in rice warehouses participating in price support programs.

**Note:** CCC storage agreements may be required if commodities are forfeited to CCC.

## 536 General Warehouse Policy (Continued)

### C UGRSA Required for States Without an Operating Warehouse Licensing Program

For MAL loanmaking purposes, non-Federally licensed warehouse operators in the following States that do **not** have an operating warehouse licensing program, who are interested in providing storage services for commodities with CCC's interest, are **required** to execute UGRSA with CCC for MAL purposes:

- Alaska
- Arizona
- California
- Connecticut
- Delaware
- Florida
- Hawaii
- Maine
- Maryland
- Massachusetts
- Nevada
- New Hampshire
- New Jersey
- New Mexico
- New York
- North Carolina
- Oregon
- Pennsylvania
- Rhode Island
- Utah
- Vermont
- Virginia
- West Virginia.

## 537 Obtaining CCC Warehouse Code in States With an Operating Warehouse Licensing Program

### A County Office Responsibilities

For States listed in subparagraph 536 B, County Offices shall do the following:

- determine licensing status of all warehouses used by producers in the county by accessing **https://saltlake.sc.egov.usda.gov/approved_whses/ugrsa/approved_ugrsa_whses.asp**

| IF the warehouse... | THEN... |
|---|---|
| has a State license and an assigned CCC warehouse code | State Office determines whether the warehouse is in good standing and if good standing is confirmed, proceed as normal |
| is **not** listed on the web site in this subparagraph | obtain the following from the warehouse and provide to WLED, SCB, through the State Office:<br><br>• warehouse name<br>•*****--location including county--*****<br>• point of contact<br>• phone number<br>• State licensing number<br>• Capacity<br>• FAX number<br>• e-mail address<br>•*****--how commodity is received – truck, rail, and/or barge.--***** |

- verify that no duplication of loan benefits occurs, when the warehouse is also a producer, on the same commodity that may already be erroneously under farm-stored loan.

### B State Office or Designee Responsibilities

State Office shall develop, establish, and implement Statewide policy by working with the State licensing authority to assist County Offices to do the following:

- determine good standing status of warehouses
- identify warehouse structures approved under the State licensing authority
- identify when a warehouse changes name and/or ownership
- obtain KC-350 (Grain) or KC-350 (Oilseed), if applicable.

**Note:** See subparagraph 536 B.

## 537 Obtaining CCC Warehouse Code in States With an Operating Warehouse Licensing Program (Continued)

### C KCCO Responsibilities

KCCO is responsible for the following:

- maintaining authorized listing at **https://saltlake.sc.egov.usda.gov/approved_whses/ugrsa/approved_ugrsa_whses.asp** of all Federal USWA, State, and unlicensed warehouses participating in price support programs

- responding to calls received from State or County Offices and asking for contact warehouse information that includes the following:

  - warehouse name
  - ***--**location including county**--***
  - point of contact
  - phone number
  - State licensing number
  - Capacity
  - ***--**how commodity is received – truck, rail, and/or barge.**--***

- contact the warehouse directly to verify contact information

- assigning CCC warehouse codes

- prepare KC-385 when State-licensed warehouses have merged together under 1 license

- sending notification to the following:

  - inquiring warehouse with CCC warehouse code
  - FSA State Office
  - State licensing authority
  - KCCO, WLED, if applicable
  - DACO, Commodity Operations Division.

  **Note:**This responsibility only applies to States listed under subparagraph 536 B.

## 538, 539 (Reserved)

## 540 Requesting Warehouse-Stored Loans

### A Warehouse Receipts

**[7 CFR 1421.106]** When requesting warehouse-stored loans, producers shall present acceptable warehouse receipts from an authorized warehouse, as specified in subparagraph 535 B.

See 2-LP Grains and Oilseeds for commodity specific warehouse receipt requirements.

### B Warehouse-Stored Quantity

Warehouse-stored loans stored in an approved warehouse will be limited to 100 percent of the eligible net weight specified on the warehouse receipt or, if applicable, KC-350 (Grain) or KC-350 (Oilseed).

If the quantity on the receipt represents eligible and ineligible quantities, require the producer to obtain a receipt representing only the eligible quantity.

Any cost for replacement receipts shall be at the producer's expense.

### C Commodity Loan Eligibility

To be eligible for CCC commodity loan, the quantity and quality of grain represented by a warehouse receipt must reflect the commodity produced and delivered by the producer.

## 540 Requesting Warehouse-Stored Loans (Continued)

### D Loan Rates

*--CCC will **not** adjust loan rates for warehouse-stored loans using premiums and discounts at loanmaking for any commodities **except** cotton and peanuts. Follow PS directives, 7-CN, and 12-PS for applicable software instructions.--*

Use the loan rate for the county where the commodity is stored **except** for situations covered in this table.

| **IF the commodity is warehouse-stored and...** | **THEN use the loan rate...** |
|---|---|
| stored in a warehouse operating under a merged code agreement | for the location to which the producer delivered the commodity.<br><br>The warehouse receipt issued under merged warehouse code agreements **must** show the location and county to which the commodity was delivered. |
| represented by a warehouse receipt indicating the “grain covered by this receipt has been redeposited” | where the receipt is issued.<br><br>The commodity is considered stored at the original point of delivery. |
| physically moved to the warehouse location indicated on the warehouse receipt | where the receipt is issued.<br><br>The commodity is eligible because the commodity was physically moved to the location on the warehouse receipt. |

The loan rate shall be adjusted according to subparagraphs 520 C through H.

## 540 Requesting Warehouse-Stored Loans (Continued)

### E Handling Charges

Beginning with the 2008 crop year, producers must provide acceptable documentation specifying that all in-handling charges have been provided for or paid before either of the following:

- a warehouse-stored loan will be disbursed for the commodity
- recording a settlement of a forfeited farm-stored loan.

Acceptable documentation includes either of the following:

- prepaid in-handling charges recorded directly on the warehouse receipt
- certification signed by the warehouse operator with the following language:

  "Arrangements for the payment of all in-handling charges have been made by the depositor of the commodity covered by the receipts numbers (***insert receipt numbers***). No lien will be asserted by the warehouse operator against Commodity Credit Corporation or any subsequent holder of the warehouse receipt for in-handling charges."

**Notes**: A loan disbursement can be offset to provide for charges other than in-handling, if the warehouse receipt indicates in-handling charges have been provided for or paid.

If using rice EWR's, the prepaid in-handling indicator **must** be set to "**Y**" to indicate in-handling charges have been provided for or paid for the quantity to be eligible for a warehouse-stored MAL.

Other references for offsets are found in paragraphs 30, 547, and 548.

### F Storage Charges

Do not require producers to prepay storage charges. However, the producer must make arrangements for storage charges through the maturity date of the warehouse-stored loan.

Keep proof of prepaid storage in the producer's loan folder.

## 540 Requesting Warehouse-Stored Loans (Continued)

### G Storage Not Paid Through Maturity of Loan

If the warehouse receipt does **not** show the storage has been paid through maturity of the loan, the warehouse operator shall provide either of the following:

- an endorsement prepared and signed by the warehouse operator on the warehouse receipt or applicable KC-350 (Grain) or KC-350 (Oilseed) indicating storage charges have been prepaid through maturity

- ***--**the attached statement cross-referenced to the warehouse receipt and signed by the warehouse operator.**--***

  **Example:** "Storage arrangements have been made by the depositor of the grain covered by this receipt through (date through which storage has been provided). No lien will be asserted by the warehouse operator against CCC or any subsequent holder of the warehouse receipt for the storage charges that accrued **before** the date forfeited to CCC."

***--Note:** Do **not** disburse the loan if the warehouse operator fails to provide a **signed--*** endorsement or statement.

The County Office shall reduce the loan rate to reflect storage through maturity date of the loan, **only** if the loan is forfeited and storage charges had not been prepaid through maturity.

**Note:** County loan rates will no longer be reduced at loanmaking to account for unpaid storage charges through maturity.

If a reduction is made, the reduction is computed through APSS by multiplying the daily storage rate times the number of days; round the result to the nearest tenth of a cent.

The number of days is determined by the later of the following dates through the maturity date:

- date the commodity was received in the warehouse
- date storage charges started
- date from which storage was provided.

**Note:** For policy on peanuts, see applicable LP and PS notices.

## 540 Requesting Warehouse-Stored Loans (Continued)

### *--H EWR

EWR means receipts authorized by DACO to be issued or transmitted under USWA as electronic documents. The use of EWR's has been approved for specified commodities if issued by a **DACO-approved EWR provider**.

DACO-approved EWR provider means a person or entity that is a disinterested third party authorized and approved by DACO to maintain a confidential and secure electronic EWR system.

EWR-approved commodities include the following:

- cotton (see 7-CN for additional information)
- peanuts (see LP directives for additional information)
- rice (see 2-LP Rice for additional information)
- the following commodities in specified States as part of a trial:
    - wheat
    - corn
    - soybeans
    - grain sorghum.

**Note:** States approved for the trial will be given the applicable EWR instructions.**--***

## 541 Quality Determinations

### A Basis for Quality Determinations

The class, grade, grading factors, and all other quality factors shall be based on either of the following, as applicable:

- official United States Standards for Grain even if quality determinations are **not** made on the basis of an official inspection

- quality factors determined by CCC for commodities not listed in the official United States Standards for Grain.

The warehouse operator shall obtain official grade determinations when requested by the producer. However, CCC shall **not** pay for official grade determinations.

### B Upgraded Quality Ineligible

Warehouse receipts that have been upgraded to reflect a better grain and quality than the quality that was delivered by the producer to the warehouse are ineligible for CCC loan whether or not the warehouse operator received monetary compensation.

**Note:** This is considered substitution and substitution is **not** authorized.

## 542 List of Authorized Warehouses and List of Warehouse Offer Rates

### A Authorized Warehouses

A current list of authorized warehouses, including Federal, and subsequent updates is available at
**https://saltlake.sc.egov.usda.gov/approved_whses/ugrsa/approved_ugrsa_whses.asp**.

A current list of authorized USWA warehouses is available at
***--https://saltlake.sc.egov.usda.gov/approved_whses/uswa/approved_whses_uswa.asp.--***

Follow this table when changes occur with authorized warehouses.

| IF warehouse is... | THEN... |
|---|---|
| Federally licensed | no action required. |
| in a State listed in subparagraph 536 B | FSA State Office will share identified changes with KCCO. |
| in a State listed in subparagraph 536 C | KCCO will provide the State Office with a courtesy copy of KC-232. |

### B Authorized Storage Related Rates

Authorized warehouse storage related rates shall be:

- posted in a prominent place in the County Office for public review
- annually updated in the APSS offer shipping rate table according to 12-PS before loan season; when notified of changes, update the offer shipping rate table.

**Note:** Authorized storage related rates are applicable **only** to Federally licensed warehouses and States listed in subparagraph 536 B.

### C Obtaining Storage Related Rates

Storage related rates shall be obtained from
**http://erielake.sc.egov.usda.gov/whserates/grain/warehouse_rates.asp** if the warehouse is either of the following:

- not listed or is outside the local area
- a major storing warehouse serving several States.

**Note:** Storage related rates on this web site are applicable **only** to Federally licensed warehouses and States listed in subparagraph 536 B.

## 543 Storing Warehouse Operator's Responsibilities

### A Responsibilities

**[7 CFR 1421.107]** If the commodity is received by rail or barge, the storing warehouse operator is responsible for:

- determining the in-line routes from the storing warehouse in a manner that will provide the lowest freight rate to be used in commercial trade channels
- preparing applicable KC-350 showing the following:
  - rate of freight paid into the storage point
  - amount of penalty, if any, for outbound transit billing
  - any other information prescribed by CCC
- the accuracy or omission of information on applicable KC-350
- the liability, if any, as determined by CCC, after CCC receives the warehouse receipt and applicable KC-350.

### B Correcting Warehouse Receipts

Any corrections to a warehouse receipt shall be made by the warehouse operator issuing the warehouse receipt.

If a warehouse receipt contains incorrect entries:

- do **not** make corrections to the warehouse receipt
- advise the warehouse operator of the errors
- return the warehouse receipt to the warehouse operator for reissuance or correction
- KC-350 (Grain) or KC-350 (Oilseed) **cannot** be used to correct the warehouse receipt.

## 544 When Warehouse Operator Is Producer

### A Applicability

Warehouse-stored loans may be made to a warehouse operator who is operating under subparagraph 535 B provisions and is also the producer under the following conditions:

- in States where it is valid under State law for the warehouse operator to issue and pledge warehouse receipts covering the warehouseman's own commodity
- in any State when the warehouse is operating under USWA.

A warehouse operator, who is also a producer, is **not** eligible for a warehouse-stored loan if:

- there is not a State law addressing a warehouse operator issuing and pledging warehouse receipts covering the warehouse operator's **own** commodity
- the warehouse in not operating under USWA.

### B Verification for States Requiring UGRSA

Through the State Office, the County Office shall contact KCCO to examine warehouse diagram and WA-302, if applicable, to:

- identify:
  - structures that are approved
  - owner, partners, or officers associated with the warehouse
- verify that no duplication of loans is being made on the same commodity that may be erroneously under farm-stored loan.

  **Note:** If there is a duplication of loans, erroneously made farm-stored loans shall be called.

If necessary, visit the storage location to determine whether there is:

- loan duplication
- sufficient commodity in proper storage space to cover loan obligations.

## 544 When Warehouse Operator Is Producer (Continued)

### C Verification for States Not Requiring UGRSA

Through the State licensing authority, the State Office shall assist County Offices in identifying:

- structures that are approved under the applicable State licensing authority
- owner, partners, or officers associated with the warehouse.

County Offices shall verify that no duplication of loans is being made on the same commodity that may be erroneously under farm-stored loan.

**Note:** If there is a duplication of loans, erroneously made farm-stored loans shall be called.

If necessary, visit the storage location to determine whether there is:

- loan duplication
- sufficient commodity in proper storage space to cover loan obligations.

## 545 General Warehouse Receipt Requirements

### A General Requirements

**[7 CFR 1421.107]** All warehouse receipts shall:

- represent eligible commodity actually stored in an authorized warehouse
- be negotiable
- be issued to the eligible producer or CCC, as applicable, or in the case of loans made to CMA's, the receipt should be issued to CMA
- be endorsed on the back by the producer
- show ownership, if commodity is owned by the warehouse operator, solely, jointly, or in common with others
- contain a statement that commodity is insured
- ***--**be a paper receipt or an electronic receipt issued through a DACO-approved EWR provider.**--***

If the warehouse receipt is accompanied by applicable KC-350, KC-350 shall contain the insured statement if **not** stated as such on the warehouse receipt.

## 545 General Warehouse Receipt Requirements (Continued)

### A General Requirements (Continued)

All warehouse receipts shall show **all** of the following:

- type of commodity
- name and location of storing warehouse
- CCC-assigned warehouse code
- warehouse receipt number
- date receipt was issued
- date commodity was deposited or received
- date to which storage has been paid according to subparagraph 540 G **or** storage start date
- whether commodity was received by rail, truck, or barge
- amount per bu. or cwt of prepaid in or out charges
- signature of the warehouse operator or authorized agent
- prepaid in handling charges (if **not** prepaid, a statement **must** be provided according to subparagraph 540 E.)

**Note:** Grading factors **must** substantiate the grade assigned by the warehouse operator.

### B Merged Warehouse Receipt Requirements

Warehouse operators operating under a merged warehouse code agreement shall show, on warehouse receipts, the location and county to which the producer delivered the commodity.

## 546 KC-350, Warehouse Operator's Supplemental Certificate

### A Attaching KC-350 to Warehouse Receipt

A warehouse receipt requiring KC-350 shall have the applicable KC-350 attached to the warehouse receipt.

Entries on KC-350 (Grain) or KC-350 (Oilseed) supersede entries on the warehouse receipt.

See Warehouseman's Handbook for example of KC-350.

## 546 KC-350, Warehouse Operator's Supplemental Certificate (Continued)

### *--B Receipts Showing Infested or Excess Moisture--*

Applicable KC-350 **must** show the following information when the warehouse receipt shows that the commodity is infested or contains moisture over the acceptable limit for the commodity.

| **IF the warehouse receipt shows that the commodity...** | **THEN applicable KC-350 must show the...** |
|---|---|
| is infested | • same grade without the "infested" designation<br><br>• same grading factors and quantity shown on the warehouse receipt. |
| has more moisture than the acceptable limit for the commodity | • grade, grading factors, and quantity after drying or blending<br><br>• quantity to reflect a minimum shrinkage in the receiving weight, or receiving weight excluding dockage, as applicable, of the applicable shrink factor times the difference in the following:<br><br>  • moisture content when received<br>  • acceptable limit for the commodity.<br><br>The receiving weight:<br><br>• applies to corn and oats<br>• excluding dockage applies to the following:<br><br>  • barley<br>  • grain sorghum<br>  • oilseeds<br>  • wheat.<br><br>The moisture shrink factor is:<br><br>• 1.1 percent for oilseeds, except soybeans<br>• 1.3 percent for all other commodities, including soybeans. |

## 546 KC-350, Warehouse Operator's Supplemental Certificate (Continued)

### C Example of Quantity Entries on KC-350 (Grain) for Corn

If a warehouse receipt shows 33,600 net lbs. of corn with 17.5 percent moisture, the calculation would be as follows:

- 17.5 percent minus 15.5 percent equals 2.0 percent
- 2.0 percent times 1.3 equals 2.6 percent
- 2.6 percent of 33,600 lbs. is 874 lbs.

The quantity shown on KC-350 (Grain) must **not** exceed 33,600 lbs. minus 874 lbs., or 32,726 lbs.

### D Example of Quantity Entries on KC-350 (Oilseeds) for Soybeans

If a warehouse receipt shows 60,000 net lbs. of soybeans with 2.2 percent foreign material, the calculation would be as follows:

- 2.2 percent minus 1 percent = 1.2 percent
- 100 percent minus 1.2 percent = 98.8 percent
- 60,000 net lbs. times 98.8 percent = 59,280 net lbs.

The quantity shown on KC-350 (Grain) must **not** exceed 59,280 net lbs.

## 547 Statement of Charges Attached to Warehouse Receipts

### A Applicability

**[7 CFR 1421.107]** 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 for other than handling the commodity represented by the warehouse receipt, shall:

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

To ensure that only the appropriate charges are being considered as an offset amount, each State Office must submit a list of charges that are normally associated with handling (other than handling) of the commodity to DAFP for concurrence.

***--**Written concurrence must be obtained from DAFP before any **new charges** on a statement**--*** of charges or bill can be offset.

**Note:** See subparagraph 30 C.

### B Handling as an Offset

The amount of applicable charges shown on the statement of charges or bill shall be considered an offset. County Office shall record the applicable charges on CCC-679 by doing either of the following:

- adding the total dollar amount of the charges shown on the statement of charges or bill to any CCC, FSA, or other Government agency debt

- modify the sentence in CCC-679, item 5, block (c) to add language that state whose charges are being offset without specifying the type or amount of the charges.

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

See paragraph 505 for an example of CCC-679.

## 547 Statement of Charges Attached to Warehouse Receipts (Continued)

### C Charges Not Handled as an Offset

Producers **must** provide acceptable documentation specifying that **all** in-handling charges have been paid or provided for **before** a warehouse-stored MAL will be disbursed for the commodity, or **before** recording settlement of a forfeited farm-stored loan. Acceptable documentation includes either of the following:

- in-handling charges are recorded directly on the warehouse receipt
- certification signed by the warehouse operator with the following language:

  "Arrangements for the payment of all in-handling charges have been made by the depositor of the commodity covered by the receipts numbers (*insert receipt numbers*). No lien will be asserted by the warehouse operator against Commodity Credit Corporation or any subsequent holder of the warehouse receipt for in-handling charges."

County Offices, CMA's, and DMA's shall:

- ensure that in-handling charges have been paid or provided for by the producer **before** disbursing funds for a warehouse-stored MAL or recording settlement of a forfeited commodity

- contact the warehouse operator by telephone when specific information related to the in-handling charges is not recorded on the warehouse receipt or on acceptable documentation as specified in subparagraph A.

**Notes:** For forfeited farm-stored commodities, failure to present the required documentation will result in reduction of the producer's settlement value to reflect the amount of unpaid in-handling charges at the rate provided in the warehouse's public tariff rates.

A loan disbursement can be offset to provide for charges other than in-handling, if the warehouse receipt indicates in-handling charges have been provided for or paid.

## 548 Examining Warehouse Receipts

### A Examining Documents

County Offices shall examine each warehouse receipt, KC-350 (Grain) or KC-350 (Oilseed), if applicable, and Federal Grain Inspection Service inspection certificate for:

- completeness
- errors
- legibility.

If any information on the warehouse receipt is incorrect or otherwise unacceptable for recording the loan in APSS, the County Office shall:

- **not** approve the loan
- require the producer to:
    - return documents to the warehouse operator for correction or completion, if necessary
    - submit acceptable warehouse receipts **before** disbursing the loan.

### B Liens for Charges Indicated on Warehouse Receipt

County Offices shall **not** accept, for loan purposes, a warehouse receipt that shows a lien on the commodity for specified charges, such as drying or hauling.

When a warehouse receipt is received showing a lien on the commodity, the County Office shall require the producer to provide **either** of the following:

- a replacement receipt showing no liens

- the original receipt showing the charges marked “Paid” and initialed and dated by the warehouse operator.

## 549 Reporting Lost, Stolen, or Destroyed Warehouse Receipts

### A Warehouse Notification

If warehouse receipts held by County Offices are lost, stolen, or destroyed:

- immediately contact the warehouse operator who issued the receipts
- complete CCC-39, according to subparagraph B, to request issuance of duplicate warehouse receipts
- obtain replacement receipts at CCC's expense, if applicable.

### B Completing CCC-39

Complete CCC-39 according to the following.

| Items | Instructions |
|---|---|
| 1 | County Offices shall enter the next consecutive request number. |
| 2 | Enter date that the request is prepared. |
| 3 | Enter name and address of the warehouse. |
| 4 | Enter name and location of the warehouse where the commodity is stored. |
| 5 | Enter producer's name to which warehouse receipts were issued. |
| 6 | Enter receipt number. |
| 7 | Enter quantity of the commodity. |
| 8 | Enter commodity. |
| 9 | Enter receipt number and date. |
| 10 A and 10 B | Enter name, address, and telephone number of the administrative County Office. |
| 11 | CED or COC representative shall sign and date. |

# 549 Reporting Lost, Stolen, or Destroyed Warehouse Receipts (Continued)

## C Example of CCC-39

The following is an example of CCC-39.

This form is available electronically.

**CCC-39** (04-11-03)

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

**REQUEST FOR ISSUANCE OF DUPLICATE WAREHOUSE RECEIPT(S)**

1. REQUEST NO. 1

2. DATE REQUEST PREPARED *(MM-DD-YYYY)* 06-10-20XX

3. NAME AND ADDRESS OF WAREHOUSE
Farmers Co-op Elevator
P.O. Box
Anytown, IA 99999-9999

4. NAME AND LOCATION OF WAREHOUSE WHERE STORED
Farmers Co-op Elevator
North Branch
Anytown, IA 99999-9999

The warehouse receipt(s) described below and/or on the attached listing of warehouse receipt(s), issued by the warehouse operator described above, has *(have)* been lost, misplaced, or destroyed. Since the Commodity Credit Corporation *(hereinafter referred to as "CCC")* is entitled to the possession of such receipt(s) and after diligent effort cannot produce such receipt(s), the request is hereby made for the issuance of duplicate receipt(s) for delivery to CCC.

**ORIGINAL WAREHOUSE RECEIPTS LOST, MISPLACED, OR DESTROYED**

| 5. ISSUED TO | 6. RECEIPT NO. | 7. QUANTITY *(Bu., Cwt., or Bales)* | 8. COMMODITY |
|---|---|---|---|
| County Producer | 99999 | 5,000 Bu | Soybeans |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

**9. INDEMNITY AGREEMENT**

In consideration of the issuance and delivery to CCC *(at the address shown below)* of a new warehouse receipt(s) marked "Duplicate in lieu of lost, misplaced or destroyed receipt No. 99999 dated 12-06-20XX *(MM-DD-YYYY)*", CCC hereby agrees to indemnify, protect, and hold harmless the warehouse operator and the warehouse operator's successors and assigns from any liability or expense which the warehouse operator may incur by reason of the original receipt(s) remaining outstanding.

It will be expressly understood and agreed by the acceptance of this Indemnity Agreement and the issuance of duplicate warehouse receipt(s) that any State or local regulatory rule or law which is inconsistent with this Indemnity Agreement shall not be applicable. Section 4*(g)* of the Commodity Credit Corporation Charter Act (15 U.S.C. Section 714b(g)) provides in part: "State and local regulatory laws or rules shall not be applicable with respect to contracts or agreements of the Corporation or the parties thereto to the extent that such contracts or agreements provide that such laws or rules shall not be applicable, or to the extent that such laws or rules are inconsistent with such contracts or agreements."

This indemnification agreement shall become null and void if, and when, the original receipt(s) is found and delivered to the warehouse operator for cancellation.

10A. NAME AND ADDRESS OF FSA OFFICE
Any County FSA Office
999 Main St.
Town, State 99999-9999

10B. TELEPHONE NO. *(Including Area Code)* 999-999-9999

**11. COMMODITY CREDIT CORPORATION**

A. By /s/ Office Mgr. CED

B. Dated *(MM-DD-YYYY)* 06-10-20XX

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.*

**550-599 (Reserved)**

# Part 6 Relocating Loan Collateral

## Section 1 Handling Farm-Stored Loans

### 600 Commingling and Commodity Movement on Farm

#### A General Provisions

Producers may, to efficiently use storage space and manage commodity inventory:

- move loan collateral from 1 farm storage structure to another
- commingle commodities according to subparagraph B.

**Note:** County Offices shall ensure that CCC's liens are perfected for farm-stored loan collateral moved to another county or State.

#### B Commingled Commodities

Commingled commodities may:

- be **any** of the following:
  - eligible or ineligible
  - same or different crop years
  - for same or different producers
  - collateral for nonrecourse or recourse loans
  - LDP quantities
  - different classes, except for wheat
  - different quality
- **not** be either of the following:
  - processed and unprocessed commodities
  - different commodities, such as wheat with corn.

## 600 Commingling and Commodity Movement on Farm (Continued)

### C Request to Move or Commingle Loan Collateral

Producers who have **not** previously designated additional storage structures, according to paragraph 526, on CCC-677 or CCC-687-1 shall request COC approval **before**:

- moving loan collateral from 1 storage structure to another storage structure
- commingling loan collateral.

See subparagraph D for completing CCC-687-1 to document and approve producer's request to move or commingle commodities.

When the request to move loan collateral to a specific structure is approved on CCC-687-1, the structure shall be considered designated.

Record loan collateral movement as a bin-to-bin transfer in APSS according to 12-PS.

***--**Measurement before and after moving or commingling the commodity is **not** required unless an eligible commodity is commingled with an ineligible commodity. However, if the**--*** producer requests measurement service to accurately determine the quantity before and after moving or commingling the commodity, the County Office shall charge the producer for services performed.

## 600 Commingling and Commodity Movement on Farm (Continued)

### D Completing CCC-687-1

County Offices shall document and approve producer requests to move or commingle commodities on CCC-687-1. Complete CCC-687-1 according to this table.

| Item | Instructions |
|---|---|
| 1 | Enter commodity applicable to the loan. |
| 2 | Enter contact producer's name and address. |
| 3 | Enter County Office name, address, and telephone number. |
| 4 | Enter seal number applicable to the commodity being moved or commingled. |
| 5 | Enter same seal number as in item 4 for commingling. Enter the new seal number if the commodity is being moved. |
| 6 | Enter loan number. |
| 7 | Enter crop year applicable to seal number. |
| 8 | Enter loan quantity applicable to seal number. |
| 9A | Document the activity that will be taken about the applicable seal numbers. |
| 9B | If the request is received from the producer:<br><br>• by telephone, indicate "received by telephone" and date of request<br>• in person, obtain producer's signature and date of request.<br><br>See the example shown in this subparagraph. |
| 10A | Obtain appropriate approval signature. |
| 10B | Enter approval date. |

Maintain a copy of CCC-687-1 in the producer's loan folder and provide a copy to the producer.

# 600 Commingling and Commodity Movement on Farm (Continued)

## E Example of CCC-687-1 (Continued)

The following example shows the mortgaged commodity being commingled with wheat of the same class and comparable quality. The quantity under loan had been measured previously.

**This form is available electronically.**

**CCC-687-1**
(09-28-10)

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

**APPROVAL TO COMMINGLE OR MOVE LOAN COLLATERAL**

1. COMMODITY: Wheat

**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 Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to monitor collateral placed under loan in the CCC commodity loan program. 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 of ineligibility to commingle or move the loan collateral commodity.*

*This 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 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.***

2. NAME AND MAILING ADDRESS OF APPLICANT
Able Farmer
9999 Any Road
Town, State 99999-9999

3. COUNTY FSA OFFICE ADDRESS
Any County FSA Office
999 Any Road
Town, State 99999-9999

TELEPHONE NO. *(Including Area Code):* (999) 999-9999

Permission has been requested and approval granted for the producer to move his or her grain under loan as shown below.

| SEAL NUMBER 4. PRESENT | SEAL NUMBER 5. NEW | 6. LOAN NO. | 7. CROP YEAR | 8. QUANTITY |
|---|---|---|---|---|
| Wht-XX-99-9 | Wht-XX-99-9 | 99-999-99 | 20XX | 596 |
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9A. ACTIVITY TO BE CARRIED OUT
About 1,800 bushels of 20XX wheat not under loan to be commingled with Seal No. X.

9B. SIGNATURE
**Request received by phone.**

9C. Date *(MM-DD-YYYY)* 06-01-20XX

10A. APPROVED FOR COUNTY FSA COMMITTEE BY
***/s/ Office Mgr, CED***

10B. Date *(MM-DD-YYYY)* 06-01-20XX

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.*

☐ County Office Copy ☐ Producer's Copy ☐ Loan Inspector's Copy

## 600 Commingling and Commodity Movement on Farm (Continued)

### F Commingling Eligible and Ineligible Commodities

If eligible or ineligible commodities of the same or different crop years, including purchased commodities, are commingled **without** prior written approval, a loan may be disbursed on the **eligible** commodity if:

- the producer provided **either** of the following:
  - certification of the acreage for the current crop on all farms in all counties in which producer has an interest
  - acceptable production evidence, such as scale tickets or warehouse receipts, for all farms in which the producer has an interest

    **Note:** If a purchased commodity is involved, purchase invoices or scale tickets must be provided.
- COC determines that the eligible production claimed by the producer is reasonable in relation to the crop production practices on the respective farms.

  **Reminder:** Do **not** accept the ineligible production in settlement of the loan.

### G Commingling Commodities With Other Producer's Commodity

Producers whose commodities are stored commingled in a storage structure may obtain separate CCC loans if **all** producers sign CCC-665 according to paragraph 527.

### H Initiating Movement on Nonworkday

Producers may initiate farm-stored loan collateral movement to nondesignated structures on nonworkdays, without prior written approval, if **both** of the following apply:

- producer files CCC-687-1 for approving this movement on the next workday
- request meets current program provisions about approved storage and eligible commodity.

### I Commingling Additional Eligible Quantity With Mortgaged Quantity

A producer may add an additional eligible quantity to a designated structure that contains outstanding loan collateral.

If a request is made for a loan on the additional eligible quantity, the loan shall:

- be a new loan
- **not** be considered an additional disbursement to the original loan.

**601-603 (Reserved)**

## 604 Converting Certified Loans to Measured Loans

### A When to Convert to Measured Loan

A certified loan may be converted to a measured loan when either of the following occurs:

- measurement service is provided
- a spot check is completed.

Producers may obtain a separate loan or LDP for the additional quantity measured exceeding the certified quantity if the request is made before the final loan availability date.

### B Determining Loan Quantity

Process the conversion in APSS according to 12-PS.

Determine the quantity for the measured loan according to the following.

| IF... | THEN... |
|---|---|
| **both** of the following apply:<br>• the measured quantity is:<br>  • less than the outstanding loan quantity<br>  • within tolerance<br>• COC determined there was no loan violation | the quantity for the measured loan shall be the outstanding loan quantity. |
| the measured quantity **exceeds** the outstanding loan quantity | |
| the measured quantity is **both** of the following:<br>• less than the outstanding loan quantity<br>• **not** within tolerance | the quantity for the measured loan shall be the measured quantity.<br><br>**Note:** An overdisbursement will be created in APSS during the conversion process. |
| it is determined that the quantity is ineligible for a nonrecourse loan at the full loan rate because of quality | see subparagraph 323 B. |

## 605 Farm-Stored Loans Brought Under New or Existing Warehouse Storage

### A Converting to Warehouse Storage

Outstanding farm-stored commodities mortgaged to CCC and stored in bins shall be handled according to this table.

| Step | Action |
|---|---|
| 1 | Identify all affected loans immediately after being notified that a bin containing commodities pledged as collateral for outstanding CCC farm-stored loans has been brought under an approved warehouse storage. |
| 2 | File, in each applicable producer's loan folder, written documentation of the date the commodities under loan identified in step 1 were brought under an approved warehouse storage. |
| 3 | Immediately obtain acceptable warehouse receipts according to subparagraph 540 A and transfer to warehouse-stored loan according to 12-PS. Warehouse receipts must show that all in-handling charges have been paid or otherwise provided for. |
| 4 | When warehouse receipts representing the original farm-stored collateral are forfeited and submitted to KCCO, include the memorandum in subparagraph B with the warehouse receipts for each applicable forfeited loan.<br><br>**Note:** KCCO shall **not** pay in-handling charges. |

## 605 Farm-Stored Loans Brought Under New or Existing Warehouse Storage (Continued)

### B Memorandum to KCCO at Forfeiture

When the applicable loans in subparagraph A are forfeited to CCC, prepare and submit this memorandum with the warehouse receipts to the following address:

FSA, KCCO, PD, MB
STOP 8748
PO BOX 419205
KANSAS CITY MO 64141-6205.

(***Date***)

To: Kansas City Commodity Office, PD, MB

From: County Executive Director,
_____ County FSA Office

Subject:

The attached warehouse receipt has been forfeited to Commodity Credit Corporation. The quantity represented on the warehouse receipts represents a quantity of commodity that had originally been collateral for a farm-stored loan.

## 606-612 (Reserved)

## Section 2 Transfers

### 613 Transferring Commodities

#### A Transfer Availability

Producers may maintain the quality of commodities under nonrecourse or recourse loans by transferring loan collateral from either of the existing storage locations:

- farm storage to warehouse storage
- warehouse storage to farm storage.

See Section 3 for reconcentration provisions.

#### B Transfer Provisions

For requests to transfer loan collateral from existing storage locations, County Offices shall follow paragraph:

- 614 for completing CCC-681
- 615 for farm storage to warehouse storage provisions
- 616 for remaining farm-stored loan quantity after partial transfer to warehouse storage
- 617 for warehouse storage to farm storage provisions.
- 716 for situations where the CCC-697 is active after the transfer.

## 614 Completing CCC-681's for Authorization to Move Loan Collateral for Transfer

### A Using CCC-681's

Use CCC-681 for physical transfer of loan collateral to alternate storage site. Items 1 through 5 are self-explanatory.

### B Part A, Authorization for Transfer of Loan Collateral to Alternate Storage Site

Complete Part A, according to this table, for all requests to move loan collateral from farm-to-warehouse or warehouse-to-farm storage.

| Item | Instructions |
|---|---|
| 6 | Enter location, as applicable, where commodity will be moved for storage as follows:<br><br>• name and address of authorized warehouse<br>• location of the farm storage. |
| 7 | Enter seal numbers or warehouse receipt numbers to be transferred. |
| 8 | Enter entire outstanding loan quantity or any portion of the entire outstanding loan quantity to be transferred.<br><br>**Note:** For warehouse-to-farm transfers, the quantity entered shall **not** be less than the quantity for the warehouse receipt number entered in item 12. |
| 9 and 10 | Leave blank. |

# 614 Completing CCC-681's for Authorization to Move Loan Collateral for Transfer (Continued)

## C Example of CCC-681 to Transfer Loan Collateral

The following is an example of a completed CCC-681 to transfer farm-stored loan collateral to warehouse storage.

**This form is available electronically.**

**CCC-681**
(09-28-10)

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

**AUTHORIZATION TO MOVE LOAN COLLATERAL FOR ROTATION OR TRANSFER**

1. **RETURN TO**: *(County FSA Office name and address)*

Any County FSA Office
999 Any RD
Town, ST 99999-9999

Telephone No. *(Include Area code)*: 999-999-9999

Fax No. *(Include Area code)*: 999-999-9999

| 2A. Farm No. | 2B. Name and Address of Contact Producer | 3. ST. & CO. Codes and Loan No. XX-XXX-XXXX | | |
|---|---|---|---|---|
| XXXX | Able Farmer<br>9999 Any RD<br>Town, ST 99999-9999 | 4. Year<br>20XX | 5A. Commodity<br>Wheat | 5B. Class *(Wheat only)*<br>5RW |

**PART A - AUTHORIZATION FOR TRANSFER OF LOAN COLLATERAL TO ALTERNATE STORAGE SITE**

| 6. TO: *(Name and Address of Approved Warehouse or Location of Farm Storage)* | 7. Seal or Receipt No*(s)*. |
|---|---|
| County CO-OP Warehouse<br>99 Main RD<br>Town, ST 99999-9999 | |
| 8. Quantity For Transfer To Storage | Quantity<br>10,000.00 BU |
| **9. FOR TRANSFER TO WAREHOUSE STORAGE:**<br>Upon completion of delivery, forward warehouse receipt for quantity stored to County FSA Office listed in Item 1. | **10. FOR TRANSFER TO FARM STORAGE:**<br>Warehouse receipt shall be released according to provisions of the producer's certification below. |

**PART B - PRODUCER'S STATEMENT AND APPROVAL FOR COC**

11. **PRODUCER'S STATEMENT:**
*I, the undersigned producer do hereby request authorization to move loan Part A above, as applicable. I understand that this request is subject to my compliance with the terms and conditions as stated in my certification.*

| A. Producer's Signature (By) | B. Title/Relationship of the Individual Signing in the Representative Capacity | C. Date *(MM-DD-YYYY)* |
|---|---|---|
| ***/s/ Able Farmer*** | Self | 09-21-20XX |
| 12A. For The County FSA Committee *(Signature)* | 12B. Date *(MM-DD-YYYY)* | 13. Authorization Expires On: *(MM-DD-YYYY)* |
| ***/s/ County Office Employee*** | 09-02-20XX | 09-15-20XX |

**PART C - PRODUCER'S CERTIFICATION**

14A. PRODUCER'S CERTIFICATION:
*I, the producer named on Page 1 of this authorization understand that for a request approved under Part A, I may transfer, by physical movement, a quantity of my loan collateral to an alternate storage site. I further understand, for requests approved under Part A that, a) loan collateral transferred must be positioned in an eligible storage location by the date shown in Item 13; b) I shall notify the County Office named on Page 1, immediately after eligible stocks are in position in an authorized storage location; and, c) to the extent the quantity of commodity that is transferred is insufficient to secure the existing loan obligation, I agree to repay applicable principal and charges, plus interest.*

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 1405, 7 CFR Part 1421, the Commodity Credit Corporation Charter Act (15 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 request authorization to move CCC loan collateral for rotation or transfer. 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 denial of authorization to move CCC loan collateral for rotation or transfer.*

*This 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 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.***

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*To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.*

## 614 Completing CCC-681's for Authorization to Move Loan Collateral for Transfer (Continued)

### D Part B, Producer's Statement and Approval for COC

Complete Part B, according to this table, for producer's statement and approval for COC.

| Item | Instructions |
|---|---|
| 11 | Producer shall read "**producer's statement**", "**producer's certification**" on reverse side, and sign and date the request**. This may be accepted by phone and/or mailed to the producer for signature.** |
| 12 | Enter approval for COC and date of approval. |
| 13 | Enter date 15 calendar days from date of approval, but no later than the applicable loan maturity date. |

## 615 Transferring Loans From Farm Storage to Warehouse Storage

### A Authorization

County Offices may complete CCC-681 to authorize the transfer of farm-stored loan collateral to warehouse storage if **all** of the following can be accomplished within 15 calendar days of the transfer, but no later than the maturity date:

- complete the movement of collateral to the warehouse
- return the warehouse receipts to the County Office
- provide all applicable signatures on new loan documents.

### B Maturity Date

The loan maturity date for the warehouse-stored loan shall be the same date as the farm-stored loan maturity date.

### C Warehouse Charges

The producer must provide for warehouse charges according to Part 5, Section 3.

### D Definition of Transferred Loan Quantity

Transferred loan quantity, for farm to warehouse transfers, is the loan quantity liquidated from the farm-stored loan.

## 615 Transferring Loans From Farm Storage to Warehouse Storage (Continued)

### E Maximum Transferred Quantity

Warehouse-stored loan quantities, resulting from farm-to-warehouse transfers, shall **not** exceed 110 percent of the **transferred** farm-stored loan quantity.

**Note:** If transferred within the loan availability period, a **new** loan or LDP may be requested on the eligible quantity exceeding 110 percent of the transferred farm-stored loan quantity.

### F Transferring Entire Loan Quantity

When the **entire** farm-stored loan quantity is transferred to warehouse storage, the transferred loan quantity is the outstanding farm-stored loan quantity **before** the transfer.

The warehouse-stored loan quantity is the quantity delivered to the warehouse, not to exceed 110 percent of the outstanding farm-stored loan quantity **before** the transfer.

## 615 Transferring Loans From Farm Storage to Warehouse Storage (Continued)

### G Partial Transfer of the Loan Quantity

When **part** of the loan quantity is transferred, the transferred loan quantity is the quantity delivered to the warehouse. Accordingly the:

- farm-stored loan quantity **after** the transfer is the difference between the following:
  - farm-stored loan quantity before the transfer
  - quantity delivered to the warehouse

  **Note:** The remaining farm-stored loan quantity is subject to spot check. See subparagraph 317 D for tolerance levels when shortages are discovered after partial transfers were approved according to this subparagraph.

•***--**warehouse-stored loan will be the quantity delivered and will **not** result in an**--***
additional disbursement for additional quantity.

### H Completing Transfer

Complete the farm-to-warehouse transfer through APSS:

- according to 12-PS
- for the quantity and quality shown on the warehouse receipt and, if applicable, KC-350 (Grain) or KC-350 (Oilseed)
- deducting loan service fees according to subparagraph 507 B.

All producers who signed CCC-677 shall endorse the warehouse receipts and CCC-678 generated through APSS within 15 calendar days of the transfer, but **no** later than the loan maturity date.

## 615 Transferring Loans From Farm Storage to Warehouse Storage (Continued)

### I Commodity Transferred

When the loan collateral is transferred to warehouse storage and the grading factors require using the additional schedule of discounts, notify the producer of the following choices:

- adjust the loan rate to 20 percent of the loan rate according to subparagraph 540 D to continue the nonrecourse loan

***--Note:** For wheat, do **not** adjust the loan rate to 20 percent of the loan rate if the **only** discount on the additional schedule of discounts is for falling numbers. See information on falling number discounts for wheat in 2-LP Grains and Oilseeds.--*****

- notify the producer that the loan can be converted to a recourse loan within 30 calendar days.

Complete the conversion to a recourse loan according to Part 12 and the following:

- ***--**use the Correct a Loan process, according to 12-PS
- a receivable will automatically be created in NRRS
- re-record as a manual recourse farm-stored measured loan according to 12-PS

  **Note:** For corrections, assign the next 90,000 number from the CCC-676. A 90,000 number will denote a manual loan and allow users to enter the original disbursement date.

- NRRS will automatically apply the proceeds of the new loan to the receivable created when the nonrecourse loan was reversed
- any outstanding amount still owed will remain as an outstanding receivable and will be processed in the normal manner according to 64-FI.--*****

If forfeited, **only at forfeiture** adjust the loan rate for **all** the quality factors recorded on the warehouse receipt using the appropriate discounts in the applicable 2-LP.

**Note:** Do **not** adjust the loan rate for quality factors when disbursing the warehouse-stored loan.

## 616 Remaining Farm-Stored Loan Quantity After Partial Transfer

### A When Measured Quantity Is Less Than the Loan Quantity

The producer is liable for the remaining farm-stored loan quantity which is subject to spot check. When a spot check reveals the measured quantity is **less** than the remaining farm-stored loan quantity:

- do **not** require immediate repayment of the apparent quantity shortage, if the measured quantity is within 10 percent of the **remaining** farm-stored loan quantity

- COC shall **not** consider the loan quantity to be incorrectly certified (violation) if the total quantity, which is the sum of the warehouse-stored loan quantity and the measured quantity, is within 10 percent of the farm-stored loan quantity before the transfer.

COC shall consider a violation occurred if COC determines unauthorized removal or unauthorized disposition according to Part 4.

### B Example of Measured Quantity Less Than Loan Quantity

Producer obtained a certified farm-stored loan on 10,000 bu. of wheat and later transferred 8,500 bu. to a warehouse-stored loan.

The remaining farm-stored loan quantity is 1,500 bu. A current spot check reveals a measured quantity of 1,200 bu., resulting in a quantity shortage of 300 bu. COC determines that unauthorized removal or unauthorized disposition did **not** occur.

In this example, the producer:

- must immediately repay the apparent quantity shortage of 300 bu., because the measured quantity is not within 10 percent of the farm-stored loan quantity (1,500 bu. x 90 percent = 1,350 bu.)

- is **not** considered to be in violation, because the total quantity of 9,700 bu. (8,500 bu. warehouse-stored plus 1,200 bu. measured) is within 10 percent of the farm-stored loan quantity before the transfer (10,000 bu. x 90 percent = 9,000 bu.).

## 617 Transferring Loans From Warehouse Storage to Farm Storage

### A Authorization

County Offices may authorize transfer of warehouse-stored loan collateral to farm storage **only**:

- after the following occur:
  - lien search is completed
  - producer provides the applicable CCC-679's
  - CCC-10 is filed
  - UCC-1 is filed
- if the following can be accomplished by the maturity date:
  - complete the movement and placement of collateral in eligible farm storage
  - provide all applicable signatures on the new loan document.

Complete and issue CCC-681, Part B according to paragraph 614.

### B Releasing Warehouse Receipts

County Offices shall release warehouse receipts to the producer after:

- advising the warehouse of the pending transfer
- receiving written agreement from the producer that the:
  - receipt will be delivered to the warehouse
  - commodity will be moved to eligible farm storage
  - County Office will be notified as soon as the commodity is in place on the farm
  - producer will provide a copy of scale tickets from the warehouse.

## 617 Transferring Loans From Warehouse Storage to Farm Storage (Continued)

### C Quantity Limitations

The farm-stored loan quantity **cannot exceed** the warehouse-stored loan quantity transferred, rounded to the next higher whole unit of measure.

See subparagraph E for measuring farm-stored collateral.

### D Maturity Date

The loan maturity date for the farm-stored loan shall be the same date as the warehouse-stored loan maturity date.

### E Measurement After Transfer

After the collateral has been moved to eligible farm storage:

- perform a measurement service at the producer's expense
- obtain a representative sample of the commodity and apply, as applicable, the combined test weight and pack factor, test weight, and moisture shrink
- use the scale ticket quantity if COC determines the weighed quantity on the documentation more accurately reflects the quantity in farm storage.

County Offices shall:

- review entries on CCC-677-1
- note any comments entered by the commodity inspector.

## 617 Transferring Loans From Warehouse Storage to Farm Storage (Continued)

### F Completing Transfer

Complete the warehouse-to-farm transfer through APSS:

- if data is complete and accurate
- entering measurements or weighed quantity, as applicable
- according to 12-PS
- deducting loan service fees according to Part 5.

All producers who signed CCC-678 shall sign CCC-677 generated through APSS within 15 calendar days but no later than the maturity date.

### G Overdisbursement Created

An overdisbursement will be created in the transfer process when the outstanding loan amount exceeds the loan value of the measured quantity.

Use the notification and demand letters in Exhibit 11, subparagraph F to require repayment of the overdisbursement and interest.

### H When Measured Quantity Is Less Than Transferred Quantity

If the measured quantity is:

- 90 percent or more of the transferred warehouse-stored loan quantity, take no action unless COC determines a loan violation occurred

- less than 90 percent of the transferred warehouse-stored loan quantity, COC shall determine whether a loan violation has occurred according to Part 4.

## 618-626 (Reserved)

## Section 3 Reconcentrating Warehouse-Stored Loans

### 627 Reconcentrating Loan Collateral

#### A Requesting Reconcentration

Producers may, with the warehouse operator's concurrence, request authorization from CCC to reconcentrate loan collateral between warehouses using CCC-699. See paragraph 628 for completing CCC-699.

#### B General Provisions

The following provisions apply to reconcentrating loan collateral.

- Reconcentration must be to an in-line location.

  **Note:** The commodity movement shall be considered "in-line" if the commodity is physically moved to a warehouse in the line of normal trade channels and commerce for the commodity.

- CCC shall **not** increase loan rates to reflect transportation and handling charges.

- County Offices shall **not** approve reconcentration requests when any of the following apply:

  - movement is determined not to be in the best interest of CCC and the producer
  - movement is **not** "in-line"
  - requests are submitted within 30 calendar days of the loan maturity date.

- If producers have an approved CCC-697 locking in a repayment rate for the loan commodity, the same lock-in rate is applicable only to quantity reconcentrated within the county where the warehouse-stored commodity was stored.

## 628 Completing CCC-699's

### A Instructions for CCC-699

The appropriate office/official shall complete CCC-699 according to this table.

| Appropriate Office/Official | Item | Instructions |
|---|---|---|
| Warehouse Operator | | Complete CCC-699 and deliver all copies to the County Office. |
| | Part A | Enter name of commodity to be reconcentrated. |
| | | Enter crop year of the commodity loan. |
| | | Enter name of producer. |
| | 3 | Enter warehouse receipt number using a separate line for each warehouse receipt to be reconcentrated. |
| | 4 through 6 | Enter quantity, grade, and grading factors, as applicable, from copy of the warehouse receipt. |
| | 7 | Authorized warehouse official shall sign and date. |
| | 8 | Enter name of warehouse. |
| | 10 | Obtain producer's signature and date. |
| County Office | Part B | Enter name and location of shipping warehouse. |
| | | Enter name and location of receiving warehouse. |
| | 2 | Enter loan number applicable to the warehouse receipt pledged as collateral.<br><br>**Reminder:** Before approval, verify all entries with County Office records to ensure the entries are correct and the commodity is eligible for reconcentration. |
| | 9 | Enter date warehouse receipts were received by warehouse operator. |
| | 10 and 11 | Obtain COC's signature of approval and date. |

# 628 Completing CCC-699's (Continued)

## A Instructions for CCC-699 (Continued)

The following is an example of CCC-699.

This form is available electronically. Form Approved - OMB No. 0560-0087

**CCC-699**
(04-13-98)

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

**RECONCENTRATION AGREEMENT AND TRUST RECEIPT**

*See Page 2 for Privacy Act and Public Burden Statements.*

1. NAME AND ADDRESS OF COUNTY FSA OFFICE
Any County Office
999 Any Rd.
Town, ST 99999-999

TELEPHONE NO. *(Include area code)*: (999)999-9999

**PART A - RECONCENTRATION AGREEMENT**

**WHEREAS,** certain *(a)* Wheat *(the commodity)* of the *(b)* 20XX crop year is in storage at a warehouse operated by the undersigned warehouse operator *(the shipping warehouse operator)* and has been pledged to Commodity Credit Corporation (CCC) by *(c)* Able Farmer *(the producer)* as collateral for a CCC commodity loan;

**WHEREAS,** the warehouse receipt(s) issued by the shipping warehouse operator for the commodity, as listed in Part B below, are in the possession of CCC as collateral for the repayment of the loan made by CCC,

**WHEREAS,** the producer and the shipping warehouse operator desire to move the commodity evidenced by such warehouse receipt(s) from the present warehouse where the commodity is now stored to a subsequent warehouse that is in line for normal marketing without interfering with or abridging CCC's security interest in the collateral, and

**WHEREAS,** CCC has no objection to such movement of the commodity providing the move is without interference with or abridgement of CCC's interest therein,

**NOW, THEREFORE,** the shipping warehouse operator, the producer, and CCC agree to the Terms and Conditions set forth on Page 2 of this document as follows:

**PART B - TRUST RECEIPT**

**RECEIVED IN TRUST** from CCC, the warehouse receipt(s) listed below held by CCC as collateral security for the repayment of the loan made by CCC to the producer named above on the commodity represented by such receipt(s) pursuant to the commodity loan program for the crop year specified above. In consideration thereof, the shipping warehouse operator agrees to hold the warehouse receipt(s) in trust for CCC and further agrees to return to CCC new warehouse receipt(s) issued by the subsequent warehouse listed below representing the commodity within 30 days after the date of the approval of the trust agreement by CCC, (or such extension of time as may be granted by CCC), unless the commodity has been redeemed.

The warehouse receipt(s) are being released to the shipping warehouse operator for the purpose of moving the commodity represented by such receipt(s) from the present warehouse operated by the shipping warehouse operator at *(d)* County Coop Warehouse *(present warehouse name and location)* to *(e)* 100 Any Rd., Town, ST. *(subsequent warehouse name and location)* and replacing such receipt(s) with new receipt(s) issued by the subsequent warehouse operator. It is agreed that the undersigned must not, under any circumstances whatsoever, repledge such warehouse receipt(s) or use or dispose of such receipt(s) other than as authorized herein. The subsequent warehouse must be listed on the list of approved warehouses under a Uniform Grain and Rice Storage Agreement with CCC.

CCC may, at any time before replacement by the undersigned of such warehouse receipt(s), cancel this trust and take possession of the receipt(s), the commodity represented thereby, or the proceeds therefrom.

The intention of this trust receipt is to protect and preserve unimpaired the lien of CCC on such warehouse receipt(s) as security for the obligations of the producer under the commodity loan regulations.

| 2. LOAN NUMBER | 3. WAREHOUSE RECEIPT NUMBERS | 4. QUANTITY | 5. GRADE | 6. GRADING FACTORS INCLUDING PROTEIN |
|---|---|---|---|---|
| 99-999-999 | 100 | 5,100.5 BU. | No. 2 | TW 58 Prot. 10 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| 7. SIGNATURE OF SHIPPING WAREHOUSE OPERATOR | DATE *(MM-DD-YYYY)* | 8. NAME OF PRESENT WAREHOUSE | 9. DATE WAREHOUSE RECEIPTS RECEIVED *(MM-DD-YYYY)* |
|---|---|---|---|
| /s/ Warehouse Operator, Mgr. | 10-01-20XX | County Coop Warehouse | 10-07-20XX |

| 10. SIGNATURE OF PRODUCER | DATE *(MM-DD-YYYY)* | 11. COMMODITY CREDIT CORPORATION | DATE *(MM-DD-YYYY)* |
|---|---|---|---|
| /s/ Able Farmer | 09-25-20XX | BY /s/ County Office Employee | 10-07-20XX |

☐ ORIGINAL COPY ☐ WAREHOUSE OPERATOR'S COPY ☐ PRODUCER'S COPY ☐ COUNTY OFFICE

# 628 Completing CCC-699's (Continued)

## B Reverse Side of CCC-699

The following is an example of CCC-699, page 2.

**CCC-699 (Page 2)** (04-13-98)

**TERMS AND CONDITIONS**

1. CCC agrees, upon execution by the warehouse operator of Part B on the Page 1 of this document, to surrender the warehouse receipt(s) listed in Part B and authorizes the shipping warehouse operator to move the commodity from the warehouse listed on the front of this document to the subsequent warehouse identified in Part B. The producer and the shipping warehouse operator request that such receipt(s) be released by CCC to the shipping warehouse operator to be held in trust for CCC. The shipping warehouse operator agrees that the commodity represented by such receipt(s) shall be held in trust for and subject to the security interest of CCC in such commodity and that the shipping warehouse operator's possession is solely for the purpose of prompt transportation of the commodity from the warehouse in which it is stored to the warehouse to which it is to be delivered.
2. The shipping warehouse operator agrees to obtain warehouse receipt(s) from the subsequent warehouse representing the same quantity and quality of the commodity and indicating storage has been paid or provided for to the same date as shown on the original receipt(s) or supplemental documents, issued to the order of the producer or CCC and agrees to furnish such warehouse receipt(s) to CCC within 30 days after the date of the approval of the trust agreement by CCC, (or such extension of time as may be granted in writing by CCC) unless the producer has redeemed the commodity. The producer must endorse such receipt(s) if they are not issued to the order of CCC.
3. The producer and the shipping warehouse operator agree that they will be liable to CCC as an insurer for any loss in quantity or quality (including protein content of wheat) of the commodity from the time it is loaded out of the present warehouse until it is deposited in the subsequent warehouse. Liability for any loss in quality or quantity will be resolved between the shipping warehouse operator and the producer. The shipping warehouse operator is responsible for filing claims against carriers for losses in transit.
4. The commodity may be redeemed by the producer by paying principal and charges, plus interest or, if applicable, at a CCC-determined rate with cash, to CCC before the time the new warehouse receipt(s) are furnished to CCC.
5. The shipping warehouse operator agrees that the commodity will be insured in the name of CCC or on its behalf, against the hazards for which insurance is required under the Uniform Grain and Rice Storage Agreement and for loss or damages from collision and related hazards while in transit, or obtain a bond or other security instrument which will protect the commodity against such loss or damages, from the time the commodity is loaded out of the present warehouse until it is deposited in the subsequent warehouse.
6. The movement and transportation of any commodity pledged as collateral for CCC commodity loans must be without cost to CCC.
7. CCC will issue and the producer agrees to execute any new loan documents which CCC may require. Applicable loan service fees will be charged to the producer. New loan values will be computed as follows.

   A. The loan rate established by CCC for the commodity for the county where the commodity is stored.

   B. The premiums and discounts for the quality shown on the new warehouse receipt(s) issued by the storing warehouse.
8. The producer and the shipping warehouse operator warrant and agree to keep the commodity free from adverse liens while in transit.

**NOTE:** *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information to be supplied on this form is authorized by Pub. L. 104-127 and the Commodity Credit Corporation Charter Act, as amended (15 USC 714 b & c) and 7 CFR Part 1421. This information is required in order to monitor collateral placed under loan in the CCC commodity loan program. Furnishing the requested information is voluntary; however, without it assistance cannot be provided. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.*

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0087. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.* ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.*

## 629 Releasing Warehouse Receipts

### A Warehouse Receipts

After CCC-699 is approved:

- make copies of warehouse receipts and attach to County Office copy of CCC-699
- attach original warehouse receipts to warehouse operator's copy of CCC-699.

### B Distributing CCC-699

County Offices shall:

- keep original CCC-699 in County Office security file
- send warehouse operator's copy and original warehouse receipts to warehouse
- send producer's copy to producer
- file County Office copy with copies of applicable warehouse receipts in producer's loan folder and file folder in suspense file.

Followup to ensure that:

- the commodity will be reconcentrated
- new receipts are received in the County Office within 30 calendar days from date of approval.

### C Extending CCC-699

County Offices may extend CCC-699 **only** if the delay is beyond the warehouse operator's control.

CCC-699 shall **not** be extended beyond the loan maturity date.

## 630 Replacement Warehouse Receipts

### A Reviewing Warehouse Receipts

After receiving replacement warehouse receipts and **before** processing reconcentration according to subparagraph B, County Offices shall:

- review warehouse receipts for completeness
- ensure that:
  - receipts are provided for those released in trust
  - quantities do not exceed quantities applicable to the original warehouse receipts on CCC-699
  - the producer has endorsed the replacement receipts to vest title in CCC
  - commodity is of the same class as the commodity that was released in trust
  - losses in quantity and quality have been resolved between warehouse operator and producer.

### B Processing Transfer

County Offices shall:

- process a warehouse-to-warehouse transfer according to 12-PS for partial or full reconcentrations
- deduct loan service fees according to Part 5
- for amounts due CCC, see paragraph 31
- obtain applicable producer's signatures on new loan agreement and the warehouse receipts within 15 calendar days, but **no** later than the maturity date.

## 631 Selling Commodities During Reconcentration

### A Repaying Commodity During Reconcentration

When part of the commodity covered by CCC-699 is repaid during the reconcentration, record repayment according to 12-PS **before** recording the warehouse-to-warehouse transfer.

**632-699 (Reserved)**

# Part 7 Repayments, Releases, and Loan Maturity

## Section 1 General Provisions

### 700 General Repayment Information

#### A Types of Repayments

After the date of disbursement, farm-stored and warehouse-stored loans may be repaid at any time during the loan period.

The producer may repay the loan at the lesser of either the following:

- loan principal plus interest
- CCC-determined value under the marketing loan provisions according to Section 2.

**Note:** Marketing loan repayment provisions are **not** applicable to recourse loans.

## 700 General Repayment Information (Continued)

### B Acceptable Forms of Payment

County Offices shall accept the following forms of payment from producers or buyers as repayment for loans:

- cash
- certified or cashier's checks
- checks issued, at producer's request, payable:
  - solely to CCC
  - to CCC and other applicable lienholders
- checks made payable solely to CCC or the applicable County Office
- checks that include producer's name as 1 of the payees
- money orders
- personal checks from producers or buyers

  **Exception:** See subparagraph C for guaranteed remittances.
- wire transfers.

### C Guaranteed Remittances

To protect CCC's interest, STC, COC, or CED may require guaranteed remittance:

- for **all** repayments
- on a countywide basis
- on a Statewide basis (by STC **only**).
- on an individual basis.

***--**Follow 64-FI for dishonored checks. Concentration banking counties shall also follow 3-FI. See paragraph 702.**--***

## 700 General Repayment Information (Continued)

### D Repayment Date

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

### E Recording Repayments

Record repayments according to 12-PS.

**Note:** Before recording market loan repayments on warehouse-stored loans, make additional disbursements, if applicable, according to paragraph 511.

CCC-500 will be generated by APSS. County Office shall:

- sign and date CCC-500
- provide the producer the original CCC-500 as a receipt for the repayment
- keep a copy in the loan folder.

**Note:** Do **not** send CCC-500 to FRB.

***--**Prepare and deposit collections according to 3-FI and 64-FI.**--***

## 700 General Repayment Information (Continued)

### F CCC-500 Explanation and Action

This table provides explanations and actions required for CCC-500's.

| Item | Explanation/Action |
|---|---|
| 1–6 | Self explanatory. |
| 7 | Total amount *** * *** received from borrower. |
| 8 | Information for this repayment, as follows:<br><br>A total number of bu/cwt./lbs redeemed<br>B principal liquidated<br>C interest paid<br>D cost to the borrower on a per bu./cwt./lb. basis. |
| 9 | Information on the outstanding balance after repayment, as follows:<br><br>A number of bu/cwt./lbs remaining under loan<br>B loan principal remaining on the loan. |
| 10 | Details on the repayment, as follows:<br><br>A seal number or warehouse receipt number identifying where the grain is stored<br>B total number of bu/cwt./lbs redeemed<br>C date loan was disbursed<br>D date loan was repaid<br>E amount the borrower repaid, including principal and interest<br>F number of bu/cwt./lbs remaining under loan after the repayment<br>G loan principal outstanding on the loan after the repayment.<br><br>**Note:** If all bins or receipts do **not** fit on CCC-500, CCC-500-1 will print in APSS. |
| 11 | Reserve storage and other charges, as follows:<br><br>A no longer applicable<br><br>B no longer applicable<br><br>C if the loan was loaded in the violation software, list the liquidated damages paid by this repayment. |
| 12 | Notice to borrower of dishonored check provisions. |
| 13 | Amount of waived interest will be listed if a marketing loan repayment was processed. |
| 14 | County Office shall sign and date. |

# 700 General Repayment Information (Continued)

## G Example of CCC-500

**CCC-500**
(07-25-96)

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

**LOAN REPAYMENT RECEIPT**

Form CCC-500-1 is incorporated into this page of CCC-500 when this box is marked ☐

1. State and County Code
28 083

| 2. Name and Address | 3. Loan No. | 4. Crop Year | 5. Commodity | 6. Type of Loan | 7. Amount Received |
|---|---|---|---|---|---|
| A & A Farms Inc.<br>6203 County Road 250<br>Sidon, MS 38954-9621 | 97 | 09 | Barley | Farm Stored | $157.94 |

| 8. Redeemed with this Payment | | | | 9. Outstanding Balance After this Payment; | |
|---|---|---|---|---|---|
| A. Total Quantity | B. Principal | C. Interest | D. Unit Cost | A. Total Quantity | B. Amount *(Excluding Interest)* |
| 100.00 | $ 157.00 | $ .94 | $ 1.5794000 | 4.00 | $ 6.55 |

10. Breakdown of Collateral Released and Outstanding Balance by Seal Number or Warehouse Receipt Number:

| A. Seal No.(s) or Warehouse Receipt No.(s) | B. Quantity Redeemed | C. Date Disbursed | D. Date Repaid | E. Amount Paid *(Principal & Interest)* | Balance After Payment | |
|---|---|---|---|---|---|---|
| | | | | | F. Quantity | G. Principal |
| 1 | 100.00 | 02/23/09 | 08/01/09 | 157.94 | 4.00 | 6.28 |

11. Reserve Storage and Other Charges:

| A. Unearned Storage | B. Interest on Unearned Storage | C. Liquidated Damages |
|---|---|---|
| | | |

**12. DISHONORED CHECK NOTICE**

If this check is dishonored, there may be a $25.00 dishonored check fee applicable. Also, there shall be a late payment charge on overdue accounts. This late payment charge will be applied on a daily basis. The late payment charge rate that is applied to the debt shall remain in effect until the debt is settled. In case of partial payment of overdue amount, the amount received will be applied first to the accrued late payment charge and then to the overdue amount. The late payment charge shall be expressed as a rate of interest which is charged on delinquent debts and shall be published in the Federal Register by the Executive Vice President, Commodity Credit Corporation.

13. Remarks

Waived Interest - $ .00

**Thank you for your remittance**

14. Credit for this repayment is subject to collection of checks and verification of computations.

| COMMODIITY CREDIT CORPORATION | Date |
|---|---|
| BY | |

## 700 General Repayment Information (Continued)

### H Repaying Matured Loans

Producers may repay matured loans at the outstanding loan principal plus accrued interest:

- before CCC acquires the commodity
- for farm-stored loans, **after** issuance of CCC-691, **but** before settlement is completed in APSS.

### I Repaying Loans During Appeal Process

A producer may repay a loan, at CCC-determined value under the marketing loan provisions, for which an appeal process is in effect.

## 701 Personal or Corporate Checks Offered for Release of Collateral

### A Receiving Uncertified Checks

If an uncertified, personal, or corporate check is offered for release of loan collateral and repayment of the loan, CED or designee shall use prudent judgment in releasing loan collateral.

### B Restrictions

County Offices shall **not accept any checks that**:

- **are** postdated
- do not conform to proper business practice
- contain restrictive endorsements on the back of the check
- contain restrictive inscriptions on the front of the check.

If a check is received that contains restrictive language, the County Office shall contact the remitter of the check and follow 3-FI.

Interest will continue to accrue on the loan until an acceptable check is presented.

## 702 Notice of Nonpayment or Dishonored Check Received From FSC

### A Action When Notified by FSC

***--**When receiving notification from FSC or a bank that a check has been dishonored, County Offices shall immediately:

- notify the State Office Price Support section

- adjust the receivable according to 64-FI and the following table

| Step | Action |
|---|---|
| 1 | According to 64-FI, in NRRS immediately adjust the dishonored receivable collection, marking it as a dishonored check. This will:<br>• reverse all collections associated with the check<br>• reestablish the closed corresponding receivable for the amount of the dishonored check<br>• automatically create a separate dishonored check fee receivable<br>• send a notification letter to the producer of the amount owed. |
| 2 | Deposit any remittances or a replacement check to the receivable. |

**--***

## 702 Notice of Nonpayment or Dishonored Check Received From FSC (Continued)

### A Action When Notified by FSC (Continued)

*** * ***

- spot check the farm-stored commodity, as follows:

  - charge the producer for the expense of the spot check
  - determine whether the commodity has been removed.

    **Note:** The receivable shall be adjusted to include the measurement service fee according to 64-FI

## 702 Notice of Nonpayment or Dishonored Check Received From FSC (Continued)

### B Action Following Spot Check (Continued)

*--After the spot check has been completed, determine the necessary action according to the following.

| IF the commodity repaid with the dishonored check has… | THEN… |
|---|---|
| been removed | according to 64-FI, adjust the receivable to include the fee for measurement service, if it is still owed.<br><br>**Note:** If the commodity has been entirely removed, a violation may have occurred and liquidated damages may be applicable. A separate receivable will need to be established when COC or STC determine that liquidated damages are owed. |
| **not** been removed and the producer notifies the County Office in writing that the loan is to revert back to where it was before the repayment<br><br>**Note:** Producer does **not** submit a replacement check. | according to 64-FI, adjust the receivable to:<br><br>• add the measurement service fee, if still owed<br><br>• adjust the loan principal and interest amount on the receivable to "0".<br><br>**Note:** Ensure that the dishonored check fee remains on the receivable.<br><br>NRRS will:<br><br>• send a notification letter to the producer, if an amount is still owed<br><br>• be used to deposit any remittances for the dishonored check fee and/or measurement service.<br><br>According to 12-PS, delete dishonored check repayment in APSS. |

--*

## 703 Releasing CCC-677 and CCC-678 After Repayment

### A Action After Full Repayment

After full liquidation of the loan through repayment or redemption, return the original copy of CCC-677 or CCC-678, marked "**PAID**", to the producer after 30 calendar days.

**Note:** When a **guaranteed remittance** has been submitted for full liquidation of the loan and no other repayment using other than guaranteed remittances has been submitted within the last 30 calendar days, the original copy of CCC-677 or CCC-678 may immediately be marked "**PAID**" and returned to the producer.

### B Additional Action for Farm-Stored Loans

After CCC-677 is released to the producer, according to subparagraph A, prepare and file documents necessary to release financing statement, as applicable, at the producer's:

- request
- expense, if applicable.

## 704-713 (Reserved)

## Section 2 Types of Repayment

### 714 Principal Plus Interest Repayments

#### A Applicability of Repayment at Principal Plus Interest

Producers are required to repay loans at principal plus interest for the following reasons:

- after 15th calendar day after expiration of CCC-681-1 for the quantity delivered
- loans disbursed as recourse loans
  *** * ***
- incorrect certification determination
- loan has been called
- for any quantity delivered on CCC-681-1 after maturity
- matured loans.

**Note:** Producers may repay matured loans according to subparagraph 700 H.

See subparagraph 416 C for repaying quantities removed or disposed of without prior written authorization.

## 715 Marketing Loan Repayments

### A Cash Marketing Loan Repayments

Market loan repayments with cash are at the **lesser** of the following:

- principal plus interest
- CCC-determined value.

**Note:** The CCC-determined value is the lesser of the 30-calendar-day PCP or the alternative PCP or rate, as applicable.

The CCC-determined value, in some cases, may be higher than the loan rate, but less than the loan principal plus interest.

### B Determining CCC-Determined Value

The CCC-determined value for the day the repayment is received in the County Office that disbursed the loan shall be used in determining the repayment rate.

Follow Section 6 to calculate the CCC-determined value using the terminal market prices posted on the "Daily Market Rates" for commodities that are downloaded from KCCO.

See paragraph 716 for locking-in repayment rates on CCC-697.

*** * ***

## 715 Marketing Loan Repayments (Continued)

### C Production Evidence Required

For loans that are repaid under the marketing loan provisions **and** are selected for spot check, require the producer to submit production evidence to the County Office. See:

- Part 3 for:
  - determining acceptable production evidence
  - submitting production evidence
- paragraph 341 and 12-PS for recording production evidence.

### D Market Gain Reported to IRS

The market gain is the difference between the loan principal that is liquidated and the amount needed for the marketing loan repayment, when the marketing loan repayment amount is less than the loan principal amount that is liquidated.

The amount of market gain is reported to IRS.

*** * ***

## 716 Locking-In Repayment Rates

### A Locking-In on CCC-697

Producers may lock in a repayment rate for 60 calendar days.

Lock-in rates:

- can be requested on disbursed loans **only**
- **cannot** be requested within 14 calendar days of loan maturity.

Loans that have been requested, but **not** disbursed, are **not** eligible for lock-in repayment requests.

### B Expiration

CCC-697 will expire on the earlier of:

- 60 calendar days from date of approval
- 14 calendar days before loan maturity.

If the expiration date falls on a nonworkday, the expiration date shall be the next workday.

### C Applicability

CCC-697 is applicable to any farm-stored or warehouse-stored loan collateral, **except** cotton.

### D Requests

The requests to lock in a repayment rate may only be completed 1 time for a designated quantity. The designated quantity may be:

- all quantity under loan
- a specific loan quantity.

## 716 Locking-In Repayment Rates (Continued)

### E Signatures and Initials

All signatures and initials from producers sharing in the commodity loan must be obtained **before** approving CCC-697.

The contact producer must initial all blocks under CCC-697, Part B **before** approval.

### F Effective Date

The locked-in rate is the rate in effect on the date CCC-697 is approved according to subparagraph H.

### G Calculating CCC-Determined Value

See Section 6 to calculate the CCC-determined value used to determine the applicable repayment rate.

### H Approving CCC-697

COC, or designee, shall approve CCC-697 when requests are complete.

Requests are complete when all initials and signatures have been obtained and CCC-697 has been received in the County Office.

If the County Office cannot approve CCC-697 on the date the completed CCC-697 is received in the County Office, County Office shall:

- date stamp CCC-697
- use the repayment rate in effect on the date CCC-697 is received in the County Office.

For CCC-697 FAXed requests, the repayment rate is the rate in effect when CCC-697 is received with the last signature, in the County Office, providing CCC-697 is completed correctly.

**Example:** If the rate is announced at 7 a.m. e.t., and the FAXed CCC-697 is received at 5 a.m. e.t., the repayment rate is the rate in effect on the previous day.

County Offices, who have FAX machines that are not equipped with a date and time stamp shall require the producer to submit documentation to verify the date and time of the FAXed transmission of CCC-697. A FAX transmittal record may serve as acceptable documentation. Documentation indicating an incomplete transmission occurred is not considered valid.

## 716 Locking-In Repayment Rates (Continued)

### I Telephone Requests

All requests to lock in a repayment rate on CCC-697 must be received in person or by FAX.

Requests are **not** allowed by telephone.

### J CCC-681-1 Requested According to CCC-697

When producer requests CCC-697 and CCC-681-1, see subparagraph 743 C.

### K Repayments

County Offices shall follow this table for determining repayment rates when CCC-697 is requested.

| IF the repayment is received... | THEN the repayment rate is the... |
|---|---|
| before CCC-697 expires | locked-in rate shown on CCC-697. |
| after CCC-697 expires | lesser of the following:<br>• principal plus interest<br>• market repayment rate in effect on the date the repayment is received. |

Any repayment received on a farm or warehouse-stored loan must be applied first to the oldest CCC-697 outstanding regardless of loan quantities **not** included on CCC-697.

See subparagraph 745 C for repayment rates under the CCC-681-1 provisions. The 15-calendar-day grace period for receipt of the repayment is **only** applicable to quantities delivered under CCC-681-1 provisions according to subparagraph 745 A.

Any repayment received after maturity must be repaid at principal plus interest **except** according to subparagraph 745 C.

## 716 Locking-In Repayment Rates (Continued)

### L Quantity Requests Not Repaid Under CCC-697

Loan quantities can be locked-in on CCC-697 only 1 time. If producers do not repay the quantity specified on CCC-697 on or before the expiration date, County Office shall:

- flag the loan folder to indicate quantity not eligible for further lock-in requests
- not include this quantity in any subsequent CCC-697 request.

### M Terms and Conditions

The contact producer must initial each CCC-697, Part B term and condition for **each** request and ensure that all persons who sign CCC-697 are aware of **all** CCC-697, Part B terms and conditions.

CCC-697, Part B terms and conditions are as follows:

- CCC-697 **cannot** be canceled, terminated, or changed after approval
- the locked-in rate for the quantity specified on CCC-697, Part A:
  - expires on the earlier of the date of repayment, 60 calendar days from date of approval, or 14 calendar days before the loan maturity date
  - is the rate in effect on the date CCC-697 is approved
  - is applicable to the specified quantity until the CCC-697 expires
- if the loan is repaid after the loan maturity date, repayments shall be at principal plus applicable interest
- all signatures from all producers **who share** in the loan quantity have been obtained
- multiple CCC-697's can be outstanding at the same time, but **cannot** be in effect for the same quantity
- if the commodity represented by CCC-697 is transferred out of issuing county, then all CCC-697's applicable to the loan are cancelled

## 716 Locking-In Repayment Rates (Continued)

### M Terms and Conditions (Continued)

- the repayment rate locked-in with this CCC-697 is applicable to the entire quantity entered on CCC-697, Part A and **cannot** exceed the outstanding loan quantity

- **only** whole warehouse receipts can be locked in at 1 time

- all repayments on a loan with an outstanding CCC-697 will be applied in order, according to the oldest outstanding CCC-697 on file for that loan, including warehouse-stored loan requests

- if sales proceeds are needed to repay the loan, CCC-681-1 **must** be requested.

*** * ***

### N Warehouse Receipts

If CCC-697 is requested on a farm-stored loan that is later transferred to a warehouse-stored loan or a warehouse-stored loan reconcentration has been requested, the:

- warehouse receipts **must** be issued for the quantity requested on CCC-697

- locked-in rate transfers to the warehouse-stored loan with no changes if transferred within the same county where the loan commodities were originally farm-stored.

**Note:** A subsequent CCC-697 shall **not** be approved on any loan resulting from a transfer where the original loan had an outstanding, expired, or canceled CCC-697. This includes any loan quantity that was **not** locked in on CCC-697 or the 110 percent overrun allowed under the farm-to-warehouse transfer process.

### O Called Loans

The repayment rate locked in on CCC-697 is **not** applicable to called loans.

See Part 4 for procedure on loan violations.

## 717 Completing CCC-697's

### A Instructions for Completing CCC-697's

When the computer is **not** operable, manually complete CCC-697 for each request to lock in a repayment rate according to this table.

| Item | Instructions |
|---|---|
| 1 | Enter applicable State code. |
| 2 | Enter applicable county code. |
| 3 | Enter applicable crop year. |
| 4 | Enter loan number. |
| 5 | Enter applicable commodity. |
| 6 | Enter loan maturity date. |
| 7 | Enter expiration date, as applicable. The expiration date is the earlier of:<br><br>• 14 calendar days before maturity<br><br>• 60 calendar days from date of approval; leave blank if additional signatures must be obtained before approval (Part A).<br><br>If expiration date falls on a nonworkday, enter the next workday, as applicable. |
| 8 | Enter outstanding loan quantity. |
| *--9A | Enter name and address of the contact producer. |
| 9B | Enter telephone number, including area code, of the contact producer. |
| 10A | Enter name and address of the applicable County Office. |
| 10B | Enter telephone number, including area code, of the applicable County Office.--* |

## 717 Completing CCC-697's (Continued)

### A Instructions for Completing CCC-697's (Continued)

| Item | Instructions |
|---|---|
| Part A | ***--**Enter the following:<br><br>• repayment rate<br><br>**Note:** **Must** be the rate in effect on the date CCC-697 is approved.<br><br>• date of approval<br><br>**Note:** **Must** be the date CCC-697 is approved.<br><br>• quantity to be repaid at the locked-in repayment rate.<br><br>**Note:** For proper approval of CCC-697 that was received by FAX, see subparagraph 716 H.**--***<br><br>If there are more than one CCC-697 outstanding for farm-stored or warehouse-stored loans, inform the producer the oldest outstanding CCC-697 will be repaid first before **any** other repayment can be applied to the loan indicated in item 4.<br><br>If additional signatures **must** be obtained, enter "to be determined" in the field for repayment rate and date of approval. When the completed CCC-697 is received in the County Office, cross out "to be determined" and record the repayment rate and date of approval, as applicable. County Offices shall enter the expiration ***--**date in item 7 near the top, initial and date the changes, and immediately**--*** provide a corrected copy to the contact producer. |
| Part B | The contact producer **must** read and initial **all** spaces provided in Part B to acknowledge understanding the locked-in repayment rate terms and conditions for **all** persons who sign CCC-697. |

## 717 Completing CCC-697's (Continued)

### A Instructions for Completing CCC-697's (Continued)

| Item | Instructions |
|---|---|
| Part C | All producers **who share** in the loan quantity and signed CCC-677 or CCC-678 ***--**must sign, provide the last 4 digits of their TIN, and date CCC-697. All**--*** signatures **must** be received in the applicable County Office **before** CCC-697 can be approved. The locked-in rate is **not** effective until the date CCC-697 is approved.<br><br>***--Required individuals** shall sign their full name in items 1, 5, and 9, as applicable. An individual signing in a representative capacity shall also sign their name in items 1, 5, and 9, followed by their title/relationship role in items 2, 6, and 10, as applicable. The last 4 digits of TIN for the producers in items 1, 5, and 9 shall be entered in items 3, 7, and 11, along with the date of signature in items 4, 8 and 12.<br><br>**Required entity signatures** for the individual authorized to sign for the entity shall sign their name in items 1, 5, and 9, as applicable, followed by their title/relationship role in items 2, 6, and 10. The last 4 digits of TIN for the entity in items 1, 5, and 9 shall be entered in items 3, 7, and 11, along with the date of signature in items 4, 8, and 12, as applicable.<br><br>**Note:** Authorization to sign for another individual or entity **must** be on file in the FSA office for the signature to be valid**.--***. |
| Part D | COC shall approve CCC-697 when all signatures have been received. If approval **cannot** be obtained on the date the completed request is received in the County Office, date stamp CCC-697 and use the date to lock-in the repayment rate. For proper approval of faxed CCC-697, see subparagraph 716 H. Approve CCC-697 as soon as possible.<br><br>COC, or designee, shall sign, provide title, and date CCC-697. |
| Part E | ***--**Use Part E when there are more than 3 producers or required signatures on a loan requesting a lock in repayment rate. Obtain the signature, title/relationship of individual signing in the representative capacity, the last 4 digits of the producers TIN's, and the date, as applicable**.--***. |
| | Provide the contact producer with a copy of CCC-697 and file a copy in the loan folder, as applicable.<br><br>**Instruct the producer to complete CCC-681-1 also, if the loan collateral will be delivered to a buyer to use the loan proceeds from the sale of the loan collateral to repay the loan. All terms and conditions of CCC-681-1 apply**. |

# 717 Completing CCC-697's (Continued)

## B Example of CCC-697, Page 1

The following is an example of CCC-697.

*--

**This form is available electronically.** *See Page 2 for Privacy Act and Public Burden Statements.*

| CCC-697 U.S. DEPARTMENT OF AGRICULTURE (08-30-11) Commodity Credit Corporation | 1. State Code | 2. County Code | 3. Crop Year | 4. Loan Number |
|---|---|---|---|---|
| | 19 | 199 | 20XX | 125 |
| **REQUEST TO LOCK IN A MARKET LOAN REPAYMENT RATE** | 5. Commodity | 6. Maturity Date *(MM-DD-YYYY)* | 7. Expiration Date *(MM-DD-YYYY)* | 8. Outstanding Loan Quantity |
| | Corn | 08-31-20XX | 07-10-20XX | 10,000 Bu |

| 9A. Name and Address of Contact Producer *(Including Zip Code)* | 10A. Name and Address of County FSA Office *(Including Zip Code):* |
|---|---|
| County Producer<br>2011 Agriculture Lane<br>Anytown, IA 50000 | |
| 9B. Telephone Number *(Including Area Code):* 515-890-7676 | 10B. Telephone Number *(Including Area Code):* 515-654-9900 |

**PART A – PRODUCER REQUEST**

The undersigned producer(s) ("Producer") hereby requests approval to lock in a market loan repayment rate of *(1)* $ 1.80 *(Repayment Rate)* per *(bu., cwt., lbs.)*, which is the repayment rate in effect *(2)* 05-11-20XX *(Date of Approval)* for the above crop year and commodity for the loan quantity of *(3)* 5,000 Bu *(bu., cwt., lbs).*

**PART B – PRODUCER AGREEMENT**

**NOTE: The contact producer must initial all terms and conditions and ensure that all producers who sign the CCC-697 are aware of the Terms and Conditions stated below:**

| | TERMS AND CONDITIONS | INITIALS |
|---|---|---|
| 1. | The CCC-697 cannot be canceled, terminated, or changed after approval. | CP |
| 2. | The "locked-in" rate for the above quantity in Part A:<br>- expires on the earlier of 14 calendar days before the loan maturity date or 60 calendar days from the date of approval<br>- is the rate in effect on the date approved<br>- is applicable to the quantity specified in Part A until the expiration date. | CP |
| 3. | If the loan is repaid after the loan maturity date, repayments shall be at principal plus applicable interest. | CP |
| 4. | All signatures from all producers who share in the above loan quantity have been obtained. | CP |
| 5. | Multiple CCC-697's can be outstanding at the same time but cannot be in effect for the same quantity For any quantity repaid on the above loan, the oldest CCC-697 will be honored first when applying the repayment to the loan. | CP |
| 6. | The repayment rate locked-in with this form is applicable to the entire quantity entered in Part A and cannot exceed the quantity entered in Item 8. In addition, for warehouse-stored loans, the quantity entered in Part A shall only represent one or more whole warehouse receipts and cannot exceed the quantity entered in Item 8. | CP |
| 7. | All repayments must be received in the County FSA Office specified in Item 10 on or before the date entered in Item 7. Upon expiration of the CCC-697, and before loan maturity, the repayment is the lower of principal plus interest or the rate in effect on the date of repayment. | CP |
| 8. | Form CCC-681-1, Authorization for Delivery of Loan Collateral for Sale is not required to be executed to lock in a repayment rate with this form. However, if the farm-stored quantity entered in Part A must be delivered and sold to a buyer before repayment can be made, then CCC-681-1 must also be requested before moving the quantity in Part A from farm storage to the buyer. | CP |

**PART C – PRODUCER'S SIGNATURE (SEE PART E ON PAGE 2 FOR ADDITIONAL PRODUCER SIGNATURES.)**

| 1. Producer's Signature (By) | 2. Title/Relationship of the Individual Signing in the Representative Capacity | 3. Last 4 Digits of Producer's Identification No. | 4. Date *(MM-DD-YYYY)* |
|---|---|---|---|
| ***/s/ County Producer*** | ***Self*** | ***XXX1*** | ***05-11-20XX*** |
| **5. Producer's Signature (By)** | **6. Title/Relationship of the Individual Signing in the Representative Capacity** | **7. Last 4 Digits of Producer's Identification No.** | **8. Date *(MM-DD-YYYY)*** |
| ***/s/ County Producerette*** | ***Self*** | ***XXX2*** | ***05-11-20XX*** |
| 9. Producer's Signature (By) | 10. Title/Relationship of the Individual Signing in the Representative Capacity | 11. Last 4 Digits of Producer's Identification No. | 12. Date *(MM-DD-YYYY)* |

**PART D – COC OR DESIGNEE'S SIGNATURE**

| 1. Signature of COC or Designee | 2. Title | 3. Date *(MM-DD-YYYY)* |
|---|---|---|
| ***/s/ Polly Program Technician*** | ***PT*** | ***05-11-20XX*** |

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.*

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## 717 Completing CCC-697's (Continued)

### *--C Example of CCC-697 (Page 2)

Complete CCC-697 (Page 2) only when there are more than 3 producers requesting a lock in repayment rate. CCC-697 (Page 2) is a continuation page for obtaining producers' signatures, as applicable. The following is an example of CCC-697 (Page 2).

**CCC-697** (08-30-11) Page 2

| PART C – PRODUCER'S SIGNATURE *(CONTINUATION)* | | | |
|---|---|---|---|
| 1. Producer's Signature (By) | 2. Title/Relationship of the Individual Signing in the Representative Capacity | 3. Last 4 Digits of Producer's Identification No. | 4. Date *(MM-DD-YYYY)* |
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**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 1434, 7 CFR Part 1435, the Commodity Credit Corporation Charter Act (15 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 determine eligibility to request approval to lock in a 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-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to request approval to lock in a market loan repayment rate.*

*The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.* ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

--*

## 718 Repayment Rate Applicable to Loan Quantities Involved in a Violation

### A Determining Applicable Repayment Rate

Determine the repayment rate according to this table for quantities involved in unauthorized:

- removal
- disposition.

| IF COC... | | THEN the repayment rate is... |
|---|---|---|
| determines **good faith** according to subparagraph 410 B | **and** the producer has 2 or less violations | the lesser of:<br>• principal and charges plus interest<br>• the CCC-determined value on the date the violation occurred as determined by CCC **plus** 15 percent of the loan rate. |
| does **not** determine good faith according to subparagraph 410 C | **or** the producer has more than 2 violations | principal and charges plus interest. |

Incorrect certifications **must** be repaid at principal and charges plus interest.

**Notes:** For producers who repay MAL before being notified of a shortage or violation, County Offices shall **manually** insert the following statement in CCC-500, "Remarks" section, "This repayment does not release the borrower from any administrative actions".

Liquidated damages apply, unless waived, in addition to calculations in this subparagraph.

## 719 Lump-Sum Repayments

### A When to Manually Calculate Lump-Sum Repayments

County Offices shall manually calculate lump-sum repayments **only** when the following situations apply:

- computer is **not** working
- to explain to producers how lump-sum repayments are calculated by APSS and attributed to applicable bins under loan.

**Notes:** Lump-sum repayments are **not** applicable to warehouse-stored loans.

***--**When entering lump-sum repayments into APSS, APSS rounds the quantity to fit the repayment amount. All lump-sum repayments shall be rounded down, so a refund will be generated. APSS and NRRS are unable to hold the small balance to be applied at a later time. Current FI procedure is to be followed for refunding amounts of $9.99 or less.**--***

### B Applying Lump-Sum Repayment Amounts

Instructions in this table provide how repayment amounts are determined and applied by bin, for **each** bin included on a loan for which a lump-sum repayment is made.

Determine the following amounts, as applicable:

- principal
- interest
- quantity redeemed when a lump-sum repayment is used to repay a partial bin.

**Note:** Repay receivables and overdisbursements first. Apply any remaining amount as a lump-sum repayment.

## 719 Lump-Sum Repayments (Continued)

### B Applying Lump-Sum Repayment Amounts (Continued)

| Step | Action | | |
|---|---|---|---|
| 1 | Determine the number of days applicable at each interest rate for the bin being repaid. | | |
| 2 | Multiply the number of days at each interest rate times the interest rate times the outstanding principal amount for the selected bin divided by 365 calendar days. | | |
| 3 | Add outstanding principal and calculated interest amounts for the selected bin to determine the payoff amount for the selected bin. | | |
| 4 | **IF the lump-sum amount received is...** | **AND any remaining amount will be...** | **THEN...** |
| | equal to or greater than the amount determined in step 3 | refunded to the producer or buyer, as applicable | • complete the repayment using the amount determined in step 3<br>• prepare a refund according to *--64-FI and other current FI procedure.--* |
| | | applied to another bin | note the calculated bin repayment amount and go back to step 1 for the next selected bin. |
| | less than the amount determined in step 3 | | calculate a liquidation factor according to step 5. |
| 5 | To determine a liquidation factor for the final selected bin; divide the balance of the lump-sum amount received by the amount determined in step 3. Round this factor to 9 decimal places. | | |
| 6 | Multiply the liquidation factor determined in step 5 by the outstanding quantity for the selected bin. Round any partial unit up to the next whole unit. | | |
| 7 | Multiply the quantity determined in step 6 by the loan rate for the selected bin to determine the principal amount to be repaid. | | |
| 8 | Subtract the amount determined in step 7 from the balance of the lump-sum amount received. The difference is the interest amount for the lump-sum repayment. | | |
| 9 | Complete the repayment and prepare a manual CCC-500 using the total repayment amounts calculated for all bins selected for the lump-sum repayment (see subparagraph C for an example). | | |

## 719 Lump-Sum Repayments (Continued)

### C Example of Manual Calculations

The producer in this example has a farm-stored loan on 3,000 bu. of 20XX-crop wheat. The outstanding loan principal is $6,000. The repayment date is February 14, 20XX.

The lump-sum amount received from the producer is $4,500. The interest rate changed to 8.875 percent on January 1, 20XX.

| Bin No. | Disbursement Date | Quantity | Principal (Dollars) | Interest Rate (Percent) |
|---|---|---|---|---|
| 1 | 9-17-xx | 1,000 | 2,000 | 8.000 |
| 2 | 9-17-xx | 1,000 | 2,000 | 8.000 |
| 3 | 9-17-xx | 1,000 | 2,000 | 8.000 |

## 719 Lump-Sum Repayments (Continued)

### C Example of Manual Calculations (Continued)

In this example, a lump-sum repayment of $4,500 was made on February 14, 20XX. Compute the repayment according to this table.

| Step | Instructions | Bin No. | Action | Result |
|---|---|---|---|---|
| 1 | Calculate interest. | 1 | 9-17-XX - 1-1-XX = 106 days x 8% x $2,000 ÷ 365 =<br>1-1-XX - 2-14-XX = 44 days x 8.875% x $2,000 ÷ 365 =<br>Total Accrued Interest = | $46.46575<br>$21.39726<br>$67.86 |
| | | 2 | 9-17-XX - 1-1-XX = 106 days x 8% x $2,000 ÷ 365 =<br>1-1-XX - 2-14-XX = 44 days x 8.875% x $2,000 ÷ 365 =<br>Total Accrued Interest = | $46.46575<br>$21.39726<br>$67.86 |
| | | 3 | 9-17-XX - 1-1-XX = 106 days x 8% x $1,000 ÷ 365 =<br>1-1-XX - 2-14-XX = 44 days x 8.875% x $1,000 ÷ 365 =<br>Total Accrued Interest = | $23.23287<br>$10.69863<br>$33.93 |
| 2 | Calculate amount required to repay each bin under loan. | 1 | Principal = $2,000.00<br>Accrued Interest = 67.86<br>Total Due =<br>Quantity = | <br><br>$2,067.86<br>1,000 bu |
| | | 2 | Principal = $2,000.00<br>Accrued Interest = 67.86<br>Total Due =<br>Quantity = | <br><br>$2,067.86<br>1,000 bu |
| | | 3 | Principal = $1,000.00<br>Accrued Interest = 33.93<br>Total Due =<br>Quantity = | <br><br>$1,033.93<br>500 bu |

## 719 Lump-Sum Repayments (Continued)

### C Example of Manual Calculations (Continued)

| Step | Instructions | Bin No. | Action | Result |
|---|---|---|---|---|
| 3 | Use lump-sum repayment to repay entire loan quantity in a bin. | 3 | Bin 3 was selected for repayment first.<br>$4,500 - $1,033.93 = | Amount remaining<br>$3,466.07 |
| | | 2 | Bin 2 was selected for repayment<br>$3,466.07 - $2,067.86 = | Amount remaining<br>$1,398.21 |
| | | 1 | The remaining lump-sum amount is insufficient to repay bin 1. | See step 4. |
| 4 | Divide amount remaining by the amount needed to repay the last bin to determine a liquidation factor. Round factor to 9 decimal places. | 1 | $1,398.21 ÷ $2,067.86 = | .676162796<br>(liquidation factor) |
| 5 | Multiply liquidation factor determined in step 4 by outstanding bin quantity to determine quantity to be repaid. If calculation results in a partial unit, round up to next whole unit. | 1 | Multiply calculated quantity to be repaid by the loan rate to determine the principal to be liquidated. Interest is the difference between the principal liquidated and the amount remaining to be applied.<br><br>Quantity to repay rounded to next whole unit:<br>1,000 x .676162796 = 676.162796<br>Principal to be repaid = 677 x $2.00 =<br>Interest = $1,398.21 - $1,354.00 =<br>Total repayment = | <br><br><br><br><br><br>677 bu<br>$1,354.00<br>44.21<br>$1,398.21 |

## 720 Wire Transfer Repayments

### A Background

Wire transfer repayments are available through APSS. Producers or buyers may wire transfer repayments directly to CCC's account at the U.S. Department of Treasury.

**Note:** Producers may **not** transfer repayments to the local Concentration Banking System office.

### B Processing Wire Transfer Repayments

CCC-258 is provided to producers or buyers by County Offices to cross-reference loans redeemed by CCC-258.

County Offices can use their manual log of wire transfer numbers, maintained according to 3-FI, paragraph 39, to enter the loan numbers to which the wire transfer will apply.

The date the wire transfer receipt and CCC-258 are received in the County Office is the date of repayment. Use PCP in effect on the date the receipt of the wire transfer is received.

***--**Process loan redemptions made by wire transfer according to the following.

| Step | Action |
|---|---|
| 1 | Upon request from a buyer or producer for a loan redemption by wire transfer, provide (by FAX, if requested) CCC-258 according to subparagraph C.**--***<br><br>*** * *** |
| 2 | Advise the buyer or producer that the completed CCC-258 is to be:<br><br>• transmitted to the bank providing the wire transfer<br><br>• FAXed by the bank or the buyer to the County Office **on the day of the wire transfer** with the bank's receipt of the wire transfer. |
| 3 | Accept the wire transfer receipt from the bank as confirmation of receipt of funds and record the repayment through APSS. The system will generate CCC-500 as a receipt for the wire transfer. The date the wire transfer receipt is received in the County Office is the date of repayment. Use CCC-determined value in effect on ***--**the date received. See 3-FI for additional information on how to record remittance.**--*** |

## 720 Wire Transfer Repayments (Continued)

### *--C Completing CCC-258

County Offices shall follow complete CCC-258 according to the following and 1-FI.

| 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 shall 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 shall enter the following:<br><br>• "**1**" to show the type of payment, followed by "/"<br><br>• State and county code and check digit, followed by "/"<br><br>**Note:** County Offices shall contact their State Office for assistance, if needed.<br><br>• "**SCH#**" and the 4-digit log number between "**9001**" and "**9998**", which is from the county log of wire transfer numbers maintained according to 3-FI, subparagraph 39 B, followed by "/"<br><br>**Example: BNF = /AC -4994 OBI = CCC/1/SSCCCX/SCH#XXXX/.** |
| 12 | Optional. The County Office may manually enter the name of the buyer or producer and the loan number or numbers for which payment will be wired. |
| 13 | Optional. The County Office may manually enter, "Fax receipt of the bank wire transfer to the County Office on the date of the wire transfer to the FAX number entered in item 14B", as additional instructions to the bank |
| 14 | Enter the telephone and FAX number for the County Office. This is the FAX number to which the wire transfer receipt shall be FAXed. |
| 15 | Signature of County Office representative. |

--*

**721-728 (Reserved)**

## Section 3 Farm-Stored Loan Repayments

### 729 Farm-Stored Repayments

#### A Repaying Loan Quantity

A producer may repay a farm-stored loan in full or in part by paying an amount representing the **quantity** redeemed.

#### B Payment Before Movement

A producer shall make repayment **before** the loan collateral is moved, **unless** prior authorization is approved by County Office on CCC-681-1.

#### C Payment After Movement

A producer may request release of loan collateral for sale to a buyer and provide payment **after** movement of the commodity according to CCC-681-1 provisions in Section 4.

## 730 Repayment Schedules

### A Repayment Schedules

COC may review and determine that a repayment schedule is required for any MAL for which COC determines CCC's interest may be at risk.

### B Repayment Schedules for Feeding

When the collateral will be fed to the producer's own livestock, COC shall establish a repayment schedule with the producer to ensure repayment **before**:

- removal of the commodity for feed
- loan maturity.

### C Loan Types

Repayment schedules shall be established with the producer for the following loans:

- commodities described in subparagraph 225 E
- commodities harvested as other than grain*** * ***.

***--Note:** Silage and hay are **not** eligible for loan.**--***

## 731-740 (Reserved)

## Section 4 CCC-681-1 Provisions

### 741 Requesting Release of Farm-Stored Commodity Before Repayment

#### A Using CCC-681-1's

Producers may request that a commodity pledged as collateral for CCC farm-stored loan be released for delivery to a buyer before repayment on CCC-681-1, according to paragraph 743, if the sales proceeds are needed to repay the loan.

CCC-681-1's shall be used to:

- authorize removal and delivery of the farm-stored loan collateral to a buyer for sale **if** the proceeds of the sale are used to immediately repay the loan
- notify the buyer that CCC:
  - has a perfected security interest in the specified quantity
  - will **not** release CCC's security interest in the collateral sold until repayment is received.

CCC-681-1's shall **not** be used for warehouse-stored loans.

#### B Movement Initiated on Nonworkday

Producers may initiate movement of farm-stored loan collateral on nonworkdays, without prior written approval, if **both** of the following apply:

- producer files a request for approving this movement on the next workday
- request is according to program provisions.

See subparagraph 743 E for approving farm-stored loan collateral nonworkday movement requests.

## 741 Requesting Release of Farm-Stored Commodity Before Repayment (Continued)

### C Requesting CCC-681-1

When producers request release of their commodity for sale on CCC-681-1, County Offices shall:

- inform producers and buyers:
  - of their responsibilities about using CCC-681-1
  - that repayment of loan collateral purchased by a buyer **must** be received from the buyer; otherwise, the buyer is violating the clear title provisions
- inform producers when they request CCC-681-1, according to paragraph 743, that:
  - CCC **expects** payment for any quantities delivered
  - any quantity delivered and sold to a buyer after loan maturity **must** be repaid at principal plus interest
  - the producer is responsible for repayment if the buyer does not comply with CCC-681-1 provisions
  - CCC-681-1 **cannot** be canceled
  - if a repayment rate is locked in on CCC-697, the repayment at the locked-in rate is due for the quantity delivered during the authorization period by the earlier of:
    - CCC-697 expiration date according to paragraph 716
    - 15th calendar day after CCC-681-1 expiration date

## C Requesting CCC-681-1 (Continued)

- the producer is allowed to request repayment checks made payable solely to CCC

- the producer shall obtain another CCC-681-1, according to paragraph 744, when they **cannot** complete delivery by the expiration date of the existing CCC-681-1

- the producer may be subject to administrative actions, according to Part 4, if any loan quantity is delivered to the buyer **after** CCC-681-1 expires.

If the producer does **not** deliver any quantity during the delivery period, CCC-681-1 expires on the date specified on CCC-681-1.

## D Delivery Period

The producer is responsible for choosing the requested delivery period for each applicable CCC-681-1. The delivery period:

- may be either of the following:

  - 15 calendar days
  - 30 calendar days

- begins on the date CCC-681-1 is approved and continues for the selected number of calendar days (15 or 30**)**

- may be extended according to subparagraph G.

If CCC-681-1 expiration date falls on a nonworkday, the expiration date shall be the next workday.

The **entire** outstanding loan quantity shall be released for each CCC-681-1 requested.

If a delivery period does **not** expire until after loan maturity, advise the producer that any quantity delivered after loan maturity **must** be repaid at principal plus applicable interest or may be delivered to CCC.

## 741 Requesting Release of Farm-Stored Commodity Before Repayment (Continued)

### E Different Buyers

Only one CCC-681-1 may be approved for the **same** loan to the **same** buyer for the same delivery period.

Two or more CCC-681-1's may be approved for the **same** loan to **different** buyers during the **same** delivery period. The **entire** outstanding loan quantity shall be released on **each** valid CCC-681-1 approved.

If the delivery period of the original CCC-681-1 has **not** expired and quantities have been delivered, an extension may be granted according to subparagraph G.

### F CCC-681-1 Expiring or Requested After Maturity

County Offices shall use this table for applicable action for **either** of the following situations:

- CCC-681-1's with **grace** periods that expire **after** the loan maturity date
- CCC-681-1's requested **after** the loan maturity date.

| **IF CCC-681-1...** | **THEN...** |
|---|---|
| or grace period expires **after** the loan maturity date | issue CCC-691 the day after loan maturity for the outstanding quantity, regardless of whether CCC-681-1 is still in effect, with ***--**the applicable demand letter (Exhibit 7, subparagraph F or G).**--*** |
| is requested **after** the loan maturity date | repayment shall be made at **principal and charges, plus interest**. |

See table in Exhibit 31 for an example of actions and applicable dates for a mature MAL and CCC-681-1.

## 741 Requesting Release of Farm-Stored Commodity Before Repayment (Continued)

*** * ***

### G CCC-681-1 Extensions

Producers may request a 1-time, 15-day CCC-681-1 extension. COC's may determine to extend expiring CCC-681-1's **not** to exceed 45 calendar days **including** the original release period, to complete the delivery of the applicable commodity. CCC-681-1's can **only** be extended if deliveries are not completed with the 15 or 30 calendar day initial delivery period.

When CCC-681-1 extensions are approved by COC, County Offices shall:

- line through the expiration date on CCC-681-1, item 12 and enter the new expiration date
- initial and date the change
- extend the grace period for repayment to be 15 calendar days after the revised CCC-681-1 expiration date for all quantity delivered
- provide the producer and the buyer a revised copy of CCC-681-1.

**Note:** CCC-681-1 extensions are **only** authorized if the producer has begun delivery of the quantity to the buyer. Extensions shall not be approved if the producer is intentionally delaying delivery to avoid payment to CCC.

## 742 Delivery Evidence

### A Required Delivery Evidence

Delivery evidence:

- **must** be submitted with **all** CCC-681-1 repayments for delivered quantities only
- is not required for any other type of repayment.

### B Type of Delivery Evidence

Delivery evidence is any of the following:

- delivery statements
- settlement sheets
- other acceptable delivery evidence, as applicable.

### C Delivery Evidence Requirements

Submitted delivery evidence can **become** production evidence for any loan repayment when market gain is earned as long as all production evidence requirements are met according to paragraph 335.

All delivery evidence requirements **must**:

- show dates of delivery
- quantity delivered.

Because delivery evidence now becomes production evidence for market gain purposes, loan quantities repaid in full under CCC-681-1 will not be subject to spot check as long as the delivery evidence meets all necessary requirements.

## 742 Delivery Evidence (Continued)

### D Quantity Delivered Less Than Measured Quantity

Measured quantities can be used for production evidence if indicated on CCC-677-1. If delivery evidence is less than the production evidence and all loan quantities have been delivered, determine the repayment rate as follows.

| **IF the delivered quantity is less than the measured quantity and is...** | **THEN the repayment rate is...** |
|---|---|
| within 10 percent tolerance | the locked-in repayment rate or repayment rate in effect on the date the repayment is received, as applicable. |
| **not** within 10 percent tolerance | based on the following COC violation determinations:<br><br>• good faith<br>• misrepresentation, scheme, or device.<br><br>See Part 4. |

## 743 Completing CCC-681-1's

### A Instructions for CCC-681-1's

County Offices shall:

- initiate CCC-681-1 through APSS according to 12-PS
- manually complete remaining entries of automated CCC-681-1 according to this table.

**Note:** County Offices shall **only** prepare entire CCC-681-1 manually when the system is inoperable because of mechanical or safety reasons or extended power outage.

**Reminder:** CCC-681-1's shall **not** be submitted to a buyer without **all** the required information.

| Item | Completed by APSS | Manual Instructions |
|---|---|---|
| **Part A - Collateral Identification** | | |
| 1 | Y | Enter names, addresses, and last 4 digits of TIN of all producers who signed CCC-677. |
| 2 | Y | Enter crop year of collateral. |
| 3 | Y | Enter commodity. |
| 4 | Y | Enter **entire outstanding loan quantity** with unit designation (bu, cwt., or lb.).<br><br>**Note:** The entire outstanding loan quantity shall be approved for release, even if producer intends to deliver and repay only a portion of the outstanding loan quantity. |
| 5 | Y | Enter loan number. |
| 6 | Y | Enter loan maturity date. |
| 7 | Y | Enter quantity for which excise tax, assessments, or promotion fee was withheld at loan disbursement, if applicable. |

## 743 Completing CCC-681-1's (Continued)

### A Instructions for CCC-681-1's (Continued)

| Item | Completed by APSS | Manual Instructions |
|---|---|---|
| 8 | Y | Enter location where collateral is stored. |
| 9 | Y | Enter name, address, and telephone number of County Office. |
| 10 | Y | Enter name and address of initial buyer designated by the producer. **If buyer's name is not known, CCC-681-1 shall not be approved**.<br><br>**Note:** For commodities sold through a broker, the broker shall be:<br><br>• considered the buyer<br>• subject to CCC-681-1 terms and conditions<br>• required to submit the repayment. |
| 11 | N | **Before** CCC approval, producers requesting repayment check made payable solely to CCC, according to subparagraph 741 C, shall:<br><br>• visit County Office to obtain copy of CCC-681-1<br><br>• agree to provide CCC-681-1 to buyer with first load<br><br>**Note:** CCC-681-1 **must** contain **all** required signatures (Part C.)<br><br>• initial and date the request. |
| 12 | N | Enter the expiration date, which is either the 15th or 30th calendar day, as requested by the producer, from CCC approval date in item 17. |

## 743 Completing CCC-681-1's (Continued)

### A Instructions for CCC-681-1's (Continued)

| Item | Completed by APSS | Manual Instructions | |
|---|---|---|---|
| 13 | N | Check the box if CCC-697 has been completed. | |
| **Part B - Buyer's Instructions for Calculating Repayment Amount** | | | |
| 14 | | No entry required.<br><br>Buyers will be contacting the County Office for correct repayment rates once the commodity has been delivered and purchased. | |
| **Part C - Producer's Request and Agreement** | | | |
| 15-18 | N | Obtain producer's signature and date, as applicable. | |
| | | **IF...** | **THEN...** |
| | | authorization is requested by telephone or by FAX | • only the producer requesting CCC-681-1 is required to sign<br><br>• producer may sign CCC-681-1 **after** CCC approval date but prior to the expiration of the CCC-681-1. |
| | | producer requests repayment check be made payable ***--**solely to CCC (item 11)**--*** according to subparagraph 741 C | **all** producers who signed CCC-677 shall be required to sign CCC-681-1 **before** CCC approval. |
| 19 | N | If the request was received by telephone or by FAX, the County Office employee receiving the request shall enter the date of the request and initial. See subparagraph:<br><br>• F for requests approved **before** obtaining the producer's signature<br><br>• G for distribution. | |
| 20 | N | Obtain appropriate signature for CCC approval and date. | |

# 743 Completing CCC-681-1's (Continued)

## *--B Example of CCC-681-1--*

The following is an example of CCC-681-1.

Form Approved – OMB No. 0560-0087

**CCC-681-1**
(09-17-99)

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

**AUTHORIZATION FOR DELIVERY OF LOAN COLLATERAL FOR SALE**

*(Privacy Act and Public Burden Statement on Reverse)*

**NOTIFICATION OF CCC'S SECURITY INTEREST**

This notification is made pursuant to Section 1324 of the Food Security Act of 1985. Commodity Credit Corporation (CCC) has a perfected security interest in the entire quantity of the commodity specified in Part A, which has been pledged as collateral for the CCC loan number identified in Item 5. A copy of this loan agreement may be obtained at the address identified in Item 9. CCC's security interest has not lapsed and will not lapse until the earlier of the date specified in the financing statement executed by the producer or until written notification is given to the buyer by CCC that such interest has lapsed. CCC will waive it's security interest with respect to the buyer identified in Item 10 only if such buyer remits payment payable to the "Commodity Credit Corporation" at the address indicated in Item 9 by the final date to repay as shown in Item 12. The amount of such payment is calculated by multiplying the repayment rate per unit by the quantity of commodity purchased not to exceed the quantity identified in Item 4. The repayment rate must be obtained from the County FSA Office indicated in Item 9. Any amount in excess of the amount required to repay the quantity of commodity actually purchased or in excess of the quantity shown in Item 4 will be refunded to buyer if Item 11 has been completed by the producer.

CCC has previously obtained lien waivers from all major lienholders who claim an interest in the commodity identified in Part A which were superior to CCC. In the event that CCC has failed to obtain a lien waiver from a superior lienholder and the buyer is obligated to make a payment to such lienholder for the purchase of the commodity, CCC agrees to be subject to the actual dollar value of such lien if 1) payment was made solely to CCC because Item 11 is initialed and dated by one of the debtors; 2) the lien is established to be legally superior to CCC's interest; 3) the buyer fully cooperates with CCC's investigation of such other lien by supplying CCC with all requested information; and 4) the buyer lacks any affirmative defenses with respect to such lien. CCC will pay the actual dollar value of the lien, but not any collateral costs incurred by the buyer including, but not limited to, legal fees, court fees, interest, or penalties, unless otherwise authorized by law.

**PART A – COLLATERAL IDENTIFICATION**

1. NAME AND ADDRESS OF DEBTOR(S):

| A. CONTACT PRODUCER | B. IDENTIFICATION NO. | C. PRODUCER | D. IDENTIFICATION NO. |
|---|---|---|---|
| County Producer<br>P.O. Box 72<br>Franklin, IA 50603 | Last | | |
| **E. PRODUCER** | **F. IDENTIFICATION NO.** | **G. PRODUCER** | **H. IDENTIFICATION NO.** |
| | | | |

| 2. CROP YEAR | 3. COMMODITY | 4. LOAN QUANTITY | 5. LOAN NO. | 6. LOAN MATURITY | 7. QUANTITY FOR WHICH EXCISE TAX, ASSESSMENT OR PROMTION FEE PAID |
|---|---|---|---|---|---|
| 20XX | Corn | 10,000 Bu. | 500 | 09-30-20XX | |

8. STORAGE LOCATION
NW1/4 NW1/4 Sec. 29 Grant TWP,
#1 - West 30' Steel Bin
#2 - East 30' Steel Bin

9. NAME, ADDRESS, TELEPHONE AND FAX NUMBER OF SECURED PARTY COMMMODITY CREDIT CORPORATION
Butler County FSA Office
310 Allan St.
Allison, IA 50602

Telephone No. *(Include Area Code)*: (XXX)XXX-XXXX

Fax No. *(Include Area Code)*:

10. NAME AND ADDRESS OF BUYER
Farmers Co-Op Elevator
18 Mane Road
Drake, IA 50000

11. MAKE CHECK PAYABLE SOLEY TO CCC, IF INITIALED.

A. INITIALS: C.P. B. DATE *(MM-DD-YYYY)* 06-10-20XX

12. THIS AUTHORIZATION EXPIRES ON:
06-25-20XX

13. Form CCC-681-1A, provides additional debtor names, Identification numbers, and addressed. ☐

Form CCC-697 indicates a lock-in repayment rate has been requested for this loan. ☒

# 743 Completing CCC-681-1's (Continued)

## *--B Example of CCC-681-1 (Continued)--*

**CCC-681-1** (09-17-99)

**PART B – BUYER'S INSTRUCTIONS FOR CALCULATING REPAYMENT AMOUNT**

14. METHOD OF CALCULATION

THE BUYER SHALL CALCULATE THE AMOUNT due CCC by multiplying the repayment rate, per unit, times the quantity of commodity delivered and purchased, not to exceed the quantity identified in block 4. If the amount calculated exceeds the sales proceeds, the entire sales proceeds shall be submitted. A check payable to "Commodity Credit Corporation" shall be provided to the address shown in block 9 to be received on or before the fifteenth calendar day after the date shown in block 12. Documentation showing the quantity purchased on the date(s) such quantity was received must accompany the repayment.

The repayment rate can be based on the date of repayment, the "locked in" repayment rate, or principal plus applicable interest. Any quantity delivered after loan maturity must be repaid at principal plus interest only.

**CONTACT THE FSA COUNTY OFFICE IDENTIFIED IN BLOCK 9 FOR THE EXACT REPAYMENT AMOUNT.**

**PART C – PRODUCER'S REQUEST AND AGREEMENT**

*The undersigned producer(s) ("Producer") requests authorization to sell a quantity of loan collateral identified in Part A. The collateral will be marketed and the proceeds used for payment of the loan indebtedness owed to CCC. The Producer agrees that this authorization will not release CCC's security interest in such collateral. Release of CCC's security interest will occur only if CCC receives payment at the FSA County Office identified in block 9 for the quantity of commodity delivered to and sold to the buyer. The Producer agrees to pay the amount if the designated buyer does not provide the applicable payment on or before the fifteenth calendar day after the date shown in block 12. The Producer further understands that this authorization expires on the date in block 12 and CCC has authorized the producer to deliver only to the buyer identified in block 10.*

| 15A. Debtor's or Producer Signature | 15B. Date *(MM-DD-YYYY)* | 16A. Debtor's or Producer's Signature | 16B. Date *(MM-DD-YYYY)* |
|---|---|---|---|
| /s/ County Producer | | | |
| **17A. Debtor's or Producer Signature** | **17B. Date *(MM-DD-YYYY)*** | **18A. Debtor's or Producer's Signature** | **18B. Date *(MM-DD-YYYY)*** |
| | | | |

**PART D – REMOVAL AUTHORIZED (FOR CCC USE ONLY)**

| 19. Request Received by Telephone | 20A. For CCC By: | 20B. Date *(MM-DD-YYYY)* |
|---|---|---|
| YES ☐ Date Received *(MM-DD-YYYY)*: _____ NO ☒ | /s/Polly Program Technician | 06-10-09 |

**NOTE:** *The above statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended, 7 CFR Parts 1421, 1434, and 1435 authorize collection of the above information. Providing the information is voluntary, however, without authorization may not be granted. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate, or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.*

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0087. The time required to complete this information collection is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.* ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE****.*

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and martial 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 to USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, S.W., Washington, DC 20250-9410, or (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.*

## 743 Completing CCC-681-1's (Continued)

### C CCC-697's

For producers who requested to lock in a repayment rate on CCC-697, County Offices shall:

- in CCC-681-1, item 13, CHECK (✓) "**Form CCC-697 indicates a Lock-in Repayment Rate has been requested for this loan.**"
- attach a copy of CCC-697 to CCC-681-1
- cross reference CCC-681-1 has been requested on CCC-697.

### D Approving CCC-681-1's

County Offices may approve CCC-681-1, as follows:

- after **all** applicable signatures have been obtained according to subparagraph A, Part C
- based on a telephone request by the producer, allowing delivery to begin immediately or on a date specified by the producer **before** producer's signature is obtained, if the producer does **not** request repayment check made payable solely to CCC

  **Note:** Producers signature **must** be obtained **before** expiration of CCC-681-1.

- for a delivery period that ends after the loan maturity date
- after the loan maturity date according to provisions in subparagraph 741 F.

## 743 Completing CCC-681-1's (Continued)

### E Approving Request for Movement Initiated on Nonworkday

For movement on loan collateral initiated on a nonworkday, according to subparagraph 741 B, County Offices shall:

- **not** backdate the approval date for this movement to match the date the producer began to move the collateral

- determine final dates for movement.

**Example:** A producer begins to move loan collateral for sale on Saturday, October 29, and requests approval on Monday, October 31. In this case, the:

- approval date of CCC-681-1 is October 31
- the delivery period is 15 or 30 calendar days, as applicable, from October 31.

**Notes:** All necessary signatures on CCC-681-1 must be obtained on October 31.

***--**Notate on CCC-681-1, under Part D, the following:

"Movement of loan collateral began on nonworkday but producer requested approval on next workday according to 8-LP, subparagraph 743 E."**--***

## 743 Completing CCC-681-1's (Continued)

### F Handling Requests Approved Before Obtaining Signatures

For requests approved **before** producer's signature is obtained, according to subparagraph D, County Offices shall:

- immediately, following CCC approval:
  - send a copy to the buyer
  - mail the original and a copy to the producer
- advise the producer to:
  - read Part C, **Producer's Request and Agreement**
  - sign and return CCC-681-1 and, if applicable, CCC-681-1A, as soon as possible, but no later than CCC-681-expiration date
- followup to ensure that a signed copy is returned to the County Office
- when signed copy is returned by the producer, provide the buyer a photocopy containing the producer's signature if requested by the grain buyer.

## 743 Completing CCC-681-1's (Continued)

### G Distributing CCC-681-1's

County Offices shall distribute approved CCC-681-1 and, if applicable, CCC-681-1A, as follows:

- file original in the loan folder, after producer has signed and returned CCC-681-1 and, if applicable, CCC-681-1A, to County Office
- give a copy to the producer when approved
- provide the buyer a copy immediately after approval by CCC
- file a pending copy for followup if repayment is not received by end of delivery period
- cross reference CCC-697 to indicate CCC-681-1 has been requested.

## 744 New CCC-681-1's for Additional Delivery Time

### A New CCC-681-1's

Producer may request new CCC-681-1's after the expiration date if the commodity was not delivered during the original CCC-681-1.

For commodities that were delivered during the original CCC-681-1's authorized delivery period, repayments are due by the end of the 15-calendar-day grace period after the expiration date of the original CCC-681-1.

**Note:** Any quantity delivered after the expiration date of the current CCC-681-1 and before a new CCC-681-1 is approved, shall be subject to administrative actions for loan violation according to Part 4.

### B Effective Date of New CCC-681-1

If new CCC-681-1 is requested before the expiration of the current approved CCC-681-1, the **new** CCC-681-1 to the same buyer shall become effective on the day following the expiration of the current CCC-681-1.

## 745 Repayment for Quantity Delivered on CCC-681-1

### A Repayment Due Date

Although a new CCC-681-1 to the same buyer may be approved to give the producer additional time to deliver, the repayment for the quantity delivered during the authorized delivery period on a specific CCC-681-1 is **due** by the end of the 15-calendar-day grace period of the specific CCC-681-1.

The grace period allows County Offices to **accept any payment** on or before the 15th calendar day after CCC-681-1 expiration date.

**Note:** If the end of the 15-calendar-day grace period falls on a nonworkday, the expiration date shall be extended to the next workday.

**Example:** Producer requested CCC-681-1 on 5,000 bu. of corn. CCC-681-1 expired on May 31, 20XX. The producer delivered 4,000 bu. on May 28, 20XX. The producer requested a new CCC-681-1 on May 30, 20XX, to deliver the remaining 1,000 bu. The producer is responsible for repaying 4,000 bu. within the 15-calendar-day grace period after CCC-681-1 expiration date of May 31, 20XX. Repaying 4,000 bu. of corn would be required by June 15, 2009. If June 15, 20XX, is a nonworkday, the 15-calendar-day grace period shall be extended to the **next** workday.

### B Buyer's Responsibility

The buyer shall:

- contact the County Office to obtain the applicable repayment amount
- provide repayment made payable as approved by the County Office and according to subparagraph 700 B
- provide **delivery evidence**, according to paragraph 742, with the repayment
- provide repayment checks in sufficient time for producers to obtain all required endorsements.

## 745 Repayment for Quantity Delivered on CCC-681-1 (Continued)

### C Determining Applicable Repayment Rate

County Offices shall follow this table for determining applicable repayment rate when **all** of the following apply:

- quantity is **delivered**:
  - **during** the authorized delivery period
  - **by the** maturity date
- payment is accompanied with delivery evidence
- payment is made by either buyer or producer.

| IF the repayment is received... | AND the producer... | THEN the repayment rate is the... |
|---|---|---|
| • **during** the authorized delivery period<br>• on or before the 15th calendar day after the CCC-681-1 expiration date | does **not** have an unexpired locked-in repayment rate on CCC-697 | **lesser** of the following:<br>• principal plus interest<br>• the market repayment rate in effect on the date payment is received.<br>***--Note:** For any quantity shown on delivery evidence as delivered after the loan maturity, repayment is at principal plus interest.**--*** |
| | **has** an unexpired locked-in repayment rate on CCC-697 | locked-in rate shown on the applicable CCC-697. |
| **after** the 15th calendar day **after** the expiration date | did or did **not** lock in a repayment rate | principal plus interest. |

### D Repayment Rate for Quantities Delivered After Maturity

Any quantity delivered **after** the loan maturity date, regardless of whether during an authorized delivery period or not, **must** be repaid at principal plus interest.

## 745 Repayment for Quantity Delivered on CCC-681-1 (Continued)

### E Delivery Evidence Not Provided With Repayment

County Offices shall follow this table when **both** of the following apply:

- 1 or more CCC-681-1's are in effect
- delivery evidence is **not** provided with the repayment according to paragraph 742.

| **IF delivery evidence is not provided with the repayment by the buyer or producer...** | **THEN the...** |
|---|---|
| for quantities delivered | County Office **shall**:<br><br>• contact the applicable buyer to obtain by FAX a copy of acceptable delivery evidence verifying:<br><br>  • quantity delivered<br>  • dates of delivery<br><br>• based on the information provided, determine the repayment amount:<br><br>  • according to subparagraph C<br>  • for the quantity delivered<br><br>• file delivery evidence in the producer's loan folder. |
| **and no** quantities have been delivered | repayment for:<br><br>• unexpired CCC-697's shall be the locked-in rate on the oldest outstanding CCC-697, as applicable<br><br>• expired CCC-697's shall be the lesser of the following:<br><br>  • principal plus interest<br><br>  • market repayment rate in effect on the date the repayment is received. |

## 745 Repayment for Quantity Delivered on CCC-681-1 (Continued)

### F Refunding Excess Money Received From Buyer

If the repayment amount exceeds the amount needed to repay the quantity delivered to the buyer, the excess amount received from the buyer may be subject to additional liens.

Refund the excess amount received according to the following.

| IF... | THEN the excess... |
|---|---|
| the repayment check was made payable solely to CCC according to producer's request on CCC-681-1 | shall be refunded to the applicable ***--**buyer. County Offices shall follow instructions in 64-FI for issuing the refund.**--*** |
| the producer obtained endorsements of all other lienholders listed on a multiparty check | must be refunded to the producer. ***--**County Offices shall follow instructions in 64-FI for issuing the refund.**--*** |
| **both** of the following apply:<br>• producer did **not** request a repayment check be made solely to CCC<br>• buyer submitted the check payable solely to CCC<br>**Note:** CCC's indemnification provision is **not** applicable to buyers under these circumstances. | |

County Offices shall immediately refund, as applicable, excess money received from buyers **unless** there is reason to believe CCC's interests are not protected. If CCC's interests are not protected, follow 3-FI.

Follow 64-FI, subparagraph 65 K and current FI procedure for refunding excess money received from buyer.

## 745 Repayment for Quantity Delivered on CCC-681-1 (Continued)

### G Accepting Repayments From Producer

After CCC-681-1 is issued, County Offices shall accept repayments provided by the producer:

- for loan collateral that:
  - has been or will be delivered to the buyer
  - will not be delivered to the buyer
- although the producer requested loan collateral to be released to a buyer.

See subparagraph C or E, as applicable.

**Note:** County Offices shall **not** endorse any buyer's check to enable the producer to provide a personal check for repaying a commodity loan.

See 3-FI for procedure for when a producer requests CCC's endorsement on a grain buyers check with CCC as payee or joint payee, when none of the grain buyers proceeds are due CCC/FSA.

## 745 Repayment for Quantity Delivered on CCC-681-1 (Continued)

### H Handling Producer's Check Before Receiving Buyer's Check

When producer provides repayment **before** the buyer's check is received in the County Office, the County Office shall:

- question the producer to determine whether the repayment is for a quantity delivered to a buyer approved on the pending CCC-681-1
- process the repayment from the producer according to the following.

<table>
<tr><th>IF the repayment...</th><th colspan="2">THEN...</th></tr>
<tr><td rowspan="4">is both of the following:<br><br>• for a quantity already delivered to a buyer<br><br>• not a guaranteed remittance</td><td colspan="2">• process the producer's repayment in the normal manner<br>• hold the buyer's check, when received.</td></tr>
<tr><td>IF notification of dishonored check is...</td><td>THEN...</td></tr>
<tr><td>not received on or before the eighth calendar day following processing of the producer's loan repayment</td><td>return the check to the buyer.</td></tr>
<tr><td>received on or before the eighth calendar day following processing of the producer's loan repayment<br><br>Note: If notification of dishonored check is received after buyer's check is returned, see *--paragraph 702, 3-FI,--* and 64-FI for other provisions about dishonored checks.</td><td>• correct the repayment, according to 12-PS, applicable for the producer's check<br><br>• using the buyer's check, re-record the repayment according to 12-PS:<br><br>• as a manual repayment<br><br>• using the date the buyer's check was received in the County Office as the applicable repayment date<br><br>• establish the receivable in NRRS, according to 64-FI, for the dishonored check fee, as applicable.</td></tr>
</table>

## 745 Repayment for Quantity Delivered on CCC-681-1 (Continued)

### H Handling Producer's Check Before Receiving Buyer's Check (Continued)

| IF the repayment is... | THEN... |
|---|---|
| **not** for a quantity delivered under provisions of CCC-681-1 | process the repayment in the normal manner. |
| for the **entire** outstanding loan balance | the County Office shall provide the buyer notice of release of CCC's security interest by sending the letter in subparagraph J, according to **either** of the following, as applicable:<br><br>• immediately when repayment is by guaranteed remittance<br><br>• on the ninth workday following the date of repayment by any other type of remittance. |

### I Quantity Delivered Not Pledged as Loan Collateral

If the producer notifies the County Office that part of the quantity delivered to the buyer was **not** loan collateral, the County Office shall:

- make a farm visit, at the producer's expense, to determine the quantity remaining in designated farm storage
- if a repayment had been processed, allow the producer to reinstate a portion of the liquidated loan quantity; this quantity shall be limited to a quantity determined by measurement and that will protect CCC's security interest; for the reinstated loan quantity:
  - correct and re-record the repayment in APSS according to 12-PS
  - refund any excess repayment amount to the buyer or producer, as applicable according to subparagraph F.

After the repayment is corrected and re-recorded, the outstanding loan quantity shall not exceed the eligible measured quantity in farm storage.

## 745 Repayment for Quantity Delivered on CCC-681-1 (Continued)

### J Notification to Buyer Releasing CCC's Security Interest

Send the following letter to the buyer, according to subparagraph H, when the **entire** outstanding loan balance has been repaid.

(***Date***)

Dear_____:

Based on a request by (***producer's name***), you were provided with CCC-681-1, Authorization for Delivery of Loan Collateral for Sale, which notified you of CCC's security interest in a quantity of (***commodity type***) for loan (***number***). This form provided instructions to you for submitting the proceeds of the sale of the commodity to CCC.

CCC no longer has an interest in that quantity of the (***commodity type***) because the entire loan has been repaid. Accordingly, you are no longer obligated to remit repayment for this loan to CCC.

If you have any questions, please contact this office.

Sincerely,

County Executive Director,
_____County FSA Office

## 746 Payment Not Timely Received

### A Action When Payment Not Timely Received

When payment is **not** timely received for quantities delivered and sold, County Offices shall take applicable action according to this table.

In addition to sending the buyer a copy of the letter in subparagraph B, County Offices may contact the buyer directly if it is evident the clear title provisions have been violated by the buyer.

<table>
<tr><th>IF payment is not received...</th><th colspan="2">THEN...</th></tr>
<tr><td>on or before the expiration date of CCC-681-1</td><td colspan="2">send the letter in subparagraph B to the producer with a copy to the applicable buyer.<br><br>Note: This letter notifies the producer:<br><br>• that the buyer has not made any payment for any quantity that may have been delivered<br><br>• of the consequences if repayment is not received during the succeeding 15-calendar-day grace period<br><br>• to immediately notify the County Office if no quantity has been delivered.</td></tr>
<tr><td rowspan="3">during the 15-calendar-day grace period</td><td colspan="2">the County Office shall immediately perform a farm visit to verify the amount of loan collateral removed, if any.</td></tr>
<tr><td>IF the measured quantity is...</td><td>THEN...</td></tr>
<tr><td>equal to or greater than the outstanding loan quantity</td><td>no additional action is required.</td></tr>
<tr><td></td><td>less than the loan quantity</td><td>notify the producer according to Exhibit 11, subparagraph N.</td></tr>
</table>

**Note:** Take no additional action and continue to spot-check in the normal manner, if either of the following applies **before** the farm visit occurs:

- repayment is provided to the County Office
- the producer notifies the County Office that **no** loan collateral was removed during the authorized delivery period.

## 746 Payment Not Timely Received (Continued)

### B Notification of Nonreceipt of Repayment

County Offices shall send the following letter to the producer, with a copy to the applicable buyer, the day after expiration of CCC-681-1, which is the first day of the 15-calendar-day grace period.

(***Date***)

Dear_____:

On (***enter approval date of CCC-681-1***), you were provided with CCC-681-1 which notified (***buyer's name***) of CCC's security interest in the loan collateral and authorized you to deliver (***commodity type***) for sale to the buyer. You agreed to instruct (***buyer's name***) to submit the proceeds of the sale to the County Office named below. We have not received the loan repayment.

(***Enter the following paragraph if a market loan repayment is applicable.***)

The market loan repayment amount for the quantity delivered during the authorized delivery period, and before the loan maturity date, is effective only through (***enter the 15th calendar day after expiration of CCC-681-1***). The repayment must be received in the County Office on or before that date. Accordingly, repayments received after this date must be calculated as principal plus interest.

Contact this office immediately if you have not removed any loan collateral from the storage location.

A representative of this office will visit the storage location if we do not hear from you or receive the required repayment by (***enter the 15th calendar day after expiration of CCC-681-1***). Your loan will be called if any quantity was removed. Interest will continue until the amount due is repaid.

The amount due will be recorded for offset from any FSA or CCC payment due you.

## 746 Payment Not Timely Received (Continued)

### B Notification of Nonreceipt of Repayment (Continued)

File a written request, including evidence to support your position with the County FSA Committee, within 30 calendar days after the date of this letter:

☐ if you want to contest this determination, including:

- ☐ the amount due
- ☐ administrative actions applicable to the loan maturity date

☐ to obtain a reconsideration and an informal hearing.

During these 30 calendar days, you may also inspect and copy records located at the above address that relate to this determination.

Sincerely,

County Executive Director,
_____County FSA Office

cc: (***Buyer designated on CCC-681-1***)

## 747 Notification Letter to Buyer Designated on CCC-681-1

### A Buyer's Check Returned for Insufficient Funds

Notify the applicable buyer, with respect to CCC-681-1, with a copy of the letter to the producer, if the buyer submits an insufficient funds check.

***--Notes:** County Offices shall follow paragraph 702 and 64-FI for procedure to establish the receivable.

Concentration banking counties shall also follow 3-FI, subparagraph 51 B.

Follow 3-FI for accepting replacement check and collecting the dishonored check fee for these remittances.**--***

### B State Office Notification

When a buyer, representing an authorized warehouse to store CCC loan collateral, submits an insufficient funds check, **immediately** notify PSD, through the State Office.

## 748 Denying Marketing Authorizations

### A COC Determinations

COC's may determine that a buyer is **not** eligible for future designations on CCC-681-1.

### B Buyer Ineligibility

Buyers are **not** eligible for future designations on CCC-681-1 if buyers:

- repeatedly fail to comply with CCC-681-1 required provisions
- are noncompliant for reasons within the buyer's control.

## 749-769 (Reserved)

## Section 5 Warehouse-Stored Repayments and Releases

### 770 Repayments and Releases

#### A Repaying Loan Quantity

A producer may repay a warehouse-stored loan in full or in part; however, the quantity repaid may **not** be less than an entire receipt.

*** * ***

#### B Authorizing Warehouse Receipt Release

A producer may request authorization for CCC to release warehouse receipts to a buyer, agent, or warehouse representative after repaying the applicable loan quantity. County Offices shall complete CCC-685:

- **before** repayment
- according to subparagraph C.

**Note:** If the producer has designated the buyer, agent, or warehouse representative on FSA-211, do **not** complete CCC-685.

## 770 Repayments and Releases (Continued)

### C Completing CCC-685's

County Offices shall complete CCC-685 according to this table.

| Item | Instructions |
|---|---|
| 1-5 | Self-explanatory. |
| 6 | Enter date the producer or representative expects to complete the repayment transaction. |
| 7 | Enter loan principal and charges, plus interest for the loan. |
| 8 | Compute daily amount of interest for the loan or quantity to be redeemed and round to the nearest cent. |
| 9 | Obtain producer's signature. |
| 10A | CED must sign before issuing to producer. |
| 10B | Enter date authorization was issued. |
| 10C | Enter a date that is 15 calendar days after date authorization is issued, but no later than the maturity date. |

# 770 Repayments and Releases (Continued)

## D Example of CCC-685

The following is an example of CCC-685.

**This form is available electronically.**

**CCC-685**
(09-28-10)

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

**AUTHORIZATION TO RELEASE WAREHOUSE RECEIPTS**

**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 Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to enable producers to authorize FSA to release warehouse receipts to a designated individual or entity. 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 of ineligibility for producers to authorize FSA to release warehouse receipts to a designated individual or entity.*

*This 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 YOUR COUNTY FSA OFFICE.***

*I hereby authorize the County FSA Office to release the warehouse receipts identified below to the person or firm shown below. Release to be after payment of the loan obligations secured by such receipts.*

| 1. County FSA Office holding Warehouse receipts | WAREHOUSE RECEIPTS TO BE RELEASED | | 5. Release To (Name and Address) |
|---|---|---|---|
| Any County FSA Office<br>999 Any Road<br>Town, ST 99999-9999 | 2. Commodity<br>Wheat | 4. Warehouse Receipt No.'s<br>9999 | Farmers Coop Warehouse<br>999 Any Rd.<br>Town, ST 99999-9999 |
| | 3. Loan No.<br>XX-XXX-XXXX | | |

Loan Repayment Information: Make draft payable to CCC and deliver to County FSA Office shown above.

| 6. If repayment is Received On: | Date *(MM-DD-YYYY)* | 7. Repayment is: | Amount | 8. If repayment is made after date shown, add the following for each additional day beyond such date: | Amount |
|---|---|---|---|---|---|
| | 04-01-20YY | | $ 6,388.14 | | $ 1.94 |

| 9A. Signature of Producer *(By)* | 9B. Title/Relationship of the Individual Signing in a Representative Capacity | 9C. Date Signed *(MM-DD-YYYY)* |
|---|---|---|
| /s/ Able Farmer | Self | 04-01-20XX |
| **10A. For the County FSA Committee** | **10B. Effective Date *(MM-DD-YYYY)*** | **10C. Authorization Void After Date *(MM-DD-YYYY)*** |
| BY /s/ County Office Employee | 11-20-20XX | 11-30-20XX |

*Form **NOT VALID** unless signed by both producer and representative of the County FSA Office.*

## 770 Repayments and Releases (Continued)

### E Distributing CCC-685's

Distribute copies of CCC-685 as follows:

- provide producer with **2** copies
- keep a copy in pending file
- file the original in the loan folder when the warehouse receipt has been released and the payment has been submitted by the purchaser for receipt redemption.

## 771 (Withdrawn--Amend. 3)

## 772-782 (Reserved)

## Section 6 Calculating Market Loan Repayment Rates

### 783 General Information

#### A CCC-Determined Value

CCC-determined value is the lesser of the following:

- 30-calendar-day PCP
- alternative PCP
- announced rates, as applicable to other commodities.

CCC-determined value is the amount used to determine the following:

- LDP rates
- market loan repayment rates.

**Note:** CCC-determined value shall **not** be adjusted for ACRE. However, the loan rate used to determine the LDP rate is the result of the ACRE adjustment, as applicable.

#### B LDP Rate

The LDP rate is determined by the amount the applicable commodity loan rate exceeds the CCC-determined value according to paragraph 1004.

#### C Market Loan Repayment Rate

The market loan repayment rate is the lesser of the following:

- loan rate plus interest
- the 30-day-calendar method, as explained in subparagraph 785 B
- the alternative method, as explained in subparagraph 785 C that is either of the following:

  - 5-calendar-day method for wheat, feed grains, soybeans, canola, flaxseed, and oil and nonoil sunflower seed

    **Note:** The repayment rate for **nonoil** sunflowers (confectionary type) will occur at the lesser of the following:

    - loan rate plus interest
    - the oil sunflower seed repayment rate.

  - alternative repayment method for pulse crops and other oilseeds, peanuts, wool, and mohair.

***--Notes:** The repayment rates are **not** crop year specific and apply to all outstanding MAL's and to compute LDP's.**--***

Complete market loan repayments according to paragraph 715 and Section 4.

## 784 Terminal Market Rates and County Differentials

### A Terminal Market Rates

County Offices are assigned 1 or 2 terminal markets for each commodity by KCCO. The terminal market rates are used to determine the CCC-determined value.

### B Rate Announcement

Terminal market rates are announced to the extent possible:

- daily, for canola, feed grains, flaxseed, soybeans, sun flowers, and wheat
- Friday, for oilseeds **except** canola, flaxseed, soybeans, and sun flowers.

Market rates are announced to the extent possible:

- Friday, for pulse crops
- Tuesday, effective at 12:01 a.m. Wednesday, for peanuts, wool, and mohair.

All terminal market rates and market rates are in effect until the next rate change is announced.

**Example:** The rate announced on Friday for wheat will be used for all nonworkdays until the next announcement of the rates on the first workday, as applicable.

### C Daily Market Rates

The terminal market rates are downloaded from KCCO and posted to **www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=rpt**; scroll down and CLICK "**Market Prices**".

KCCO maintains and archives market prices for public use at **www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=rpt**; scroll down and CLICK "* * * **Market Prices**".

***--**Market prices for the current year are displayed by date. For past years, select the applicable year near the top of the page and CLICK "**GO**".**--***

The "Daily Market Rates" display all of the following:

- date of posting
- individual terminal market price closings from previous day
- commodity
- footnotes for adjusting terminal market prices for certain commodities.

## 784 Terminal Market Rates and County Differentials (Continued)

### D County Average Location Differentials

KCCO shall:

- provide a terminal market price to State Offices showing:
  - terminal markets assigned to each county for each commodity
  - county differential for each terminal market per commodity
- determine the terminal market price for each commodity at each terminal market
- maintain the daily market rates to make terminal market prices available to State and County Offices
- by telephone, immediately advise State Offices of terminal or differential changes and the effective date as they occur.

See subparagraph 225 J or 785 L for abbreviations for commodity, class, and terminal markets.

State Offices shall:

- inform County Offices of:
  - the assigned terminal markets for each commodity
  - the county differential for each commodity
  - any changes KCCO makes to assigned terminals or differentials
- contact PSD:
  - for requests to changes in county differentials
  - questions about the “Daily Market Rates” downloaded each day.

## 785 Loan Repayment Rates

### A Determining Market Loan Repayment Rates

See the following subparagraphs for examples on how to calculate repayment rates:

- subparagraphs F and G for **corn, grain sorghum, soybeans, barley, oats, canola, flaxseed, and oil and non-oil sunflower seed**
- subparagraphs H and I for **wheat**
- subparagraph J for **crambe, mustard seed, rapeseed, safflower, and sesame seed**
- subparagraph K for **pulse crops (lentils, dry peas, and small and large chickpeas)**.

### B 30-Calendar-Day Method

CCC determines market loan repayment rates based on average market prices during the preceding 30-calendar-day period.

For:

- **corn, grain sorghum, soybeans, barley, oats, canola, flaxseed, oil and non-oil sunflower seed, crambe, mustard seed, rapeseed, safflower, and sesame seed**, the 30-calendar-day method reflects a 30-calendar-day moving average of all terminal market prices for the crop, adjusted by the difference between the applicable national loan rate and county loan rate
- **wheat**, the 30-calendar-day method reflects a 30-calendar-day moving average of all terminal market prices for the specific class, adjusted by the difference between the applicable national average loan rate by class and county loan rate by class.

***--Notes:** The following displays the 2013 wheat national average loan rates by class.

| Wheat Class | 2013 National Average Loan Rate (Per Bu) |
|---|---|
| Durum | $3.20 |
| Hard Red Spring | $3.25 |
| Hard Red Winter (HRW) | $2.96 |
| Soft Red Winter | $2.66 |
| Soft White | $2.62 |

**--***

See subparagraph L for a table of terminal markets by commodity.

## 785 Loan Repayment Rates (Continued)

### B 30-Calendar-Day Method (Continued)

For:

- **pulse crops (lentils, dry peas, and small and large chickpeas)**, the 30-calendar-day method reflects a 30-calendar-day moving average of market prices for the crop, adjusted by the difference between the applicable national loan rate and applicable regional loan rate

  **Note:** **No** adjustment is necessary for small and large chickpeas. There is **no** regional or county loan rate for small and large chickpeas.

- **wool and mohair**, CCC will determine and publish loan repayment rates based on average market prices during the preceding 30 calendar days, and include the alternative repayment rate announced weekly in the normal manner.

### C Alternative Method

For:

- **wheat, corn, grain sorghum, soybeans, barley, oats, canola, flaxseed, and oil and non-oil sunflower seed**, CCC determines market loan repayment rates based on an alternative rate

  **Note:** The 5-calendar-day alternative method reflects a 5-calendar-day moving average of applicable terminal market prices adjusted by the following:

  - applicable county differential
  - 5-calendar-day average of applicable terminal market adjustments.

- **pulse crops (lentils, dry peas, and small and large chickpeas), crambe, mustard seed, rapeseed, safflower, sesame seed, wool, and mohair**, market loan repayment rates are determined based on a weekly rate, in the normal manner.

## 785 Loan Repayment Rates (Continued)

### D Publication Frequency of Market Loan Repayment Rates

For:

- **wheat, corn, grain sorghum, soybeans, barley, oats, canola, flaxseed, and oil and non-oil sunflower seed**, the repayment rates are published daily, except on weekends, and are in effect until the next posting

- **pulse crops (lentils, dry peas, and small and large chickpeas), crambe, mustard seed, rapeseed, safflower, and sesame seed**, the repayment rates are published on Friday, except on weekends, and are in effect until the next posting

- **wool, mohair, and peanuts**, the repayment rates are published on Tuesday, effective at 12:01 a.m. on Wednesday, and are in effect until the next posting.

### E Loan Repayment Rate Web Sites

***--**The market loan repayment rates are posted to the following web sites.

- For wheat, feed grains, soybeans, and other oilseeds, **www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing**. Under "I Want To…" on the right side of screen, CLICK "View Daily LDP Rates". Select State, county, and crop year. CLICK "Enter".

- For pulse crops, **www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing**. Under "I Want To…" on the right side of screen, CLICK "View Daily LDP Rates. Under "I Want To…" on the right side of screen, CLICK "View Pulse Crop LDP Rates".

- For wool and mohair, **www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing**. Under "I Want To…" on the right side of screen, CLICK "View Daily LDP Rates. Under "I Want To…" on the right side of screen, CLICK "View Wool and Mohair LDP Rates".**--***

**Note:** These web sites include links for archived rates.

## 785 Loan Repayment Rates (Continued)

### F Example of Market Loan Repayment Rate Calculation Using the 30-Calendar-Day Method for Corn, Grain Sorghum, Soybeans, Barley, Oats, Canola, Flaxseed, and Oil and Nonoil Sunflower Seed

For the 30-calendar-day method for **corn, grain sorghum, soybeans, barley, oats, canola, flaxseed, and oil and nonoil sunflower seed**, calculate the repayment rates as follows.

**Note:** For this example, **corn** repayment rates for **October 1 in McLean County, Illinois**, were calculated.

| Step | Action |
|---|---|
| 1 | Go back 30 calendar days from October 1 (September 1 through September 30).<br><br>**Note:** The repayment rate is based on a **moving** average. Therefore, to calculate the repayment rate for October 2, the user needs terminal market price data for the previous 30 calendar days (September 2 through October 1). |
| 2 | Starting with the September 1 data, **add all corn** terminal market prices and **divide** by 10. Record the unrounded result as the average terminal market price for September 1.<br><br>**Note:** See subparagraph L for the number of terminal markets. Divide by:<br><br>• 10 for "YC"<br>• 8 for "YSB"<br>• 6 for "SOR"<br>• 5 for "BAR"<br>• 2 for "OAT"<br>• 4 for "CAN"<br>• 3 for "FLX"<br>• 2 for "SUN/SFN". |
| 3 | Repeat step 2 for the next 29 calendar days. |
| 4 | **Add all unrounded** results from September 1 through September 30 and **divide** by 30. Record the result as a rounded number ($X.xx). |
| 5 | **Subtract** the national loan rate from the result in step 4. |
| 6 | **Add** the county loan rate to the result in step 5. |
| 7 | Record the answer from step 6. This is the **30-calendar-day** loan repayment rate for **corn** in McLean County, Illinois, for October 1. |

The effective market loan repayment rate for corn in McLean County, Illinois, for October 1 is the **lower** of either the 30-calendar-day or 5-calendar-day method (subparagraph G).

## 785 Loan Repayment Rates (Continued)

### G Example of Loan Repayment Rate Calculation Using the 5-Calendar-Day Method for Corn, Grain Sorghum, Soybeans, Barley, Oats, Canola, Flaxseed, and Oil and Non-Oil Sunflower Seed

For the 5-calendar-day method for **corn, grain sorghum, soybeans, barley, oats, canola, flaxseed, and oil and nonoil sunflower seed**, calculate the repayment rates as follows.

**Note:** For this example, **corn** repayment rates for **October 1 in McLean County, Illinois**, were calculated.

| Step | Action |
|---|---|
| 1 | Go back 5 calendar days from October 1 (September 26 through September 30).<br><br>**Note:** The repayment rate is based on a **moving** average. Therefore, to calculate the repayment rate for October 2, the user needs terminal market price data for the previous 5 calendar days (September 27 through October 1). |
| 2 | Starting with the September 26 data, record **each applicable corn** terminal market price as a rounded number ($X.xx). The terminal market pricing points assigned to McLean County, Illinois, are Gulf (“GLF”) and Decatur (“TKO”). |
| 3 | Repeat step 2 for the next 4 calendar days. |
| 4 | **Add all rounded** results from September 26 through September 30 for **each** applicable terminal market and **divide each** result by 5. Record **each** result as a rounded number ($X.xx). |
| 5 | **Subtract** from the recorded result in step 4, and for **each** assigned terminal market, the following:<br><br>• the assigned **county differential** for that specific terminal market<br><br>• the calculated **5-calendar-day average terminal market adjustments** for that specific terminal market. |
| 6 | Record the answer for **each** assigned terminal market. |
| 7 | The **higher** result in step 6 will be the **alternative** loan repayment rate for corn in McLean County, Illinois, for October 1. |

The effective market loan repayment rate for corn in McLean County, Illinois, for October 1 is the **lower** of either the 30-calendar-day (subparagraph F) or 5-calendar-day method.

## 785 Loan Repayment Rates (Continued)

### H Example of Market Loan Repayment Rate Calculations Using the 30-Calendar-Day Method for Wheat

For the 30-calendar-day method for **wheat**, calculate the repayment rates as follows.

**Note:** For this example, **HRW wheat** repayment rates for **October 1 in Mitchell County, Kansas**, were calculated.

| Step | Action |
|---|---|
| 1 | Go back 30 calendar days from October 1 (September 1 through September 30).<br><br>**Note:** The repayment rate is based on a **moving** average. Therefore, to calculate the repayment rate for October 2, the user needs terminal market price data for the previous 30 calendar days (September 2 through October 1). |
| 2 | Starting with the September 1 data, **add all HRW wheat** terminal market prices and **divide** by 6. Record the unrounded result as the average terminal market price for September 1.<br><br>***--Note:** See subparagraph L for the number of terminal markets. Divide by:**--***<br><br>• 6 for "HRW"<br>• 2 for "HRS"<br>• 6 for "SRW"<br>• 3 for "SWH"<br>• 4 for "HAD". |
| 3 | Repeat step 2 for the next 29 calendar days. |
| 4 | **Add all unrounded** results from September 1 through September 30 and **divide** by 30. Record the result as a rounded number ($X.xx). |
| 5 | **Subtract** the wheat national average loan rate by class (see table in subparagraph 2 B) from the result in step 4. |
| 6 | **Add** the county loan rate to the result in step 5. |
| 7 | Record the answer from step 6. This is the **30-calendar-day** loan repayment rate for **HRW wheat** in Mitchell County, Kansas, for October 1. |

The effective market loan repayment rate for HRW wheat in Mitchell County, Kansas, for October 1 is the **lower** of either the 30-calendar-day or 5-calendar-day method (subparagraph I).

## 785 Loan Repayment Rates (Continued)

### I Example of Market Loan Repayment Rate Calculations Using the 5-Calendar-Day Method for Wheat

For the 5-calendar-day method for **wheat**, calculate the repayment rates as follows.

**Note:** For this example, **HRW wheat** repayment rates for **October 1 in Mitchell County, Kansas**, were calculated.

| Step | Action |
|---|---|
| 1 | Go back 5 calendar days from October 1 (September 26 through September 30).<br><br>**Note:** The repayment rate is based on a **moving** average. Therefore, to calculate the repayment rate for October 2, the user needs terminal market price data for the previous 5 calendar days (September 27 through October 1). |
| 2 | Starting with the September 26 data, record **each applicable HRW wheat** terminal market price as a rounded number ($X.xx). The terminal market pricing points assigned to Mitchell County, Kansas, are Gulf (“GLF”) and Kansas City (“KCM”). |
| 3 | Repeat step 2 for the next 4 calendar days. |
| 4 | **Add all rounded** results from September 26 through September 30 for **each** applicable terminal market and **divide each** result by 5. Record **each** result as a rounded number ($X.xx). |
| 5 | **Subtract** from the recorded result in step 4, and for **each** assigned terminal market, the following:<br><br>• the assigned **county differential** for that specific terminal market<br><br>• the calculated **5-calendar-day average terminal market adjustments** for that specific terminal market. |
| 6 | Record the answer for **each** assigned terminal market. |
| 7 | The **higher** result in step 6 will be the **alternative** loan repayment rate for HRW wheat in Mitchell County, Kansas, for October 1. |

The effective market loan repayment rate for HRW wheat in Mitchell County, Kansas, for October 1 is the **lower** of either the 30-calendar-day (subparagraph H) or 5-calendar-day method.

## 785 Loan Repayment Rates (Continued)

### J Example of Market Loan Repayment Rate Calculations for Crambe, Mustard Seed, Rapeseed, Safflower, and Sesame Seed

The 30-calendar-day method for **crambe, mustard seed, rapeseed, safflower, and sesame seed**, calculate the repayment rates as follows.

**Note:** For this example, **safflower** repayment rates for **October 1 in McLean County, Illinois**, were calculated.

| Step | Action |
|---|---|
| 1 | Go back 30 calendar days from October 1 (September 1 through September 30).<br><br>**Note:** The repayment rate is based on a **moving** average. Therefore, to calculate the repayment rate for October 2, the user needs terminal market price data for the previous 30 calendar days (September 2 through October 1). |
| 2 | Starting with the September 1 data, **add all safflower** terminal market prices and **divide** by 3. Record the unrounded result as the average terminal market price for September 1. |
| 3 | Repeat step 2 for the next 29 calendar days. |
| 4 | **Add all unrounded** results from September 1 through September 30 and **divide** by 30. Record the result as a rounded number ($X.xx). |
| 5 | **Subtract** the national loan rate from the result in step 4. |
| 6 | **Add** the county loan rate to the result in step 5. |
| 7 | Record the answer from step 6. This is the **30-calendar-day** loan repayment rate for **safflower** in McLean County, Illinois, for October 1. |

For the **alternative** loan repayment rate, CCC determines a weekly rate in the normal manner.

The effective market loan repayment rate for safflower in McLean County, Illinois, for October 1 is the **lower** of either the 30-calendar-day or alternative repayment rate.

## 785 Loan Repayment Rates (Continued)

### K Example of Market Loan Repayment Rate Calculations for Pulse Crops

For the 30-calendar-day method for **pulse crops (lentils, dry peas, and small and large chickpeas)**, calculate the repayment rates as follows.

**Note:** For this example, **lentil** repayment rates for **October 1 in Latah County, Idaho**, were calculated.

| Step | Action |
|---|---|
| 1 | Go back 30 calendar days from October 1 (September 1 through September 30).<br><br>**Note:** The repayment rate is based on a **moving** average. Therefore, to calculate the repayment rate for October 2, the user needs posted price data for the previous 30 calendar days (September 2 through October 1). |
| 2 | Starting with the September 1 data, record the rounded result ($X.xx) of the posted price for September 1. |
| 3 | Repeat step 2 for the next 29 calendar days. |
| 4 | **Add all rounded** results from September 1 through September 30 and **divide** by 30. Record the result as a rounded number ($X.xx). |
| 5 | **Subtract** the national loan rate from the result in step 4. |
| 6 | **Add** the applicable regional loan rate to the result in step 5.<br><br>**Note:** For small and large chickpeas, **no** adjustment is necessary. There is **no** regional loan rate for small and large chickpeas. |
| 7 | Record the answer from step 6. This is the **30-calendar-day** loan repayment rate for **lentils** in Latah County, Idaho, for October 1. |

For the **alternative** loan repayment rate, CCC determines a weekly rate in the normal manner.

The effective market loan repayment rate for lentils in Latah County, Idaho, for October 1 is the **lower** of either the 30-calendar-day or alternative repayment rate.

## 785 Loan Repayment Rates (Continued)

### L Terminal Markets

Following is a table reflecting all terminal markets for all applicable commodities.

| Terminal Markets | Commodity | | | | | | |
|---|---|---|---|---|---|---|---|
| | Wheat HRW | Wheat HRS | Wheat SRW | Wheat SWH | Wheat HAD | Corn YC | Sorghum SOR |
| AMA | X | | | | | X | |
| ARL | | | | | | | |
| AUG | | | | | | | |
| CAR | | | | | | | |
| CIN | | | X | | | X | X |
| COL | | | | | | | |
| COR | | | | | | | |
| EVN | | | X | | | | |
| FAR | | | | | | | |
| GLD | | | | | | | |
| GLF | X | | X | | | X | X |
| GFK | | | | | | | |
| GRF | | | | | | | |
| KCM | X | | X | | | X | |
| LOS | | | | | X | | |
| MEM | | | X | | | X | X |
| MIN | X | X | | | X | X | |
| NCD | | | | | | | X |
| PAR | | | | | | | |
| PNW | X | X | | X | X | X | |
| RDW | | | | | | | |
| RIC | | | | | | | |
| SCD | | | | | | | X |
| TOL | | | X | X | | X | |
| TKO | | | | | | X | |
| VEL | | | | | | | |
| WCD | X | | | X | X | X | X |

## 785 Loan Repayment Rates (Continued)

### L Terminal Markets (Continued)

| Terminal Markets | Commodity | | | | | | |
|---|---|---|---|---|---|---|---|
| | Soybeans YSB | Barley BAR | Oats OAT | Canola CAN | Flaxseed FLX | Oil Type SUN | Sunflower Seed SFN |
| AMA | | | | | | | |
| ARL | | | | X | | | |
| AUG | | | | X | | | |
| CAR | | | | | | | |
| CIN | X | | | | | | |
| COL | | | | | | | |
| COR | | | | | | | |
| EVN | | | | | | | |
| FAR | | | | | X | X | X |
| GLD | | | | | | X | X |
| GLF | X | X | | | | | |
| GFK | | | | | | | |
| GRF | | | | | X | | |
| KCM | X | X | | | | | |
| LOS | | | | | | | |
| MEM | X | | | | | | |
| MIN | X | X | X | | | | |
| NCD | | | | | | | |
| PAR | | | | | | | |
| PNW | X | X | X | | | | |
| RDW | | | | X | X | | |
| RIC | | | | | | | |
| SCD | | | | | | | |
| TOL | X | | | | | | |
| TKO | X | | | | | | |
| VEL | | | | X | | | |
| WCD | | X | | | | | |

## 785 Loan Repayment Rates (Continued)

### L Terminal Markets (Continued)

| Terminal Markets | Commodity | | | | |
|---|---|---|---|---|---|
| | Crambe CRA | Rapeseed RAP | Mustard Seed MUS | Safflower SAF | Sesame Seed SEM |
| AMA | | | | | |
| ARL | | | | | |
| AUG | | | | | |
| CAR | X | | | | |
| CIN | | | | | |
| COL | | | | X | |
| COR | | | | X | |
| EVN | | | | | |
| FAR | | | | | |
| GLD | | | | | |
| GLF | | | | | |
| GFK | | | X | | |
| GRF | | X | X | | |
| KCM | | | | | |
| LOS | | | | | |
| MEM | | | | | |
| MIN | | | | | |
| NCD | | | | | |
| PAR | | | | | X |
| PNW | | | | | |
| RDW | | | | | |
| RIC | | | | X | |
| SCD | | | | | |
| TOL | | | | | |
| TKO | | | | | |
| VEL | | | | | |
| WCD | | | | | |

## 786 Calculating CCC-Determined Value

### A PCP (30-Calendar-Day and Alternative Repayment Rates)

PCP is the price used to determine the CCC-determined value for all commodities **except** pulse crops, wool, mohair, and peanuts.

PCP is:

- **not** adjusted for premiums and discounts when determining the market repayment rate
- **not** adjusted for premiums and discounts when determining the LDP rate
- **not** adjusted when loan rates are discounted to a set percentage for nonrecourse loans on:
  - commodities harvested as other than grain
  - contaminated commodities
  - low quality commodities
- calculated for each terminal assigned to the County Office for the commodity, as applicable
- calculated by class for wheat **only**.

**Notes:** To determine PCP for Hard White Wheat or Hard Winter Wheat, use the loan rate and differential applicable to Hard Red Winter Wheat.

For sunflower seed oil and nonoil types, use the sunflower seed oil terminal market price to calculate the CCC-determined value.

## 786 Calculating CCC-Determined Value (Continued)

### B RCP

RCP is the price used to determine the CCC-determined value for oilseeds **only**.

RCP is:

- **not** adjusted for premiums and discounts when determining the market repayment rate
- **not** adjusted for premiums and discounts when determining the LDP rate
- **not** adjusted when loan rates are discounted to a set percentage for nonrecourse loans on:
  - commodities harvested as other than grain
  - contaminated commodities
  - low quality commodities
- calculated for each region assigned to the County Office for the commodity, as applicable.

### C Calculating the CCC-Determined Value

Calculate the CCC-determined value:

- daily for canola, feed grains, flaxseed, oil and nonoil sunflower seeds, soybeans, and wheat
- every Friday for crambe, mustard seed, rapeseed, safflower, and sesame seed
- every Friday for large and small chickpeas, dry peas, and lentils
- using the terminal markets or market rates assigned for each commodity, as applicable.

The CCC-determined value is the lowest value between the 30-calendar-day or alternative PCP.

**Note:** The alternative PCP is the higher value resulting from applicable terminal markets assigned to county (subparagraph 785 G and I).

## 786 Calculating CCC-Determined Value (Continued)

### C Calculating the CCC-Determined Value (Continued)

Determine the:

- LDP rate by subtracting the CCC-determined value from the county loan rate, as applicable

- market gain by subtracting the CCC-determined value from the county loan rate, as applicable.

If the CCC-determined value is higher than the applicable county loan rate, there is **no**:

- LDP in effect for that day and requests are not applicable
- market gain earned, but producer may obtain forgiven interest, as applicable.

For loans, always use the county loan rate, terminal markets, and location differentials applicable to the county used to disburse the loan when determining the CCC-determined value.

### D Grade Discounts for Amber Durum and Durum Wheat

To determine the CCC-determined value for amber durum or durum wheat loans or LDP's, subtract the discount for Amber Durum or Durum shown on the "Daily Market Rates" from the applicable terminal market price.

*** * ***

### E CCC-Determined Value

County Offices shall obtain loan repayment information, PCP's, and LDP rates from PSD's web site.

**787-789 (Reserved)**

**Section 7 (Withdrawn--Amend. 3)**

**790-793 (Withdrawn--Amend. 3)**

**794-796 (Reserved)**

## 797 Maturity Notification to Producers

### A Preparing Lists of Maturing Loans

County Offices shall print lists of maturing loans:

- at least 45 calendar days, but not more than 60 calendar days, before maturity
- according to 12-PS.

### B Preparing Maturity Notification Letters

County Offices shall:

- use the Price Support Query to print out loan maturity notification letters according to 12-PS

•*****--send the applicable notification letter, as printed and provided in Exhibits 7 through 10:

  - at least 45 calendar days, but **not** more than 60 calendar days, before maturity for farm and warehouse nonrecourse and recourse loans

  - at least 30 calendar days before maturity for distress loans--*****

  - to applicable producers advising of the loan maturity date and the applicable options available according to subparagraph D

  - inform producers of the additional maturity information according to subparagraph C

- for outstanding honey loans, see 2-LP Honey, paragraph 16.

The maturity notification letters serve as reminders to the producers. Nonreceipt of maturity notification letter does **not** negate the producer's responsibility for repaying the outstanding loan principal plus interest, if applicable by the maturity date provided on the signed CCC-677 or CCC-678.

## 797 Maturity Notification to Producers (Continued)

### C Additional Maturity Information

County Offices shall ensure that producers are informed of the following additional maturity information, as applicable to the loan type.

For loans **not** repaid by the loan maturity date, on the next workday after maturity:

- delivery instructions will be issued with a demand letter for **nonrecourse farm-stored** loans regardless of whether a CCC-681-1 has been issued

***--Note:** See Exhibit 7, subparagraph F.**--***

- warehouse receipts will be forfeited **immediately** to CCC for **nonrecourse warehouse-stored** loans

- for **farm- or warehouse-stored recourse** loans:

  - begin foreclosure proceedings according to paragraph 866 and Part 8, Section 3

  - ***--**establish receivable through NRRS, if applicable, according to Exhibits 9 and 10, subparagraphs A**--***

  - the receivable amount is equal to the principal plus interest.

Repayments made **after** maturity and **before** queuing the forfeiture or settlement of the loan:

- may be accepted
- shall be made at principal and charges plus interest.

Interest will continue to accrue at the interest rate applicable to the loan until the loan is repaid or transferred to receivables.

See paragraph 803 for **nonrecourse farm-stored** loans not delivered or repaid by expiration of CCC-691.

## 797 Maturity Notification to Producers (Continued)

### D Options Available for Loans

County Offices shall follow this table for the options available to producers with maturing loans.

| IF the loan is... | THEN the option available... |
|---|---|
| nonrecourse farm-stored or warehouse-stored | **only** through the loan maturity date is repaying with cash. |
| nonrecourse farm-stored | **after** the loan maturity date is delivery of the loan collateral to CCC. |
| nonrecourse warehouse-stored | **after** the loan maturity date is forfeiting the warehouse receipts, representing the loan collateral, to CCC. |
| recourse | **only** through the loan maturity date is repaying the outstanding loan principal and charges plus interest. |

**Note:** Repayments with cash made **after** maturity and **before** queuing the forfeiture or settlement of the loan:

- may be accepted
- shall be made at principal and charges plus interest.

### E Loans Open After Maturity

County Offices shall, for:

- ***--**nonrecourse farm-stored loans, send the applicable demand letter in Exhibit 7, subparagraph F, along with CCC-691 on the first day after maturity**--***

- nonrecourse warehouse-stored loans, forfeit commodity receipt to CCC on the first day after maturity

- ***--**recourse loans, establish a receivable through NRRS, according to Exhibits 9 and 10, subparagraphs A, “recourse loan” and “distress loan”.

If the commodity has **not** been delivered or repaid by the established time period,**--*** foreclosure proceedings will begin according to paragraph 866.

## 798, 799 (Reserved)

# Part 8 Farm-Stored Loan Settlement

## Section 1 Preparing for Deliveries of Nonrecourse Loans

### 800 Preparing for Deliveries

#### A Preparing for Anticipated Deliveries

**Before** loan maturity, CED or designee shall contact authorized warehouses to determine whether local storage space is available.

***--Note:** Delivery of farm-stored commodities to CCC can **only** be made to an approved warehouse under UGRSA.**--***

See subparagraphs B and C for State and County Office action when storage space is unavailable or limited.

#### B Unavailable or Limited Storage Space

When storage space is unavailable or limited for handling deliveries in the local area, County Offices shall contact the State Office for assistance in:

- locating available storage space
- planning deliveries in the following order of priority:
  - to authorized warehouses for shipment on a handling only basis
  - to trackload
  - for local sale for isolated farm-stored lots
- considering which of the following is to CCC's advantage:
  - paying excess haul to beyond the normal delivery point according to subparagraph 817 E
  - consolidating loading orders at another location in the county or nearby county
  - local sale.

## 800 Preparing for Deliveries (Continued)

### C State Office Action

When contacted by a County Office, the State Office shall:

- contact KCCO, WLED, SCB
  - by telephone at 816-926-6843
  - for assistance in making storage space available
- document and maintain records of these contacts.

### D Scheduling Deliveries

County Offices shall:

- work out a schedule of deliveries to authorized warehouses for storage with the warehouse operator
- if possible, direct deliveries to warehouses at customary delivery points with the lowest handling and storage rates.

After the loading order is received from KCCO, schedule deliveries to:

☐ authorized warehouses for **handling only** according to subparagraph 804 B
☐ **trackload only** according to paragraph 805.

## 800 Preparing for Deliveries (Continued)

### E Notification From KCCO

When notified by KCCO, the State Office shall advise affected County Offices:

- of warehouses, in the area designated by KCCO, with excessive handling or storage charges
- of available alternate delivery locations
- to direct deliveries to other warehouses, if possible.

Only as a last alternative, direct deliveries to warehouses with excessive handling or storage charges.

### F Producer Storing Commodity for CCC

When CCC is unable to take delivery of the commodity, CCC may require producers to retain and store the commodity for a 60-calendar-day period after maturity at **no** expense to CCC.

If storage space is unavailable, request loading orders immediately after maturity so that delivery instructions are issued promptly after maturity.

## 800 Preparing for Deliveries (Continued)

### G Storage Credit

County Offices shall try to have deliveries completed within the 60-calendar-day period.

Storage credit:

- will begin on the 61st calendar day, according to subparagraph 817 C, if CCC **cannot** take delivery during the 60-calendar-day period

- shall **not** be allowed to the producer at settlement if **any** of the following apply:

  - the delayed delivery is for the producer's convenience
  - the commodity is redeemed
  - CCC-691 is issued within the 60- calendar-day period.

## 801 Issuing CCC-691's

### A When to Issue CCC-691's

For **nonrecourse** loans, County Offices shall complete CCC-691, prepare demand letter, ***--**according to Exhibit 7, subparagraph F, and issue CCC-691:

- the next workday after the loan maturity date regardless whether CCC-681-1 is outstanding
- when any of the following occurs **after** the producer receives the maturity notice in Exhibit 7, subparagraph E:**--***
  - producer notifies the County Office that the commodity will be delivered to CCC when the loan matures
  - producer does **not** notify the County Office of the option that will be taken to settle the loan
  - producer notifies the County Office that the loan will be repaid at maturity, but the producer has taken **no** action to settle the loan by the maturity date
  - producer does **not** repay the loan by the maturity date.

***--Note:** NRRS receivables are **not** to be established on mature nonrecourse loans if the commodity is still in storage and eligible to be delivered to CCC. The borrower must be given due process and an opportunity to deliver the commodity to CCC or repay the loan. See Exhibit 7, subparagraph A for table of applicable actions.**--***

For recourse loans after maturity, and repayment has **not** been received, do **not** issue CCC-691.

See Section 3 for completing local sales.

*** * ***

## 801 Issuing CCC-691's (Continued)

### B Completing CCC-691's Through Part A

County Offices shall complete:

- separate CCC-691's for each loan and for different delivery points for the entire quantity
- producer and loan identification items and Part A according to this table and example.

| Item | Instructions |
|---|---|
| 1-6 | Enter information applicable to the loan. |
| 7 and 8 | Leave blank. |
| 9 | Enter outstanding loan quantity to be delivered. |
| 10 | Enter outstanding loan amount applicable to the loan quantity. |
| 11 | Enter disbursement date of the loan. |
| 12 | Check (✓) box, as applicable, for the commodity. |
| 13 | Enter maximum quantity for delivery according to paragraph 813. |
| 14 | Enter name, warehouse code number, and location of shipping or storing warehouse.<br><br>**Note:** For trackload, enter delivery point and railroad. |
| 15 | If location is same as item 14, ENTER "**Same**".<br><br>**Note:** For trackload, enter scale location. |
| 16 | ***--**Initially allow 15 calendar days for delivery of loan collateral. Under extenuating circumstances, an additional 15 calendar days may be granted. All extensions **must** be documented in the loan folder.**--*** |
| 17 | Obtain appropriate signature for CCC approval and date. |
| 18 | Enter name and address of County Office. |

## 801 Issuing CCC-691's (Continued)

### B Completing CCC-691's Through Part A (Continued)

The following is an example of a completed CCC-691.

### C Distributing Initial CCC-691's

County Offices shall initially distribute CCC-691 as follows.

(See Reverse for Privacy Act and Public Burden Statements.)

Form Approved - OMB No. 0560-0087

**CCC-691**
(04-23-98)

**U.S. DEPARTMENT OF AGRICULTURE**
Commodity Credit Corporation
**COMMODITY DELIVERY NOTICE**

| 1. Farm Number | 2. Name and Mailing Address | 3. Crop Year | 4. Commodity | 5. ST. & CO. Code | 6. Loan No. |
|---|---|---|---|---|---|
| 253 | V. Paige<br>Route 3<br>Anywhere NE 68501-0002 | 2002 | Corn | 56-105 | 1193 |

| 7. Weed Control Discount is Applicable | 8. Voluntary Early Delivery Subject to Storage Deduction |
|---|---|
| ☐ | ☐ |

| 9. Outstanding Loan Quantity | 10. Balance To Be Settled | 11. Disbursement Date |
|---|---|---|
| 15,000 Bu | $ 18,600 | 8-20-2002 |

**PART A - DELIVERY INSTRUCTIONS**

If you have an outstanding CCC commodity loan, you must deliver to the storage point specified below, by the date specified below, a quantity of the eligible commodity specified above having a loan value equivalent to the amount specified above as "Balance to be Settled".

| 12. Maximum Quantity for Delivery: | | | | | 13. Quantity |
|---|---|---|---|---|---|
| ☐ Pounds | X Bushels | ☐ CWT | ☐ Bales | Other (specify): | 11,000 Bu |

| 14. Deliver to *(Name, code number, and location of warehouse or other approved storage)* | 15. Weighing Location | 16. Final Date To Deliver |
|---|---|---|
| XYZ Warehouse 80129<br>Motown NE 68501-0500 | Same | 6-18-2003 |

| 17. Commodity Credit Corporation | Date | 18. Name and Address of County FSA Office |
|---|---|---|
| By: /s/ Polly Program Technician | 6-3-2003 | ABC County FSA Office<br>Box C , Wayside NE 68501-0123 |

- send to the producer the:
  - original CCC-691
  - ***--**demand letter according to Exhibit 7, subparagraph F**--***
- keep County Office pending copy in applicable loan folder
- send remaining copies to:
  - warehouse, for warehouse storage and handling only deliveries
  - County Office representative at delivery point if for trackload or local sale.

**Note:** Warehouses shall return all CCC-691 copies, **except** warehouse file copy, to County Office with applicable warehouse receipts.

## 802 Issuing CCC-681-1's After CCC-691's Issued

### A Issuing CCC-681-1's

**After** CCC-691 has been issued, County Offices may:

- issue CCC-681-1, according to paragraph 741, if the settlement has **not** been processed through APSS
- accept repayment for principal and charges plus interest.

***--**See table in Exhibit 31 for an example of actions and applicable dates for a mature MAL where CCC-691 was issued the day after maturity and CCC-681-1 was issued shortly before maturity.

### B Remaining Loan Quantity

County Offices shall make a pen and ink change to CCC-691 for any loan quantity remaining after expiration of the CCC-681-1 grace period. A revised copy shall be sent to the warehouse and the producer.**--***

## 803 Nondelivery of Loan Collateral

### A Nondelivery by Expiration Date

If the loan collateral is **not** delivered by *** * *** CCC-691 expiration or extended expiration date, County Offices shall, on the *** * *** day after the CCC-691 expiration or extended expiration date:

- spot check the loan
- initiate foreclosure proceedings according to paragraph 866

Handle loan deficiencies resulting from foreclosure proceedings according to paragraph 823.

### B Extension of Expiration Date

The expiration date of CCC-691 may be extended, in 15-calendar-day increments, **only** in extenuating circumstances that are beyond the producer's control. The reasons for each extension **must** be documented in the loan folder.

If additional time is requested, the County Office shall first spot check the commodity still in storage to ensure that there is enough collateral in storage and already delivered to the warehouse to cover the loan.

## 804 Deliveries to Authorized Warehouses

### A Delivery for Storage

For deliveries to authorized warehouse for storage, County Offices shall schedule deliveries as rapidly as the warehouse can receive the commodity.

### B Delivery for Handling Only

For deliveries to authorized warehouse for handling **only**, complete CCC-643 according to paragraph 806.

**Reminder:** Shipping instructions must be available **before** warehouse operator begins to receive the commodity.

For deliveries on an identity preserved basis, a County Office representative shall:

- supervise the delivery
- take a representative sample and submit for a grade determination for use in settling with the producer.

## 805 Deliveries for Trackloading

### A General Provisions

For deliveries for trackloading, complete CCC-643 according to paragraph 806.

Upon approval, KCCO shall provide the County Office with loading and billing instructions.

A County Office representative shall:

- supervise trackloading and be responsible for the day-to-day scheduling of producer's deliveries
- make necessary arrangements in advance for needed facilities and equipment
- order railcars and prepare the bill of lading
- work closely with producers and railroad operators to expedite operations.

### B Origin Weights

When adequate weighing facilities are available, use origin weights for settlement purposes, **not** to exceed the limitation on quantity eligible for delivery according to paragraph 813.

Weigh **each** load received, obtain scale tickets for each load, and make a copy to use when completing settlements. Cross-reference scale tickets with car identification and send scale tickets to KCCO with bill of lading, or any other available documentation.

## 805 Deliveries for Trackloading (Continued)

### C Destination Weights

Destination weights may be used for settlement purposes when **either** of the following applies:

- weighing facilities are not readily available
- requested by producers.

When destination weights are used:

- **all** producers loading into the same car must sign an agreement that states the percentage share to be credited to each producer

- apply the percentages to the total weight of the commodity in the car to determine each producer's quantity

- KCCO shall send weight certificate to County Office.

### D Origin Grade

Obtain a representative sample of each producer's commodity to be:

- submitted to a licensed grading laboratory for grade determination

  **Notes:** The origin grade determination will be used for settlement purposes.

  Issue payment, according to 1-FI, to pay for grade determination costs.

- used in case of an appeal (paragraph 812).

## 805 Deliveries for Trackloading (Continued)

### E Destination Grade

The destination grade determination may be used for settlement purposes, at the producer's request, **before** delivery.

**Reminder:** When settlement is made on the basis of grade determination at destination, the grade determination applies to **all** producers:

- who loaded a commodity commingled into the same car
- regardless of the quality of the commodity loaded into the car.

KCCO shall send the grade certificate to the County Office.

### F Completing Loading Order

County Offices shall notify KCCO, through the State Office, when all of the commodity that will be shipped on the loading order is delivered.

If the amount of commodity shipped is less than the order called for, indicate the reason.

## 806 Requesting Shipping Instructions

### A Completing CCC-643's

When a request for shipping instructions has been made, complete CCC-643 according to this table and examples shown in subparagraphs B and C.

| Item | Instructions |
|---|---|
| | **Example for Commingled Deliveries** |
| 2 | The State Office shall number all requests.<br><br>Establish a continuous series of numbers of all commodities for all crop years. |
| 7 | Request separate shipping instructions for different classes of commodity; such as, Hard Red Spring and Durum wheat.<br><br>If grade, subclass, and moisture are not known, enter approximate information. |
| 8 | Complete when delivery is to an authorized warehouse for **handling only**.<br><br>Advise KCCO when the quantity delivered to a warehouse is over or under the quantity shown on the loading order by the following, as applicable:<br><br>• 1,700 bu. for corn, flax, soybeans, and wheat<br>• 2,000 bu. for barley<br>• 3,100 bu. for oats<br>• 1,000 cwt. for grain sorghum.<br><br>**Note:** Forms for reporting may be obtained from KCCO. |
| 9 | Enter protein for wheat, if known. |
| 10 | Complete when delivery is for **trackloading**, whether by producer or through a warehouse. |
| 11 | Enter correct railroad. This is particularly important if more than 1 line serves the shipping point. |
| | **Example for Identity Preserved** |
| 12 | Enter the KCCO-approved handling rate. |

# 806 Requesting Shipping Instructions (Continued)

## B Example for Commingled Deliveries

The following example shows CCC-643 completed for commingled deliveries.

**This form is available electronically.**

**CCC-643** (06-16-03) **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation

**REQUEST FOR SHIPPING INSTRUCTIONS**

1. STATE: STATE
2. STATE REQUEST NO.: 21
3. NAME AND ADDRESS OF COUNTY OFFICE *(Include Zip Code)*: Any County FSA Office, 999 Any Street, Town, ST 99999-9999
4. TO: Kansas City FSA Commodity Office
5. Shipping instructions are hereby requested for the transaction indicated herein. Shipment to be made: BULK ☒ BAGS ☐
6. KIND OF COMMODITY: Wheat
7. GRADE, CLASS, SUB-CLASS & MOISTURE: No. 1 HRW M 12.0
8. QUANTITY *(Cars, Bu., Cwt.)*: 1,898
9. PROTEIN *(if applicable)*: 12.0

10A. ☐ **TRACK LOAD** *(Deliveries from producers)*

11A. **HANDLING ONLY** *(Deliveries from producers)*

10B. SHIPPING POINT AND RAILROAD

11B. NAME, LOCATION, CODE NO. OF SHIPPING WAREHOUSE AND RAILROAD: XYZ Warehouse, Oakley, KS 67582, 8-8002 UP

10C. TYPE OF DELIVERY: LOAN ☐ PURCHASE ☐ *(Application numbers may be listed in 'Remarks')*

11C. P.O. ADDRESS IF DIFFERENT THAN LOCATION *(Include Zip Code)*

10D. BASIS OF SETTLEMENT WITH PRODUCER

(1) GRADE: ORIGIN ☐ DESIGNATION ☐

(2) WEIGHT: ORIGIN ☐ DESIGNATION ☐

11D. HOW TO BE HANDLED BY WAREHOUSE: COMMINGLED ☒ MODIFIED COMMINGLED ☐ IDENTITY PRESERVED ☐

12. REMARKS *(State and county offices)*

**13. For County Office**

A. SIGNATURE: */s/ County Office Employee*

B. DATE *(MM-DD-YYYY)*: 04-05-XXXX

**14. For State Office**

A. SIGNATURE: */s/ State Office Employee*

B. DATE *(MM-DD-YYYY)*: 04-07-XXXX

**15. For Use by FSA Commodity Office**

A. ROUTE

B. CONSIGNEE AND LOADING ORDER NUMBER

C. COMMODITY CODE

D. SHIPMENTS TO BE MADE *(Date(s))* *(MM-DD-YYYY)*

E. STORAGE STOP DATE *(MM-DD-YYYY)*

F. PERMIT NO.

G. STOP CARS FOR INSPECTION AT

H. FREIGHT TO BE PAID BY FSA OFFICE AT

I. SETTLEMENT BASIS

(1) OFFICIAL GRADE: ORIGIN ☐ INTERMEDIATE ☐ DESIGNATION ☐

(2) OFFICIAL WEIGHT: ORIGIN ☐ DESIGNATION ☐

J. SPECIAL INSTRUCTIONS

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.*

☐ COUNTY OFFICE COPY ☐ STATE OFFICE COPY ☐ KCCO OFFICE COPY

# 806 Requesting Shipping Instructions (Continued)

## C Example for Identity Preserved Deliveries

The following example shows CCC-643 completed for identity preserved deliveries.

**This form is available electronically.**

**CCC-643** (06-16-03) **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation

**REQUEST FOR SHIPPING INSTRUCTIONS**

1. STATE: STATE
2. STATE REQUEST NO.: 21
3. NAME AND ADDRESS OF COUNTY OFFICE *(Include Zip Code)*: Any County FSA Office, 999 Any Street, Town, ST 99999-9999
4. TO: Kansas City FSA Commodity Office
5. Shipping instructions are hereby requested for the transaction indicated herein. Shipment to be made: BULK ☒ BAGS ☐
6. KIND OF COMMODITY: Wheat
7. GRADE, CLASS, SUB-CLASS & MOISTURE: No. 1 HRW M 12.0
8. QUANTITY *(Cars, Bu., Cwt.)*: 1,898
9. PROTEIN *(if applicable)*: 12.0

10A. ☐ **TRACK LOAD** *(Deliveries from producers)*

11A. **HANDLING ONLY** *(Deliveries from producers)*

10B. SHIPPING POINT AND RAILROAD

11B. NAME, LOCATION, CODE NO. OF SHIPPING WAREHOUSE AND RAILROAD: XYZ Warehouse, Oakley, KS 67582, 8-8002 UP

10C. TYPE OF DELIVERY: LOAN ☐ PURCHASE ☐ *(Application numbers may be listed in 'Remarks')*

11C. P.O. ADDRESS IF DIFFERENT THAN LOCATION *(Include Zip Code)*

10D. BASIS OF SETTLEMENT WITH PRODUCER

(1) GRADE: ORIGIN ☐ DESIGNATION ☐

(2) WEIGHT: ORIGIN ☐ DESIGNATION ☐

11D. HOW TO BE HANDLED BY WAREHOUSE: COMMINGLED ☒ MODIFIED COMMINGLED ☐ IDENTITY PRESERVED ☐

12. REMARKS *(State and county offices)*

**13. For County Office**

A. SIGNATURE: */s/ County Office Employee*

B. DATE *(MM-DD-YYYY)*: 04-05-XXXX

**14. For State Office**

A. SIGNATURE: */s/ State Office Employee*

B. DATE *(MM-DD-YYYY)*: 04-07-XXXX

**15. For Use by FSA Commodity Office**

A. ROUTE

B. CONSIGNEE AND LOADING ORDER NUMBER

C. COMMODITY CODE

D. SHIPMENTS TO BE MADE *(Date(s))* *(MM-DD-YYYY)*

E. STORAGE STOP DATE *(MM-DD-YYYY)*

F. PERMIT NO.

G. STOP CARS FOR INSPECTION AT

H. FREIGHT TO BE PAID BY FSA OFFICE AT

I. SETTLEMENT BASIS

(1) OFFICIAL GRADE: ORIGIN ☐ INTERMEDIATE ☐ DESIGNATION ☐

(2) OFFICIAL WEIGHT: ORIGIN ☐ DESIGNATION ☐

J. SPECIAL INSTRUCTIONS

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.*

☐ COUNTY OFFICE COPY ☐ STATE OFFICE COPY ☐ KCCO OFFICE COPY

## 806 Requesting Shipping Instructions (Continued)

### D Distributing CCC-643's

For County Office-prepared CCC-643's, distribute as follows:

- County Office shall:
  - keep original
  - send copy to State Office
- State Office shall send copy to KCCO.

For State Office-prepared CCC-643's, distribute as follows:

- send copy to KCCO
- send original to County Office
- keep a copy.

### E Changes in Completion Date

County Office shall advise KCCO, through the State Office, of any changes in the completion date of a loading order.

## 807-811 (Reserved)

## Section 2 Completing Deliveries of Nonrecourse Loans

### 812 Producer, Warehouse Operator, and County Office Responsibilities

#### A Agreeing to Quality and Quantity Delivered

Producers shall be informed of the producer's and warehouse operator's mutual obligation to agree on grade and quantity of the commodity, shown on CCC-691, Part B that is delivered for settlement purposes.

This table provides applicable types of deliveries.

| IF delivery is... | THEN the producer and... |
|---|---|
| to authorized warehouse for storage | warehouse operator must agree on the grade and quantity determined on delivery to the storing warehouse. |
| for handling only | warehouse operator must agree on the grade and quantity determined on delivery to the shipping warehouse. |
| for identity preserved handling only | County Office representative must agree on the:<br><br>☐ grade determined from a representative sample drawn by a County Office representative<br><br>☐ quantity determined on delivery to the shipping warehouse. |
| for trackloading | County Office representative must agree on the grade and quantity determined according to paragraph 803. |

**Note:** If producer's signature **cannot** be obtained within 10 calendar days, ENTER "**unable to obtain**" in applicable signature space and proceed with settlement.

## 812 Producer, Warehouse Operator, and County Office Responsibilities (Continued)

### B Grade Appeal Rights

Each producer shall get a fair and representative grade for the commodity delivered. Inform producers:

- of their rights and responsibilities **before** deliveries are started
- that they must request appeal samples to be drawn at the time of delivery
- that they are responsible for **all** appeal expenses
- if an appeal is anticipated for a destination grade of a trackload commodity:

  - that necessary arrangements must be made **before** the railcar moves

    **Note:** County Office shall contact KCCO, through the State Office, to arrange for appeal grade.

  - that because the grade is an official grade, the appeal will be through regular GIPSA procedures and at the producer's expense.

## 812 Producer, Warehouse Operator, and County Office Responsibilities (Continued)

### C Appealing Grade Determinations

Appeal grade determinations according to this table.

<table>
<tr><th>IF the grade and quality was determined by...</th><th colspan="2">THEN the...</th></tr>
<tr><td>a Federally licensed inspector on quantities delivered</td><td colspan="2">☐ determination may be appealed through the regular GIPSA procedures<br><br>☐ producer is responsible for all appeal expenses<br><br>☐ grade and quality determination resulting from the appeal shall serve as the basis for settlement.</td></tr>
<tr><td rowspan="3">other than a Federally licensed inspector on quantities delivered</td><td colspan="2">producer may appeal and shall assume the cost of tests.</td></tr>
<tr><td>IF delivery was to...</td><td>THEN the...</td></tr>
<tr><td>an authorized warehouse</td><td>☐ representative sample of lots in disagreement shall be sent to the County Office with producer’s remittance to cover cost of tests<br><br>☐ County Office will forward the sample to a Federally licensed grain inspector for a determination that shall serve as the basis for settlement.</td></tr>
<tr><td></td><td>other than an authorized warehouse</td><td>County Office will send a portion of the representative sample of lots in disagreement to a Federally licensed inspector for a determination that shall serve as the basis for settlement.</td></tr>
</table>

## 812 Producer, Warehouse Operator, and County Office Responsibilities (Continued)

### D Certifying to Authenticity of Quantity

Producers and warehouse operators shall be reminded that by signing CCC-691 they are certifying that the quantity reported on CCC-691:

- was delivered to the receiving warehouse
- does not include any quantity of the commodity that was purchased or already in store at the receiving warehouse
- does not exceed the maximum quantity eligible for delivery according to paragraph 813.

## 813 Maximum Quantity Eligible for Delivery

### A Maximum Quantity

The maximum quantity for delivery to CCC under a farm-stored loan is 110 percent of the outstanding loan quantity.

**Note:** The delivered quantity cannot exceed the maximum eligible quantity established according to paragraph 230.

### B Ineligible Quantity

Quantity delivered to CCC shall **not** be any quantity:

- pledged as collateral for recourse loan
- applicable to unauthorized disposition
- made as LDP
- that was purchased.

### C Amounts Exceeding Maximum

Follow paragraph 820 for handling delivered amounts exceeding the maximum eligible quantity.

## 814 Questionable Deliveries

### A Questioning Eligibility

If the County Office has reason to question the eligibility of a commodity delivered to CCC, review the case immediately.

The extent of the review should be directly related to the seriousness of the matter.

### B Action When Wrongdoing Discovered

If wrongdoing is discovered, the:

- County Office shall report the case and circumstances to the State Office immediately
- State Office shall:
    - determine the steps to be taken after consulting with the County Office
    - refer the case to OIG if further investigation is necessary according to 9-AO
    - refer the case to the regional attorney when advice is needed.

### C Determining Delivery Is Proper

If delivery is determined to be proper, process settlement in the normal manner.

## 815 Insect-Damaged Wheat

### A Settling Insect-Damaged Wheat

According to grain standards, wheat with 32 or more insect-damaged kernels per 100 grams shall be sample grade.

To determine the settlement value for sample grade wheat, because of insect-damaged kernels, that is received for delivery on a loan, contact PSD as follows:

- County Offices shall contact PSD through the State Office **only**
- State Offices shall contact PSD.

### B Action When Reported by Warehouse Operator

When delivered insect-damaged wheat is reported by the receiving warehouse operator, County Offices shall advise the:

- local FDA office in writing of the following:
    - producer's name and address
    - name and address of the warehouse where the wheat was delivered
    - delivery date
    - crop year and loan number
    - quantity delivered
    - number of insect-damaged kernels per 100 grams as reported by the warehouse operator
    - name and address of the reporting County Office
- warehouse operator that CCC will **not** take insect-damaged wheat into inventory.

## 815 Insect-Damaged Wheat (Continued)

### C Maintaining Written Correspondence

County Offices shall:

- place a copy of the letter to FDA in the producer's loan folder
- maintain separate copies of the letters in a separate folder for future reference.

## 816 Completing CCC-691, Part B

### A Completing Part B

Complete CCC-691, Part B according to the type of delivery. Determine proper completion according to the following.

| Item | Type of Delivery | Instructions |
|---|---|---|
| 19 A | • Authorized warehouse storage with warehouse receipts issued.<br><br>• Handling only, commingled. | Warehouse operator enters the following, as applicable:<br><br>☐ commingled lot identification<br>☐ grade and grading factors<br>☐ weights<br>☐ storage start date for warehouse storage<br>☐ date delivery completed, item 20<br>☐ type of delivery, item 21. |
| | Local sales. | County Office enters the following:<br><br>☐ lot identification<br>☐ grade and grading factors<br>☐ weights<br>☐ date delivery completed, item 20<br>☐ "**sale**" for type of delivery, item 21. |
| | ☐ Handling only, identity-preserved.<br><br>☐ Trackload. | County Office enters the following, as applicable:<br><br>☐ lot identification<br>☐ grade<br>☐ grading factors<br>☐ weights<br>☐ date delivery completed, item 20<br>☐ type of delivery, item 21. |

## 816 Completing CCC-691, Part B (Continued)

### A Completing Part B (Continued)

| Item | Type of Delivery | Instructions |
|---|---|---|
| 22 | ☐ Handling only, commingled.<br><br>☐ Handling only, identity-preserved.<br><br>☐ Trackload. | County Office enters the:<br><br>• loading order number from CCC-156 issued by KCCO<br><br>☐ railroad car number or truck number, as applicable. |
| 23 and 24 | All types of deliveries. | Producer and warehouse operator, or if applicable, County Office representative, shall sign and date agreeing to weights and grades delivered.<br><br>**Note:** If producer's signature cannot be obtained within 10 calendar days, enter "**unable to obtain**" in applicable space and proceed with settlement. |

# 816 Completing CCC-691, Part B (Continued)

## B Example for Warehouse Storage

The following is an example of Part B completed for **warehouse storage**.

**PART B - GRADE AND QUANTITY DETERMINATION (If additional space needed, use Form CCC-691-1)**

19. The undersigned hereby certify (1) that a representative sample was secured from each lot of the commodity described above at the time it was delivered, and (2) that it is mutually agreed such commodity is of the quantity, grade and quality delivered in the schedule below and on continuation sheets thereto. The undersigned warehouse operator further certifies (1) that they have received in their warehouse from the undersigned producer the quantity, grade(s) and quality of the commodity described in the schedule below and on continuation sheets thereto and, in the case of deliveries for local storage, that they will issue acceptable warehouse receipt(s) and; when requested, scale tickets for each commodity and (2) that the quantity of the commodity listed below was, in fact, delivered to the receiving warehouse, and does not include any quantities purchased from or already in store at the receiving warehouse and substituted without prior approval.1/ The undersigned producer further certifies that (1) the commodity delivered by them is the commodity described in the schedule below and is free and clear of all liens and encumbrances, including landlord's liens except in favor of lienholders from whom waivers have been secured and that the commodity delivered is eligible for delivery by him/her under the applicable program regulations, (2) for all commodities, the quantity delivered does not exceed the quantity that was produced on the farm(s) listed on the original commodity loan agreement entered into with CCC. 1/ The warehouse operator further certifies that all services invoiced including handling, weighing, grading, storage, or servicing were actually performed. The parties signing this certification understand that the making of any fraudulent representations shall render the parties subject to criminal prosecution under Federal law and may render the entire quantity ineligible for any loan benefits (see Part F on reverse of this document).

*1/ If there is a disagreement as to grade or quality, the certification shall nonetheless be signed but the items as to which there is a disagreement in Part B shall be lined through. A representative sample of the lot as to which there is disagreement shall be submitted for an appeal determination in accordance with Part E (on reverse hereof). Such determinations shall be binding on all signators to this part.*

| A. Warehouse Receipt Number 2/ | B. Grade, Class & Sub-Class | C. Test Weight (lb.) | D. Moisture % | E. F.M. (%) 3/ | F. Other Applicable Factors | G. Gross Weight (lb.) | H. Dock (%) | I. Net Weight (bu., cwt., lb.) | J. Storage Start Date |
|---|---|---|---|---|---|---|---|---|---|
| 201 | No. 1 HRW | 60.0 | 13.0 | | PROTEIN 10.6 | 111,240 | | 1,854 | 6-20-XXXX |
| | | | | | | | | | |
| | | | | | | | | | |

*2/ If undesirable wheat variety, place an "*" following applicable lot identity. 3/ For corn, includes also B.C.*

| 20. Date Delivery Completed | 21. Type of Delivery: | 22. Loading Order Number |
|---|---|---|
| 6-20-XXXX | Whse. Stge. [X] Hand. Only [ ] Sale [ ] Bins [ ] Track Load [ ] | |

| 23. Signature of Producer | Date | 24. Signature of Warehouse Representative | Date |
|---|---|---|---|
| ➢ /s/ V. Paige | 6/20/XXXX | ➢ /s/ John Smith | 6/20/XXXX |

## C Example for Trackload

The following is an example of Part B completed for **trackload**.

**PART B - GRADE AND QUANTITY DETERMINATION (If additional space needed, use Form CCC-691-1)**

19. The undersigned hereby certify (1) that a representative sample was secured from each lot of the commodity described above at the time it was delivered, and (2) that it is mutually agreed such commodity is of the quantity, grade and quality delivered in the schedule below and on continuation sheets thereto. The undersigned warehouse operator further certifies (1) that they have received in their warehouse from the undersigned producer the quantity, grade(s) and quality of the commodity described in the schedule below and on continuation sheets thereto and, in the case of deliveries for local storage, that they will issue acceptable warehouse receipt(s) and; when requested, scale tickets for each commodity and (2) that the quantity of the commodity listed below was, in fact, delivered to the receiving warehouse, and does not include any quantities purchased from or already in store at the receiving warehouse and substituted without prior approval.1/ The undersigned producer further certifies that (1) the commodity delivered by them is the commodity described in the schedule below and is free and clear of all liens and encumbrances, including landlord's liens except in favor of lienholders from whom waivers have been secured and that the commodity delivered is eligible for delivery by him/her under the applicable program regulations, (2) for all commodities, the quantity delivered does not exceed the quantity that was produced on the farm(s) listed on the original commodity loan agreement entered into with CCC. 1/ The warehouse operator further certifies that all services invoiced including handling, weighing, grading, storage, or servicing were actually performed. The parties signing this certification understand that the making of any fraudulent representations shall render the parties subject to criminal prosecution under Federal law and may render the entire quantity ineligible for any loan benefits (see Part F on reverse of this document).

*1/ If there is a disagreement as to grade or quality, the certification shall nonetheless be signed but the items as to which there is a disagreement in Part B shall be lined through. A representative sample of the lot as to which there is disagreement shall be submitted for an appeal determination in accordance with Part E (on reverse hereof). Such determinations shall be binding on all signators to this part.*

| A. Warehouse Receipt Number 2/ | B. Grade, Class & Sub-Class | C. Test Weight (lb.) | D. Moisture % | E. F.M. (%) 3/ | F. Other Applicable Factors | G. Gross Weight (lb.) | H. Dock (%) | I. Net Weight (bu., cwt., lb.) | J. Storage Start Date |
|---|---|---|---|---|---|---|---|---|---|
| 3 | No. 1 HRW | 60.0 | 13.0 | | PROTEIN 10.6 | 11,240 | | 1,854 | |
| | | | | | | | | | |
| | | | | | | | | | |

*2/ If undesirable wheat variety, place an "*" following applicable lot identity. 3/ For corn, includes also B.C.*

| 20. Date Delivery Completed | 21. Type of Delivery: | 22. Loading Order Number |
|---|---|---|
| 6-20-XXXX | Whse. Stge. [ ] Hand. Only [ ] Sale [ ] Bins [ ] Track Load [X] | 27-155-1801 |

| 23. Signature of Producer | Date | 24. Signature of Warehouse Representative | Date |
|---|---|---|---|
| ➢ /s/ V. Paige | 6/20/XXXX | ➢ /s/ Joe Doe | 6/20/XXXX |

## 817 Completing CCC-691, Part C

### A Completing Part C

Itemize all charges or credits, as applicable, on CCC-691, Part C, according to this paragraph. See example in subparagraph G.

If more than one CCC-691 is issued for a loan, itemize charges and credits only on CCC-691 that shows the outstanding quantity and balance to be settled.

### B Charges

Enter all charges incurred by CCC during delivery, such as shelling, hauling, weighing, and grading in item 26.

Attach copies of bills to producer and County Office copies of CCC-691.

When a nonrecourse loan is called before maturity, warehouse storage charges will be deducted for early delivery. Make a deduction as a separate item instead of reducing the settlement rate, as follows:

- in CCC-691, item 8, CHECK (✓) "**Voluntary Early Delivery Subject to Storage Deduction**" box

- write the following information under the entries provided by the warehouse on CCC-691, Part B:

  "Storage adj. _____ bu. times _____cents = $_____."

APSS will determine storage charges through the maturity date.

**Exception:** County Office shall **not** make a storage deduction when deliveries of farm-stored commodities are called by CCC under general acceleration of the loan maturity date for a particular geographic area.

## 817 Completing CCC-691, Part C (Continued)

### C Credit for Storage Beyond 60 Calendar Days

CCC shall credit the producer for storage when CCC required the producer to retain the commodity beyond 60 calendar days after maturity according to subparagraph 800 F.

The period for earning storage starts on the 61st calendar day after maturity and ends the **earlier** of the final date:

- of delivery
- for delivery as shown on CCC-691.

APSS will calculate the storage credit using the storage rates applicable to the:

- storing warehouse for deliveries for warehouse storage
- closest authorized warehouse for trackload and handling only loading orders.

If there is a question about which storage rate to use, refer the matter to the State Office or KCCO for rate determination.

Storage credit is limited to the **lower** of the following:

- quantity delivered
- 110 percent of the outstanding loan quantity.

### D Trackloading Credit

Producers delivering a commodity to CCC on track at a country point will be given a trackloading credit, as applicable, of:

- 10 cents per bu
- 16.67 cents per cwt. for grain sorghum and rice.

APSS will calculate the trackloading credit.

## 817 Completing CCC-691, Part C (Continued)

### E Excess Haul Credit

If a producer is directed to deliver a commodity to a location beyond the producer's customary delivery point, credit may be earned for excess haul.

See Exhibit 2 for a definition of customary delivery point.

If the producer:

- hauls the commodity, use the STC-established rate
- hires someone to haul the commodity, use the **lesser of the following**:
    - STC-established rate
    - actual cost of hauling the commodity.

The mileage for which credit is earned shall:

- be the additional distance to the delivery point from the customary delivery point
- **not** exceed the distance by direct route from the delivery point, minus the distance from the farm to the producer's customary delivery point.

Record the following as separate items on CCC-691, Part C:

- item 27 total miles on which the excess haul credit was based
- item 28 excess hauling:
    - total excess haul credit
    - number of bu. or cwt.
    - rate that was used for calculating the excess haul credit (cents per bu. or cwt.).

### F STC-Established Rate for Excess Hauling

STC shall establish an excess haul rate, taking into account the following:

- rates of local truckers
- that rates shall not include loading, unloading, or return costs.

## 817 Completing CCC-691, Part C (Continued)

### G Rate Basis

Enter State and county codes of normal delivery point in item 30.

### H Example of Part C

The following is an example of Part C.

| PART C - SETTLEMENT DATA | | | | | | |
|---|---|---|---|---|---|---|
| Itemize Charges *(storage, etc.)* | | | Itemize Credits *(hauling, trackload, etc.)* | | | |
| 25. Reserve Storage Refund<br>$ | | | 27. Excess Haul Total Miles | | | |
| | | | 28. Excess Hauling<br>$ = | Bu. | @ | Cents |
| 26. CCC Incurred Costs<br>$ = | Bu. | Cents<br>@ | 29. Reserve Storage Payment<br>$ | 30. Rate Basis *(ST.&CO. Code or terminal pt.)* | | |
| LOCAL SALES | 31. Authorization Number *(if any)* | 32. Quantity Sold *(bu., cwt., lb.)* | 33. Rate<br>$ | 34. Amount<br>$ | 35. CCC-257 Number | |
| PART D - CERTIFICATION AND APPROVAL FOR COUNTY FSA COMMITTEE | | | | | | |
| 36. Delivery of commodity in Part B has been completed subject to final settlement. | | | | | Date | |

**Note:** CCC-691, item 36 provides for CCC approval and date.

### I Distributing Final CCC-691

County Offices shall distribute final approved CCC-691 as follows:

- keep County Office copy in producer's loan folder
- attach copy to applicable settlement documents and send to KCCO, PD, MB according to paragraph 826
- return warehouse operator's settlement copy to warehouse
- provide producer's copy to producer.

For trackloading deliveries, send the copy to KCCO.

## 818 (Reserved)

## 819 Reviewing Delivery Documents

### A Reviewing Documents Before APSS Processing

Before processing and approving the delivery and settlement documents, County Offices shall review the applicable documents, associated with the delivery of the commodity, for accuracy and eligibility.

If discrepancies are noted, have the discrepancies corrected:

- by the applicable party responsible for the entries on the applicable document
- **before** completing the settlement.

**Note:** County Offices shall **not** make changes to the warehouse receipt or CCC-691, Part B; these **must** be completed by the warehouseman.

### B Verifying Quantity Data

Before approving the quantity for settlement, County Offices shall ensure the quantity delivered:

- is eligible for loan according to paragraph 225

- does **not** exceed the maximum quantity eligible for delivery according to paragraph 813

- shown in CCC-691, Part B agrees with quantities shown on warehouse receipt, and if applicable, KC-350 (Grain) or KC-350 (Oilseed) for commodities delivered to warehouse storage.

## 819 Reviewing Delivery Documents (Continued)

### C Verifying Quality Data

County Offices shall:

- review the following, as applicable, for accuracy of quality data:
  - warehouse receipts
  - applicable KC-350's
  - inspection certificates
- ensure that the quality factors support the grade for the commodity according to the applicable 2-LP
- verify that entries shown on CCC-691, Part B agree with quality data shown on warehouse receipt, and if applicable, KC-350 (Grain) or KC-350 (Oilseed) for commodities delivered to warehouse for storage
- verify the CCC-warehouse code
- obtain, if necessary, proper endorsements on the warehouse receipts
- enter State and county codes and loan number on upper right-hand corner of receipt.

### D Questionable Deliveries

If a delivery appears to be questionable, see paragraph 814 for proper action.

## 820 Delivered Quantities Exceeding Maximum Eligible Quantity

### A Handling Excess Quantities

CCC has **no** obligation to settle with producers on delivered quantities exceeding the maximum eligible quantity for delivery.

If the total quantity delivered exceeds the maximum eligible quantity, notify the producer and the warehouse operator:

- in writing, using the letter in subparagraph B
- of the following:
    - the warehouse receipt and CCC-691 must be corrected to show only the eligible quantity
    - the documents must be corrected and returned to the County Office within 15 calendar days from the date of notification
    - the producer must bear the costs, if any, for correcting the documents and splitting the warehouse receipt.

## 820 Delivered Quantities Exceeding Maximum Eligible Quantity (Continued)

### B Sample Letter to Producer

Use the following letter when it is necessary to split a warehouse receipt according to subparagraph A.

(***Date***)

Dear_____:

The quantity for (**year**)-crop (*commodity type*) loan (*number*) was recently delivered to (***warehouse name***). You delivered (***quantity***). The maximum quantity for delivery shown on CCC-691, Commodity Delivery Notice, was (***quantity***). Accordingly, you must return the receipt to the warehouse. The receipt(s) must be split and CCC-691 corrected to show only the maximum quantity eligible for delivery to CCC.

The warehouse operator must issue a replacement warehouse receipt and corrected CCC-691 to CCC, which represents only the quantity eligible for delivery to CCC. The quantity exceeding the quantity eligible for delivery to CCC will be available to you.

The corrected documents must be returned to the County Office named above on or before the 15th calendar day following the date of this letter.

**Note:** CCC is not responsible for charges, if any, for correcting the documents and splitting the warehouse receipts.

If you obtain the documents from the County Office and fail to return them by (***enter the 30th calendar day after the date of this letter***), a receivable will be established for the principal and charges, plus interest, due on the loan.

CCC will obtain the corrected documents if you have not obtained the receipts for correction on or before the 30th calendar day after the date of this letter. Any cost incurred by CCC will be offset from the settlement of your loan.

Your delivery will be processed after the documents are corrected. Copies of the final loan settlement will be forwarded to you.

If you have any questions, please contact this office.

Sincerely,

County Executive Director,
_____County FSA Office

cc: (***Warehouse operator issuing warehouse receipt.***)

## 820 Delivered Quantities Exceeding Maximum Eligible Quantity (Continued)

### C Additional County Office Action

Follow this table when additional action is necessary to obtain corrected documents.

| IF the producer... | THEN the County Office shall... |
|---|---|
| fails to obtain the warehouse receipt and CCC-691 from the County Office for correction | ☐ obtain corrected warehouse receipts<br><br>☐ consider the cost for splitting warehouse receipts as a cost incurred by CCC<br><br>☐ enter the cost on CCC-691, item 26<br><br>☐ complete the settlement process. |
| obtains the warehouse receipt and CCC-691 from the County Office, **but fails** to return the corrected documents | establish a receivable through NRRS. The receivable amount is equal to the principal plus interest as of the date of the demand letter. On the 31st calendar day, if the amount due is **not** repaid by the 30th calendar day after the CCC-691 expiration or extended expiration date, the interest start date for the receivable shall be the 31st calendar day after the CCC-691 expiration or extended expiration date. |
| returns the corrected documents **after** the claim has been established | follow paragraph 867 and 12-PS for processing settlement of the loan in receivable status. |

**Note:** If the loan collateral is sold by local sale, process settlement in APSS according to 12-PS.

## 821 Determining Loan Settlement Values

### A Base Loan Rates

If the commodity is delivered to CCC from farm storage, settlement shall be made by CCC on the basis of the base loan rate:

- applicable to the crop year for the commodity
- for the county where the producer's customary delivery point is located
- adjusted for applicable premiums and discounts.

### B Determining Settlement Values

Farm-stored loan settlement is based on the quantity and quality of the commodity delivered to CCC.

Determine farm-stored settlement rates on eligible commodities, as determined in applicable 2-LP, using the:

- specific crop year schedule of loan premiums and discounts for the:
  - crop year of the commodity delivered
  - factors or percent of factors shown on the warehouse receipts or inspection certificates
- additional schedule of discounts in effect on the date delivery was completed by the producer.

***--Note:** For commodities where the loan rate was reduced for ACRE-elected farms, the base loan rate is the adjusted ACRE loan rate, as applicable.**--***

### C Weight Basis for Premiums and Discounts

See applicable 2-LP for applicable weight basis.

## 821 Determining Loan Settlement Values (Continued)

### D Using Appropriate Schedule

Follow this table when a discount factor is **not** included in the applicable specific crop year schedule of premiums and discounts for the applicable commodity.

| **IF a discount factor or percentage of a factor is not included in the applicable...** | **THEN...** |
|---|---|
| specific crop year schedule of premiums and discounts for the commodity | apply the applicable additional schedule of discounts in:<br><br>☐ effect on the date delivery is completed as shown on CCC-691<br><br>☐ 2-LP applicable to the commodity.<br><br>**Note:** Schedules for previous years' delivery periods not found in 2-LP may be obtained from the State Office, if needed. |
| additional schedule of discounts for the commodity | County Offices shall contact PSD through the State Office.<br><br>**Note:** Do **not** contact KCCO, KCAO, or FSC. |

## 821 Determining Loan Settlement Values (Continued)

### E Reasons for Additional Discounts

The schedules of CCC additional discounts are:

- provided for those qualities, factors, or percentages of factors for which no discounts have been established in the specific crop year schedule of loan premiums and discounts
- applicable for commodities delivered to CCC
- applicable to all States
- to be used to determine farm-stored loan settlement rates, if applicable.

### F Additional Discount Applicability

Quantities of farm-stored commodities are subject to the additional discounts for loan settlements in the applicable 2-LP when the quantities are **both** of the following:

- ineligible for warehouse-stored loan
- delivered to satisfy farm-stored loan obligations.

The additional discounts:

- are for factors not shown in specific crop year schedule of premiums and discounts
- shall be used in addition to any applicable discounts in the specific crop year schedule of premiums and discounts.

**Example:** If the warehouse receipt or inspection certificate shows that the corn has 3.5 percent broken corn and foreign material and 15.9 percent moisture, use the discount in:

- specific crop year schedule for 3.5 percent broken corn and foreign material
- additional schedule of discounts for 15.9 percent moisture.

## 821 Determining Loan Settlement Values (Continued)

### G Using the Additional Schedule of Discounts

The additional schedules of discounts are:

- cumulative discounts
- not to be added to any discount if the same factor is listed in the specific crop year schedule of loan premiums and discounts.

Use the discount shown in the specific crop year schedule of loan premiums and discounts to determine the settlement rate **if** a factor or percentage of a factor, applicable to the commodity, is listed in **both** of the following:

- specific crop year schedule of loan premiums and discounts for the crop year of the commodity delivered
- additional schedule discounts.

### H Settlement Value of Zero or Less Than Zero

Discounts applied during a settlement may result in the commodity having a value of zero or less than zero. If this situation occurs, use zero for the settlement value of the commodity.

***--**The settlement loan value for all loans delivered to CCC is determined on the quality factors of the quantity delivered. Discounts applied during a settlement may result in the commodity having a value of zero or less than zero. If this happens, use zero for the settlement value of the commodity.

**Note:** If a nonrecourse loan is disbursed at the regular loan rate, and the producer delivers low quality commodity to CCC in settlement of the loan, when all discounts are applied, it is possible that the entire original loan amount will be owed to CCC.**--***

### I Discount for Contaminated Grain

Grain found to contain substances poisonous to human or animals, such as mercurial compounds and toxin-producing molds, will receive a discount equal to the settlement value determined after applying all other premiums and discounts. See the additional discount schedule applicable to the commodity.

**Exceptions:** For grain delivered to CCC with the warehouse receipt indicating a vomitoxin level of:

- 5 parts per million or less, determine the settlement rate in the normal manner
- more than 5 parts per million, the grain shall have a settlement value of **zero**.

## 822 Completing Settlements

### A Processing Settlements

County Offices shall:

- organize their work so that settlements are processed promptly when delivery of the commodity is completed
- process settlements in APSS according to 12-PS
- close out the producer's loan promptly by paying amounts due or collecting any deficiencies.

***--Note:** Warehouse purchases from KCCO for farm-stored deliveries before completing the settlement and transfer of the commodity to CCC are **no** longer authorized.**--***

### B Handling National Soybean Assessment

When processing farm-stored **soybean** loan settlements, the national soybean assessment equal to 0.5 percent of the settlement value will be charged.

### C Distributing CCC-692's

County Offices shall distribute CCC-692's as follows:

- place the original in the producer's loan folder
- attach a copy to KCCO copy of CCC-691
- provide a copy to the producer.

## 822 Completing Settlements (Continued)

### D Submitting Documents to KCCO

County Offices shall submit, according to paragraph 826, the following documents to KCCO:

- ☐ copy of CCC-691
- ☐ warehouse receipt, if applicable
- ☐ supplemental certificates, if applicable
- ☐ copy of CCC-692
- ☐ any additional documents necessary to support the settlement.

### E Releasing CCC-677's After Settlement

**After** the commodity has been delivered, settlement completed, and documents transmitted to KCCO, County Offices shall:

- ☐ mark the original CCC-677, "**Delivered**"
- ☐ return CCC-677 to the producer.

If **either** of the following applies, do **not** release CCC-677 to the producer:

- ☐ loan deficiency exists and has not been satisfied
- ☐ loan amount has been transferred to receivables and has not been paid.

## 823 Loan Deficiencies

### A Notifying Producers

When there is a deficiency owed to CCC resulting from a loan settlement, County Offices shall:

- transfer the amount due CCC from APSS using the "Transfer to Claims" option

- ***--**immediately establish receivable in NRRS according to 64-FI and Exhibit 7,**--***
  subparagraph A for a "deficiency after delivery"

  **Note:** NRRS will notify the producer requesting repayment of the amount due on CCC-692, item 22.

- send copies of CCC-691 and CCC-692 to the producer.

### B Applying Repayments

Record receivable repayments in NRRS.

### C Excessive Loan Deficiency

If an excessive loan deficiency occurs because of a settlement, COC shall:

- review the applicable loan folder and documents for possible program violation
- document results of the review in COC minutes
- if applicable:

  - submit information to OIG, through the State Office
  - take administrative actions according to Part 4.

## 824, 825 (Reserved)

## 826 Transmittal Control Documents

### A Generating Transmittal Control Documents

A transmittal control document will be generated automatically:

- when the price support and accounting files are balanced and queued in APSS, if the files are not out-of-balance and were successfully queued
- for farm-stored loan settlement transactions completed in APSS since the last balance and queue process
- and will include a document number that:
  - is assigned and recorded in the transmission file
  - will be used by KCCO to cross-reference transmittal control documents and transmission files.

### B Reviewing Documents

County Offices shall:

- review the transmittal control document for accuracy by comparing the information on the transmittal control document with the applicable settlement documents
- obtain CED's, or designee's, signature on the transmittal control document.

## 826 Transmittal Control Document (Continued)

### C Incorrect Information Is Discovered

If incorrect information is discovered, County Offices shall:

- delete the settlement according to 12-PS
- document on the transmittal control document, the following:
  - an explanation of the reversal
  - if applicable, the fact that the warehouse receipt was already sent to KCCO with a previous transmittal control document

    **Note:** If the settlement being deleted was listed on a previous transmittal control document, attach a copy of the transmittal control document that accompanied the submitted warehouse receipt.
- re-enter corrected settlements according to 12-PS
- submit any additional documents, as necessary according to subparagraph E.

### D Preparing Documents for Submission

County Offices shall:

- sort warehouse receipts, if applicable, in the same order as the transactions are listed on the applicable transmittal control document
- attach warehouse receipts and, if applicable, supplemental certificates to the transmittal control document.

## 826 Transmittal Control Documents (Continued)

### E Submitting Documents

County Offices shall submit all documents on the same day transmittal control documents are generated. Submit settlement documents to:

USDA, FSA, KCCO, PD, MB
STOP 8748
PO BOX 419205
KANSAS CITY MO 64141-6205.

### F Maintaining Copies

County Offices shall maintain a copy of transmittal control documents and applicable attachments:

- by document number
- in a separate file for settlements and local sales, as applicable.

## 827-855 (Reserved)

## Section 3 Local Sales

### 856 Local Sale Eligibility

#### A Eligible Sales

Commodities eligible for local sale, according to this section, include:

- loan collateral that is required to be disposed of through local sales, including collateral for recourse loans and recourse loan foreclosure

  **Examples:** Commodities exceeding the maximum STC-level for moisture.

  Recourse loans for corn and sorghum that exceed the 2-LP standard for moisture.

  Commodities under a distress loan.

- isolated farm-stored lots

- commodities ineligible, as applicable

- commodities ineligible because of sanitation requirements or containing poisonous substances

- damaged and salvaged collateral

- sample grade wheat because of insect-damaged kernels according to paragraph 815

- commodities for settlement of nonrecourse loans that are refused for storage by authorized warehouses located where it is practical to deliver commodities to be placed in CCC inventory

  **Note:** Warehouse operators may refuse to accept and store commodities for any reason.

- commodities for settlement of farm-stored nonrecourse loans that producers refuse to deliver, including processing loan foreclosure

- commodities for settlement of farm-stored nonrecourse loans where it is not cost effective to pay excess haul.

***--Notes:** See Exhibits 9 and 10, subparagraph A for table of applicable actions for**--***
recourse and distress loans.

For recourse loans open after maturity, do **not** issue CCC-691.

## 856 Local Sale Eligibility (Continued)

### B Ineligible Sales

The following commodities are **ineligible** for disposal through local sales provisions:

- commodities not specified in subparagraph A
- any commodity that a warehouse operator:
    - accepted for CCC's account
    - placed in storage in the warehouse following delivery under CCC-691.

## 857 Authorization

### A Authorizing Local Sales

County Offices shall request authorization for a local sale from the State Office before announcing the sale.

**Note:** If it is not in the best interest of CCC to wait to request a local sale, justification for the expedited request shall be provided with the authorization request.

### B State Office Action

The State Office shall:

- authorize all local sales before the County Office announces the sale
- maintain a register of assigned authorization numbers
- notify the County Office of the authorization number.

**Note:** County Office shall enter the authorization number on:

- CCC-638
- CCC-639
- ***--**CCC-691, item 31, for nonrecourse loans **only**.**--***

### C Sales to Employees

FSA employees may purchase commodities offered for local sale **only** when the sale of this commodity is based on competitive bids.

No purchase may be made, either directly or indirectly, by:

- the employee who was formerly accountable for the commodity or who was in any way connected with its condemnation or sale

- State Office employees without prior approval of SED

- County Office employees without prior approval of the State Office representative.

## 857 Authorization (Continued)

### D Sales to Warehouse Operators

A warehouse operator who refuses to accept a commodity being delivered in settlement of a farm-stored loan may submit a bid for the commodity, if the commodity is later disposed of through local sales.

## 858 Announcing Sales

### A Sale Announcements

A formal announcement of sale is not required, but an informal announcement should be provided to as many of the known buyers in the area as possible. For an example of an informal announcement of sale, see subparagraph C.

Any other format must contain at least the information contained in the applicable examples.

Paid advertisements to publicize sale may be used, if authorized by SED.

Post a copy of the announcement in a prominent place in the County Office.

### B Sale Provisions

The bid price is on an "as is where is" basis. The producer is responsible for the commodity up to the point the buyer takes control of the commodity at the producer's storage facility. The buyer is responsible for **all** handling, transport, and insurance to remove the commodity from the storage facility (also known as F.O.B. buyer). CCC offers **no** warranty and the buyer assumes the risk that the grain may be of poor quality.

Alternate or tie-in bids will **not** be accepted.

- Alternate bid means a bid that provides for an amount to be added to or deducted from the stated bid amount.

- Tie-in bid means the bidder makes the acceptance of 1 item's bid conditional upon the acceptance of another item being bid on in the same sale.

CCC may cancel the sale announcement at any time.

CCC can accept or reject any bid, in whole or in part.

CCC may take into account the financial responsibility of the bidder.

Prospective buyers may make arrangements with the County Office to inspect the commodity before placing a bid. CED shall be present during such inspections.

## 858 Announcing Sales (Continued)

### B Sale Provisions (Continued)

The quantity shown on the bid announcement is an approximate quantity. The exact quantity shall be determined by weighing the commodity at the producer's expense.

CCC shall be present during the delivery and transfer of the grain.

Buyer is responsible for all accrued charges not paid or provided for by the producer or CCC.

The sales proceeds shall be computed on the net weight of the commodity received by the buyer. The sales proceeds shall be paid to CCC in cash or by money order, certified check, or cashiers check. If approved by CED, an uncertified personal or business check may be accepted.

Delivery shall be completed within 15 workdays after the date of the sale. Payment must be made at the time of delivery.

If no bids are received, the local sale shall be re-advertised. Paid advertisement should be authorized.

## 858 Announcing Sales (Continued)

### B Example of Informal Sales Announcement

The following is an example of an informal sale announcement.

Reproduce locally.

**Announcement of Sale and Invitation to Bid on**
**Commodity Credit Corporation Loan Collateral**

*Logan County FSA Office*
*P.O. Box 257*
*Oakley, KS 67582*
*Telephone 913-447-2315*

Offer No.___*1*_____ Kind of Commodity_____*WHEAT*____

The_____*Logan*_____County FSA Office at_____*Oakley, KS*_____hereby announces the sale of commodity and invites bids on the following lots of grain subject to the terms and conditions of this Invitation to Bid. Such disposition will be for domestic unrestricted use unless otherwise indicated below. Bids will be opened on____*January 27*____, 20*XX*__at__*2:00*__p.m. Bids will be considered only if received before such opening time.

1 Quantity and Location of Commodity

| Lot No. | Approximate Quantity | Location of Commodity |
|---|---|---|
| *1* | *457 bushels* | *2 miles south of Oakley, KS on Highway 6* |

2. All bids must be submitted in writing, signed by the bidder, and specify the price per unit (such as bushel, hundredweight, pound) and "as is" and "where is" basis.

3. Alternate or tie-in bids will not be accepted.

4. CCC reserves the right to accept or reject, in whole or part of, any or all bids, and in considering bids to take into account the financial responsibility of the bidder.

5. CCC does not warrant the grade/or quality of any commodity in this lot(s) or the fitness of this commodity for any particular use. The buyers may make arrangements to inspect any lots offered before bidding by making arrangements with the CED at the above named County FSA Office.

6. Quantities in the lots indicated are approximate. Buyer is responsible for all accrued charges not paid or provided for.

7. The sales proceeds due CCC shall be paid based on the net weight of the commodity received by the buyer. Payment shall be cash, postal money order, certified check, or draft guaranteed by the banking institution on which shown, or if approved by the CED, uncertified personal or firm check.

8. Payment must be made at the time of delivery of the commodity and not later than 15 workdays after the date of the sale.

9. Delivery basis is by buyer's conveyance at the storage site.

10. CCC reserves the right to cancel this announcement at any time.

11. Use restriction, if applicable:

    A Lot No.(s)_____shall be used **only for animal feed (other than human); and/or industrial use (other than human food or beverage).**

    B Lot No.(s)_____shall be used only for industrial use (other than human food or beverage).

*January 10, 20XX* /s/ *Carl E. Davis*
Date For CCC

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, family status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights,, 1400 Independence Avenue, SW, Stop 9410, Washington, DC 20250-9410 or call toll-free (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

## 859 Handling Bids

### A Receiving Bids

Bids must be in writing and signed by the bidder.

County Office shall:

- time and date-stamp bids when received in the County Office
- keep bids in a locked file until bid opening time.

### B Opening Bids

County Offices shall allow at least 15 calendar days, but no more than 30 calendar days, after the date of the announcement before opening bids, unless the State Office specifically waives this requirement.

Record bids on CCC-639 at the time bids are opened. See subparagraph C for completing CCC-639.

**Note:** Post the successful bids according to subparagraph 860 D. Bids should be kept private and sealed until they are posted according to subparagraph 860 D.

## 859 Handling Bids (Continued)

### C Completing CCC-639's

Complete original CCC-639 only, according to this table, and keep in the County Office.

**Note:** Items not listed are self-explanatory.

| Item | Instructions |
|---|---|
| 1 | Number serially by calendar year. |
| 8 | Use loan number. If sold in more than 1 lot, add the suffix 1, 2, etc. Show bin, seal, or warehouse receipt number, as applicable. |
| 11 | Bid price will be on an "as is where is" basis as provided for in the informal announcement. |
| 12 | Enter F.O.B. buyer and location of commodity. |
| 17 | Leave blank. |
| 22 | Give local market price. |
| 23 | Enter information pertinent to the sale. |

# 859 Handling Bids (Continued)

## C Completing CCC-639's (Continued)

The following is an example of CCC-639.

**This form is available electronically.**

| CCC-639 (09-28-10) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation | 1. ANNOUNCEMENT NO. | 2. SALES NO.(S) | 3. DATE *(MM-DD-YYYY)* |
|---|---|---|---|
| COMPETITIVE BID PRICING WORKSHEET | 1 | 5 | 1-14-20XX |
| | 4. LOCATION OF COMMODITY: Able Farmer, Town, ST | 5. COUNTY: Any CO, ST | |
| | 6. COMMODITY: Wheat | 7. TYPE OF SALE: AS IS ☒ GRADE BASIS ☐ | |

**PART A - BIDS RECEIVED** *(If additional space is needed, use page 2.)*

| 8. LOT NO. *(Include Loan No. or Bin No.)* | 9. NAME AND ADDRESS OF BIDDER *(Check successful bidder(s))* | (X) | 10. TIME AND DATE | 11. BID PRICE *(Per Unit)* | 12. DELIVERY BASIS *(Location of Commodity)* |
|---|---|---|---|---|---|
| 99-999-99 Seal No. 99 | ABC Family Farm Town, ST 99999-9999 | | 3:15 p.m. 1-21-0X | $ 3.00 | FOB Buyer Able Farmer |
| 99-999-99 Seal No.99 | I.M. Farmin Town, ST 99999-9999 | | 9:25 a.m. 01-21-0X | $ 2.75 | |
| 99-999-99 Seal No. 99 | Hunter Green Town, ST, 99999-9999 | X | 4:00 p.m. 1-26-0X | $ 3.01 | FOB Buyer County Warehouse |
| | | | | $ | |
| | | | | $ | |
| | | | | $ | |
| | | | | $ | |
| | | | | $ | |

**PART B - ADJUSTED TERMINAL PRICE(S)**

| | | | | | |
|---|---|---|---|---|---|
| 13. Terminal Market | | | | $ | |
| 14. Grade and Quality | | | | $ | |
| 15. Terminal Market Price | | | | $ | |
| 16. Terminal Marketing Charges and Weighing and Inspection1/ | | | | $ | |
| 17. Freight | | | | $ | |
| 18. Warehouse Load Out Charge | | | | $ | |
| 19. Constructed Cost (if applicable) | | | | $ | |
| 20. Other (specify) | | | | $ | |
| 21. Adjusted Terminal Price | | | | $ | |

22. LOCAL MARKET INFORMATION

23. REMARKS

1/ Do not deduct these charges if not borne by CCC in the commodity office area.

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).*

*To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.*

# 859 Handling Bids (Continued)

## C Completing CCC-639's (Continued)

**CCC-639** (09-28-10) Page 2

**PART A - BIDS RECEIVED** *(Continuation)*

| 8. LOT NO. *(Include Loan No. or Bin No.)* | 9. NAME AND ADDRESS OF BIDDER *(Check successful bidder(s))* | (X) | 10. TIME AND DATE | 11. BID PRICE *(Per Unit)* | 12. DELIVERY BASIS *(Location of Commodity)* |
|---|---|---|---|---|---|
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## 860 Accepting Final Bids

### A State Office Approval

State Office verbal approval is required before accepting final bid.

**Note:** State Office shall followup with written approval within 3 calendar days after verbal approval is given.

### B Notifying Successful Bidder

County Offices shall:

- complete CCC-638 according to this table
- mail copy of CCC-638, or a similar letter, to the successful bidder on the opening date
- keep original CCC-638 in County Office.

| Item | Instructions |
|---|---|
| 1 | Number as shown on CCC-639, item 2. |
| 2 | ENTER “Informal”. |
| 5 | ENTER “F.O.B. Buyer Where Stored”. |
| 10 C | Enter F.O.B. buyer and location of commodity. |
| 10 F | Enter price shown on applicable CCC-639, item 11. |
| 11 | Enter any information pertinent to the delivery of the commodity. |
| 16 | CED or designee shall sign. |

# 860 Accepting Final Bids (Continued)

## C Example of CCC-638

The following is an example of CCC-638.

**This form is available electronically.**

**CCC-638** (09-28-10)
**U.S. DEPARTMENT OF AGRICULTURE**
Commodity Credit Corporation

**CONFIRMATION OF SALE**
*(See Page 2 for Privacy Act and Public Burden Statements.)*

1. Sales Number: 5
2. Type of Sale: Informal
3. State and County Codes: 20 109
4. Date Issued *(MM-DD-YYYY)*: 02-14-20XX

6A. Buyer's Name and Address *(Including Zip Code)*:
Hunter Green
999 Main St
Town, ST 99999-9999

6B. Telephone Number *(Including Area Code)*: 999-999-9999

5. Delivery Point *(Include bin site or warehouse number & location or name)*: County Warehouse, Town, ST
7. Weigh Point *(If other than delivery point)*:
8. Unit of Measure: ☒ BU. ☐ CWT. Other *(Specify)*:
9. Commodity: Wheat

10. CCC agrees to sell the lot(s) described below to the buyer subject to the terms and conditions specified herein and any applicable regulations or announcements governing such sales.

| A. Lot Identity | B. Estimated Quantity | C. Delivery Basis | D. Quality Basis | E. Delivery Date | F. Contract Price $ | G. Advance Payment $ |
|---|---|---|---|---|---|---|
| 99 999-99 | 500 | FOB Buyer County WH | "As Is" | | 3.01 | |
| | | | | | | |
| | | | | | | |
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| | | | | | | |
| | | | | | | |
| | | | | | **H. Total:** | 1,505.00 |

11. Remarks
Contact the County office at your earliest convenience for delivery arrangements.

12. Buyer to Sign Original and Return to County Office ☒
13. Buyer Signature Not Required ☐
14A. Name and Address of FSA County Office *(Including Zip Code)*:
Any County FSA Office
999 Any RD
Town, ST 99999-9999
14B. Telephone Number *(Including Area Code)*: 999-999-9999

15A. Signature of Buyer: ***/s/ Hunter Green***
15B. Date *(MM-DD-YYYY)*: *02-14-20XX*
16A. For the FSA County Committee *Signature)*: ***/s/Officer Mgr, CED***
16B. Date *MM-DD-YYYY)*: *02-14-20XX*

17. Settlement Information

| A. Reference Number | B. Net Premium Or Discount Per Unit | C. Bin Emptying Credits Per Unit *(Bin Sale Only)* | D. Net Price Per Unit $ | E. Dock-Age | F. Net Quantity *(In Units)* | G. Net Proceeds *(In Dollars)* $ | H. Form CCC-257 *(Numbers and ($) Amounts )* |
|---|---|---|---|---|---|---|---|
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| | | | | **I. Totals:** | | | |

18. Form 55 No. (B*in Sales Only)*:
19. Refund Check No.:
20. Amount of Refund $:
21. Total Net Proceeds Adjusted for Damages $:

22A. For the Office Manager:
22B. Date *(MM-DD-YYYY)*:

# 860 Accepting Final Bids (Continued)

## C Example of CCC-638 (Continued)

CCC-638 (09-28-10) Page 2

**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 Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used by CCC to identify/confirm the terms and conditions associated with the sale of a commodity. 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 of ineligibility for individuals/entities to participate in the CCC commodity sale process.*

*This 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 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.***

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*To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.*

## D Posting Bids

Post the name of the successful bidder in the County Office on the date that CCC-638 is mailed and leave posted for at least 5 calendar days.

## 861 Completing Sales

### A Making Payment for Sales

Payment for the sale of the commodity must be:

- made before or at the time of delivery
- in cash or by money order, certified check, or cashiers check; if approved by CED, an uncertified personal or business check may be accepted
- received in the County Office within 15 calendar days after notification of the successful bid.

### B Applicable Charges

The producer is responsible for applicable charges incurred, as necessary, to complete the sale of loan collateral.

**Examples:** Weighing, sampling, grading.

Document all charges for:

- nonrecourse loans on CCC-691, Part C
- recourse loans in the loan folder.

These charges shall be recorded as “other charges” when processing the local sale settlement in APSS.

### C Restrictive Use Certification

For commodities that do not meet sanitation requirements or that contain poisonous substances, the purchaser must sign a restrictive use certification that:

- is the same as was stated in the announcement
- will restrict the use of the commodity according to Federal or State laws governing the particular condition of the commodity.

## 861 Completing Sales (Continued)

### D Applying Sales Proceeds

Sales proceeds:

- from **nonrecourse** loans shall be for the account of CCC and deposited in NRRS, according to 64-FI, using program code “XXCOMMLOSA”

  **Notes:** Settlement with producer shall be based on premiums and discounts applicable to the commodity sold.

  ***--**For nonrecourse loans, do **not** apply the sales proceeds to the loan principal plus interest.

- from **recourse** loans shall be applied to the receivables established in NRRS, according to:

  - Exhibit 9, subparagraph A, “recourse loans”
  - Exhibit 10, subparagraph A, “distress loan”.**--***

  **Note:** Any excess amount shall be paid to the producer.

See subparagraph 862 C for amounts, if any, due after completing local sale settlement.

## 862 Delivery for Local Sales

### A Scheduling Delivery to Purchaser

Delivery to the purchaser should be scheduled after the sale has been completed according to this part.

For **nonrecourse** loans, issue CCC-691 to the **borrower**, directing delivery to the **purchaser** F.O.B., purchaser's conveyance at the storage location.

**Reminder:** CCC-691 shall **not** be issued for **recourse** loans.

### B Supervising Delivery

County Office representative shall supervise the delivery, including weighing and sampling, when applicable.

Handle nonrecourse and recourse loans according to this table.

| IF a... | THEN... |
|---|---|
| farm-stored **nonrecourse** loan | draw a representative sample for initial grade determination.<br><br>**Note:** A licensed grading laboratory shall make the initial grade determination to:<br><br>• be used in case of appeal according to paragraph 812<br>• issue payment, as applicable. |
| • **recourse** loan<br><br>• loan determined ineligible according to paragraph 225 | • do **not** draw a sample<br>• issue payment, as applicable. |

## 862 Delivery for Local Sale (Continued)

### C Completing Local Sale Processing

County Offices shall process local sale settlements through APSS according to 12-PS.

Handle nonrecourse and recourse loans according to the following.

| IF a... | THEN... |
|---|---|
| farm-stored **nonrecourse** loan | • enter weight and grade information on CCC-691, Part B according to paragraph 816<br><br>• record local sales information, as applicable, on CCC-691, items 31 through 35 according to paragraph 817<br><br>• follow paragraphs 819 and 822, and complete settlement with the producer, as follows:<br><br>  • based on weights and grades delivered<br>  • **without** regard to the sales price received from the buyer<br><br>  **Note:** Sales proceeds shall be retained by CCC.<br><br>• if premiums and discounts, according to the applicable 2-LP, applied during the settlement result in the commodity having a settlement rate of zero or less than zero, the settlement rate shall be zero when CCC-692 is completed<br><br>• immediately establish a receivable through NRRS for **only** the deficiency resulting from the settlement to the producer according to ***--**Exhibit 7, subparagraph A, “farm-stored nonrecourse loan”.**--***<br><br>**Note:** The receivable amount is equal to the principle plus interest up to the date the receivable is created.<br>.<br>**Reminder:** Do **not** do **either** of the following:<br><br>  • reduce the settlement rate to less than zero<br><br>  • use the sales proceeds as the settlement value of the commodity. |

## 862 Delivery for Local Sale (Continued)

### C Completing Local Sale Processing (Continued)

| IF the loan is a... | THEN... |
|---|---|
| • **recourse** loan<br><br>• loan determined ineligible according to paragraph 225 | • entire outstanding loan amount shall be transferred from APSS using the "transfer to claims" option and a receivable established in NRRS, according to 64-FI and:<br><br>•*--Exhibit 9, subparagraph A, "recourse loans"<br>• Exhibit 10, subparagraph A, "distress loan".--*<br><br>• **total** amount of the sales proceeds shall be applied to the receivable in NRRS<br><br>• for any amount owed the producer, issue the excess amount through NPS in the normal manner. |

### D Local Sale Documents

County Offices shall maintain local sale documentation in the applicable loan folder. Local sale documentation shall not be submitted to KCCO.

## 863-865 (Reserved)

## Section 4 Uncommon Liquidation Situations

### 866 Foreclosures

#### A Nonrecourse Loans

In cases where no repayment, delivery, or liquidation is made by the producer by the expiration, or extended expiration, date of CCC-691, COC shall on the *** * *** day **after** CCC-691 expiration, or extended expiration date, notify the producer using the letter in ***--**Exhibit 7, subparagraph H, that:**--***

- CCC may, to the extent permitted by law, repossess the collateral by:
  - entering the premises
  - removing the entire loan quantity

  **Note:** CED shall obtain a court order from regional attorney, through the State Office, if necessary.

- the producer shall bear all expenses incurred for the delivery.

When the delivery has been completed, handle CCC-691 in the normal manner according to ***--**Section 2 and Exhibit 7, subparagraph A, "farm-stored nonrecourse loan".**--***

**Notes:** Enter the expenses, incurred by the County Office in the delivery of the commodity, on CCC-691, Part C.

The producer's signature is **not** required.

#### B Recourse Loans

Farm-stored recourse loan foreclosure shall be handled as a local sale, according to Section 3, on the 31st calendar day after the date of the demand letter. See:

- ***--**Exhibit 9, subparagraph A, "recourse loans"
- Exhibit 10, subparagraph A, "distress loan".**--***

The producer shall bear all expenses incurred for the sale.

## 866 Foreclosures (Continued)

### C Notifying Producer of Removal

Use the following letter to notify the producer, according to subparagraph A, when collateral will be removed from the farm:

- ***--**nonrecourse loans, see Exhibit 7, subparagraph H
- recourse loans, see Exhibit 9, subparagraph E
- recourse/ distress loans, see Exhibit 10, subparagraph E.**--***

**Note:** County Office shall notify the producer of all the applicable appeal options available as determined by the decision-making authority.

*** * ***

## 866 Foreclosures (Continued)

### D Missing Loan Collateral

If foreclosure action is taken according to subparagraph A or B, and all or part of the commodity is **not** in the designated storage structures indicated on the loan documents, follow this table for additional action.

| IF the missing quantity of loan collateral is... | THEN... |
|---|---|
| still owned and in the possession of the producer | follow Part 4 for:<br>• determining whether a violation occurred<br>• applying administrative actions, if applicable. |
| either of the following:<br>• no longer owned<br>• no longer in the producer's possession | • apply applicable administrative actions according to Part 4<br>• establish the receivable according to 64-FI, as applicable.<br>**Note:** The receivable amount is equal to the principal plus interest as of the date the demand letter. |

## 867 (Withdrawn--Amend. 2)

## 868 Abandonments

### A Action When Collateral Abandoned

If the commodity securing a farm-stored loan is abandoned, call the loan immediately.

If collateral is acquired in satisfaction of the loan, handle the delivery or local sale, as applicable.

### B Expenses Incurred

The expenses incurred by the County Office in the delivery of the commodity shall be charged against the loan settlement on CCC-691 or the local sale, as applicable.

## 869-899 (Reserved)

# Part 9 Warehouse-Stored Loan Forfeitures

## 900 Loan Forfeitures

### A When to Process Forfeiture

Complete warehouse-stored loan forfeitures when producers do not repay warehouse-stored loans by the loan maturity date according to PS directives and 12-PS, applying premiums and discounts.

County Offices **must** immediately:

- before processing loan or forfeitures in APPS, contact the storing warehouse operator to obtain applicable storage or public tariff rates for Federally licensed warehouses and for warehouses in States listed in subparagraph 536 B

- process storage deductions, if applicable, using the offer shipping rate table for UGRSA warehouses in States listed in subparagraph 536 C; updated warehouse offer shipping rates for States listed in subparagraph 536 C are available at **http://erielake.sc.egov.usda.gov/whserates/grain/warehouse_rates.asp**

- process loan reversal in APSS according to PS directives and 12-PS

- reenter loan applying premiums, discounts, and other applicable charges according to PS directives and 12-PS

  **Note:** Apply premiums, discounts, and other applicable charges to the loan rate that was reduced for ACRE-elected farms.

- process warehouse-stored loan forfeiture on the first day **after** the loan maturity date

- ***--**follow Exhibit 8, subparagraph A, "warehouse nonrecourse loan" to establish a**--***
  receivable in NRRS, if an amount is due CCC

- mail the forfeited warehouse receipt to KCCO on the same day transmittal control documents are generated according to subparagraph 901 A.

**Note:** For EWR's, select "Release Code/Reason", "**9-Forfeiture**" to transfer EWR to KCCO.

### B Verifying Documents

Before processing the forfeiture in APSS according to 12-PS, County Offices shall:

- review the loan documents, each warehouse receipt, and if applicable, KC-350 (Grain) or KC-350 (Oilseed) for data accuracy

  **Note:** If the review of loan documents and warehouse receipts reveals an overdisbursement of the loan, handle according to paragraph 31.

## 900 Loan Forfeitures (Continued)

### B Verifying Documents (Continued)

- ensure that warehouse receipts:
  - issued to the producer have been endorsed by the producer
  - contain proper authorized warehouse code and crop year
- verify weights, bu, and check against quantity shown on CCC-678
- enter the following in the upper-right corner of the warehouse receipt:
  - State and county codes
  - loan number
  - CCC storage start date according to subparagraph C.

The quantity eligible for forfeiture to CCC under a warehouse-stored loan is limited to the loan quantity specified on the warehouse receipt.

### C Determining CCC Storage Start Date

Determine the storage start date for CCC according to this table.

***--Note:** When the forfeiture process in subparagraph A is followed, APSS should determine the storage start date for CCC automatically.--***

| IF... | THEN... |
|---|---|
| storage was paid or provided for through the maturity date | the storage start date for CCC is the day following the loan maturity date. |
| **either** of the following applies:<br>• warehouse-stored loan is called **before** maturity and storage is refunded according to subparagraph E<br>• storage was prepaid **beyond** loan maturity | the storage start date for CCC is the day following the date through which storage had been prepaid or provided. |
| storage charges through the maturity date were **not** paid or provided for at loanmaking | • create a receivable through NRRS<br>• process new loan adjusting loan rate. |

## 900 Loan Forfeitures (Continued)

### D Prepaid Storage Refunds

A storage refund will be calculated by APSS, through the forfeiture process according to 12-PS, when **either** of the following applies:

- loan is called and forfeited **before** maturity
- storage has been paid beyond loan maturity.

The storage refund, made to the producer, is calculated:

- for called loans for the period corresponding to the date the loan was called through loan maturity

- for loans with excess storage paid from the date CCC acquires the commodity through the date warehouse storage charges have been paid or provided for

- at the **smaller** of the UGRSA-approved storage rate, if applicable, or the storage rate actually paid by the producer.

### E Verifying Prepaid In-Handling Charges

Farm-stored nonrecourse commodity loans that are brought under an approved warehouse storage structure are **ineligible** for in-handling charges.

When these loans are forfeited to CCC, County Offices shall:

- enter the following statement on the warehouse receipt:

  "Farm-stored loan converted in-store. No in-handling charges."

- direct KCCO **not** to pay in- handling charges.

## 900 Loan Forfeitures (Continued)

### F Handling National Soybean Assessments

According to 12-PS, when processing warehouse-stored **soybean** loan forfeitures, enter the national soybean assessment, equal to 0.5 percent of the settlement value, in the “assessment” field.

### G Submitting Documents to KCCO

County Offices shall send all forfeited warehouse receipts and KC-350’s, if applicable, to KCCO according to paragraph 901 immediately after processing the warehouse loan forfeiture in APSS and on the same day transmittal control documents are generated according to subparagraph 901 A.

### H Releasing CCC-678 After Forfeiture

**After** the warehouse receipts have been forfeited and transmitted to KCCO, County Offices shall:

- mark the original CCC-678, “**Forfeited**”
- return CCC-678 to the producer.

## 901 Transmittal Control Documents

### A Generating Transmittal Control Documents

A transmittal control document will be generated automatically:

- when the price support and accounting files are balanced and queued in APSS
- for all warehouse-stored loan forfeitures processed in APSS since the last successful end-of-day queue.

The transmittal control document will include a document number that:

- is assigned and recorded in the transmission file
- will be used by KCCO to cross-reference transmittal control documents and transmission files.

### B Reviewing Documents

County Offices shall:

- review the transmittal control document for accuracy by comparing the information on the transmittal control document with the forfeiture documents
- obtain CED's, or designee's, signature on the transmittal control document.

## 901 Transmittal Control Documents (Continued)

### C Incorrect Information Is Discovered

If incorrect information is discovered, County Offices shall:

- delete the forfeiture of the applicable loan according to 12-PS
- document the following on the transmittal control document:
  - an explanation of the reversal
  - if applicable, the fact that the warehouse receipt was already sent to KCCO with a previous transmittal control document

    **Note:** If the forfeiture being deleted was listed on a previous transmittal control document, attach a copy of the transmittal control document that accompanied the submitted warehouse receipt.
  - re-enter corrected forfeitures according to 12-PS
  - submit any additional documents, as necessary according to subparagraph E.

### D Preparing Documents for Submission

County Offices shall:

- sort warehouse receipts in the same order as the transactions are listed on the applicable transmittal control document
- attach warehouse receipts and KC-350's, if applicable, to the transmittal control document.

## 901 Transmittal Control Documents (Continued)

### E Submitting Documents

County Offices shall submit all documents, using overnight mail service, on the same day transmittal control documents are generated, for forfeitures as follows:

USDA, FSA, KCCO, PD, MB
STOP 8748
PO BOX 419205
KANSAS CITY MO 64141-6205.

### F Maintaining Copies

County Offices shall maintain a copy of transmittal control documents and applicable attachments in loan folder.

## 902-999 (Reserved)

# Part 10 LDP's

## Section 1 General Provisions

### 1000 Basic Provisions

#### A Definition of LDP's

**[7 CFR 1421.200]** LDP's are payments made to producers who, although eligible to obtain a CCC loan, agree to forgo the loan in return for a payment on the eligible commodity.

#### B General Provisions

LDP's:

- will be processed through eLDP web site by the County Office or producer

  *** * ***

- will be issued by EFT or check, as applicable, subject to assignment

- are subject to administrative offset according to 58-FI

- shall be subject to AGI requirements

***--Notes:** The applicable AGI document is required before CCC-633 EZ, page 2, 3, and 4 are approved. The LDP rate is determined according to paragraph 1004. See current AGI policy for additional information.

CCC-931 is applicable for 2009 through 2012 crop years.

For the 2012 crop year, CCC-931 must **not** be a version dated before 12-7-11.

CCC-931C or CCC-933 is applicable for the 2013 crop year.

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

- **must** be approved when all eligibility requirements are met, but the LDP rate is determined according to paragraph 1004**--***

- **cannot** be canceled or repledged once a request has been made or disapproved

  **Note:** LDP requests disapproved because the requested quantity exceeded the maximum eligible commodity may be approved if the producer provides acceptable production according to paragraph 230.

## 1000 Basic Provisions (Continued)

### B General Provisions (Continued)

- **cannot** be repaid to request a subsequent loan or LDP on the same quantity

- are **not** subject to commodity assessments

- are subject to spot check according to Part 3

- will be paid when approved

- are subject to the 30 percent loan rate deduction when calculating the LDP rate for commodities produced from an ACRE-elected farm

  **Notes:** The base loan rate **must** be reduced by 30 percent **before** applying PCP for any ***--**commodity produced on an ACRE-elected farm. See subparagraph 235 A for additional information on ACRE.**--***

  Currently in the eLDP software, there is **not** a report available to determine if County Offices are accurately indicating if the quantity for LDP is from an ACRE-elected farm.

- exceeding $100,000 requires the applicant to comply with lobbying disclosure requirements (paragraph 28).

Lien searches and lien waivers are **not** required.

### C Producer and CMA Eligibility Requirements

Producers and approved CMA's for their members, applying for LDP, must:

- meet eligibility requirements in Part 2, as applicable
- agree to forgo obtaining a loan for the quantity on which LDP is requested.

### D Storage Requirements

**[7 CFR 1421.200]** Approved storage requirements are waived for LDP's.

### E LDP Numbers

LDP numbers will be assigned by *** * *** the Web. The number assigned by eLDP will be provided from an external site for eLDP's processed by both County Offices and producers.

## 1000 Basic Provisions (Continued)

### F Filing LDP's

LDP's shall be maintained in 1 of the following:

- a separate LDP file for **each** request received
- LDP file for **each** producer
- LDP file for **each** producer by commodity.

See subparagraph H for an example of a County Office checklist for determining eligibility and processing an LDP request.

### G LDP Amount Reported to IRS

LDP amounts are reported to IRS; however, LDP's made to CMA's are **not** reported to IRS.

### H Suggested County Office Checklist for LDP's

The following is an example checklist that can be used when completing LDP approvals and issuing payments.

| Step | Action |
|---|---|
| 1 | Take CCC-633 EZ at counter or remove from FAX machine and do the following:<br><br>• date stamp application and supporting documentation, such as production evidence<br><br>• ensure that:<br><br>  • CCC-633 EZ is complete and signed by producer<br>  • CCC-633 EZ page 1 is on file, if producer is submitting pages 2, 3, or 4<br>  • FSA-211 is on file, if applicable<br>  • LDP rate is correct for date of request and county where stored. |

**1000 Basic Provisions (Continued)**

**H Suggested County Office Checklist for LDP's (Continued)**

| Step | Action |
|---|---|
| 2 | Check the following eligibility for all producers on the applicable LDP request:<br><br>• AD-1026 completed<br><br>• beneficial interest, if applicable<br><br>• CCC-902 I or E completed<br><br>•***--**completed AGI certification<br><br>**Notes:** CCC-931 is applicable for 2009 through 2012 crop years.<br><br>For the 2012 crop year, CCC-931 must **not** be a version dated before "12-7-11".<br><br>CCC-931C or CCC-933 is applicable for the 2013 crop year.<br><br>A valid AGI certification is on file according to 4-PL, Part 6 for each applicable crop year.**--***<br><br>• commodity eligibility<br><br>• crop acres certified, if applicable<br><br>• DCIA compliance<br><br>• ACRE program participant. |
| 3 | Quantity eligibility according to paragraph 230.<br><br>Ensure that quantity is within COC set maximum yield for that specific commodity and crop year.<br><br>Ensure that producer's profile is updated in eLDP with eligibility for current crop year. |

## 1000 Basic Provisions (Continued)

### H Suggested County Office Checklist for LDP's (Continued)

| Step | Action |
|---|---|
| 4 | Process as an eLDP request according to 15-PS.<br><br>• The original CCC-633 EZ and applicable pages 2, 3, or 4, shall be in the County Office folder.<br><br>**Note:** If a measured LDP, include the following:<br><br>• original CCC-677-1<br>• County Office copy of FSA-409.<br><br>• The producer will receive a Producer's Disbursement Transaction Statement from KC.<br><br>**Note:** If measured, provide the producer with a copy of CCC-677-1 and producer's copy of FSA-409 |
| 5 | File County Office copies and County Office will determine how to file LDP documents in a manner best suited to them according to subparagraph F. |

**Note:** If LDP proceeds exceed $100,000, the County Office will need to have producer complete CCC-674 or SF-LLL. See paragraph 28.

## 1001 Requests for LDP's Documented on CCC-633 EZ

### A General Information

LDP requests are complete when a County Office receives a completed and signed CCC-633 EZ page 1 and page, 2, 3, or 4, as applicable.

**Note:** CCC-633 EZ is the **only** form approved for requesting LDP's.

CCC-633 EZ's allow producers to enter into an agreement with CCC to indicate intention to receive LDP benefits for all eligible commodities for the applicable crop year.
CCC-633 EZ's:

- incorporate all types of LDP requests into a single 2-part application consisting page 1 (LDP agreement) and page 2, 3, and 4 (LDP benefit requests)

- ensure that LDP benefits for eligible producers on all eligible commodities when page 1 is filed **before** loss of beneficial interest, and pages 2, 3, and/or 4 are received **before** the final loan/LDP availability date

- cover production sold before CCC-633 EZ page 2 or 4, is submitted as long as the producer filed a CCC-633 EZ page 1 before loss of beneficial interest

- cover "over-run bushels" delivered for sale, not to exceed the reasonable quantity for that commodity

- can be used to request LDP's for all eligible loan commodities listed in subparagraph 226 C, including hay and silage

- cover all quantities the producer has beneficial interest in on the date page 1 is completed and received in the applicable County Office

- page 1 only needs to be filed in 1 County Office for all counties in which the producer or entity has an interest in an eligible commodity

  **Note:** County Offices must FAX a copy of the completed CCC-633 EZ to all counties in which the producer has an interest according to subparagraph C.

- do not negate the producer's ability to obtain MAL

  **Note:** If the producer submits CCC-633 EZ page 2 or 4 requesting payment of LDP benefits, then the specific quantity in which the LDP benefit was requested becomes ineligible for MAL.

- apply to CMA's who apply to service County Offices for LDP's according to 1-CMA.

## 1001 Requests for LDP's Documented on CCC-633 EZ (Continued)

### A General Information (Continued)

By completing and agreeing to the terms and conditions provided on CCC-633 EZ page 1 before losing beneficial interest, producers may be eligible to receive LDP benefits based on the earlier of:

- date beneficial interest is lost in the eligible commodity according to acceptable production evidence
- the date of request for payment, if beneficial interest is retained
- date of delivery, if beneficial interest is retained.

Producers **must** submit CCC-633 EZ page 1 and page 2, 3, or 4 **before** the applicable final availability date for the respective commodities to be eligible for the LDP benefit. See subparagraph 226 C for a listing of the final loan availability date for specific commodities.

### B Submitting CCC-633 EZ's

While CCC-633 EZ page 1 can be submitted to any County Office in which the producer has an interest, CCC-633 EZ pages 2, 3, or 4 **must** be requested at the County Office where the farm records are kept for the farm on which the commodity was produced. Requests **must** be submitted by any of the following:

- in person
- by mail
- by FAX
- through eForms.

Following submission and approval of CCC-633 EZ page 1, eLDP requests can be submitted by eligible producers who have:

- a customer profile
- level 2 eAuthentication account access.

## 1001 Requests for LDP's Documented on CCC-633 EZ (Continued)

### C Multi-County Producers

If the producer farms in more than 1 county, the County Office first contacted shall:

- accept the LDP request on CCC-633 EZ page 2, 3, or 4
- contact the other County Offices when either of the following applies:
  - the request covers eligible production from more than 1 farm and the farm program records are kept in more than 1 County Office
  - LDP's were received from more than 1 County Office
- FAX LDP requests to the applicable administrative County Office for completion.

If a single CCC-633 EZ page 2, 3, or 4, includes production from multiple farms that are located in a different county, the County Office that accepts the LDP request **must** indicate in item 32 that "multiple LDP's will be issued to cover the requested quantity according to this LDP request".

**Note:** The applicable administrative County Office **must**:

- verify the COC-established maximum yield for the eligible production in the applicable county
- document in item 32 where the verification of information was obtained.

### D Commingled Commodities

For LDP requests on commingled commodities, producers may request individual or joint LDP's. For joint LDP's, all producers whose share of the commodity is included **must** sign CCC-633 EZ page 2, 3, or 4.

A separate CCC-633 EZ page 2 or 3 is **required** for **all** production from ACRE-elected farms.

## 1001 Requests for LDP's Documented on CCC-633 EZ (Continued)

### E Approvals and Payments

LDP requests must be:

- approved when all eligibility requirements are met
- date-stamped when CCC-633 EZ pages 1 and 2, 3, or 4 are received in the County Office to indicate the intention and the request date.

**Note:** If the FAX machine preprints the correct date time, when any of the CCC-633 EZ pages are received in the County Office or if the date is printed on an eForms submission, then the date stamp is not required.

Issue payments when:

- CCC-633 EZ page 1 has been filed and pages 2, 3, or 4 have been approved
- all required production evidence, such as delivery documentation, has been received for LDP's on which beneficial interest has been lost
- second party review has been completed according to paragraph 234; reviewer should initial and date CCC-633 EZ page 2, 3, or 4
- CCC-770 LDP/eLDP has been completed and signed, if applicable.

### F Prompt Payment

See paragraph 35 for prompt payment due dates.

### G Canceling CCC-633 EZ's

CCC-633 EZ page 2, 3, or 4 **cannot** be canceled at any time. After producers sign CCC-633 EZ page 2, 3, or 4, LDP is obligated to be paid by CCC to the producer.

### H Deferred Payments

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

## 1002 CCC-633 EZ's

### A Page 1

The purpose of CCC-633 EZ page 1 is to:

- allow producers to indicate their intention to receive LDP benefits
- be completed 1 time per crop year to include all eligible commodities in which the producer maintains beneficial interest on the date page 1 is received in the applicable County Office
- cover all counties in which the producer or legal entity does business.

CCC-633 EZ page 1:

- **must** be received in the County Office on or **before** subsequent CCC-633 EZ pages 2, 3, or 4 are submitted for payment

  **Note:** DMA's and LSA's will obtain CCC-633 EZ from their customers.

- is crop year specific and does **not** apply for subsequent crop years
- may be submitted by the producer for the upcoming crop year, beginning **October 1** of the preceding crop year, through the final loan availability date for the applicable commodity, as long as the producer still has beneficial interest in the commodity.

**Example:** The producer visits the FSA County Office for DCP signup on December 24, 2010, the FSA County Office may also accept a 2011 crop CCC-633 EZ page 1 from the producer.

County Offices shall encourage producers to submit CCC-633 EZ page 1 each crop year whether or **not** the producer plans to subsequently request a loan or LDP.

Because CCC-633 EZ page 1 serves as the producer's **intention** to request and receive LDP benefits, the producer still maintains the ability to pledge the eligible commodity for MAL. The eligible commodity becomes ineligible for MAL, when page 2 or 4 has been submitted for payment of LDP benefits.

## 1002 CCC-633 EZ's (Continued)

### A Page 1 (Continued)

The County Office receiving the initial filing of CCC-633 EZ page 1, will:

- complete Part D
- FAX or mail a copy to all County Offices, identified in item 5, in which the producer or entity has a farming interest.

**Note:** If there are additional counties that the producer neglected to include in item 5, LDP benefits are **not** denied because that County Office did **not** receive CCC-633 EZ page 1; FAX or mail omitted County Offices a copy of CCC-633 EZ page 1 when identified.

### B Page 2

CCC-633 EZ page 2 is for all harvested commodities, **except** cotton.

For commodities harvested as other than grain, fed, or used for seed, determine a yield according to paragraph 336.

**Note:** The option of using 3 similar farms is **no** longer allowed.

Producers may submit:

- multiple requests using the applicable CCC-633 EZ page 2, 3, or 4, to cover all eligible quantities
- one CCC-633 EZ page 2 to cover multiple commodities if the quantities are requested on the same day.

  **Example:** Producer can submit CCC-633 EZ page 2 on January 21, 2010, for corn and soybeans. Only one CCC-633 EZ page 2 is necessary.

**Note:** Once CCC-633 EZ page 2, 3, or 4, is submitted and approved for payment, **no** other changes can be made to the original CCC-633 EZ.

### C Page 3

CCC-633 EZ page 3 is for cotton; see 7-CN.

### D Page 4

CCC-633 EZ page 4 is for wool, mohair and unshorn pelt LDP requests.

## 1002 CCC-633 EZ's (Continued)

### E Page 5

CCC-633 EZ page 5 is a continuation sheet for additional signatures.

### F Completing CCC-633 EZ page 2

To receive LDP benefits, producers **must** complete and submit to DMA or County Office where the farm records are maintained for the farm on whose production LDP is requested, CCC-633 EZ page 2 or 4, as applicable. Producers who submit CCC-633 EZ page 2:

- and retain beneficial interest in the requested quantity, will receive LDP based on the LDP rate in effect in the county where the commodity is stored on the date a completed page 2 is received in that DMA or County Office

- after beneficial interest is lost in the requested quantity, will receive LDP based on the LDP rate in effect in the county, on the date, where beneficial interest was lost

  **Note:** CCC has the sole discretion for determining when beneficial interest is lost in the commodity as provided in subparagraph 227 G. Acceptable production evidence **must** be provided with page 2 or 4 if the producer no longer retains beneficial interest in the requested quantity.

- based on the date of delivery, will receive LDP based on the LDP rate in effect in the county where the commodity was physically delivered on the date of delivery.

When production evidence is provided with page 2, LDP will **not** be subject to spot check.

| **IF the source of the LDP quantity (item 21) is…** | **THEN the…** |
|---|---|
| certified | commodity is subject to random spot check and producers are required to submit acceptable production evidence according to subparagraph 335 C. |
| measurement service | County Office would initiate measurement service with FSA-409. The quantity indicated on CCC-633 EZ page 2 would receive LDP rate in effect on the date page 2 is completed and submitted, but would **not** be paid until verified by measurement service. The applicant **must** enter a specific quantity or "All" in CCC-633 EZ page 2, item 20 for the payment request to be complete. This prevents the producer from leaving CCC-633 EZ page 2, item 20 blank and then altering the request after the measurement service is completed because of a change in LDP rate. |
| production evidence | producers are required to submit acceptable production evidence according to subparagraph 335 C with page 2. |

## 1003 FAXed CCC-633 EZ's

### A Acceptable FAXed CCC-633 EZ's

FAXed CCC-633 EZ's are considered complete when both of the following are met:

- County Office has received CCC-633 EZ page 1
- producer correctly completes CCC-633 EZ page 2, 3, or 4, including all producer signatures.

### B Unacceptable FAXed LDP Applications

Unacceptable FAXed LDP applications are:

- applications submitted on any form other than CCC-633 EZ
- CCC-633 EZ's missing information that is absolutely necessary to determine LDP.

Provide the producer with written notification that:

- CCC-633 EZ did not contain adequate information
- a new LDP rate will be established based on the date a new acceptable CCC-633 EZ page 2, 3, or 4 is received in the County Office.

## 1003 FAXed CCC-633 EZ's (Continued)

### C Signatures

Followup original copies and signatures are **not** required for FAXed CCC-633 EZ's.

### D CCC-633 EZ's Requested But Not Received

If a producer inquires about a FAXed CCC-633 EZ that was not received, County Offices shall:

- require producer to submit documentation to verify the date and time of the CCC-633 EZ FAX transmission
- accept producer's completed CCC-633 EZ
- document the date CCC-633 EZ was FAXed and the reason the FAX was not received
- use the LDP rate in effect on the date printed by the FAX machine on the original CCC-633 EZ transmittal
- **not** accept or approve producer's CCC-633 EZ unless the producer can provide actual FAXed date verification.

**Note:** Incomplete transmissions are **not** considered to be valid CCC-633 EZ's.

## 1004 LDP Rates

### A Effective LDP Rate

LDP rate is the rate in effect on the date:

- of request, if beneficial interest is maintained on date of request
- beneficial interest is lost according to acceptable production evidence
- of delivery, if the producer requests the date of delivery option on the applicable CCC-633 EZ page 2 **before** delivering the requested quantity.

The date beneficial interest is lost is the date the producer loses control of the commodity through sale, feeding to livestock, or delivery to an unauthorized warehouse, livestock feeder, processor, ethanol or bio diesel plant, or wool pool.

For commodities immediately fed during harvest, see subparagraph F.

### B Determining LDP Rates for Non-ACRE-Elected Farms

LDP rates are determined by the amount the applicable commodity loan rate exceeds the CCC-determined value for where:

- the commodity is stored for LDP in which the producer maintains beneficial interest
- beneficial interest is lost in the requested commodity.

Use LDP rate in effect until the next posting of the repayment/LDP rates.

***--Example:** Use LDP rate announced on Friday for commodities delivered on a Saturday, Sunday, or Monday Federal holiday.**--***

For eligible commodities stored out of the United States, base the LDP rate on the County where LDP is requested.

See Part 7, Section 6 for determining the CCC-determined value.

### C Determine LDP Rates for ACRE-Elected Farms

***--**The LDP rate for commodities produced on ACRE-elected farms must include the**--*** 30 percent reduction from the loan rate **before** determining the LDP rate. Use LDP rate in effect until the next posting of the repayment/LDP rates.

***--Example:** Use the LDP rate announced on Friday, applicable to commodities produced on ACRE-elected farms, for ACRE-elected farm commodities delivered on a Saturday, Sunday, or Monday Federal holiday.**--***

## 1004 LDP Rates (Continued)

### C Determine LDP Rates for ACRE-Elected Farms (Continued)

For eligible commodities stored out of the U.S., base the LDP rate on the county where LDP is requested. The effective ACRE payment rates are displayed by State and county at **www.fsa.usda.gov/FSA/displayLDPRates?area=home&subject=prsu&topic=ldp-ldp** in the "Effective ACRE LDP Rate" column.

### D LDP Rate for Multiple Deliveries

The LDP rate for multiple deliveries of production covered under CCC-633 EZ is based on the first consecutive quantity delivered, unless otherwise designated on CCC-633 EZ.

Selecting a specific delivery date to obtain LDP rate for all quantity delivered is **not** permitted.

If multiple deliveries occur for production delivered under CCC-633 EZ and:

- multiple LDP's will be made, LDP rate is based on the date of delivery for the quantity being paid under LDP, as applicable

- a single LDP will be made, the weighted average LDP rate for the total quantity will be determined based on the eligible LDP rate for the dates eligible quantity was delivered.

### E Determining LDP Amounts

LDP amounts are calculated by multiplying the applicable LDP rate times the LDP quantity requested.

### F LDP Rate for FAXed CCC-633 EZ page 2, 3, or 4

For FAXed CCC-633 EZ page 2, 3, or 4, the LDP rate is the applicable rate in effect when CCC-633 EZ page 2, 3, or 4 is received in the County Office, if LDP request is completed according to this paragraph.

**Example:** If the rate is announced at 7 a.m. e.t. and the FAXed CCC-633 EZ is received at 5 a.m. e.t., LDP rate is the rate in effect on the previous workday.

### G Fed or Processed Commodities

Commodities stored on the farm that were harvested as feed or later processed may be requested on CCC-633 EZ page 2 after harvest ends. For commodities fed during harvest, LDP's shall be requested on CCC-633 EZ page 2. If feeding dates are within reason, LDP rate is based on the date the producer certifies that the commodity was fed. **Questionable cases may be reviewed by the COC for reasonableness.**

## 1005 Eligible Quantity

### A Commodity Eligibility Requirements

To be eligible for LDP, the quantity of commodity **must**:

- meet eligibility requirements in Part 2, including beneficial interest requirements
- have been produced by an eligible producer

  **Note:** Producers found ineligible after submitting CCC-633 EZ page 1, and are later able to reestablish eligibility **before** the final loan/LDP availability day, are eligible to request LDP payment on CCC-633 EZ page 2 or 4 based on the day of LDP request or day beneficial interest was lost.

- not have been previously pledged as collateral for a loan and repaid with cash at a rate less than the principal plus interest
- not have been previously requested or paid for LDP.

**Note:** Producers **must** submit a valid CCC-633 EZ page 1 **before** losing beneficial interest.

| IF... | THEN... |
|---|---|
| producer maintains beneficial interest and has submitted CCC-633 EZ, page 2 before submitting CCC-633 EZ, page 1 | the LDP rate would be based on the date a correctly signed and completed CCC-633 EZ, page 1 is received in the County Office. |
| beneficial interest has been lost and CCC-633 EZ, page 2 is submitted before CCC-633 EZ, page 1 is received in the County Office | that quantity is ineligible for LDP. |

The following are eligible for LDP:

- a quantity of a commodity eligible to be repledged for a nonrecourse loan
- silage and hay derived from an eligible loan commodity.

  **Note:** Silage, hay, and roasted commodities are **not** eligible for MAL.

For LDP's on:

- commodities harvested as other than grain, see Section 2
- low quality commodities, see Section 3
- contaminated commodities, see Section 4
- HM or excess moisture commodities, see Section 5.

## 1005 Eligible Quantity (Continued)

### B Quantity Requested

Eligible producers may request LDP quantities by:

- certifying the quantity
- requesting measurement service
- certifying date of delivery
- providing delivery evidence.

If moisture levels are in excess of the maximum eligible moisture level applicable to the commodity, producers may want to certify the moisture percent, or adjust the certified quantity, to avoid possible refunds if LDP is selected for spot check.

### C Certified Quantity

Producers may request LDP by certifying the quantity. A reasonableness check using yields established by COC, according to paragraph 230, **must** be completed to ensure that the commodity was produced by the producer. All certified LDP's are subject to spot check according to Part 3.

COC-set yield does **not** ensure that the commodity was produced; however, it establishes a guide for production reasonableness.

If producers later request measurement service and indicate on CCC-677-1 to use the quantity determined for production evidence:

- place CCC-677-1 in the producer's file
- use the measurement if LDP is later selected for spot check
- no further action is necessary.

## 1005 Eligible Quantity (Continued)

### D Measured Quantity

Eligible producers may request measurement service to obtain LDP.

If measurement service is requested on FSA-409:

- complete CCC-677-1 in addition to CCC-633 EZ page 2 or 4
- reduce the measured quantity to the maximum eligible moisture level if the commodity contains moisture exceeding the level for the commodity according to the applicable 2-LP.

LDP's requested by measurement service are **not** subject to spot check.

### E Quantity Supported by Production Evidence

If producers do not want to certify to the quantity or date delivered, requests can be completed by providing production evidence according to Part 3, Section 3.

If production evidence is provided at time of payment request, LDP will **not** be subject to spot check.

## 1006 LDP Types

### A Types of LDP's

LDP's are requested for any stored quantity the producer maintains beneficial interest in on date of request and can be either:

- farm-stored quantities
- warehouse-stored quantities.

### B Rate for Type

This table provides guidance for determining LDP rate based on LDP type provided CCC-633 EZ page 1 is on file.

| LDP Type | LDP Rate |
|---|---|
| Beneficial interest maintained. | Rate on date of request. |
| Beneficial interest lost. | Rate in effect on date sold or date delivered to a non-authorized warehouse according to acceptable sales evidence. |
| Delivery date.<br><br>**Note:** Beneficial interest maintained, but before delivery the producer requests to use rate in effect on date of delivery. | Rate in effect on date delivered from the field. |

**Note:** In **all** cases, the LDP rate is determined for commodities produced on an ACRE-elected farm by reducing the loan rate by 30 percent **before** calculating the LDP rate.

## 1007 Completing CCC-633 EZ's

### A Page 1

Complete CCC-633 EZ page **1** according to the following.

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

## 1007 Completing CCC-633 EZ's (Continued)

### A Page 1 (Continued)

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

**Note:** Pages 2, 3, or 4 **must** accompany all requests for payment. If additional information is needed to determine eligible producer, net quantity, and payment rate, then the request will **not** be paid until evidence is provided.

## 1007 Completing CCC-633 EZ's (Continued)

### B Page 2

Complete CCC-633 EZ page 2 according to the following. A separate page 2 is **required** for LDP requests for commodities produced on ACRE-elected farms and non-ACRE-elected farms.

| Item | Instructions |
|---|---|
| | **Part E – Request for LDP** |
| 13A | Enter producer's name, address, and phone number, including area code.<br><br>**Note:** This should be the same as in item 1. |
| 13B | Enter last 4 digits of TIN of the producer in item 13A. |
| 14 | Enter alternate phone number, including area code, of producer in item 13A (optional). |
| 15 | Enter crop year for which LDP is requested. |
| 16 | Enter State and county where the farm records are maintained. |
| 17 | Check (✓) either "Yes" or "No" to the question, "Are you or any co-applicant delinquent on any Federal Non-tax debt?" If "Yes" is checked, explain in item 32. |
| 18 | **For FSA use only.** Enter processing system-assigned LDP number. |
| 19 | Enter commodity for which LDP is requested along with the class, variety, or type, as applicable.<br><br>For sunflowers, ENTER "**oil**" or "**other**", as applicable.<br><br>If the commodity requested is wheat and the class is mix, applicants must indicate the predominate class of wheat. |
| 20 | Enter net quantity and unit of measure requested for this payment.<br><br>**Note:** User may enter "**All**" if the producer selects the "date of delivery" option or a measured LDP.<br><br>For commodities harvested as other than grain, the quantity may be certified as tons, acres harvested, bu, lbs, or cwt.<br><br>CCC is **required** to establish a whole grain yield according to paragraph 336. |

## 1007 Completing CCC-633 EZ's (Continued)

### B Page 2 (Continued)

| Item | Instructions |
|---|---|
| | **Part E – Request for LDP (Continued)** |
| 21 | Check (✓) the box from the following that corresponds with the source of the quantity in item 20:<br><br>• "A", "Certified", if no acceptable production and/or sales evidence is provided at the time of payment request<br><br>**Note:** Certified quantities are subject to spot check and CCC may require production evidence to support the certification.<br><br>• "B", "Measurement Service", if measurement service is requested to determine quantity<br><br>**Note:** The servicing County Office will initiate a measurement service at the location described in item 22. By requesting measurement service, the applicant agrees the quantity determined by measurement service will be the maximum quantity eligible for LDP and the request for payment is irrevocable.<br><br>• "C", "Production Evidence", if request for payment is accompanied by production and/or sales evidence.<br><br>**Note:** When acceptable production and/or sales evidence is provided at the time of payment request, no additional documentation will be required. |
| 22 | Enter:<br><br>• State, if necessary, and county where the quantity in item 20 is stored<br>• location within the same county where the commodity is stored.<br><br>**Example:** Bin number, legal description, and/or land description; enter the warehouse name if commodity is warehouse-stored.<br><br>A separate LDP request must be completed for quantities stored in a different county. |
| 23A and 23B | Enter date of this request, date BI was lost, or the date of delivery. If a request has multiple dates (such as date of feeding or sale) and production evidence or schedule/ledger that is provided shows when BI is lost, this item can be left blank. **If** page 2 is filed before delivery and the producer wants to use the "date of delivery" option, Box "B" **must** be checked. |

## 1007 Completing CCC-633 EZ's (Continued)

### B Page 2 (Continued)

| Item | Instructions |
|---|---|
| **Part E – Request for LDP (Continued)** | |
| 24 | **For FSA use only.** Enter LDP rate in effect according to the applicable date as provided in item 23. For multiple dates of delivery, ENTER "**See Attached Production Evidence**".<br><br>**Note:** All commodities grown on ACRE-elected farms must be included on one CCC-633 EZ. |
| **Part F – Producer Certification** | |
| 25 through 27 | After reading the certification statement, the producer **must** sign, enter share percentage of the LDP quantity, and date in items 25A, 26, and 27. The signatures indicate the producer has reviewed and agrees to the conditions listed. There will be one CCC-633 EZ per producer. Multiple signature lines are provided for cases where multiple signatures are required to act for an operation or entity. If additional signature lines are needed, the producer shall use page 5, Part F. The approval date will be the date all required signatures are in the County Office.<br><br>In item 25B, "Title/Relationship", the signatory shall enter their relationship authorizing them to sign on behalf of the producer; for example, power of attorney, position in the company, spouse, etc.<br><br>**Example:** Treasurer of Smith Bros., Inc.<br><br>If the applicant is **not** signing in the representative capacity, leave field 25B blank. If "**SELF**" is written to indicate the producer is signing on behalf of their own self, it is acceptable; however, **not** necessary.<br><br>If beneficial interest has **not** been lost, the effective LDP rate will be based on the time and date a properly completed request for payment is received in the FSA County Office. |
| **Part G – CCC Approval** | |
| 28 | Enter signature of authorized CCC representative. |
| 29 | Enter title of authorized CCC representative. |
| 30 | Enter date of CCC representative's approval. |
| 31 | FSA office will check (✓) either "Approved" or "Disapproved". |
| 32 | Enter any additional information pertinent to the approval or disapproval of this payment request. Second party review initials are **required**.<br><br>**Note:** For commodities produced on ACRE-elected farms, enter "**ACRE-elected commodities from ACRE-elected farms only**". |

## 1007 Completing CCC-633 EZ's (Continued)

### C Page 3

Complete CCC-633 EZ page 3 according to 7-CN.

### D Page 4

Complete CCC-633 EZ page 4 according to the following.

**Notes:** Items 57 through 86 are **only** applicable to wool, mohair, or unshorn pelt LDP's.

The ACRE reduction is **not** applicable to wool, mohair, or unshorn pelts.

| Item | Instructions |
|---|---|
| **Part M – Request for Wool, Mohair, or Unshorn Pelt LDP** | |
| 57 | Enter producer's name and address.<br><br>**Note:** This should be the same as in item 1. |
| 58 | Enter last 4-digits of the applicant's TIN. |
| 59 | Enter telephone/cell number, including area code, of the producer. |
| 60 | Enter crop year for which LDP is requested. |
| 61 | Check either "Yes" or "No" to the question, "Are you or any co-applicant delinquent on any Federal non-tax debt"? If "Yes", then explain in item 86. |
| 62 | Enter State and county where the farm records are maintained. |
| **Part N – Complete for Wool or Mohair** | |
| 63 | **For FSA use only.** Enter processing system-assigned LDP number |
| 64 | Check either "Mohair" or "Wool" to indicate the applicable commodity for which this LDP is requested. |
| 65 | If "wool" is selected in item 64, check either "Graded" or "Ungraded" to indicate applicable type of wool. If graded is selected, enter the micron and yield from the core test report (Exhibit 40) in item 86, "Additional Information".<br><br>**Note:** This item is **not** applicable to mohair. |
| 66 | Enter net quantity requested for this payment in lbs. |

## 1007 Completing CCC-633 EZ's (Continued)

### D Page 4 (Continued)

| Item | Instructions |
|---|---|
| | **Part N – Complete for Wool or Mohair (Continued)** |
| 67 | Check the box from the following that corresponds with the source of the quantity in item 66:<br><br>• "A", "Certified", if quantity is based on producer certification and no acceptable production and/or sales evidence are provided at the time of payment request<br><br>**Note:** Certified quantities are subject to spot check and CCC may require production evidence to support the certification.<br><br>• "B", "Production Evidence", if quantity is based on an attached invoice, weight receipt, or settlement sheet and/or sales evidence<br><br>• "C", "Quantity in Excess of Certified Quantity", if quantity is based on a request for an additional LDP disbursement on a quantity in excess of previously submitted request (CCC-633 EZ page 4) for a certified quantity after delivery of the wool or mohair when beneficial interest is lost.<br><br>Acceptable documentation in the form of a net weight receipt or settlement sheet from the sale or delivery of the wool and mohair **must** be provided to support the additional quantity in excess of the certified quantity. |
| 68 | Enter:<br><br>• State, if necessary, and county where the quantity in item 66 is stored<br>• location within the same county where the commodity is stored.<br><br>**Example:** Barn/shed location, legal description, and/or land description, enter the warehouse name if commodity is warehouse-stored or stored by a commissioned agent.<br><br>A separate LDP request **must** be completed for quantities stored in a different county. |
| 69 | Enter date of this request or the date beneficial interest was lost. If a request has multiple dates, such as sale, delivery, or slaughter, and production evidence or schedule/ledger is provided that shows when beneficial interest is lost, then this item can be left blank. |
| 70 | **For FSA use only.** Enter LDP rate in effect as it determines when beneficial interest was lost or when an acceptable application is submitted. |

## 1007 Completing CCC-633 EZ's (Continued)

### D Page 4 (Continued)

| Item | Instructions |
|---|---|
| | **Part O – Complete for Unshorn Lamb Pelts** |
| 71 | **For FSA use only.** Enter processing system-assigned LDP number. |
| 72 | Enter number of unshorn pelts for the LDP request. |
| 73 | Check (✓) 1 of the following boxes that corresponds with the intended use of the unshorn pelts in item 72:<br><br>• "A", "Immediate Slaughter", if quantity is delivered for slaughter within a 10 calendar day period after delivery<br><br>• "B", "Slaughter for Personal Use", if quantity will be slaughtered for personal use; such as, clothing, shelter, rugs, etc.<br><br>• "C", "Preserved and Stored", if quantity is being preserved, maintained, and stored for future marketing or processing<br><br>• "D", "Sold as Feeders to Lamb Buyer", if the quantity is being sold as feeder lambs to a feeder lamb buyer the quantity of unshorn pelts is ineligible. |
| 74 | Enter:<br><br>• State, if necessary, and county where the quantity in item 73 is stored<br>• location within the same county where the commodity is stored.<br><br>**Example:** Barn/shed location, legal description, and/or land description; enter the warehouse name if commodity is warehouse-stored or stored by a commissioned agent.<br><br>A separate LDP request **must** be completed for quantities stored in a different county. |

## 1007 Completing CCC-633 EZ's (Continued)

### D Page 4 (Continued)

| Item | Instructions |
|---|---|
| **Part O – Complete for Unshorn Lamb Pelts (Continued)** | |
| 75 | Check either of the following boxes that corresponds with the source of the number of unshorn pelts in item 72:<br><br>• "A", "Certified", if quantity is based on producer certification.<br><br>• "B", "Production Evidence", if quantity is based on an attached invoice or settlement sheet.<br><br>**Note:** The number of pelts can be certified if the unshorn lambs were slaughtered for personal use. All other quantities can be certified or based on production evidence. |
| 76 | Enter number of head of unshorn live lambs/sheep in the current herd or lamb flock. |
| 77 | Enter date of this request or the date beneficial interest was lost. If a request has multiple dates (such as sale, delivery, or slaughter) and production evidence or schedule/ledger is provided that shows when beneficial interest is lost, this item can be left blank. |
| 78 | **For FSA use only.** Enter LDP rate in effect when beneficial interest was lost or an acceptable application is submitted. |
| **Part P – Producer Certification** | |
| 79, 80, and 81 | To certify the Request for Wool, Mohair, or Unshorn Pelt LDP, page 4, Part P, the additional producers on this agreement must sign, enter the shares, and date.<br><br>In item 79B, "Title/Relationship", the signatory shall enter their relationship authorizing them to sign on behalf of the producer; for example, power of attorney, position in the company, spouse, etc.<br><br>**Example:** Treasurer of Smith Bros., Inc.<br><br>If "**SELF**" is written to indicate the producer is signing on behalf of their own self, it is acceptable; however, **not** necessary. If the applicant is **not** signing in the representative capacity, leave field 43B blank.<br><br>If beneficial interest has **not** been lost, the effective LDP rate will be based upon the time and date a properly completed request for payment is received in the FSA County Office. |

## 1007 Completing CCC-633 EZ's (Continued)

### D Page 4 (Continued)

| Item | Instructions |
|---|---|
| | **Part Q – CCC Approval** |
| 82A | Enter signature of authorized CCC representative. |
| 82B | Enter title of authorized CCC representative. |
| 83 | Enter date of CCC representative's approval. |
| 84 | FSA office will check (✓) either "Approved" or "Disapproved" box. |
| 85 | If this request is certified, check (✓) "yes" or "no" box, to answer the question, "Is the quantity for this LDP reasonable?". The quantity can be found in item 66 (wool or mohair) or item 72 (unshorn pelts). |
| 86 | Enter any additional information pertinent to the approval or disapproval of this payment request. This item should also be used to record the micron and yield from a core test report if graded wool is selected in item 65.<br><br>Second party review initials are **required**. |

## 1007 Completing CCC-633 EZ's (Continued)

### E Page 5

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

| Item | Instructions |
|---|---|
| Title Block | Under the title, ENTER the page (1, 2, 3, or 4) on the solid line that this page shall be attached. |
| **Part C – Producer Certification** | |
| | If this is a continuation page for CCC-633 EZ page 1, check (✓) box in front of Part C. |
| 6 and 7 | After reading the certification statement on page 1, Part C, the additional producers on this agreement shall sign and date.<br><br>In item 6B, "Title/Relationship", enter the relationship authorized for you to sign on behalf of the producer; for example, power of attorney, position in the company, spouse, etc.<br><br>**Example:** Treasurer of Smith Bros., Inc. |
| **Part F, J, and P – Producer Certification (complete as applicable)** | |
| | If this is a continuation page for page 2, 3, or 4, check the box in front of Part F, J, or P, as applicable. |
| 25 through 27,<br><br>43 through 45,<br><br>**or**<br><br>79 through 81 | After reading the certification, the producer signs, enters the share percentage of the LDP quantity, and dates.<br><br>In "Title/Relationship", the signatory shall enter their relationship authorizing them to sign on behalf of the producer; for example, power of attorney, position in the company, spouse, etc.<br><br>**Example:** Treasurer of Smith Bros., Inc.<br><br>If the applicant is **not** signing in the representative capacity, leave "Title/Relationship" field blank. If "**SELF**" is written to indicate the producer is signing on behalf of their own self, it is acceptable; however, **not** necessary.<br><br>If beneficial interest has **not** been lost, the effective LDP rate will be based upon the time and date a properly completed request for payment is received in the FSA County Office. |

# 1007 Completing CCC-633 EZ's (Continued)

## F Example of CCC-633 EZ

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

This form is available electronically.

| | | |
|---|---|---|
| **CCC-633 EZ**<br>(07-31-09) | **U.S. DEPARTMENT OF AGRICULTURE**<br>Commodity Credit Corporation<br><br>**LOAN DEFICIENCY PAYMENT (LDP) AGREEMENT AND REQUEST** | 1. Name and Address of Producer (Include ZIP Code) (Please Print)<br>William Green<br>510 Hwy 123<br>Anywhere, ST 00001 |
| | | 2. Telephone or Cell Number *(Include Area Code)*<br>(999) 555-5544 |
| All eligible producers entering into this agreement MUST meet marketing assistance loan eligibility and have beneficial interest in the quantities covered by this agreement for the applicable crop year when signing this form. A producer is considered to have beneficial interest in the specified quantities if the producer has ALL of the following:<br>• title to the commodity • control of the commodity | | 3. ID Number *(Last 4 Digits)*<br>XXXX<br>4. Crop Year<br>20XX<br>5. State(s) and County(s)<br>State, Jones County |

File this form **BEFORE** loss of beneficial interest (title and control) to indicate your intentions to receive Loan Deficiency Payment (LDP) benefits for this crop year for all counties and all eligible harvested, sheared, or slaughtered commodities for the individual, joint operation, or entity identified in Item 1. The CCC-633 EZ - LDP Request (Page 2), Cotton LDP Request (Page 3), or Request for Wool, Mohair, or Unshorn Pelt LDP (Page 4) must be completed **BEFORE** the final loan/LDP availability date to receive LDP benefits.

**PART A - TERMS AND CONDITIONS**

- The LDP rate will be based on the earlier of: a) the date beneficial interest is lost as applicable to specific commodity provisions; or b) the LDP request date as submitted on the CCC-633 EZ (Page 2) Part E, or CCC-633 EZ (Page 4) for wool, mohair, and unshorn pelts. For cotton LDP's requested on CCC-633 EZ Cotton (Page 3), the LDP rate will be based on the information provided on Page 3.
- Quantities covered by this agreement were produced by the producer and not purchased or acquired directly or indirectly from any other source or committed under a marketing agreement to a Cooperative Marketing Association (CMA.)
- As a condition of receiving an LDP, a producer (or members of a CMA) must first resolve delinquent federal non-tax debt(s). The debt(s) must be resolved before the final loan/LDP availability date.
- CCC may request copies of contracts and supplemental documentation to determine eligible quantity and when beneficial interest was lost.
- If a Marketing Assistance Loan (MAL) is disbursed for a quantity covered by this agreement and the MAL is repaid at a price less than principal and interest, this agreement becomes null and void for that specific quantity.
- All producers with an interest in the quantity covered by this agreement must sign a CCC-633 EZ Part C, to obtain LDP benefits.

**PART B - METHODS OF PAYMENT REQUEST *(Request must be submitted by final loan/LDP availability date.)***

- For quantities represented by verifiable production evidence under this agreement, submission of evidence in combination with Part E, Part N, or Part O of this form as applicable shall be considered a request for payment. Evidence must include sufficient data to determine producer and commodity eligibility and LDP rate.
- For quantities for which verifiable evidence is unavailable (i.e., certified quantities, fed quantities, quantities used for seed, silage, etc.), the request for payment shall be initiated by recording a certification of quantity on Part E, Part N, or Part O of this form as applicable. Additional information may be requested by CCC to determine producer and commodity eligibility and LDP rate.
- Submission of an eLDP shall be a request for payment. The CCC-633 EZ Part E is not required for that specific quantity.
- **For Cotton Producers Only**: Producer agrees: a) any request for a module lock-in or post-ginning LDP is irrevocable and cannot be cancelled or revised unless the LDP is denied due to AGI; b) any request for a gin-direct LDP is irrevocable on or after the date of ginning; c) entry of information on Page 3 of this application constitutes an irrevocable application for the Adjusted World Price (AWP) to be locked in on the date an accurately completed application is submitted for an LDP based on gin-provided documentation identifying the bales produced from the module/storage unit for which the AWP lock-in applies.

**PART C - PRODUCER SIGNATURE AND CERTIFICATION *(For additional signatures, complete CCC-633 EZ Continuation, Part C)***

I/we certify all information entered on this form is true and correct. By certifying to the terms and conditions in Part A, the producer(s) hereby enters into this agreement with CCC for all eligible commodities. The producer(s) agrees: 1) any false claim or false statement may lead to civil liability or criminal prosecution; 2) LDP's may be selected for spot-check and the producer will be required to provide supplemental documents to determine program eligibility; 3) to forgo a commodity loan on the quantity requested for LDP unless a quantity is denied LDP due to payment limitation; 4) not to refund any LDP amount in order to obtain a commodity loan; 5) this agreement and subsequent payment request is subject to CCC determination of producer and commodity eligibility subject to 7 CFR Parts 1421, 1425, 1427 and 1434; 6) that CCC shall require refund of LDP, plus interest, from the date of payment if producer(s) and/or commodity is later determined ineligible by CCC; 7) CCC shall assess administrative penalties and/or liquidated damages in accordance with 7 CFR Parts 1421, 1425, 1427 or 1434, as applicable, if producer(s) misrepresented the eligible quantity and/or commodity covered by this agreement; 8) the maximum eligible quantity and yield determinations must equal the quantity and yield determinations for disaster or crop insurance e indemnity payments, when and if applicable; and 9) to submit the applicable CCC-633 EZ, Page 2, Page 3, Page 4 or an eLDP online request before obtaining LDP amounts.

| 6A. Producer's Signature (BY) | 6B. Title/Relationship *(Individual Signing in a representative capacity)* | 7. Date *(MM-DD-YYYY)* | 6A. Producer's Signature (BY) | 6B. Title/Relationship *(Individual Signing in a representative capacity)* | 7. Date *(MM-DD-YYYY)* |
|---|---|---|---|---|---|
| ***/s/ William Green*** | | 08-01-20XX | | | |

**PART D - CCC AGREEMENT *(FOR CCC USE ONLY)***

| 8. Signature of CCC Representative | 10. Date *(MM-DD-YYYY)* | 11. Additional Information | 12. Name and Address of County FSA Office or LSA or DMA |
|---|---|---|---|
| ***/s/ John Dee***<br>9. Title of CCC Representative<br>CED | 08-01-20XX | | Jones County FSA Office<br>1521 Main Street<br>Anywhere, St 00001 |

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1421, 7 CFR Part 1425, 7 CFR Part 1427, 7 CFR Part 1434, and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to determine eligibility for program benefits. 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). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for program benefits. This information collection is exempted from the Paperwork Reduction Act as it is required for the 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 YOUR COUNTY FSA OFFICE.***

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

Page 1

# 1007 Completing CCC-633 EZ's (Continued)

## F Example of CCC-633 EZ (Continued)

The following is an example CCC-633 EZ page 2 for non-ACRE-elected farm production.

CCC-633 EZ (07-31-09)

**PART E - REQUEST FOR LDP**

| 13A. Contact Name and Address of Producer *(Include Zip Code)* *(Please Print)* | 13B. ID Number *(Last 4 digits)* | 14. Telephone or Cell Number *(Include Area Code) (Optional)* | 15. Crop Year | 17. Are you or any co-applicant delinquent on any federal non-tax debt? If "YES", explain in Item 32. |
|---|---|---|---|---|
| William Green<br>510 Hwy 123<br>Anywhere, ST 00001 | XXXX | (999) 555-5544 | 20XX | ☐ YES ☒ NO |
| | 16. State and County where Farm Records are Maintained<br>State, Jones County | | | |

**A completed CCC-633 EZ, Page 1 must be on file before beneficial interest (title and control) is lost in the requested quantity for this to be considered a valid request for payment. This request for payment, with acceptable production evidence (if applicable), must be submitted to the County FSA office that administers the farm records for the requested commodity and quantity**.

Complete Items 19 through 23 and sign/date below. Indicate in Item 21 if this is a certified LDP, request for measurement service, or indicate production evidence is attached, as applicable. When beneficial interest has been lost, indicate date of sale, fed, used for seed, etc, as applicable, in Item 23. If additional entries are needed, provide data on an additional CCC-633 EZ, Page 2.

| 18. LDP No. (CCC Use Only) | 19. Commodity Class, Variety, Type | *20. Net Quantity Requested and Unit of Measure (bu., tons, cwt., lbs., etc.) | 21. Source of Quantity (Check one of the following) | | | 22. Stored or Delivery Location, if applicable (State, County, Warehouse, or Bin Site) | 23. Effective Date of LDP Rate *(MM-DD-YYYY)* | | 24. LDP Rate (CCC Use Only) |
|---|---|---|---|---|---|---|---|---|---|
| | | | A. Certified | *B. Measure-ment Service | C. Production Evidence | **Examples:** Warehouse-Stored: Ohio, Athens Co., ABC Warehouse Farm-Stored: Texas, Webb Co., 30' Butler Bin, North of House | A. Date of LDP Request or Date Beneficial Interest Was Lost | B. Check to Request Date of Delivery | |
| 99052 | Corn-YC | 10,000 Bu | ☒ | ☐ | ☐ | Farm Stored: State, Jones Co., 36' steel bin, west of barn | 10-14-20XX | ☐ | Non-Acre .67 |
| 99053 | Corn-YC | 5,725 Bu | ☐ | ☐ | ☒ | Warehouse Stored: Farmers Elevator, State, Jones Co. | 10-14-20XX | ☐ | Non-Acre .67 |
| | | | ☐ | ☐ | ☐ | | | ☐ | |
| | | | ☐ | ☐ | ☐ | | | ☐ | |

* If measurement service is requested, I agree to pay the required fee(s) and agree this request is irrevocable. The quantity determined by measurement service will be the maximum quantity eligible at the time of this request. Producer must enter in Item 20, a specific quantity or "ALL" for this LDP application to be valid.

**PART F - PRODUCER CERTIFICATION** ***(For additional signatures, complete CCC-633 EZ Continuation, Part F)***

**I certify all information entered on this form is true and correct. By completing Part E and signing and dating this form, I hereby make a request for payment from the Commodity Credit Corporation (CCC) for the commodity described above under the terms and conditions as provided on the CCC-633 EZ, Loan Deficiency Payment (LDP) Agreement and Request. I also understand that a CCC-633 EZ, Page 1 MUST be on file at the FSA County Office for this LDP request to be considered complete.**

| 25A. Producer's Signature *(By)* | 25B. Title/Relationship *(Individual Signing in a Representative Capacity)* | 26. Share % | 27. Date *(MM-DD-YYYY)* | 25A. Producer's Signature *(By)* | 25B. Title/Relationship *(Individual Signing in a Representative Capacity)* | 26. Share % | 27. Date *(MM-DD-YYYY)* |
|---|---|---|---|---|---|---|---|
| ***/s/ William Green*** | | 100 | 10-14-20XX | | | | |

**PART G - CCC APPROVAL** ***(FOR CCC USE ONLY)***

| 28. Signature of CCC Representative | 29. Title of CCC Representative | 30. Date *(MM-DD-YYYY)* | 31. Action: | 32. Additional Information/Second Party Review |
|---|---|---|---|---|
| ***/s/ John Dee*** | CED | 10-14-20XX | ☒ APPROVED<br>☐ DISAPPROVED | |

# 1007 Completing CCC-633 EZ's (Continued)

## F Example of CCC-633 EZ (Continued)

The following is an example CCC-633 EZ page 2 for ACRE-elected farm production.

CCC-633 EZ (07-31-09)

**PART E - REQUEST FOR LDP**

| 13A. Contact Name and Address of Producer *(Include Zip Code)* *(Please Print)* | 13B. ID Number *(Last 4 digits)* | 14. Telephone or Cell Number *(Include Area Code) (Optional)* | 15. Crop Year | 17. Are you or any co-applicant delinquent on any federal non-tax debt? If "YES", explain in Item 32. |
|---|---|---|---|---|
| William Green<br>510 Hwy 123<br>Anywhere, ST 00001 | XXXX | (999) 555-5544 | 20XX | ☐ YES ☒ NO |
| | 16. State and County where Farm Records are Maintained<br>State, Jones County | | | |

**A completed CCC-633 EZ, Page 1 must be on file before beneficial interest (title and control) is lost in the requested quantity for this to be considered a valid request for payment. This request for payment, with acceptable production evidence (if applicable), must be submitted to the County FSA office that administers the farm records for the requested commodity and quantity**.

Complete Items 19 through 23 and sign/date below. Indicate in Item 21 if this is a certified LDP, request for measurement service, or indicate production evidence is attached, as applicable. When beneficial interest has been lost, indicate date of sale, fed, used for seed, etc, as applicable, in Item 23. If additional entries are needed, provide data on an additional CCC-633 EZ, Page 2.

| 18. LDP No. (CCC Use Only) | 19. Commodity Class, Variety, Type | *20. Net Quantity Requested and Unit of Measure (bu., tons, cwt., lbs., etc.) | 21. Source of Quantity (Check one of the following) | | | 22. Stored or Delivery Location, if applicable (State, County, Warehouse, or Bin Site) | 23. Effective Date of LDP Rate *(MM-DD-YYYY)* | | 24. LDP Rate (CCC Use Only) |
|---|---|---|---|---|---|---|---|---|---|
| | | | A. Certified | *B. Measurement Service | C. Production Evidence | **Examples:** Warehouse-Stored: Ohio, Athens Co., ABC Warehouse<br>Farm-Stored: Texas, Webb Co., 30' Butler Bin, North of House | A. Date of LDP Request or Date Beneficial Interest Was Lost | B. Check to Request Date of Delivery | |
| 99054 | Corn-YC | 4,500 Bu | ☐ | ☐ | ☒ | Warehouse Stored; Farmers Elevator, State, Jones Co. | 10-14-20XX | ☐ | Acre .08 |
| | | | ☐ | ☐ | ☐ | | | ☐ | |
| | | | ☐ | ☐ | ☐ | | | ☐ | |
| | | | ☐ | ☐ | ☐ | | | ☐ | |

* If measurement service is requested, I agree to pay the required fee(s) and agree this request is irrevocable. The quantity determined by measurement service will be the maximum quantity eligible at the time of this request. Producer must enter in Item 20, a specific quantity or "ALL" for this LDP application to be valid.

**PART F - PRODUCER CERTIFICATION *(For additional signatures, complete CCC-633 EZ Continuation, Part F)***

**I certify all information entered on this form is true and correct. By completing Part E and signing and dating this form, I hereby make a request for payment from the Commodity Credit Corporation (CCC) for the commodity described above under the terms and conditions as provided on the CCC-633 EZ, Loan Deficiency Payment (LDP) Agreement and Request. I also understand that a CCC-633 EZ, Page 1 MUST be on file at the FSA County Office for this LDP request to be considered complete.**

| 25A. Producer's Signature *(By)* | 25B. Title/Relationship *(Individual Signing in a Representative Capacity)* | 26. Share % | 27. Date *(MM-DD-YYYY)* | 25A. Producer's Signature *(By)* | 25B. Title/Relationship *(Individual Signing in a Representative Capacity)* | 26. Share % | 27. Date *(MM-DD-YYYY)* |
|---|---|---|---|---|---|---|---|
| ***/s/ William Green*** | | 100 | 10-14-20XX | | | | |

**PART G - CCC APPROVAL *(FOR CCC USE ONLY)***

| 28. Signature of CCC Representative | 29. Title of CCC Representative | 30. Date *(MM-DD-YYYY)* | 31. Action: | 32. Additional Information/Second Party Review |
|---|---|---|---|---|
| ***/s/ John Dee*** | CED | 10-14-20XX | ☒ APPROVED<br>☐ DISAPPROVED | ACRE enrolled commodities from ACRE elected farm #2315. |

Page 2

# 1007 Completing CCC-633 EZ's (Continued)

## F Example of CCC-633 EZ (Continued)

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

CCC-633 EZ (07-31-09)

**PART H - REQUEST FOR COTTON LDP**

| 33A. Contact Name and Address of Producer *(Include Zip Code)* *(Please Print)* | 33B. ID No. *(Last 4 digits)* | 34. Telephone or Cell Number *(Include Area Code) (Optional)* | 35. Farm Number | 36. Crop Year | 37. Are you or any co-applicant delinquent on any federal non-tax debt? If "YES", explain in Item 56. |
|---|---|---|---|---|---|
| William Green<br>510 Hwy 123<br>Anywhere ST 00001 | XXXX | (999) 555-5544 | 66 | 20XX | ☐ YES ☒ NO |

| 38. Producer Initials to verify LDP type and bale quantity | Type of LDP Requested | Must be Requested | Must have Beneficial Interest at Time of LDP Application? | The LDP Rate will be the rate in effect on the: | 39. Quantity: (Use Part K for file sequence number(s) |
|---|---|---|---|---|---|
| | Irrevocable Module Lock-In | After Harvest, Before Ginning | YES | Date an Accurately Completed Request is Submitted. ► | Identified by gin as being produced from the module(s) listed in Part I and identified by bale list or file sequence number(s). |
| whg | Gin-Direct | Before Date of Ginning | YES | Date of Ginning ► | **GIN DIRECT ONLY**: For each farm number producer enters number of bales or "ALL" to be identified by bale list or file sequence number. |
| | Irrevocable Post-Ginning | After Ginning | YES | Later of: 1) date of request or 2) date bale list submitted ► | **C. Producer enters bale quantity (to be verified by bale list or file sequence number):** N/A |
| | Lost Beneficial Interest | After Ginning | NO | Date Beneficial Interest Lost ► | **D. Producer enters bale quantity (to be verified by bale list or file sequence number):** N/A |

| A. FARM NO. | B. NO. BALES | A. FARM NO. | B. NO. BALES |
|---|---|---|---|
| 666 | 315 | | |
| | | | |
| | | | |

**PART I - MODULE IDENTIFICATION OF SEED COTTON *(Completed for Module Lock-In LDP Request)***

| 40. Gin Code: | 41. Module Location at Farm or Gin: |
|---|---|
| 42. Gin's Module/Trailer Number: | |

**PART J - PRODUCER CERTIFICATION *(For additional signatures, complete CCC-633 EZ Continuation, Part J)***

***I certify all information entered on this form is true and correct.***

| 43A. Producer's Signature *(By)* | 43B. Title/Relationship *(Individual Signing in a Representative Capacity)* | 44. Share % | 45. Date *(MM-DD-YYYY)* | 43A. Producer's Signature *(By)* | 43B. Title/Relationship *(Individual Signing in a Representative Capacity)* | 44. Share% | 45. Date *(MM-DD-YYYY)* |
|---|---|---|---|---|---|---|---|
| ***/s/ William Green*** | self | 100 | 11-15-20XX | | | | |

**PART K - INFORMATION FOR LDP REQUEST *(Complete Upon Receipt of Bale Data Files) (FOR CCC USE ONLY)***

| 46. LDP Number | 47. File Sequence Number(s) | 48. Date File(s) Received *(MM-DD-YYYY)* | 49. Bale Count |
|---|---|---|---|
| 114567 | 0234 | 11-20-20XX | 315 |

**PART L - CCC APPROVAL *(FOR CCC USE ONLY)***

| 50A. Signature of CCC Representative | 50B. Title of CCC Representative | 53. Date Request Submitted *(MM-DD-YYYY)* | 55. Name and Address of FSA County Office or LSA | 56. Additional Information/Second Party Review |
|---|---|---|---|---|
| ***/s/ John Dee*** | CED | 11-15-20XX | Jones County FSA Office<br>1521 Main Street<br>Anywhere, ST 00001 | |
| 51. Action: ☒ APPROVED ☐ DISAPPROVED | 52. Date of Signature by CCC Representative *(MM-DD-YYYY)* 11-21-20XX | 54. AWP on Applicable Date $96.69 | | |

Page 3

# 1007 Completing CCC-633 EZ's (Continued)

## F Example of CCC-633 EZ (Continued)

The following is an example of CCC-633 EZ page 4.

**CCC-633 EZ** (07-31-09)

**PART M – REQUEST FOR WOOL, MOHAIR, OR UNSHORN PELT LDP**

| 57. Contact Name and Address of Producer *(Include Zip Code) (Please Print)* | 58. ID Number *(Last 4 Digits)* | 59. Telephone or Cell Number *(Include Area Code)* | 60. Crop Year | 61. Are you or any co-applicant delinquent on any federal non-tax debt? If "YES", explain in Item 86. |
|---|---|---|---|---|
| William Green<br>510 Hwy 123<br>Anywhere, ST 00001 | XXXX | (999) 555-5544 | 20XX | ☐ YES ☒ NO |
| | 62. State and County where Farm Records are Maintained: State, Jones Co. | | | |

A completed CCC-633 EZ (Page 1) must be on file for the crop year identified in Item 60 before beneficial interest (title and control) is lost in the requested quantity for this to be considered a valid request for payment. **This request for payment, with acceptable production evidence (if applicable), must be submitted to the County FSA office that administers the farm records for the requested commodity and quantity.**

Complete Items 64 through 69 for wool and mohair or Items 72 through 77 for unshorn lamb pelts and sign/date below. Indicate the source of quantity in Item 67 or 75 if this is a certified LDP, indicate for wool or mohair only if the quantity is in excess of the certified quantity, or indicate if production evidence is attached, as applicable. When beneficial interest has been lost, indicate date of sale, delivery, slaughter, etc., as applicable, as the effective date of LDP rate in Item 69 or 77. If additional entries are needed, provide data on an additional CCC-633 EZ, Page 4.

**PART N - COMPLETED FOR WOOL OR MOHAIR**

| 63. LDP No. (CCC Use Only) | 64. Commodity | | 65. Type | | 66. Net Quantity (lbs.) | 67. Source of Quantity (Check one of the following) A. Certified | B. Production Evidence | C. Qty in Excess of Certified Qty. | 68. Stored Location (State, County, Warehouse, Farm Storage Location) | 69. Effective Date of LDP Rate (Date of Request or Date Beneficial Interest was Lost) *(MM-DD-YYYY)* | 70. LDP Rate (CCC Use Only) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 99055 | Mohair | ☐ | | | 100 | ☒ | ☐ | ☐ | Barn Number 2 | 09-13-20XX | 0.05 |
| | Wool | ☒ | Graded ☐ | Ungraded ☒ | | | | | | | |
| 99056 | Mohair | ☐ | | | 50 | ☐ | ☒ | ☐ | Barn Number 2 | 09-13-20XX | 0.05 |
| | Wool | ☒ | Graded ☒ | Ungraded ☐ | | | | | | | |
| | Mohair | ☐ | | | | ☐ | ☐ | ☐ | | | |
| | Wool | ☐ | Graded ☐ | Ungraded ☐ | | | | | | | |
| | Mohair | ☐ | | | | ☐ | ☐ | ☐ | | | |
| | Wool | ☐ | Graded ☐ | Ungraded ☐ | | | | | | | |

**PART O - COMPLETED FOR UNSHORN LAMB PELTS**

| 71. LDP No. (CCC Use Only) | 72. Number of Unshorn Lamb Pelts Requested | 73. Use A. Immediate Slaughter | B. Slaughter for Personal Use | C. Preserved and Stored | D. Sold as Feeders to Lamb Buyer | 74. Stored Location (If applicable) (State, County, Warehouse, Farm Storage Location) | 75. Source of Quantity (Check one of the following) A. Certified | B. Production Evidence | 76. Current Herd/ Flock Size | 77. Effective Date of LDP Rate (Date of Request or Date Beneficial Interest was Lost) (MM-DD-YYYY) | 78. LDP Rate (CCC Use Only) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | ☐ | ☐ | ☐ | ☐ | | ☐ | ☐ | | | |
| | | ☐ | ☐ | ☐ | ☐ | | ☐ | ☐ | | | |
| | | ☐ | ☐ | ☐ | ☐ | | ☐ | ☐ | | | |

**PART P - PRODUCER CERTIFICATION** ***(For additional signatures, complete CCC-633 EZ Continuation, Part P)***

**I certify all information entered on this form is true and correct and that the commodity was owned/retained for at least 30 days before the date of shearing or slaughter for unshorn lambs. By completing Part N for wool and mohair or Part O for unshorn lamb pelts and signing and dating this form, I hereby make a request for a payment from Commodity Credit Corporation (CCC) for the commodity described above under the terms and conditions as provided on the CCC-633 EZ, Loan Deficiency Payment (LDP) Agreement and Request. I also understand that a CCC-633 EZ, Page 1 MUST be on file at the FSA County Office for this LDP request to be considered complete.**

| 79A. Producer's Signature *(By)* | 79B. Title/Relationship *(Individual Signing in a Representative Capacity)* | 80. Share % | 81. Date *(MM-DD-YYYY)* | 79A. Producer's Signature *(By)* | 79B. Title/Relationship *(Individual Signing in a Representative Capacity)* | 80. Share% | 81. Date *(MM-DD-YYYY)* |
|---|---|---|---|---|---|---|---|
| ***/s/ William Green*** | | 100 | 10-14-20XX | | | | |

**PART Q - CCC APPROVAL** ***(FOR CCC USE ONLY)***

| 82A. Signature of CCC Representative | 82B. Title of CCC Representative | 83. Date (MM-DD-YYYY) | 84. Action: | 85. Is the quantity for this LDP reasonable? | 86. Additional Information/Second Party Review |
|---|---|---|---|---|---|
| ***/s/ John Dee*** | CED | 10-14-20XX | ☒ APPROVED<br>☐ DISAPPROVED | ☒ YES ☐ NO | |

Page 4

# 1007 Completing CCC-633 EZ's (Continued)

## F Example of CCC-633 EZ (Continued)

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

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

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

**CONTINUATION SHEET FOR LOAN DEFICIENCY (LDP) PAYMENT AGREEMENT AND REQUEST**
(Use with CCC-633 EZ Pages 1, 2, 3, or 4)

Attach to Form CCC-633 EZ _____

**Enter a Check by the Appropriate Part to Indicate which Section this Form Applies.**

**PART C - PRODUCER CERTIFICATION (CCC-633 EZ Page 1)** ***(Continuation)***

| 6. Signature of Producer | 7. Date (MM-DD-YYYY) | 6. Signature of Producer | 7. Date (MM-DD-YYYY) |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |

**PART F - PRODUCER CERTIFICATION (CCC-633 EZ Page 2)** ***(Continuation for LDP Request)***

| 25. Signature of Producer | 26. % Share | 27. Date (MM-DD-YYYY) | 25. Signature of Producer | 26. % Share | 27. Date (MM-DD-YYYY) |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

**PART J - PRODUCER CERTIFICATION (CCC-633 EZ Page 3)** ***(Continuation for Cotton LDP Request)***

| 43. Signature of Producer | 44. % Share | 45. Date (MM-DD-YYYY) | 43. Signature of Producer | 44. % Share | 45. Date (MM-DD-YYYY) |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

**PART P - PRODUCER CERTIFICATION (CCC-633 EZ Page 4)** ***(Continuation for Wool, Mohair, or Unshorn Pelt LDP Request)***

| 79. Signature of Producer | 80. % Share | 81. Date (MM-DD-YYYY) | 79. Signature of Producer | 80. % Share | 81. Date (MM-DD-YYYY) |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Page 5

## 1008 Completing CCC-633 EZ for Measured Quantities

### A Measurement Service Request

When CCC-633 EZ is submitted and measurement service is requested to determine LDP measured quantity, producers shall:

- file FSA-409 according to 2-CP
- file CCC-677-1 according to Exhibit 15
- complete CCC-633 EZ according to this paragraph
- indicate a quantity in CCC-633 EZ page 2, item 20 B.

**Note:** This can be a specific amount or "**All**", not to exceed the measured quantity. This item **cannot** be left blank.

See paragraph 525 for additional information on measurement service. County Offices shall use LDP rate in effect on the date CCC-633 EZ is requested.

When measurement service has been completed, County Offices shall:

- obtain producer verification of measurements according to paragraph 525

- issue LDP for the requested quantity, **not** to exceed measured quantity

- notify the producer that if a subsequent LDP or nonrecourse loan is requested on a remaining quantity previously measured, the new request shall be processed as a certified application (loan or LDP) up to the final loan availability date if all eligibility requirements have been met.

  **Note:** These requests may be subject to spot checks.

LDP's for a specific quantity **must** be requested **before** the final loan availability date.

## 1008 Completing CCC-633 EZ for Measured Quantities (Continued)

### B Entire Measured Quantity Used for LDP

Follow this table when measurement service is completed and the producer wants to use the **entire** measured quantity for LDP.

| Step | Action |
|---|---|
| 1 | Use LDP rate in effect on the date CCC-633 EZ page 2 is requested. |
| 2 | Issue LDP for the **entire** measured quantity when CCC-633 EZ page 2 is approved for CCC.<br><br>**Note:** On CCC-633 EZ, item 20, producers **must** ENTER "**All**". |
| 3 | Attach a copy of FSA-409 to CCC-633 EZ and CCC-677-1. |

Producers who request to use **only** a specific quantity **must** request LDP's for the specific quantity **not** to exceed the measured quantity.

### C Less Than Entire Measured Quantity Used for LDP

Follow this table when measurement service is completed and the producer wants to use a **specific quantity** for LDP requests.

| Step | Action |
|---|---|
| 1 | Use applicable LDP rate in effect on the date CCC-633 EZ page 2 is requested. |
| 2 | Issue LDP for the **requested** quantity **not** to exceed the original measured quantity when CCC-633 EZ page 2 is approved for CCC. |
| 3 | If the producer obtains multiple LDP's or loans on the remaining quantity, **not** to exceed the measured quantity, inform the producer that spot checks may be performed by the County Office until all of the measured quantity has been issued for LDP or loan. |
| 4 | Cross-reference all LDP and loan requests with the initial LDP or loan made on the measured quantity.<br><br>Verify that the total of all LDP's and loans do **not** exceed measured quantity. |

## 1009 Notification of Denied LDP Benefits

### A Denied LDP Notification

When the producer is denied LDP benefits, County Offices shall:

- immediately notify the producer in writing

- ***--**use the applicable letter in Exhibit 11, subparagraph K or L about denial of loan or**--***
  LDP benefits and include the following:

  - reason for denying LDP
  - appeal rights according to 1-APP.

  **Notes:** Rewrite the letter to reflect the reason for LDP denial, as applicable.

  See Exhibit 11, subparagraph A, “Miscellaneous Notification Letters for Loans and LDP’s”.

If LDP benefits are denied because of AGI, producers are afforded the opportunity to request a nonrecourse loan by the final availability date if all other eligibility requirements are met.

**1010-1019 (Reserved)**

## Section 2 Commodities Harvested as Other Than Grain

### 1020 Eligibility for LDP

#### A Eligible Harvested as Other Than Grain Commodities

Eligible commodities include barley, canola, chickpeas (small and large), corn, crambe, dry peas, flaxseed, grain sorghum, lentils, mustard seed, oats, rapeseed, rice, safflower, sesame seed, soybeans, sunflower seed, or wheat that meet the definitions included in Official U.S. Standards for Grain.

#### B Eligible Commodities

Eligible commodities harvested as other than grain are any loan commodities produced on a farm that are:

- harvested as:
  - cobbage
  - cracked, rolled, or crimped
  - earlage
  - ground corn
  - hay
  - silage
- mutilated, mixed, or ground with other parts of the plant that produced the commodity
- processed immediately upon harvest or later processed, as applicable
- roasted
- stored in an unmeasurable structure.

**Note:** Hay, silage, and roasted commodities are **not** eligible for MAL.

Commodities **must** be mechanically harvested. Grazing is **not** considered harvested and is **not** eligible for LDP. See Part 11 for graze-out payments.

## 1020 Eligibility for LDP (Continued)

### C Requests

LDP's must be requested on CCC-633 EZ page 2, **after** page 1 has been submitted.

### D Maximum Eligible Quantities

To process LDP on commodities harvested as other than grain, determine the maximum eligible production according to paragraph 336.

LDP requests may be certified to establish the LDP rate and should be certified in tons or acres, as applicable.

When the bu. or cwt. is determined, according to paragraph 336, the LDP request can be approved and payment made.

### *--E LDP Rate for ACRE and Non-ACRE-Elected Farms

Use the LDP rate applicable to the date of:

- request
- delivery
- harvest for commodities fed during harvest
- loss of beneficial interest, **only** if CCC-633EZ, Page 1, was filed timely.

The LDP rate for commodities produced on ACRE-elected farms is determined by reducing the loan rate by 30 percent **before** calculating the LDP rate. In a case of commodities harvested as other than grain, the loan rate is reduced for both ACRE and commodities harvested as other than grain adjustments, **before** calculating the LDP rate. LDP rates **cannot** be less than zero.

The following table illustrates how the LDP rate for a commodity harvested as other than grain is computed for ACRE-elected and non-ACRE-elected farms when the CCC-determined value is $1.20.

| Determining Commodity Other Than Grain LDP Rate | | | |
|---|---|---|---|
| **Line** | **Description** | **ACRE** | **Non-ACRE** |
| 1 | Loan Rate (County Rate for Durum Wheat) | $6.00 | $6.00 |
| 2 | ACRE Reduction: 30 Percent of Loan Rate (.30 x Line 1) | $1.80 | N/A |
| 3 | Effective Loan Rate: Adjusted for ACRE (Line 1 – Line 2) | $4.20 | $6.00 |
| 4 | Loan Rate for Commodities Other Than Grain: 30 Percent of Loan Rate, according to subparagraph 520 D (.30 x Line 3) | $1.26 | $1.80 |
| 5 | CCC-Determined Value of Commodity | $1.20 | $1.20 |
| 6 | LDP Rate for Commodities Other Than Grain (Line 4 - Line 5) | $0.06 | $0.60 |

--*

## 1020 Eligibility for LDP (Continued)

### *--E LDP Rate for ACRE and Non-ACRE-Elected Farms (Continued)

The following table illustrates how the LDP rate for a commodity harvested as other than grain is computed for ACRE-elected and non-ACRE-elected farms when the CCC-determined value is $3.07.

| Determining Commodity Other Than Grain LDP Rate | | | |
|---|---|---|---|
| **Line** | **Description** | **ACRE** | **Non-ACRE** |
| 1 | Loan Rate (County Rate for Durum Wheat) | $6.00 | $6.00 |
| 2 | ACRE Reduction: 30 Percent of Loan Rate (.30 x Line 1) | $1.80 | N/A |
| 3 | Effective Loan Rate: Adjusted for ACRE (Line 1 – Line 2) | $4.20 | $6.00 |
| 4 | Loan Rate for Commodities Other Than Grain: 30 Percent of Loan Rate, according to subparagraph 520 D (.30 x Line 3) | $1.26 | $1.80 |
| 5 | CCC-Determined Value of Commodity | $3.07 | $3.07 |
| 6 | LDP Rate for Commodities Other Than Grain (Line 4 - Line 5) | $0.00 | $0.00 |

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## 1021-1029 (Reserved)

## Section 3 Low Quality Commodities

### 1030 Eligibility for LDP

#### A Eligible Low Quality Commodities

*--Commodities with test weight and quality factors falling to the additional schedule of discounts in the applicable 2-LP handbook are considered "low quality" and are eligible for LDP.

**Note:** Wheat that is on the additional schedule of discounts because of falling numbers **only**, and all other grading and quality factors are not on the additional schedule, does **not** qualify as low quality wheat. See information on falling number discounts for wheat in 2-LP Grains and Oilseeds.--*

#### B LDP Request

Request LDP's on CCC-633 EZ page 2, 3, or 4, as applicable, **after** page 1 has been submitted.

#### C LDP Rate

Use the LDP rate applicable to the date of:

- request for * * * LDP
- delivery
- feeding for commodities fed during harvest
- loss of beneficial interest, **only** if CCC-633 EZ page 1 was filed timely.

*--LDP rate for commodities produced on ACRE-elected farms is determined by reducing the loan rate by 30 percent **before** calculating the LDP rate. In a case of low quality commodities, the loan rate is reduced for both ACRE and low quality adjustments **before** calculating the LDP rate. LDP rates **cannot** be less than zero.

The following table illustrates how the LDP rate for a low quality commodity is computed for ACRE-elected and non-ACRE-elected farms when the CCC-determined value is $0.80.

| Determining Low Quality Commodity LDP Rate | | | |
|---|---|---|---|
| **Line** | **Description** | **ACRE** | **Non-ACRE** |
| 1 | Loan Rate (County Rate for Durum Wheat) | $6.00 | $6.00 |
| 2 | ACRE: 30 Percent of Loan Rate (.30 x Line 1) | $1.80 | N/A |
| 3 | Effective Loan Rate: Adjusted for ACRE (Line 1 – Line 2) | $4.20 | $6.00 |
| 4 | Loan Rate for Low Quality Commodities: 20 Percent of Loan Rate, according to subparagraph 520 F (.20 x Line 3) | $0.84 | $1.20 |
| 5 | CCC-Determined Value of Commodity | $0.80 | $0.80 |
| 6 | LDP Rate for Low Quality Commodities (Line 4 – Line 5) | $0.04 | $0.40 |

--*

## 1030 Eligibility for LDP (Continued)

### C LDP Rate (Continued)

*--The following table illustrates how the LDP rate for a low quality commodity is computed for ACRE-elected and non-ACRE-elected farms when the CCC-determined value is $3.07.

| Determining LDP Rates for Low Quality Commodities | | | |
|---|---|---|---|
| **Line** | **Description** | **ACRE** | **Non-ACRE** |
| 1 | Loan Rate (County Rate for Durum Wheat) | $6.00 | $6.00 |
| 2 | ACRE: 30 Percent of Loan Rate (.30 x Line 1) | $1.80 | N/A |
| 3 | Effective Loan Rate: Adjusted for ACRE (Line 1 – Line 2) | $4.20 | $6.00 |
| 4 | Loan Rate for Low Quality Commodities: 20 Percent of Loan Rate, according to subparagraph 520 F (.20 x Line 3) | $0.84 | $1.20 |
| 5 | CCC-Determined Value of Commodity | $3.07 | $3.07 |
| 6 | LDP Rate for Low Quality Commodities (Line 4 – Line 5) | $0.00 | $0.00 |

--*

### D Production Evidence

Production evidence is **required** according to Part 3, Section 3, when producers are selected for spot check.

## 1031-1039 (Reserved)

## Section 4 Contaminated Commodities

### 1040 Eligibility for LDP

#### A Eligible Contaminated Commodities

Contaminated commodities are commodities that contain any of the following:

- mercurial compounds
- toxin producing molds, such as aflatoxin
- other substances poisonous to humans or animals
- any contamination in food commodities.

Illegally contaminated and nonmarketable commodities that test positive for a contaminant are **not** eligible for loan or LDP.

#### B Eligible Commodities

Contaminated commodities are eligible for nonrecourse loans, but only at 10 percent of the loan rate, according to Part 5, Section 2. Any contaminated commodity must be merchantable to be eligible. Any commodity eligible for nonrecourse loan is eligible for LDP under this section.

Contaminant testing is **not** required for LDP.

#### C LDP Request

Request LDP's on CCC-633 EZ page 2, 3, or 4, as applicable, **after** page 1 has been submitted.

#### D LDP Rate

Use the LDP rate applicable to the date of:

- request for LDP's
- delivery
- harvest for commodities immediately fed during harvest
- loss of beneficial interest, **only** if CCC-633 EZ page 1 was filed timely.

## 1040 Eligibility for LDP (Continued)

### D LDP Rate (Continued)

*--The LDP rate for commodities produced on ACRE-elected farms is determined by reducing the loan rate by 30 percent **before** calculating the LDP rate. In a case of contaminated commodities, the loan rate is reduced for both ACRE and contaminated commodity adjustments **before** calculating the LDP rate. LDP rates cannot be less than zero.

The following table illustrates how the LDP rate for a contaminated commodity is computed for ACRE-elected and non-ACRE-elected farms when the CCC-determined value is $0.40

| Determining Contaminated Commodity LDP Rate | | | |
|---|---|---|---|
| **Line** | **Description** | **ACRE** | **Non-ACRE** |
| 1 | Loan Rate (County Rate for Durum Wheat) | $6.00 | $6.00 |
| 2 | ACRE: 30 Percent of Loan Rate (.30 x Line 1) | $1.80 | N/A |
| 3 | Effective Loan Rate: Adjusted for ACRE (Line 1 – Line 2) | $4.20 | $6.00 |
| 4 | Loan Rate for Contaminated Commodities: 10 Percent of Loan Rate, according to subparagraph 520 E (.10 x Line 3) | $0.42 | $0.60 |
| 5 | CCC-Determined Value of Commodity | $0.40 | $0.40 |
| 6 | LDP Rate for Contaminated Commodities (Line 4 – Line 5) | $0.02 | $0.20 |

The following table illustrates how the LDP rate for a contaminated commodity is computed for ACRE-elected and non-ACRE-elected farms when the CCC-determined value is $3.07.

| Determining Contaminated Commodity LDP Rate | | | |
|---|---|---|---|
| **Line** | **Description** | **ACRE** | **Non-ACRE** |
| 1 | Loan Rate (County Rate for Durum Wheat) | $6.00 | $6.00 |
| 2 | ACRE Reduction: 30 Percent of Loan Rate (.30 x Line 1) | $1.80 | N/A |
| 3 | Effective Loan Rate: Adjusted for ACRE (Line 1 – Line 2) | $4.20 | $6.00 |
| 4 | Loan Rate for Contaminated Commodities: 10 Percent of Loan Rate, according to subparagraph 520 E (.10 x Line 3) | $0.42 | $0.60 |
| 5 | CCC-Determined Value of Commodity | $3.07 | $3.07 |
| 6 | LDP Rate for Contaminated Commodities (Line 4 – Line 5) | $0.00 | $0.00 |

--*

### E Production Evidence

Production evidence is **required** according to Part 3, Section 3, when producers are selected for spot check.

## 1041-1049 (Reserved)

## Section 5 Commodities Exceeding Maximum STC and 2-LP Standards for Moisture Commodities

### *--1050 HM Corn and Grain Sorghum and Excess Moisture Commodities for LDP

#### A Availability

LDP's are available to eligible producers who harvest:

- HM corn or grain sorghum
- excess moisture commodities according to subparagraph 225 F.

LDP's are **not** available for commodities exceeding the maximum moisture level determined by STC.

**Note:** Moisture levels shall be reviewed by STC on an annual basis.

#### B Requesting HM Corn and Grain Sorghum or Excess Moisture Commodities for LDP's

LDP's may be requested on HM corn and grain sorghum or excess moisture commodities:

- in farm storage
- delivered immediately at harvest
- harvested as commodities and immediately fed during harvest.

Requests for farm-stored HM corn and grain sorghum or excess moisture commodities:**--***

- must be physically in existence at the time of the LDP request

- that will be used for feed shall be supported by acceptable production evidence determined as maximum eligible quantity when selected for spot check.

This table illustrates when nonrecourse and recourse loan provisions are applicable because of moisture levels **only**.

| **IF the moisture level...** | **AND commodity...** | **AND is for...** | **THEN the commodity is eligible for...** |
|---|---|---|---|
| exceeds the maximum STC-established moisture levels | | all harvested loan commodities | recourse loan, but **ineligible** for LDP. |
| exceeds the 2-LP standard | does **not** exceed the maximum STC-established moisture levels | corn or grain sorghum | recourse HM loan. |
| | | all harvested loan commodities, including corn and grain sorghum | ***--**excess moisture**--*** nonrecourse loan and LDP. |
| is at or below the 2-LP standard | | all harvested loan commodities | nonrecourse loan and LDP. |

***--1050 HM Corn and Grain Sorghum and Excess Moisture Commodities for LDP--* (Continued)**

**C Determining Quantity**

The quantity shall be 100 percent of:

- certified quantity adjusted for moisture
- adjusted measured quantity, if stored in a structure that can be measured
- adjusted net quantity, if LDP is requested with production evidence that has not been adjusted for moisture
- quantity determined according to paragraph 336, for quantity stored in unmeasurable structures.

**D Setting Moisture Levels**

STC's shall set moisture levels according to paragraph 225.

***--1050 HM Corn and Grain Sorghum and Excess Moisture Commodities for LDP--* (Continued)**

**E Moisture Adjustment**

Moisture adjustments are required when the:

- LDP is:
  - certified and the producer certified to HM level
  - based on measured quantities
  - certified and the producer provides production evidence showing moisture levels and the net quantity have not been adjusted for moisture
- moisture level is:
  - greater than the maximum eligible level for the commodity
  - equal to or less than the moisture set by STC, but higher than the standard moisture levels according to 2-LP Grains and Oilseeds.

**F Adjusting Quantity for Moisture**

The quantity determined by:

- certification shall be adjusted for moisture:
  - by using the average factor when moisture percent is not available according to subparagraph G
  - to the maximum eligible level for the commodity when moisture percent is available according to Exhibit 12
- measurement shall be adjusted for moisture:
  - determined at time of measurement
  - according to Exhibit 12
  - to the maximum eligible level for the commodity
- production evidence shall be adjusted for moisture if:
  - moisture levels are indicated
  - the net quantity has not been adjusted, as applicable.

***--1050 HM Corn and Grain Sorghum and Excess Moisture Commodities for LDP--* (Continued)**

**G Using Average Factor When Moisture Percent Is Not Available**

The certified quantity must be adjusted for moisture using an average factor, applicable to the ***--**HM corn and grain sorghum or excess moisture commodities, when a moisture percent is not available.

The average factor is determined using 27.0 percent as the average moisture for the HM corn and grain sorghum or excess moisture commodity.**--***

**Example:** The average factor for corn is determined by subtracting the corn moisture of 15.5 percent from 27.0 percent and multiplying the difference times 1.3 percent. This calculates to an average factor for corn of 15.0 percent.

Calculate the shrink reduction to determine the adjusted LDP quantity as follows:

Quantity certified for LDP is 9,586 bu. of corn.

- Multiply 15.0 percent times 9,586 bu. to equal 1,438 bu.
- Subtract 1,438 from 9,586 to equal 8,148 bu.
- The quantity eligible for loan or LDP is 8,148 bu.

**H Production Evidence**

Producers are required to submit production evidence only if LDP's are selected for spot check.

Adjustment to moisture should be completed **only** when net quantities have not been adjusted for moisture or production evidence is a measurement.

See Part 3, Section 3 for additional information for production evidence.

**1051-1099 (Reserved)**

# Part 11 Graze-Out Payments

## 1100 General Provisions

### A Definition of Graze-Out Payments

**[7 CFR 1421.300]** Graze-out payments are payments made to eligible producers who although eligible to obtain a loan:

- elect to use acreage planted with barley, oats, triticale, or wheat for livestock grazing
- agree to forgo any other harvesting of the commodity on this acreage during the applicable crop year.

### B Definition of Triticale

Triticale is grain that consists of 50 percent or more of whole triticale (X Triticosecale Wittmack) and **not** more than 10 percent of other grains for which standards have been established under the United States Grain Standard Act.

### C Prohibiting Crop Insurance Indemnity or NAP

Producers who elect to graze barley, oats, triticale, or wheat will **not** be eligible for an indemnity for the same acres under the Federal Crop Insurance Act or NAP.

## 1101 General Information

### A Eligibility Requirements

Graze-out payments are subject to the same basic eligibility requirements as commodity loans and LDP's including, but **not** limited to the following:

- AGI provisions
- beneficial interest
- conservation compliance
- death, incompetency, disappearance, or dissolution of a producer
- foreign person determinations
- misaction or misinformation
- offsets.

### B Application Period

The application period for graze-out:

- begins on the first day of mechanical harvest as determined by COC
- ends on March 31 of the calendar year following the year the crop is normally harvested.

Producers may file an application for graze-out anytime during this application period.

**Reminder:** Applications may **not** be cancelled or withdrawn once requested.

COC shall determine and document in COC minutes, the beginning harvest date in the county for barley, oats, triticale, or wheat. This will be the earlier of the normal harvest date for grain or the normal harvest date when harvested as other than grain.

## 1102 Specific Graze-Out Eligibility Requirements

### A Eligible Producer

An eligible producer for graze-out purposes must meet the producer eligibility requirements according to paragraph 200 and all of the following:

- requests graze-out payments on CCC-633 GRAZING before March 31 of the calendar year following the year the crop is normally harvested
- agrees to forgo any other harvesting of the commodity on the acreage
- retains beneficial interest through the date the crop is grazed-out.

### B Eligible Acres

Eligible acreage for graze-out purposes is any acreage of barley, oats, triticale, or wheat that is **not** harvested by any means other than grazing. The acreage **must** be classified as "cropland" in FSA farm records.

The eligible acreage **must** be reported on FSA-578 and the intended use must be for "grazing".

The requested crop acreage is **not** eligible for:

- any other MAL's or LDP's
- crop insurance indemnity
- SURE, NAP, or supplemental revenue assistance payments.

**Notes:** Acreage intended for grazing is **ineligible** for SURE.

Producers who elect to graze barley, oats, triticale, or wheat will **not** be eligible for an indemnity for the same acres under the Federal Crop Insurance Act or NAP.

Follow 2-CP for approval of double-cropping acreage, as applicable.

## 1102 Specific Graze-Out Eligibility Requirements (Continued)

### C Grazing Leases and Eligibility

Producers who lease cropland to a second party for grazing on the acreage or on a per head per month basis are:

- **not** considered to have lost beneficial interest
- eligible for graze-out payments on the eligible commodity if all other eligibility requirements are met.

Producers are **not** eligible for graze-out payments regardless of when beneficial interest is lost if **any** of the following occur:

- grazing occurred on nurse crops that would **not** have met the definition of the crop if harvested as grain
- beneficial interest is lost and later regained
- the cropland is subleased to a third party, by lessee, for grazing on a flat per acre rate
- no grazing occurred
- mechanical harvest occurred.

Owners allowing subleases on the cropland are **not** eligible for graze-out payments.

## 1103 Filing CCC-633 GRAZING's

### A Requesting Graze-Out Payments

Producers must request graze-out payments by FSN on CCC-633 GRAZING.

Any producer or producers who share in the acreage grazing can request benefits on CCC-633 GRAZING.

If multiple producers share in the acreage:

- all signatures must be obtained on CCC-633 GRAZING **before** the request is considered complete

- the shares must equal 100 percent.

See paragraph 1105 for instructions on completing CCC-633 GRAZING.

Eligible producers can submit CCC-633 GRAZING to the FSA administrative County Office for the farm using any of the following methods:

- in person
- by mail
- by telephone
- by FAX
- through eForms.

***--**Graze-Out payments are controlled by eFunds. Funding **must** be requested through the State Office **and** allocated to the county **before** CCC-633 GRAZING can be processed. See subparagraph 1104 C.**--***

## 1103 Filing CCC-633 GRAZING's (Continued)

### A Requesting Graze-Out Payments (Continued)

All CCC-633 GRAZING's, including CCC-633 GRAZING applications requested by mail, telephone, FAX, or downloaded from the Internet, **must** be completed correctly, signed, and returned to the FSA administrative County Office on or before March 31 of the calendar year following the year the crop is normally harvested.

Eligible producers **must** request CCC-633 GRAZING:

- after the date COC determines barley, oats, triticale, or wheat is normally mechanically harvested for the crop year, according to subparagraph 1101 B

- no later than March 31 of the calendar year following the year the crop is normally harvested.

### B Producer Certification

Eligible producers must file CCC-633 GRAZING for acres grazed or to be grazed. In addition, acreage and intended use **must** be certified on FSA-578 as "grazing".

If the intended use was reported as grain, but was actually grazed, County Offices shall note the actual use on the hard copy FSA-578 in the normal manner.

## 1104 Payment Rate and Calculations

### A Graze-Out Payment Rate

The graze-out payment rate is determined by the amount the applicable commodity loan rate exceeds the CCC-determined value of the commodity for the county where the farm is located.

Graze-out payments are subject to ACRE provisions and will be handled like LDP's. Producers who elected to participate in the ACRE program will have the applicable
***--**commodity loan rate for graze-out reduced by 30 percent for that farm **before** calculating the LDP rate. See the following table for an example.**--***

The effective ACRE payment rates are posted by State and County Offices at **www.fsa.usda.gov/FSA/displayLDPRates?area=home&subject=prsu&topic=ldp-ldp**. After the "State", "County", and "Crop Year" is selected, CLICK "**Submit**". The rates will be displayed in the column titled, "Effective ACRE LDP Rate".

**Note:** The graze-out payment rate is **the rate in effect on the day a completed CCC-633 GRAZING is received** in the FSA administrative County Office.

CCC-633 GRAZING is complete when all applicable:

- entries have been completed by the producer according to subparagraph 1105 A
- all applicable producer signatures have been obtained.

**Note:** For triticale, the payment rate is calculated based on the predominant class of wheat in that county.

The following table illustrates how the graze-out payment is computed for ACRE-elected and non-ACRE-elected farms.

| Determining Graze-Out Payment Rate | | | |
|---|---|---|---|
| **Line** | **Description** | **ACRE** | **Non-ACRE** |
| 1 | Loan Rate (County Rate for Durum Wheat) | $6.04 | $6.04 |
| 2 | ACRE: 30% of Rate Adjusted for Quality (.30 x Line 1) | $1.81 | $0.00 |
| 3 | Effective Loan Rate: Adjusted for ACRE (Line 1 – Line 2) | $4.23 | $6.04 |
| 4 | CCC-Determined Value of the Commodity | $3.07 | $3.07 |
| 5 | Graze-Out Rate (Line 3 – Line 4) | $1.16 | $2.97 |

## 1104 Payment Rate and Calculations (Continued)

### B Applicable Yield

For graze-out, the yields shall be determined as follows:

- the payment yield shall be the yield in effect for calculating the direct payment yield under DCP according to 7 CFR Part 1412

- in the event the previous option is not available, the applicant may submit actual production harvested as grain on the same farm or another farm of the applicant in the same area

- if neither of the previous 2 options is available, COC may establish a yield based on their judgment and knowledge of practices and growing conditions in the county with documentation supporting the COC established yield, which **must** be included in the COC minutes.

  **Note:** The option of using 3 similar farms is **no** longer allowed.

For triticale, the payment yield shall be based on the predominant class of wheat according to the options in this subparagraph.

### C Payment

Calculate the graze-out payment by multiplying the actual grazed acreage requested for grazing times the applicable yield times the payment rate.

**Examples:** Using the graze-out rate from the table in subparagraph A, for a:

- non-ACRE-elected farm: 40 acres grazed x 50 bu/acre x $2.97 graze-out rate = $5,940 graze-out payment

- ACRE-elected farm: 40 acres grazed x 50 bu/acre x $1.16 graze-out rate = $2,320 graze-out payment.

***--**After the payment is calculated and reviewed by a second party, State Offices shall send an e-mail to DeAnn Allen, PSD, at **deann.allen@wdc.usda.gov**, identifying the county and amount of funding needed to process CCC-633 GRAZING.

CCC-633 GRAZING can be processed through the web-based eLDP system only **after** eFunds have been allocated to the county. The National Office program manager will allocate the eFunds.**--***

## 1105 CCC-633 GRAZING's

### A Completing CCC-633 GRAZING's

Complete CCC-633 GRAZING's according to the following. CCC-633 GRAZING's shall be completed by FSN and crop.

All persons who share in the grazed acreage **must** be included on one CCC-633 GRAZING.

| Item | Instructions |
|---|---|
| **Items 1 through 5 are completed by the FSA County Office.** | |
| 1 | Enter applicable crop year. |
| 2A and 2B | Enter FSN and the application number assigned by APSS **after** CCC-633 GRAZING has been recorded in APSS.<br><br>**Note:** County Office use only. FSN needed to determine rate. |
| 3 | Enter name and address of the applicable County Office. |
| 4 | Enter applicable State code.<br><br>**Note:** County Office use only. |
| 5 | Enter the applicable county code. |
| **Part A, items 6 through 16B are completed by the producer.** | |
| 6 | Enter producer's name, address, and telephone number.<br><br>**Note:** This will be the contact producer if more than 1 producer shares in the grazed acreage. |
| 7 | Check the type of commodity grazed. |
| 8 | Enter wheat class, as applicable. |

## 1105 CCC-633 GRAZING's (Continued)

### A Completing CCC-633 GRAZING's (Continued)

| Item | Instructions |
|---|---|
| 9 through 14 | Check applicable box in response to each question. |
| 15 | Enter actual or estimated grazing period for the farm.<br><br>**Example:** August 15, 2010, through September 15, 2010. |
| 16A | Enter requested acres that have been or will be grazed. |
| 16B | Enter corresponding tract/field location. |
| **Part B, items 17 through 23 are completed by the FSA County Office.** | |
| 17 | Enter total acreage requested from item 16A. County Offices shall ensure that the tract/field location certified on FSA-578 is the same as the tract/field location requested by the producer in item 16B. |
| 18 | Enter yield, as applicable. This is the payment yield determined according to subparagraph 1104 B. |
| 19 | Enter result of item 17 multiplied times item 18. |
| 20 | Enter county where the commodity was grazed if different than the FSA administrative County Office. |
| 21 | Enter date the request is completed. |
| 22 | Enter either ACRE or non-ACRE payment rate applicable to the date in item 21.<br><br>**Notes:** APSS does **not** automatically reduce the rate by 30 percent for ACRE. County Offices **must** enter the applicable rate for graze-out.<br><br>Indicate if ACRE rate. |
| 23 | Enter result of item 19 multiplied times item 22. |
| **Part C, item 24 is to be completed by the producer.** | |
| 24 | After reading the certification statement, all producers shall sign, provide ID number, date, and indicate share of the grazed crop, as applicable. |
| **Item 25 is to be completed by the FSA County Office.** | |
| 25 | COC or designee shall approve or disapprove CCC-633 GRAZING, sign, provide title, and date, as applicable.<br><br>**Note:** Do not approve if producer is not in compliance.<br><br>Provide a copy to the producer, as applicable. |

## 1105 CCC-633 GRAZING's (Continued)

### B Example of CCC-633 GRAZING

The following is an example of CCC-633 GRAZING.

This form is available electronically.

**CCC-633 GRAZING** (09-28-10) — **USDA** CCC

**NOTE:** Complete a separate application for each commodity.

**GRAZING PAYMENT PROGRAM APPLICATION**

*See Page 2 for Privacy Act Statement.*

**ITEMS 1 THROUGH 5 ARE COMPLETED BY THE FSA OFFICE**

| 1. PROGRAM YEAR | 2. FSN NO. | 2B. APPLICATION NO. |
|---|---|---|
| 20XX | 9999 | 56 |

3. FSA COUNTY OFFICE NAME AND ADDRESS *(Including ZIP Code)*
Any County Farm Service Agency
999 Any Road
City, ST 99999

| 4. STATE CODE | 5. COUNTY CODE |
|---|---|
| 99 | 999 |

**PART A – ELIGIBILITY *(ITEMS 6 THROUGH 16B ARE FILLED OUT BY THE PRODUCER)***

6. CONTACT PRODUCER'S NAME AND ADDRESS
Larry Wise
9999 Any Road
City, ST 99999

TELEPHONE NUMBER *(Area Code)*:

7. TYPE OF COMMODITY *(Please check type of crop below)*
☒ Wheat ☐ Barley ☐ Oats ☐ Triticale

8. CLASS *(For Wheat Only)*

| Check "YES" or "NO" in the applicable box in Items 9 through 14: | YES | NO |
|---|---|---|
| 9. Do you agree to forgo any mechanical harvest on this storage? | X | |
| 10. Do you understand that the acres requested for payment must actually be grazed? | X | |
| 11. Do you understand that if you are out of compliance, you may be ineligible for payment? | X | |
| 12. Do you understand if you do not report all the acres on the farm before the final reporting date, you will be required to refund the GRAZE-OUT payments? | X | |
| 13. Do you understand if you received either a FCIC or NAP indemnity payment on the same grain acres, you must refund the amount received and provide proof of the refund to be eligible for a GRAZE-OUT payment? | X | |

14. Are you or any co-applicant delinquent on any federal non- tax debt? *(If "YES", provide details:)* ☐ YES ☒ NO

15. GRAZING PERIOD *(Actual or Estimate)*
08-18-20XX to 9-15-20XX

16. REQUESTED GRAZED ACRES

| A. Requested Acres | B. Tract/Field Location |
|---|---|
| 100 | NW 1 |
| | |
| | |

**PART B – PAYMENT INFORMATION AND CALCULATION *(ITEMS 17 THROUGH 23 ARE FILLED OUT BY FSA OFFICE)***

| 17. Total Actual Grazed Acres | 18. Yield (EY-ACY) | 19. Total Quantity *(Item 17 times Item 18)* | 20. County Where Acres Grazed | 21. Request Date | 22. Payment Rate for Acre | 23. Payment Amount *(Item 19 times Item 22)* |
|---|---|---|---|---|---|---|
| 100 | 48 BU/AC | 4,800 BU | Stark | 7-6-20XX | $ 1.16 /acre | $ 5,568.00 |

**PART C – PRODUCER'S CERTIFICATION**

***I certify that all information entered on this application is true and correct and understand that: (1) this payment is in lieu of a loan deficiency payment; (2) all eligibility requirements must be met under the marketing assistance loan program before payment can be made except for beneficial interest, which must be maintained through the grazing period; (3) this payment will be ineligible if I have received or requested a FCIC Indemnity payment on the same acreage for grain; and (4) to ensure that all program eligibility requirements are met for this payment, my application may be selected for spot check. If my application is selected for spot check, I may be required to provide supporting documentation to determine payment eligibility. Providing a false certification to the government is punishable by imprisonment, fines, and other penalties. All information provided herein is subject to verification by the Farm Service Agency. The provision of criminal and civil fraud statues that apply to this certification, includes 18 USC 286, 287, 371, 641, 651, 1001, and 1014; USC 714m; and 31 USC 3729.***

| 24A. SIGNATURE OF PRODUCER | 24B. PRODUCER'S IDENTIFICATION NUMBER | 24C. DATE *(MM-DD-YYYY)* | 24D. SHARE |
|---|---|---|---|
| | XXXX | 7-9-20XX | 100 % |
| | | | % |
| | | | % |

**FOR FSA OFFICE USE ONLY**

| 25A. SIGNATURE OF FSA APPROVING OFFICIAL | 25C. ACTION |
|---|---|
| */s/ Larry Wise* | ☒ APPROVED ☐ DISAPPROVED |
| **25B. TITLE** | **25D. DATE *(MM-DD-YYYY)*** |
| CED | 7-12-20XX |

## 1105 CCC-633 GRAZING's (Continued)

### B Example of CCC-633 GRAZING (Continued)

CCC-633 GRAZING (09-28-10) Page 2

**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 Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to determine eligibility in accordance with the regulatory requirements for applicants who are requesting grazing payment program benefits in lieu of loan deficiency payment program benefits. 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 of ineligibility to request grazing payment program benefits in lieu of loan deficiency payment program benefits.*

*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 1, 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.***

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*To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.*

## 1106-1199 (Reserved)

# Part 12 Other Loans

## Section 1 Recourse Loans

### 1200 General Provisions

#### A Basic Recourse Loan Availability

Farm-stored or warehouse-stored recourse loans are available to producers who harvest commodities that are ineligible for a nonrecourse loan according to Part 5, Sections 1 through 3.

Recourse loans may be disbursed to eligible producers for a quantity of a commodity offered as loan collateral for:

- commodities eligible for nonrecourse; however, test weight:
  - does not meet minimum standards
  - falls on 2-LP Grains and Oilseeds Additional Schedule of Discounts
  - indicates sample grade
  - indicates low quality (for farm-stored or warehouse-stored recourse loans), according to Section 1
- commodities exceeding STC-established moisture levels according to Section 1
- HM corn or grain sorghum loans according to Section 2
- cracked, rolled, or crimped corn according to Section 3
- distress loans according to Section 4.

**Note:** See paragraph 1050 for when recourse loans are applicable because of moisture levels.

## 1200 Basic Provisions (Continued)

### B Applicable Provisions

Except for provisions in this section and Sections 2 and 4, all loanmaking provisions applicable for nonrecourse loans apply to farm-stored and warehouse-stored recourse loans.

Commodities pledged as collateral for a recourse loan are ineligible for LDP or to be repledged for a nonrecourse loan at the full loan rate.

### C Eligibility for Commodities Exceeding Maximum STC-Established Moisture Levels

All harvested commodities must meet the definition for the applicable commodity, according to the U.S. Standard for Grain or CCC quality requirements, as applicable, requiring 50 percent or more whole kernels and moisture exceeding the maximum STC-established levels.

In **all** cases, harvested commodities **must** be harvested as grain.

### D Storage Provisions

A commodity offered for a farm-stored recourse loan **must** be stored in eligible storage according to paragraph 522.

Commodities placed under a distress loan according to Section 4 are **not** stored in eligible storage.

### E Maturity Date

The maturity date shall be established according to paragraph 509.

### F Liquidating Loans

On or before the loan maturity date, recourse loans **must** be repaid at principal and charges plus interest.

Commodities pledged as collateral for recourse loans shall **not** be delivered or forfeited to CCC in settlement of the loan at maturity.

If **not** repaid by the maturity date, loan collateral **must** be disposed of under provisions for local sale according to Part 8, Section 3.

CCC shall **not** assume **any** losses for the quantity or quality of the commodity for **any** reason.

## 1201 Loan Rates

### A Final Date to Request Loan

The producer must request the loan by the final availability date for the commodity according to subparagraph 226 C.

### B Loan Rate

The loan rate shall be, for commodities stored in structures that:

- can be measured, 100 percent of the base county loan rate if the quantity is:
  - measured and the structure may or may not be sealed after being measured
  - certified and the structure will **not** be sealed
- **cannot** be measured, 75 percent of the base county loan rate.

***--Example:** $2 base county loan rate x 75 percent = $1.50 applicable loan rate.**--***

Structures that are sealed shall be considered structures that “cannot be measured”.

The loan rate for commodities produced on ACRE-elected farms will be further reduced by 30 percent.

### C Moisture Determination

The moisture determination may be determined by any of the following:

- local warehouse or State inspection facilities at producer’s expense
- FSA employee
- producer’s certification of moisture, when the commodity is in a structure that **cannot** be measured.

Do **not**:

- obtain sample or certification for test weight
- adjust for test weight and pack factors.

### D Determining Farm-Stored Loan Quantity

When excess moisture is determined according to subparagraph 528 C, apply the applicable moisture shrink factor, according to Exhibit 12, to the determined loan quantity.

Do **not** apply a discount for excess moisture.

## 1201 Loan Rates (Continued)

### E Loan Quantity Adjusted for Moisture

The loan quantity shall be:

- *** * *** 100 percent of the certified or measured quantity *** * ***

- adjusted for the applicable moisture shrink factor, according to Exhibit 12, to reflect the quantity at the 2-LP standard moisture level.

  **Example:** Grain sorghum is 14.0 percent and corn is 15.5 percent.

### F Establishing Repayment Schedule

If commodity will be fed, County Offices shall establish a loan repayment schedule with each producer:

- at loan disbursement
- to ensure that the loan is repaid before:

  - the commodity is removed for feed
  - loan maturity.

County Offices shall establish a system to periodically monitor the repayment schedule.

## 1202-1209 (Reserved)

## Section 2 Corn and Grain Sorghum HM Recourse Loans

### 1210 Commodity Recourse Loans

#### A Availability

To provide the maximum benefits to producers who normally harvest and store all or a
***--**portion of their corn or grain sorghum at moisture levels exceeding 2-LP standards, even if the moisture level is below the maximum STC-established level, producers may obtain a**--***
recourse loan for:

- HM corn or grain sorghum stored in structures capable of storing ensilage

  **Example:** Grain stored in Harvestore, pit silo, or oxygen limiting structures.

- an acquired quantity to replace HM corn and grain sorghum according to paragraph 1211.

#### B Eligibility

HM corn and grain sorghum **must** meet the definition for the applicable commodity according to the U.S. Standards for Grain that, in part, require 50 percent or more whole kernels and a moisture level higher than the 2-LP standard *** * *** moisture level for HM corn and grain sorghum.

In **all** cases, HM corn and grain sorghum **must** be harvested as grain.

## 1210 Commodity Recourse Loans (Continued)

### C Final Date to Request Loan

The producer **must** request the loan by the final availability date for the commodity according to subparagraph 226 C. See paragraph 1211 for the final request date on acquired grain.

### D Loan Rate

The loan rate shall be, for commodities stored in structures that:

- can be measured, 100 percent of the base county loan rate if the quantity is:
  - measured and the structure may or may not be sealed after being measured
  - certified and the structure will **not** be sealed
- **cannot** be measured, 75 percent of the base county loan rate.

***--Example:** $2 base county loan rate x 75 percent = $1.50 applicable loan rate.**--***

Structures that are sealed shall be considered structures that "**cannot** be measured".

The loan rate for commodities produced on ACRE-elected farms will be further reduced by 30 percent.

### E Moisture Determination

The moisture determination may be determined by any of the following:

- local warehouse or State inspection facilities at producer's expense
- FSA employee
- producer's certification of moisture, when the commodity is in a structure that **cannot** be measured.

Do **not**:

- obtain sample or certification for test weight
- adjust for test weight and pack factors.

## 1210 Commodity Recourse Loans (Continued)

### F Loan Quantity Adjusted for Moisture

The loan quantity shall be:

- *** * *** 100 percent of the certified or measured quantity *** * ***

- adjusted for the applicable moisture shrink factor, according to Exhibit 12, to reflect the quantity at the 2-LP standard moisture level.

  **Example:** Grain sorghum is 14.0 percent and corn is 15.5 percent.

### G Establishing Repayment Schedule

If HM corn and grain sorghum or acquired commodity will be fed, County Offices shall establish a loan repayment schedule with each producer:

- at loan disbursement
- to ensure that the loan is repaid before:

  - the commodity is removed for feed
  - loan maturity.

County Offices shall establish a system to periodically monitor the repayment schedule.

## 1211 Acquired Quantities for HM Commodities

### A Availability

For HM corn or grain sorghum, a quantity of corn or grain sorghum may be **acquired** for loan purposes in the same county where an eligible quantity of the HM corn or grain sorghum was produced.

The acquired quantity shall replace the applicable HM corn or grain sorghum that will be delivered to 1 of the following:

- feedlot
- feed mill
- commercial or on-farm HM corn or grain sorghum storage facility.

### B Eligibility

The commodity acquired may be:

- the producer's own current year production
- purchased grain.

### C Requesting Loan on Acquired Grain

To obtain a recourse loan on acquired grain in place of the HM corn or grain sorghum, the producer **must**:

- request the loan within 30 calendar days of harvest of the HM corn or grain sorghum, but no later than December 31 of the applicable crop year

- own the acquired grain and the HM corn or grain sorghum at the **same** time when requesting the loan

- certify the acreage of the HM corn or grain sorghum to be disposed and replaced with acquired grain

- identify the acreage harvested HM on aerial photographs in the County Office

- store the acquired grain in farm or warehouse storage approved for storing dry grain.

## 1211 Acquired Quantities for HM Commodities (Continued)

### D Maximum Quantity Eligible

The maximum quantity of the acquired commodity that may be pledged for HM corn or grain sorghum recourse loan shall be limited to the acreage of the commodity harvested at HM level, times the **smaller** of the following:

- farm program yield
- actual yield.

For HM corn or grain sorghum recourse loan purposes, the actual yield may be determined from another field on the producer's farm from which the HM corn or grain sorghum was harvested.

### E Disbursing Loans

Disburse the loan as a recourse loan after adjusting quantity for moisture according to subparagraph 1210 F.

The loan rate for commodities produced on ACRE-elected farms will be further reduced by 30 percent.

## 1212-1214 (Reserved)

## 1215 Cracked, Rolled, or Crimped Corn Recourse Loans

### A Availability

Farm-stored recourse loans are available to eligible producers of shelled or ear corn that has been cracked, rolled, or crimped.

If LDP was paid on the corn, it is ineligible for loan.

***--Note:** Corn must have been initially harvested as either shelled or ear corn.**--***

### B Acceptable Cracked, Rolled, or Crimped Ear Corn

Acceptable cracked, rolled, or crimped **ear** corn may contain:

- broken kernels and cob reduced to pieces sufficiently large enough to identify by observation that the material is kernel and cob
- only minimal stalk, leaves, husk, and other additives
- less than 50 percent of whole kernels.

### C Limitations

The authority to make loans on cracked, rolled, or crimped corn is limited to shelled or ear corn placed in eligible farm storage. This authority shall **not** be extended to any other variations of processed corn, including but **not** limited to the following:

- earlage
- ground corn
- silage.

## 1215 Cracked, Rolled, or Crimped Corn Recourse Loans (Continued)

### D Loan Rate

The loan rate, including HM cracked, rolled, or crimped corn, shall be:

- 70 percent of the county loan rate if the commodity can be measured

***--Example:** $2 base county loan rate x 70 percent = $1.40 applicable loan rate.**--***

- 52.5 percent of the county loan rate if the commodity **cannot** be measured.

***--Example:** $2 base county loan rate x 52.5 percent = $1.05 applicable loan rate.**--***

The loan rate for commodities produced on ACRE-elected farms will be further reduced by 30 percent.

### E Maximum Loan Quantity

The loan quantity shall be:

- limited to 100 percent of the quantity certified by the producer or measured by the County Office

- adjusted for moisture according to subparagraph G.

County Offices shall:

- document on CCC-666 or CCC-677-1 that the corn is:

  - cracked, rolled, or crimped
  - ear or shelled

- ENTER "**RCK**" on Screen PLB10000 in the "Class/Variety" field when recording the loan in APSS.

## 1215 Cracked, Rolled, or Crimped Corn Recourse Loans (Continued)

### F Test Weight and Pack Factor

County Offices shall **not**:

- determine test weight at the time of measurement or spot check
- adjust cracked, rolled, or crimped corn quantities for test weight and pack.

**Notes:** When recording a measured loan in APSS, the County Office shall enter quantity from CCC-677-1 as the "Weighed Quantity" on Screen PLB12000.

Use the 0.4 conversion factor for cracked, rolled, or crimped **ear** corn.

### G Moisture Adjustment

County Offices shall apply the applicable shrink factor, according to Exhibit 12, for moisture that exceeds 15.5 percent for:

- cracked, rolled, or crimped corn other than HM, for moisture tests conducted according to subparagraph 528 B

- HM cracked, rolled, or crimped corn, for moisture determined according to subparagraph 1210 E.

***--Note:** Do **not** apply a discount for excess moisture.**--***

### H Establishing Repayment Schedule

If the corn will be fed to the producer's own livestock, the County Office shall establish a repayment schedule with the producer to ensure repayment **before**:

- the producer removes the commodity for feed
- loan maturity.

## 1216-1219 (Reserved)

## Section 4 Distress Loans

### 1220 Initiating Distress Loans

#### A Availability

**[7 CFR 1421.103]** State Office may initiate a distress loan program when **both** of the following apply:

- commodity is stored on the ground or in temporary facilities
- when there is a shortage of storage at harvest time:
    - on the farm
    - in local warehouses.

#### B Notification of Program

When a distress loan program is initiated in the State or in designated areas within the State:

- State Office shall notify:
    - PSD
    - County Offices
- County Offices shall immediately notify producers of the availability of distress loans for commodities stored in ineligible storage.

In addition to the availability of the distress loan program, provide producers with the information in subparagraphs C and D.

## 1220 Initiating Distress Loans (Continued)

### C Loan Requests

Loan requests **must** be made and loan documents signed within 30 calendar days after harvest completion.

### D Storage Location

The storage location for the commodity offered as collateral for the distress loan **must** be **both** of the following:

- protected from animals
- located so that water drainage will **not** seriously affect the quality or quantity of the commodity.

### E Maximum Quantity and Loan Rate

The maximum quantity eligible for a certified or measured distress loan shall **not** exceed 75 percent of the eligible quantity.

The loan rate for commodities produced on ACRE-elected farms will be further reduced by 30 percent.

### F Maturity Date

Distress loans mature on demand, but no later than 90 calendar days after the date the loan is disbursed.

The collateral may be repledged to secure a MAL, not to exceed the normal 9-month loan period according to paragraph 1221.

### G Loan Repayment

On or before the distress loan maturity date, the loan **must** be repaid at principal plus interest. If collateral for the distress loan will be repledged, see subparagraph 1221 B.

### H Preparing CCC-677

CCC-677 shall be prepared in APSS according to 12-PS.

## 1221 Repledging Distress Loan Collateral

### A Repledge for 9-Month Loan

The County Office shall notify the producer using the notification letter provided in *--Exhibit 10, subparagraph C at **least** 30 calendar days before the loan maturity that the--* producer may move the commodity into **eligible** farm or warehouse storage and repledge the collateral:

- on or before loan maturity
- before the final loan availability date.

The collateral may be repledged for a:

- recourse loan according to Section 1
- nonrecourse loan according to Part 5, Sections 1 through 3.

The loan rate for commodities produced on ACRE-elected farms will be further reduced by 30 percent.

### B Repayment Before Repledge

If the collateral for the distress loan will be repledged, the producer must repay the distress loan by either of the following methods:

- principal plus interest

- authorize offset for the amount needed to repay the distress loan from the proceeds of the repledged loan.

### C Maturity Date of Repledged Distress Loan

The maturity date for the repledged distress loan shall be the last day of the 9th calendar month following the disbursement date of the original distress loan.

**1222-1299 (Reserved)**

## Part 13 (Reserved)

**1300-1399 (Reserved)**

## Part 14 (Reserved)

**1400-1499 (Reserved)**

# Part 15 Mohair, Unshorn Pelt, and Wool Provisions

## 1500 General Information

### A Purpose

This Part provides general instructions for administering loans and LDP's for the following commodities:

- mohair

***--Notes:** The Continuing Appropriations Resolution, 2013, suspended mohair MAL's and LDP's for FY 2013.**--***

Effective November 18, 2011, the Consolidated and Further Continuing Appropriations Act of 2012 suspended funding for mohair MAL's and LDP's through FY 2012. Mohair MAL's and LDP's were previously suspended for FY 2011 effective April 14, 2011.

This note is applicable throughout Part 15, and Exhibits 40, 67 and 70.

- unshorn pelts
- wool
  - graded
  - ungraded.

Use this Part with the existing policy in this handbook, as applicable.

### B Applicable Crop Years

The legislative source of authority in subparagraph 1 B authorizes nonrecourse MAL's and LDP's for mohair, unshorn pelts, and wool be made available to eligible producers from the ***--**2008 through the 2013 crop years.

**Notes:** The Continuing Appropriations Resolution, 2013, suspended mohair MAL's and LDP's for FY 2013.**--***

Effective November 18, 2011, the Consolidated and Further Continuing Appropriations Act of 2012 suspended funding for mohair MAL's and LDP's through FY 2012. Mohair MAL's and LDP's were previously suspended for FY 2011 effective April 14, 2011.

## 1500 General Information (Continued)

### C Loan and LDP Common General Provisions References

Except as otherwise noted in this Part, general MAL and LDP policies and requirements not specifically mentioned in this Part remain in effect according to provisions in this handbook.

## 1501-1504 (Reserved)

## Section 1 Eligibility Requirements

### 1505 Producer Eligibility

#### A Eligible Mohair and Wool Producers

To be eligible for a nonrecourse MAL or LDP for mohair and wool, producers must:

- meet the definition of an eligible producer according to paragraph 200
- have beneficial interest in the commodity according to paragraph 227
- produce and shear eligible mohair and wool in the U.S. during the applicable crop year
- own, other than through a security interest mortgage, or lien, the sheep and goats that produced the mohair and wool for a period of not less than 30 calendar days before shearing
- report all cropland acreage on applicable farms where the eligible commodity is produced according to paragraph 1516.

**Note:** See paragraph 204 about CMA's eligible to receive MAL or LDP.

#### B Eligible Unshorn Pelt Producers

To be eligible for an LDP for unshorn pelts, producers must:

- meet the definition of an eligible producer according to paragraph 200
- have beneficial interest in the commodity according to paragraph 227
- own the unshorn lamb for at least 30 calendar days before the:
  - date of slaughter
  - LDP request is submitted to the County Office
- sell the unshorn lamb for immediate slaughter or slaughter the unshorn lamb for personal use
- report all cropland acreage on applicable farms where the eligible commodity is produced according to paragraph 1516
- submit acceptable production evidence, according to paragraph 1558, to the County Office at the time of the LDP request.

## 1506 Ineligible Producers

### A Ineligibility

Ineligible producers are producers who:

- have cropland and have not reported acreage on FSA-578 for the current crop year according to the following:
  - 2-CP
  - paragraph 1516

  **Note:** Acreage reports are **not** required before a loan or LDP is disbursed to a producer of mohair, unshorn pelts, and wool.

- violate WC and HELC provisions according to 6-CP

- have a delinquent non-tax debt to the Federal Government

- are convicted under Federal or State law of a controlled substance violation according to 1-CM, Part 38.

### B Ineligible Unshorn Pelt Producers

In addition to ineligibility factors provided in subparagraph A, the following producers are ineligible to request benefits on unshorn pelts produced from unshorn lambs purchased from eligible producers:

- lamb slaughter companies
- order buyers representing lamb slaughter companies
- processors.

**Note:** Producers who sell feeder lambs to a feeder lamb buyer are ineligible for LDP on the unshorn pelt. However, the feeder lamb buyer is eligible if the feeder lamb buyer is an eligible producer according to subparagraph 1505 B.

Producers are ineligible for LDP if unshorn lambs are **not** either of the following:

- sold for immediate slaughter
- slaughtered immediately for personal use.

## 1507 Commodity Eligibility

### A Commodities Eligible for Loan and LDP

The commodities eligible for loan and LDP under this Part are as follows:

•***--**mohair (net weight) (see subparagraph 1500 B)**--***
- wool (net weight)

  - graded
  - ungraded.

Unshorn pelts are **only** eligible for LDP.

### B Eligible Mohair and Wool

To be eligible for a nonrecourse MAL or LDP, the mohair and wool must be:

- produced and sheared by the eligible producer
- in existence and in storable condition
- of merchantable quality suitable for loan
- produced and shorn in the U.S.
- produced and shorn from live animals of domestic origin and located in the U.S.
- unprocessed.

### C Eligible Offsorts

The following offsorts from skirting fleece wool are eligible for loan or LDP at the ungraded rate:

- tags
- crutchings
- bellies
- pieces.

**Note:** Applicable ungraded wool CCC discounts for offsorts will apply to wool forfeited or settled to CCC, according to paragraph 1575 *** * *** . For 2010 and subsequent crop years, see Exhibits 62 and 63.

## 1507 Commodity Eligibility (Continued)

### D Eligible Unshorn Pelts

To be eligible for LDP, the unshorn pelts must:

- have been produced by an eligible producer according to subparagraph 1505 B
- be produced from a live unshorn lamb sold for immediate slaughter or slaughtered for personal use
- be produced from a live unshorn lamb of domestic origin in the U.S. at the time beneficial interest is lost.

## 1508 Ineligible Commodities

### A Commodity Ineligibility

Commodities covered under this part are ineligible for a nonrecourse MAL or LDP, if the commodity is:

- purchased
- substituted
- gifted
- traded or bartered
- processed or altered from natural form.

**Note:** This does not include scoured or carded commodities.

### B Destroyed Commodities

Mohair and wool are ineligible for a nonrecourse MAL or LDP if the commodity is:

- burned
- buried
- destroyed by any other means.

**Note:** LDP must be disbursed and sufficient time allotted for the spot-check process, according to paragraph 1551, before a commodity can be destroyed.

### C Ineligible Unshorn Pelts

Unshorn lambs killed by predators are ineligible for an unshorn pelt LDP.

## 1509 Graded Wool

### A Eligible Graded Wool

To obtain a loan or LDP at the graded rate, the wool must be core tested by a CCC-approved testing facility to objectively measure the following through laboratory analysis:

- fiber diameter (micron)
- yield.

To receive a graded wool MAL or LDP, the producer must provide a copy of the core test report or core test certificate from the CCC-approved testing facility containing the results of the laboratory analysis to the FSA County Office before benefits will be disbursed. See Exhibit 40 for examples of core test reports.

**Note:** The core test report results shall **not** be averaged for purposes of determining a micron and yield for ungraded quantities commingled with graded quantities.

### B CCC-Approved Testing Facilities

Core test reports or core test certificates will be accepted from the following CCC-approved testing facilities.

- Yocom-McColl Testing Laboratory
  540 West Elk Place
  Denver CO 80216-1823
  303-294-0582

- New Zealand Wool Testing Authority Ltd.
  Cnr Bridge Street and Lever Street
  P.O. Box 12065
  Ahuriri, Napier, New Zealand
  06-835-1086.

## 1509 Graded Wool (Continued)

### C Approving CCC Testing Facilities

Testing laboratories or facilities who want to be considered for CCC approval must:

- objectively measure through laboratory analysis the fiber diameter and yield of wool fibers
- use IWTO testing methods and procedures
- be an accredited IWTO licensed laboratory
- submit CCC-631 to the National Office according to paragraph 1510.

### D Core Sampling

Sampling for the determination of micron and yield requires a core sample to be obtained from each bale in the lot. Core samples must represent the entire wool lot for the integrity of testing and the confidence of using objective measurement in the wool industry. Wool core sampling must be done according to the requirements provided by the CCC-approved testing facility.

Many testing facilities employ core testing agents or sampling officers that core sample lots of wool stored on the farm or at a stored location according to IWTO requirements on behalf of the CCC-approved testing facility. Producers must check with the CCC-approved testing facility about the availability of this service.

## 1509 Graded Wool (Continued)

### E Individual Animal Reports

Individual animal test reports will not be accepted as an acceptable core test report to obtain the graded loan or LDP rate.

### F Yield Conversion to Eligible Graded Wool Quantity

Graded wool is weighed on a greasy basis and must be converted to a clean basis to determine the quantity eligible for loan or LDP. The net quantity of wool must be converted using the Schlumberger Yield obtained from the core test report to determine the eligible loan or LDP quantity for graded wool.

To process a graded wool loan or LDP, the Schlumberger Yield must be entered into APSS according to 12-PS.

### G Graded Quantities

Graded quantities for multiple core test reports may be submitted on 1 loan or LDP request form. However, the graded quantities must be entered in APSS as separate loans or LDP's per core test report according to the applicable micron and yield for the graded quantity.

Use the "Additional Information" section on the applicable LDP request form to record varying LDP rates and CCC-determined values.

### H Micron

The micron is identified as the:

- average fiber diameter on the core test report from the Yocum-McColl Testing Laboratory
- (airflow) mean fiber diameter on the core test report from the New Zealand Wool Testing Authority.

## 1510 CCC-631, CCC Wool Testing Facility Certification and Application

### A Completing CCC-631

Fiber testing laboratories or facilities of graded wool who want to be considered for CCC approval shall complete CCC-631 to:

- certify to CCC requirements for approved facilities according to subparagraph 1509 C
- request consideration from CCC to become an approved facility for purposes of grading wool and providing test results for graded wool loans and LDP's.

Complete CCC-631 according to the following.

| Item | Instructions |
|---|---|
| 1 | Enter name, address, and telephone number of the wool testing facility or laboratory. |
| 2 | Enter name and telephone number of a person that may be contacted for additional information if necessary. |
| 3 | Enter title of the contact person. |
| 4 | Enter check (✓) in the appropriate box in response to the question, "Is your testing facility/laboratory licensed by the International Wool Textile Organization (IWTO) to issue IWTO test certificates?".<br><br>**Note:** If yes, a sample copy of the IWTO test certificate is required with the application. |
| 5 | Enter check (✓) in the appropriate box in response to the question, "Does your facility/laboratory employ sampling officers or core testing agents located in the U.S., to core sample lots of U.S., produced wool in accordance with IWTO requirements?". |
| 6A | Enter names of U.S. sampling officers or core testing agents who core sample lots of wool produced in the U.S. |
| 6B | Enter address of the U.S. warehouse the U.S. sampling officer or core testing agent is affiliated. |
| 6C | Enter telephone number of the U.S. warehouse the U.S. sampling officer or core testing agent is affiliated. |
| 7 | Applicants **must** read the certification statement. |
| 8A through 8C | After reading the certification statement, enter signature and title of the authorized representative of the testing facility/laboratory, and the date of signature. |
| 9 | CCC representative shall sign for CCC if the application request is approved. |
| 10 | CCC representative shall sign for CCC if the application request is disapproved. |
| 11 | CCC representative shall enter the date of approval or disapproval. |
| 12 | CCC representative shall enter any remarks and reasons for disapproval, if applicable. |

# 1510 CCC-631, CCC Wool Testing Facility Certification and Application

## B Example of CCC-631

The following is an example of CCC-631.

*--

**This form is available electronically.**

**CCC-631**
(02-04-11)

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

**CCC WOOL TESTING FACILITY CERTIFICATION AND APPLICATION**

**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, Commodity Credit Corporation Charter Act (15 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 determine eligibility request approval from CCC to become an approved testing facility under the nonrecourse loan and loan deficiency payment programs. 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 of ineligibility.*

*This information collection is exempted from the Paperwork Reduction Act as it is required for the administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, 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.***

**PART A – GENERAL INFORMATION**

| 1A. Name and Address of Wool Testing Facility/Laboratory | 2A. Name of Contact Person |
|---|---|
| Acme Testing Labs, Inc.<br>123 Main Street<br>Anytown, CO | John B. Tester<br><br>2B. Telephone No. of Contact Person *(Include Area Code)*:<br>(012) 345-6789 |
| 1B. Telephone No. of Facility *(Include Area Code)*: | 3. Title of Contact Person<br>Lab Supervisor |

**PART B – TEST FACILITY INFORMATION**

| | YES | NO |
|---|---|---|
| 4. Is your testing facility/laboratory licensed by the International Wool Textile Organization (IWTO) to issue IWTO test certificates? (If "YES", a sample copy of the IWTO test certificate your facility issues to customers is required with application). | ☒ | ☐ |
| 5. Does your facility/laboratory employ sampling officers or core testing agents located in the U.S., to core sample lots of U.S. produced wool in accordance to IWTO requirements? | ☒ | ☐ |

6. Indicate the names(s) of U.S. sampling officers or core testing agents who core sample lots or wool produced in the U.S. and the name and address of their associated U.S. warehouse:

| A.<br>Sampling Officer/Core Testing Agent | B.<br>Name and Address of Associated U.S. Warehouse | C.<br>Telephone Number<br>*(Include Area Code)* |
|---|---|---|
| Fred Smith | ABC Wool Warehouse<br>567 Elm Street, Anytown, TX | (917) 123-4567 |
| | | |
| | | |

**PART C – TEST FACILITY CERTIFICATION**

7. The undersigned person, on behalf of the facility identified in Item 1A, hereby makes application to become a "CCC approved testing facility to grade wool and issue core test reports or test certificates containing the graded wool's fiber diameter (micron) and yield to eligible producers of wool participating in the nonrecourse marketing assistance loan and loan deficiency payment programs for graded wool. The undersigned person also certifies on behalf of the above named facility indicate in Item 1A that all information entered on this form is true and correct.

| 8A. Signature of Facility/Laboratory Representative | 8B. Title | 8C. Date *(MM-DD-YYYY)* |
|---|---|---|
| ***/s/ John B. Tester*** | Lab Supervisor | 08-05-2011 |

**PART D – CCC'S DETERMINATION**

| | |
|---|---|
| 9. Approved for CCC by: | 12. Remarks and Reasons for Disapproval, as applicable : |
| 10. Disapproved for CCC by: | |
| 11. Date *(MM-DD-YYYY)* | |

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.*

--*

**1511-1514 (Reserved)**

## 1515 Basic Provisions

### A Statutory Loan Rates

The national statutory loan rates provided in the Food, Conservation, and Energy Act
*--of 2008 and extended by the American Taxpayer Relief Act of 2012, for mohair and wool produced during the 2008 through 2013 crop year are as follows.

| Commodity | Loan Rate | | |
|---|---|---|---|
| | 2008 | 2009 | 2010 Through 2013 |
| Graded Wool | $1.00 per pound | $1.00 per pound | $1.15 per pound |
| Mohair | $4.20 per pound | $4.20 per pound | $4.20 per pound |
| Ungraded Wool | $0.40 per pound | $0.40 per pound | $0.40 per pound |

**Notes:** Crop year specific loan rates will be announced each crop year by press release and an LP notice.

The Continuing Appropriations Resolution, 2013, suspended mohair MAL's and LDP's for the 2013 crop year.

Beginning with the 2010 crop year, loan rates, premiums, and discounts will be national rates. See Exhibit 67 for the most current crop year specific loan rates.--*

* * *

### B Final Availability Date

The final availability date to request:

- a mohair or wool loan or LDP is **January 31** of the year following the year in which the applicable commodity is sheared

- an LDP for unshorn pelts is **January 31** of the year following the year in which the unshorn lamb is slaughtered.

## 1515 Basic Provisions (Continued)

### C Announcing Posted Prices

*--Prices for wool and mohair, if applicable, will be announced each Tuesday at --*
3:00 p.m., e.t. until further notice. The posted prices will become effective Wednesday at 12:01 a.m. e.t.

* * *

**Note:** In the event the posted prices are not announced as scheduled, the last posted prices announced will remain in effect until the next rate changes are announced. Therefore, a producer will receive the rate in effect on the day of the request.

### D Availability

Loans and LDP's are available to eligible producers in any area in the U.S. and Puerto Rico where the applicable commodity is produced.

### E Requesting Loans and LDP's

Requests for loans and LDP's shall be made on or before the final availability date for requesting loans and LDP's.

### F Final Disbursement Date

The disbursement date shall not be later than 30 calendar days after the final loan availability date. When the final loan availability date falls on a nonworkday, the final date shall be extended to the next workday.

State Offices may grant extensions in 15-day increments, as applicable.

### G Crop Year

The crop year applicable to mohair, unshorn pelts, and wool is the calendar year beginning January 1 and ending December 31.

## 1516 Acreage Reports

### A Producers Associated With a Farm

To be eligible for a nonrecourse MAL or LDP producers who are associated with a farm that has cropland are required to complete and submit an acreage report of all those cropland acres on FSA-578 on applicable farms where the eligible commodity is produced according to 2-CP.

### B Producers Not Associated With a Farm

Eligible producers who are not associated with a farm and do not have cropland are **not** required to complete an acreage report on FSA-578.

### C Disbursing Benefits

Acreage report deadlines for different commodities vary throughout the crop year. Certain commodities are produced all year long and planting intentions may not be known for the cropland at the time of the loan or LDP request. Therefore, producers are not required to file an acreage report before a loan or LDP is approved and disbursed for the following:

- mohair
- unshorn pelts
- wool.

Producers are required to file an accurate acreage report for all their cropland acres with the appropriate County Office by the deadline dates applicable to the planted crop. Producers who do not accurately certify acreage according to 2-CP will be required to repay any market loan gain realized for mohair, unshorn pelts, or wool or refund any LDP received.

**Note:** County Offices must perform end-of-year file reviews on each producer to ensure that producers with cropland acres have filed acreage reports as required. For multi-county producers, the administrative county shall contact all other counties to ensure all applicable cropland has been reported.

## 1517 Market Loan Gain and LDP Payment Limitation

### A Market Loan Gain Provisions

See paragraph 32 for market loan gain provisions.

### B Payment Limitation and AGI Provisions

***--**For 2009 through 2013 payment limitation and AGI provisions, see paragraph 34.**--***

## 1518 Beneficial Interest

### A Applicability

General beneficial interest provisions provided in paragraph 227 applies to the following:

- mohair
- unshorn pelts
- wool.

## 1518 Beneficial Interest (Continued)

### B Retaining Beneficial Interest

For a producer to retain eligibility to obtain a loan or LDP, any contract signed by a producer must conform to all provisions for beneficial interest according to paragraph 227.

For mohair and wool, beneficial interest must be retained by a producer from shearing continuously through:

- for LDP, the date LDP is requested
- for loan, the earlier of the following date:
    - the loan is repaid
    - CCC takes title to the commodity.

See subparagraph 1542 D for unshorn pelts if beneficial interest will be maintained.

### C Wool Pool Delivery

Beneficial interest in a commodity delivered to a wool pool, broker, or intermediary is lost upon the earlier of the following:

- delivery to the wool pool
- delivery to an agent of the wool pool, broker, or intermediary.

### D Loss Versus Loss of Beneficial Interest

Loss of a marketing loan commodity because of fire, theft, or natural causes, such as flood or storm events, is **not** loss of beneficial interest.

Beneficial interest relates to legal ownership and control of a commodity that exists. Loss of beneficial interest may occur when the commodity is sold or control is lost, but is **not** defined by a physical loss because of fire, theft, natural disaster, or other such occurrences.

Accordingly, a commodity for which CCC-633 EZ page 1 was filed, but that subsequently burned, would **not** be eligible if an LDP is requested because the commodity was lost. The date of the fire would **not** be construed to be the date beneficial interest was lost.

## 1519-1524 (Reserved)

## 1525 Loan Provisions

### A Availability of Loans

Eligible producers may obtain loans by placing the eligible commodity in approved:

- farm storage, according to paragraph 1530, and obtaining a loan on the eligible quantity
- warehouse storage, according to paragraph 1531, and obtaining a loan on 100 percent of the net quantity shown on the warehouse receipt.

Eligible producers may obtain LDP's instead of a loan. See Section 4 for mohair and wool LDP provisions.

### B Obtaining Loans

Eligible producers may obtain a loan only from either of the following:

- the County Office that keeps the farm records for the farm on which the mohair or wool was produced (the administrative county)
- an approved CMA according to the following:
  - subparagraph 500 C
  - 1-CMA, Exhibit 4.

Multi-county producers shall request loans according to subparagraph 501 A.

*** * ***

## 1525 Loan Provisions (Continued)

### C Joint Loans and LDP's

Loans and LDP's must be disbursed jointly if the mohair or wool is either of the following:

- jointly owned
- stored/commingled in the same bag or lot.

Producers with commingled production must all agree to take either the loan or LDP.

**Note:** Producers with production commingled in a lot may obtain a separate loan or LDP if the mohair or wool is individually bagged and identified.

### D Base Loan Rates

***--**Base loan rates for farm-stored and warehouse-stored commodities will be National rates.**--***

### E Premiums and Discounts

Loan rates will be adjusted for applicable premiums and discounts, according to the crop year specific schedule provided in Exhibits *** * *** 62 and 70, at either of the following:

- settlement for farm-stored loans
- forfeiture for warehouse-stored loans.

### F Commodity Ineligible for Loan

Nongraded wool in the form of unshorn pelts is **not** eligible for a nonrecourse MAL.

## 1526 Requesting Loans

### A When to Request Loans

Requests for loans:

- may be received by mail, filed in person, by FAX, telephone, or e-mail
- shall be requested no later than the final loan availability date

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

- shall be processed and disbursed through APSS as soon as possible according to 12-PS

- shall be handled according to the Prompt Payment Act requirements in paragraph 16 and 61-FI

  **Note:** County Offices shall **not** honor requests from producers to delay disbursements on completed applications.

- shall be requested **before** beneficial interest is considered lost.

  **Note:** See paragraphs 227 and 1518.

### B How to Request Loans

When requesting a loan for mohair or wool, producers must complete CCC-633WM according to paragraph 1527. Separate CCC-633WM's must be completed for graded and ungraded loan quantities.

### C Lien Searches

After the loan request is filed, a lien search must be performed and lien waiver obtained if applicable, according to paragraphs 504 and 505, before the loan is approved.

### D Denying Loan Requests

When the producer is denied loan benefits, County Offices shall proceed according to paragraph 503.

## 1527 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet

### A Completing CCC-633WM

Producers of mohair and wool shall complete CCC-633WM to certify the type, quantity, and identification of production pledged to secure a CCC MAL from FSA. Complete CCC-633WM according to the following.

| Item | Instructions |
|---|---|
| 1 | Enter County Office name, address, and telephone number. |
| 2 | Enter name and mailing address of the individual producer, entity, partnership, joint venture, trust, estate, or corporation that is requesting a loan on farm-stored mohair or wool. |
| 3 | Enter location or legal description where commodity is stored. |
| 4 | Enter crop year of the commodity. |
| 5 | Enter check (✓) in the appropriate box to identify the applicable commodity. |
| 6 | Enter State and county codes and loan number applicable to the County Office disbursing the loan. |
| 7 | Ask producer if there are liens on the commodity. If:<br><br>• lien holders, enter lien holder's name and address for each producer<br>• no lien holders, producers shall ENTER "none" and initial the entry. |
| 8 | Enter number of animals that make up the current size of the herd. |
| 9 | Enter lot and/or bag number assigned to loan collateral. |
| 10 | Enter year the loan collateral was shorn in the U.S. |
| 11 | Enter micron and yield from the core test results.<br><br>**Note:** This entry is only required if "graded wool" was selected in item 5. |
| 12 | Enter number of head of shorn animals eligible for loan. |
| 13 | Enter number of bags that contain the loan collateral. |
| 14 | Enter total quantity of the commodity for loan in pounds. |
| 15 | Enter total from column 14. |
| 16 | Producers must read the certification statement. Enter check (✓) in the appropriate box to the question, "Are you or any co-applicant delinquent on any federal non tax debt?". |
| 17A through 17H | After reading the producer certification statement, all producers must sign and date. |
| 18 | Representatives or commissioned agents storing the eligible loan quantity must read the storing facility certification statement. |
| 19A through 20B | After reading the storing facility certification, the commissioned agent or representative of the facility storing the loan collateral must sign and date. |

# 1527 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet (Continued)

## A Completing CCC-633WM (Continued)

| Item | Instructions |
|---|---|
| 21 | Enter date the lien search was completed as indicated on documentation in the County Office. |
| 22 | Enter date the County Office forwarded UCC-1 or UCC-1F to the applicable recording official to be recorded. |
| 23A | County Office shall sign for CCC. |
| 23B | County Office shall date for CCC. |
| 24 | Enter the following:<br><br>• farm number or numbers where the commodity for the loan was produced<br>• additional information from other items if necessary. |

## B Example of CCC-633WM

The following is an example of CCC-633WM.

*--

This form is available electronically.

CCC-633WM
(02-04-11)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

WOOL AND MOHAIR LOAN QUANTITY CERTIFICATION AND WORKSHEET

*See Page 2 for the Privacy Act and Public Burden Statement.*

1. COUNTY FSA OFFICE NAME AND ADDRESS
Tom Green County FSA Office
3514 Devonian Dr., Suite A
San Angelo, TX

Telephone No. (Area Code): (915) 653-1246

| 2. NAME AND MAILING ADDRESS OF PRODUCER | 3. STORING FACILITY NAME AND ADDRESS OR LOCATION OF FARM WHERE STORED | 4. CROP YEAR | 5. COMMODITY (If Wool grade is checked, complete Item 11) | 6. ST. & CO. CODE & LOAN NO. (FOR FSA USE ONLY) | 7. LIENHOLDERS (If no liens, enter "NONE" and initial) | 8. CURRENT HERD SIZE |
|---|---|---|---|---|---|---|
| John Smith<br>123 Main Street<br>Anytown, TX 77856<br><br>Telephone No. (Area Code): | ABC Wool Warehouse<br>Route 4<br>San Angelo, TX 76903 | 2011 | ☒ Wool (graded)<br>☐ Wool (non-graded)<br>☐ Mohair | 48/451 | None | 300 hd. |

| 9. LOT NUMBER | 10. YEAR SHORN | 11. TYPE (For Wool grade only, enter the micron and yield obtained from the core test result) | 12. NUMBER OF HEAD SHORN | 13. NUMBER OF BAGS | 14. TOTAL QUALITY FOR LOAN (LBS.) | 9. LOT NUMBER | 10. YEAR SHORN | 11. TYPE (For Wool grade only, enter the micron and yield obtained from the core test result) | 12. NUMBER OF HEAD SHORN | 13. NUMBER OF BAGS | 14. TOTAL QUALITY FOR LOAN (LBS.) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 54 | 2011 | 19.6 mic/ 53.3 yields | 200 | 2 | 1,200 | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | 15. GRAND TOTAL QUANTITY: | 1,200 |

**16. PRODUCER'S CERTIFICATION**

*The undersigned producer(s) ("Producer") requests a farm-stored Commodity Credit Corporation (CCC) loan on the commodity identified in Item 5 with respect to the quantity specified in Item 14. The Producer certifies that, (1) the Producer has beneficial interest in the quantity of the commodity shown in Item 14; (2) the commodity is eligible to be pledged as collateral for a CCC loan; (3) the Producer has retained control of the commodity at all times; (4) the quantity of the commodity shown in Item 14 above was produced and shorn in the year indicated in Item 10; (5) the quantity of the commodity shown in Item 14 above is in existence and is stored as noted in Item 3 above; (6) the commodity is in storable condition and such condition will be maintained; (7) the structure will safely store the commodity through the loan period; and (8) the commodity on which the loan is requested or which serves as collateral for a loan made to the producer is free and clear of all liens, security interest, and encumbrances, except as shown above. The Producer further agrees that upon request from CCC, to supply CCC with a list of all wool and mohair in which the producer has an interest and where it is currently located. The Producer further agrees to (1) maintain the identity of any wool and mohair which serves as collateral for the loan; and (2) not move or commingle any wool or mohair which serves as collateral for the loan with any other quantity without prior written approval of CCC; and (3) provide a core test to CCC from a CCC approved testing facility for a loan on graded wool.*

*Additionally I certify this commodity (1) is not purchased wool or mohair; and (2) was produced and sheared from live sheep and goats of domestic origin in the United States for a period of not less than 30 days prior to shearing.*

*Are you or any co-applicant delinquent on any federal non tax debt? (If "YES", provide details in the remarks on Page 2).* ☐ *YES* ☒ NO

| 17A. PRODUCER'S SIGNATURE *(BY)* | 17B. Title/Relationship (Individual Signing in the representative capacity) | 17C. DATE *(MM-DD-YYYY)* |
|---|---|---|
| ***/s/ John Smith*** | | 8/3/2011 |
| 17D. PRODUCER'S SIGNATURE *(BY)* | 17E. Title/Relationship (Individual Signing in the representative capacity) | 17F. DATE *(MM-DD-YYYY)* |
| | | |

**18. STORING FACILITY CERTIFICATION**

*The undersigned commissioned agent or representative of the storing facility certifies that: (1) the above listed commodity is stored on behalf of the producer requesting the loan, (2) the commodity is in a storable condition and such condition shall be maintained, (3) the structure will safely store the commodity through the loan period. The storing facility representative further understands that before the commodity is sold to a buyer, approval must be obtained from CCC.*

| 19A. PRODUCER'S SIGNATURE | 19B. DATE *(MM-DD-YYYY)* | 20A. PRODUCER'S SIGNATURE | 20B. DATE *(MM-DD-YYYY)* |
|---|---|---|---|
| ***/s/ Jerry Parker*** | 8/3/2011 | | |

**FOR OFFICIAL USE ONLY**

| 21. LIEN SEARCH DATE *(MM-DD-YYYY)* | 22. DATE UCC-1/UCC-1F File *(MM-DD-YYYY)* | 23A. APPROVED FOR CCC BY | 23B. DATE *(MM-DD-YYYY)* |
|---|---|---|---|
| | | | |

--*

# 1527 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet (Continued)

## B Example of CCC-633WM (Continued)

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**CCC-633WM** (02-04-11) Page 2

24. Remarks

**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, Commodity Credit Corporation Charter Act (15 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 determine eligibility in accordance with the regulatory requirements for applicants requesting wool and mohair marketing assistance loans. 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 of ineligibility to request a wool and mohair marketing assistance loan.*

*This information collection is exempted from the Paperwork Reduction Act as it is required for the administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, 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.***

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--*

## 1527 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet (Continued)

### C Applicable Form

The producer shall certify to the quantity of the commodity and the eligibility for MAL. County Offices shall accept the producer's certification on CCC-633WM, according to this paragraph. Mohair and wool, for which a producer certifies and provides no production evidence, is subject to spot check for any quantity placed under loan or any quantity for which LDP is requested. The producer is responsible for any loss in quantity and quality of the commodity placed under loan.

### D Producer Certification for Loan

The producer shall sign CCC-633WM certifying the following:

- having beneficial interest in the mohair or wool
- quantity in the bags and how the determination was made
- quantity on which to base the loan
- storability of the mohair or wool
- location of the commodity and, if applicable, designated storage structures
- number of head of sheep or goat shorn to produce the applicable mohair or wool
- year the mohair or wool was shorn
- CCC-683 and labeling requirements, according to subparagraph 1528 B, will be posted by the producer or commissioned agent on the bags containing the loan collateral as instructed when the loan is disbursed
- whether there are lienholders having an interest in the mohair or wool that will secure the loan

## 1527 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet (Continued)

### D Producer Certification for Loan (Continued)

- applicable type (micron/yield from core test report for graded wool or type of mohair, for example, fine kid, good kid, fine young goat, etc.)

- the identity of the commodity securing the farm-stored loan will remain unchanged

- mohair or wool securing the farm-stored loan will not be moved or commingled with any other commodity without prior written approval of the County Office.

  **Note:** If producers designate additional storage structures according to paragraph 526, loan collateral may be moved without prior County Office approval.

Remind producers of the administrative actions applicable for incorrect certification.

### E Storing Facility Certification

If the commodity is stored in the facility of a commissioned agent, according to subparagraph 1528 B and C, the storing facility shall also certify the following on CCC-633WM:

- the pledged commodity is stored on behalf of the producer requesting the loan

- the commodity is in storable condition and such condition will be maintained

- the structure will safely store the commodity through the loan period

- it is understood that before the commodity can be sold to a buyer, approval must be obtained from CCC.

## 1528 Storage and Packing Requirements

### A Approved Storage Bags

Mohair and wool pledged for loan collateral shall be stored in any of the following types of bags specifically designed for storing mohair and wool:

- standard jute burlap bags or packs
- polyethylene plastic film packs
- high density polyethylene packs
- nylon packs.

### B Labeling Requirements

Each bag of mohair or wool pledged for loan collateral shall be identified with a label containing the following information:

- producer's name
- lot/bale/bag number
- commodity
- date of shearing
- type, for mohair only (that is, kid, adult, yearling, etc.)
- net weight, if available in the case of farm-stored commodities.

**Note:** CCC-683 must be affixed to each lot under loan identifying the number of bags in the lot.

## 1529 Loss or Damage to Loan Collateral

### A Producer Responsibility

The producer is responsible for any loss in quantity or quality of the commodity pledged as collateral for a CCC loan, including but not limited to damages from the following:

- fire
- flood
- storm
- other acts of nature or extenuating circumstances.

When loss or damage to CCC loan collateral occurs, the producer is responsible for immediately notifying the applicable County Office of the following:

- date of loss
- location of loss
- full extent of the loss.

**Note:** Each producer signing for the CCC loan is jointly and severally liable for repayment of the amount due.

### B County Office Responsibility

After a County Office is notified by a producer of damaged or destroyed loan collateral, according to subparagraph A, the County Office shall:

- identify applicable loan numbers involved
- immediately notify the State Office
- notify the producer of the following:
    - loan is being called
    - affected collateral from loan must be redeemed
    - loan must be repaid at principal plus interest.

**Note**: Settlement of the affected loan collateral to CCC is **not** an option.

## 1529 Loss or Damage to Loan Collateral (Continued)

### C Example of Notification Letter to Producer

The following is an example of a demand letter informing a producer with damaged or destroyed collateral of action required.

**UNITED STATES DEPARTMENT OF AGRICULTURE**
Somecounty, FSA Office
Sometown, USA 12345-1234
Phone: 123-456-7890

John A. Producer
123 Highway 456
Sometown, USA 12345-1234

Dear Mr. Producer:

On September 16, 2010, we were notified by you that 5 bags of your 2010 wool loan number 25 and 2 bags of your 2010 mohair loan number 5 were either damaged or destroyed by fire at the Storage Packer Warehouse.

We are notifying you that your loan has been called and you must redeem the affected loan collateral at principal plus interest.

You have 30 calendar days from the date of this letter to redeem the affected loan collateral identified by the aforementioned loan numbers and repay the loan at principal plus interest. If you take no action, we will establish a receivable for the amount due in the settlement of your loan. The interest start date for the receivable is the 31st calendar day from the date of this letter.

Please contact this office if you have any questions regarding this matter.

Sincerely,

County Executive Director

## 1530 Farm-Stored Loans

### A Approved Farm Storage

Approved farm storage shall consist of a storage structure located on or off the farm, including the storage facility of a commissioned agent, according to subparagraph B that provides safe storage for the commodity through the maturity date for the loan.

Commodities stored according to the packaging requirements in paragraph 1528 may be eligible for loan if both of the following apply:

- COC determines CCC's interests are not at risk and that the bags provide safe storage

- the method of storage and the size of bags are normal for the commodity **and** in that county.

  **Note:** COC, with STC concurrence, may waive this requirement on a case-by-case basis.

Commodities stored outside in an open area or temporary structure that does not protect the mohair or wool from natural elements will not be considered stored in eligible storage, even though the packaging requirements are met.

### B Warehouse Commissioned Agents

Storing mohair and wool in a storage facility that receives payment for the storage of the mohair and wool at the time of sale to a buyer is:

- considered storage with a commissioned agent
- approved farm storage for a farm-stored loan
- not considered a warehouse.

Producers requesting certified farm-stored loans for mohair and wool stored with a commissioned agent will be required to obtain the following from the commissioned agent and provide to the County Office:

- mohair or wool weight ticket
- core test for graded wool
- name, address, and county of producers associated with commingled lot, if applicable.

## 1530 Farm-Stored Loans (Continued)

### C Commissioned Agent Requirements

A storage facility of mohair and wool is considered a commissioned agent if all of the following apply.

- The agent operates a facility that stores mohair, wool, and/or other fibers.
- The fibers stored at the facility are insured at its current market value.
- The facility charges the producer a per pound commission from the sale of the wool to a buyer that includes storage fees, core sampling charges, or other marketing charges.
- The producer storing mohair or wool at the facility retains all rights to the commodity and can remove any portion of the stored commodity at any time.
- The producer has the right to accept or refuse bids for the mohair or wool.
- The commodity is identity preserved and labeled with CCC-683 according to subparagraph 1527 D.
- Weight/scale tickets are issued by the facility on company letterhead.

### D Measurement Service

Measurement service is not available for farm-stored mohair and wool placed under loan.

### E Maximum Quantity

The loan quantity for certified farm-stored loans shall not exceed 100 percent of the eligible quantity certified by the producer.

The mortgaged quantity for mohair and wool shall be the loan quantity.

## 1530 Farm-Stored Loans (Continued)

### F Conducting Pre-Loan Inspections

County Offices must visually conduct pre-loan inspections on all farm-stored loans, excluding loan collateral stored in the storage facility of a commissioned agent. Pre-loan inspections are performed to ensure that producers who applied for loans have:

- mohair or wool packaged in acceptable bags according to subparagraph 1528 A
- bags properly labeled according to subparagraph 1528 B
- loan collateral segregated from non-loan collateral.

All pre-loan inspections must be conducted:

- before loan disbursements
- documented on CCC-633WM, item 24.

## 1531 Warehouse-Stored Loans

### A Approved Warehouse-Stored Loans

Warehouse-stored loans are **not** currently available for mohair and wool.

### B Warehouse Commissioned Agents

See paragraph 1530 for warehouse commissioned agent provisions.

## 1532 Loan Maturity

### A Loan Maturity Date

Loans mature on demand, but no later than the last day of the ninth calendar month after the month in which CCC-677 or CCC-678 is approved, according to paragraph 509.

### B Maturity Notification to Producers

Refer to paragraph 797 for provisions on notifying producers of loan maturity.

### C Producer Options

Producers with maturing mohair or wool crop loans may select either of the following options:

- redeem the loan collateral by repaying the loan
- settle the CCC mohair or wool loan at maturity.

### D Settlement Letter

Send the letter in subparagraph E to producers with 2002 and subsequent crop loans:

- who have indicated they want to settle the mohair or wool to CCC
- who have **not** responded to the loan maturity notification letter
- not less than 15 calendar days before the loan maturity date.

## 1532 Loan Maturity (Continued)

### E Producer Notification Letter

The following is an example of the producer notification letter for mohair or wool.

Dear _____:

According to our records, you have a 20___ crop year (***commodity type***) loan. The loan maturity date for your loan is (***month/day/year***). If you have not already notified the FSA office of your intentions, please do so at once. If you intend to settle the (***commodity type***) to the Commodity Credit Corporation (CCC), the following provisions will apply:

- you will be notified of the local sale and date to deliver (***commodity type***) to the purchaser
- settlement is limited to the quantity of (***commodity type***) originally certified on the loan less the quantity of any repaid portion
- you or your authorized agents must be at the storage location at the time of commodity inspection to sign the necessary documents
- even though your loan collateral may have been previously inspected, the USDA representative will determine final eligibility and quality factors
- your (***commodity type***) may be weighed and inspected by an FSA representative to determine the quantity delivered and the quality factors for applicable premiums and discounts
- title to the loan collateral passes to the highest bidder at the time of delivery

you are responsible for weighing, testing, and inspection fees, or any additional charges incurred by CCC to obtain quantity or quality grading factors to apply associated premiums and discounts for mohair or wool delivered to CCC.

## 1532 Loan Maturity (Continued)

### E Producer Notification Letter (Continued)

Quantity and quality determinations will be made by an AMS representative for FSA. The value of the settlement of your mohair or wool shall be the loan rate for the quality times the quantity to be settled adjusted by the applicable premiums and discounts. The following provisions will apply:

- you will be given 5 workdays after the date of notification to appeal the quantity or quality determination made by AMS, and you must pay for any expenses resulting from the appeal
- if the settlement value of the mohair or wool is less than the amount due on the loan, the amount of any deficiency and charges plus interest thereon shall be paid to CCC by you
- if the settlement value of the mohair or wool exceeds the amount due, CCC will provide you a check for the excess amount.

If you have any questions about any of the above provisions, please contact this office for more information.

Sincerely,

County Executive Director

## 1533, 1534 (Reserved)

## 1535 LDP Requirements

### A General LDP Provisions

LDP requirements provided in this section are subject to the general provisions provided in Part 10, Section 1.

### B Producer Eligibility Requirements

Producers applying for LDP must:

- meet eligibility requirements in Section 1, as applicable
- with the exception of unshorn pelts, agree to forgo obtaining a loan for the quantity on which LDP is requested.

### C LDP Benefits

Beginning with the 2006 crop year, CCC-633 EZ's shall be used to request LDP benefits for wool, mohair, and unshorn pelts. CCC-633 EZ has been developed to encompass both basic and field direct LDP's.

CCC-633 EZ is a 2-part LDP request consisting of multiple pages that allow producers to do both of the following:

- indicate their intentions to receive LDP benefits before losing beneficial interest in the eligible commodity using CCC-633 EZ page 1
- submit a request for an LDP benefit for wool, mohair, and unshorn pelts at any time during the loan/LDP availability period before or after losing beneficial interest in the commodity, using CCC-633 EZ page 4.

## 1535 LDP Requirements (Continued)

### D Eligible Quantity

To be eligible for LDP, the quantity of commodity must:

- meet eligibility requirements in Section 1
- have been produced by an eligible producer
- not have been previously pledged as collateral for a loan and repaid with cash at a rate less than the principal, plus interest
- not have been previously requested or paid for LDP.

A quantity of a commodity eligible to be repledged for a nonrecourse loan is eligible for LDP.

### E LDP Common Provisions

The following provisions are common to nonrecourse MAL's and are also common to LDP's:

- beneficial interest
- final availability date
- assignments
- administrative offsets
- spot checks
- eligibility requirements

### F Nonapplicable LDP Provisions

The following provisions common for loans are **not** required for LDP:

- lien searches
- lien waivers
- approved storage
- premiums and discounts
- State commodity assessments.

## 1535 LDP Requirements (Continued)

### G Measurement Service

Measurement service is **not** available for farm-stored quantities of mohair and wool.

### H Certified Quantity

Producers may request LDP by certifying the quantity. All certified LDP's are subject to spot check according to paragraph 1551.

### I Quantity Supported by Production Evidence

If producers do not wish to certify to the quantity or date delivered, requests can be completed by providing production evidence according to paragraph 1558. If production evidence is provided at time of payment request, LDP will not be subject to spot check. Record this function using option 4 in APSS according to 12-PS.

### J Determining Maximum Eligible Quantities

Before an LDP is disbursed, COC or designee, as applicable, shall make a determination of reasonableness based on the maximum eligible quantity according to paragraph 1559.

The certified production records of producers who participated in previous WAMLAP's, who are currently requesting a certified farm-stored LDP, may also be used to further verify certified quantities for reasonableness.

Quantities **not** determined reasonable shall **not** be approved for LDP, **unless** production evidence is provided to substantiate the certified quantity on the LDP request.

### K Deferred Payments

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

### L Prompt Payment

See paragraph 35 for prompt payment provisions.

## 1536 Requests for LDP's

### A Where to Request LDP's

Eligible producers may request LDP from either of the following:

- the County Office where the farm records are maintained for the farm on which the commodity was produced (the administrative county)

- a CMA-service County Office for CMA's according to 1-CMA.

Multi-county producers shall request LDP's according to subparagraph 1001 A.

### B When to Request LDP's

LDP's must be requested:

- according to Part 10, using CCC-633 EZ
- on or before the final availability date for the crop year of the commodity
- in person, by FAX, or by electronic submission through USDA eAuthentication.

**Note:** See paragraph 1003 for FAX requirements.

### C How to Request LDP's

When requesting LDP for a commodity, producers must complete:

- CCC-633 EZ page 1 for the crop year before the loss of beneficial interest according to subparagraph 1002 A

- CCC-633 EZ page 4 according to subparagraph H.

Producers may submit:

- multiple requests using CCC-633 EZ page 4 to cover all eligible quantities

- one CCC-633 EZ page 4 to cover multiple commodities, if the quantities of wool, mohair, and unshorn pelts are requested on the same day.

**Note:** Once CCC-633 EZ page 4 is submitted and approved for payment, **no other changes** can be made to the original request.

## 1536 Requests for LDP's (Continued)

### D Complete LDP Requests

LDP requests are complete when a County Office receives, completed and signed, CCC-633 EZ pages 1 and 4 for wool, mohair, and unshorn pelts.

LDP requests must be:

- approved when all eligibility requirements are met
- date-stamped when CCC-633 EZ pages 1, 4, and 5, if applicable, are received in the County Office to indicate the intention and request dates.

**Note:** If, when any CCC-633 EZ pages are received in the County Office, the FAX machine preprints the correct date and time or the date is printed on an eForm submission, the date stamp is **not** required.

### E Denying LDP Requests

When the producer is denied LDP benefits, County Offices shall proceed according to *****--paragraph 1009.--*****

### F Quantity Requested

Eligible producers may request LDP quantities by:

- certifying the quantity
- providing verifiable quantity evidence.

### G Herd Characteristics

County Offices shall obtain the following herd characteristics from eligible producers requesting benefits and record the information in CCC-633 EZ page 4, item 86:

- flock size
- date of shearing
- breed of animals in herd.

Producers **must** initial and date the information provided in CCC-633 EZ page 4, item 86. Additional blank pages may be used to record additional information, as necessary.

## 1536 Requests for LDP's (Continued)

### H Completing CCC-633 Page 4 to Request LDP

After CCC-633 EZ page 1 has been submitted according to subparagraph 1001 A, to receive LDP benefits for wool, mohair, or unshorn pelts, producers **must** complete and submit CCC-633 EZ page 4 to the County Office where the farm records are maintained for the farm on whose production the LDP is requested. Producers who request an LDP benefit:

- and retain beneficial interest in the requested quantity, will receive an LDP based on the LDP rate in effect in the county where the commodity is stored on the date a completed CCC-633 EZ page 4 is received in that County Office

- after beneficial interest is lost in the requested quantity, will receive an LDP based on the LDP rate in effect in the county where beneficial interest was lost

  **Note:** CCC has the sole discretion for determining when beneficial interest is lost in the commodity as provided in subparagraph 227 G. Acceptable production evidence must be provided with CCC-633 EZ page 4, if the producer no longer retains beneficial interest in the requested quantity.

- based on the date of delivery, will receive an LDP based on the LDP rate in effect in the county where the commodity was physically delivered on the date of delivery.

When production evidence is provided with CCC-633 EZ page 4, LDP will **not** be subject to spot check. The source of the LDP quantity CCC-633 EZ page 4, item 67 is:

- certified, subject to random spot check and producers are required to submit acceptable production evidence according to subparagraph 1558

- production evidence, producers are required to submit acceptable production evidence according to subparagraph 1558 with their LDP request

- quantity in excess of certified quantity, see subparagraph 1538 E.

## 1537 LDP Rates

### A Effective LDP Rate

The LDP rate is the rate in effect on the date:

- of request, if beneficial interest is maintained on date of request
- beneficial interest is lost according to acceptable production evidence:
- slaughtered, if slaughtered for personal use for unshorn pelts only.

The applicable LDP rate and amount will be calculated according to the following.

| IF CCC-633 EZ page 4 is submitted as applicable and... | THEN LDP benefit is based on the requested quantity times the LDP rate in effect for the county where... |
|---|---|
| the producer retains beneficial interest in the requested quantity | the commodity is stored on the date of the request. |
| beneficial interest has been lost in the requested quantity | beneficial interest was lost. |

### B Request Date

The request date is the date CCC-633 EZ page 4 is received in the County Office when beneficial interest is maintained in the commodity. County Offices shall date stamp CCC-633 EZ page 4 to verify the date the request is received.

### C Loss of Beneficial Interest Date

The date beneficial interest is lost is the date the producer loses control of the commodity immediately upon shearing, through sale or delivery to a buyer, warehouse, process, wool pool, cooperative, or slaughter facility.

**Note:** Unshorn lambs for slaughter must be alive at time of delivery.

## 1537 LDP Rates (Continued)

### D Slaughter Date

For unshorn lamb pelts only, the slaughter date is the date the unshorn lamb is slaughtered for personal use. CCC-633 EZ page 4 must be submitted to the County Office after slaughtering the unshorn lamb, but not later than the final availability date. If slaughter dates are within reason based on flock size, LDP rate is based on the date the producer certifies the unshorn lambs were slaughtered.

### E LDP Rate

The LDP rate is determined by the amount the applicable commodity loan rate exceeds the CCC-determined value where:

- the commodity is stored, for LDP's in which the producer maintains beneficial interest
- beneficial interest is lost in the requested commodity, use the rate in effect until the next rate change.

### F CCC-Determined Value

See Part 7, Section 6 for determining CCC-determined value.

### G Additional Provisions on LDP Rates

See paragraph 1004 for additional LDP rate provisions.

## 1538 LDP's for Mohair and Wool

### A Types of LDP's

LDP's are requested for any stored quantity the producer maintains beneficial interest in on the date of request and can be either:

- farm-stored quantities
- warehouse-stored quantities.

### B Requesting LDP's

LDP's for wool, mohair, and unshorn pelts shall be requested on CCC-633 EZ page 4:

- after CCC-633 EZ page 1 has been submitted for the applicable crop year
- before or after beneficial interest is lost.

### C Canceling LDP Requests

LDP's requested on CCC-633 EZ page 4 **cannot** be canceled at any time. Once the producer signs CCC-633 EZ page 4, LDP is obligated to be paid by CCC to the producer.

### D Certifying Graded or Ungraded

At the time a nonrecourse MAL or LDP request is submitted to the County Office, the producer must certify that they are requesting a graded or nongraded rate. Once the producer makes this certification and submits the LDP request to the County Office, it **cannot** be changed.

**Note:** It is the producer's option to select graded or ungraded. However, if the producer certifies to graded wool, a copy of the core test report must be provided to the County Office before benefits will be disbursed.

## 1538 LDP's for Mohair and Wool (Continued)

### E Additional Disbursements

For certified LDP's **only**, an LDP disbursement in addition to the total quantity requested on CCC-633 EZ page 4 may be available after delivery of the mohair or wool, when beneficial interest is lost, if the producer provides acceptable documentation in the form of a net weight receipt or settlement sheet to support the additional quantity sold or delivered.

The LDP rate for additional quantity, in excess of the certified quantity, will be based on the date of the initial LDP request for the certified quantity. Producers requesting additional disbursements on quantities exceeding the total quantity requested on the initial CCC-633 EZ page 4 **must** submit documentation before the final availability date to receive the additional disbursement.

**Note:** The LDP rate in effect on the date beneficial interest is lost shall **not** be used for quantities in excess of a certified quantity of wool or mohair.

Additional LDP disbursements will **not** apply to quantities over the total quantity requested when **not** requested by the producer before the final availability date.

### F Requesting Additional Disbursement for Excess Quantity

To make a request to receive LDP disbursement of an additional quantity in excess of the certified quantity, the producer must:

- have submitted CCC-633 EZ page 1 for the current crop year before beneficial interest was lost
- have submitted CCC-633 EZ page 4 for a certified quantity
- submit another CCC-633 EZ page 4 request for payment on the quantity in excess of the certified quantity
- indicate the commodity (that is, wool or mohair) in CCC-633 EZ page 4, item 64
- indicate the type of commodity (that is, graded wool or ungraded wool) in CCC-633 EZ page 4, item 65
- indicate the net quantity in excess of the certified quantity being requested in CCC-633 EZ page 4, item 66
- select quantity in excess of the certified quantity as the source of the quantity in CCC-633 EZ page 4, item 67C

## 1538 LDP's for Mohair and Wool (Continued)

### F Requesting Additional Disbursement for Excess Quantity (Continued)

- enter in CCC-633 EZ page 4, item 68 where the quantity was delivered or stored
- enter the original request date of the certified quantity in CCC-633 EZ page 4, item 69
- provide production evidence to substantiate a request for an additional quantity in excess of the certified quantity
- sign, date, and indicate share percentage in the net quantity in excess of the certified quantity in CCC-633 EZ page 4, items 79 through 81
- submit the completed request and provide all supporting documentation by the corresponding final availability date.

### G Completing Additional Disbursement Requests

When completed LDP requests are received from a producer for a disbursement on an additional quantity in excess of the certified quantity, County Offices shall:

- locate the producers original request for the certified quantity on file in the County Office, or if processed as eLDP, locate the original transaction record for the certified quantity in the eLDP system
- verify that the production evidence substantiates the certified quantity and the additional quantity in excess of the certified quantity
- attach a date-stamped photocopy of the final production evidence to the original CCC-633 EZ page 1, and all CCC-633 EZ page 4 requests for the certified quantity
- verify that the date entered in CCC-633 EZ page 4, item 69 is the same date of the initial LDP request for the certified quantity
- enter the same LDP rate used for the original LDP request for the certified quantity
- process the request for the disbursement on the additional quantity in excess of the certified quantity through:
    - APSS using the LDP corrections process according to 12-PS
    - eLDP by entering as a new LDP request according to 15-PS.

## 1539 (Reserved)

## 1540 Unshorn Pelt LDP Provisions

### A General

Ungraded wool in the form of unshorn pelts that meet eligibility requirements according to subparagraph 1507 D, are only eligible for LDP.

### B Unshorn Pelt Definition

An unshorn pelt is the removed skin and attached wool from a slaughtered lamb that has never been shorn.

### C Requesting LDP's for Unshorn Pelts

LDP’s for unshorn pelts shall be requested:

- according to paragraph 1536
- on CCC-633 EZ page 1 and page 4, Part O.

### D Unshorn Pelt Eligibility Clarification

To be eligible for LDP on unshorn pelts, the producer must either:

- sell the unshorn lambs for immediate slaughter according to subparagraph E
- slaughter the unshorn lamb for personal use according to subparagraph F
- retain the unshorn pelt according to subparagraph 1542 D.

In addition, the producer must provide acceptable production evidence to the County Office by the final availability date to be eligible for payment. The production evidence provided by the producer must indicate that the lambs are unshorn.

## 1540 Unshorn Pelt LDP Provisions (Continued)

### E Immediate Slaughter

Immediate slaughter is considered slaughter of the lamb within a 10 calendar day period after loss of beneficial interest.

### F Personal Use

Personal use is considered slaughter of the unshorn lamb for use of the pelt as any of the following:

- clothing
- shelter
- pet beds
- mittens
- rugs
- automobile seat covers
- sheepskin footwear
- sheepskin coats
- other personal uses determined acceptable by COC.

## 1541 LDP Rates for Unshorn Pelts

### A Unshorn Pelt LDP Rate

The LDP rate is determined by the amount the ungraded wool loan rate exceeds the CCC-determined value where:

- the unshorn pelts are stored, for LDP's in which producer maintains beneficial interest
- beneficial interest is lost in the requested commodity.

See Part 7, Section 6 for determining the CCC-determined value.

### B Calculating LDP's for Unshorn Pelts

LDP is calculated by multiplying the LDP rate times the LDP quantity of unshorn pelts requested.

See paragraph 1537 to determine the applicable dates of effective LDP rates.

### C Standard Weight

LDP's for unshorn pelts will be based on a standard weight of 6.865 pounds per pelt.

### D Unshorn Pelt Computation

LDP for unshorn lamb pelts will by calculated by multiplying the effective LDP rate times the standard weight for an unshorn pelt of 6.865 pounds. The result of that computation is then multiplied by the quantity of unshorn pelts.

| | | |
|---|---|---|
| **Example:** | $0.29 | (effective LDP rate) |
| | x 6.865 | (standard weight) |
| | $1.99 | (payment per pelt) |

| | |
|---|---|
| Payment per unshorn pelt | $ 1.99 |
| Quantity of unshorn pelts | x 10 |
| Payment | $19.90 |

### E Announcing Posted Prices

The regional posted prices for nongraded (greasy) wool that are used to calculate the CCC-determined value to determine the LDP rate for unshorn pelts will be announced according to subparagraph 1515 C.

Beginning with 2010 crops, graded and ungraded wool and mohair will announced as national rates. Regional rates will no longer apply.

## 1542 Additional Beneficial Interest Provisions for Unshorn Pelts

### A Direct Sell to Lamb Slaughter Companies

Eligible producers who sell unshorn lambs directly to a slaughter lamb company for immediate slaughter or have the unshorn lambs processed for meat, will lose beneficial interest the earlier of the following:

- delivery to the slaughter lamb company
- receiving any payment for the unshorn lambs.

**Note:** This determination should be used as a general business rule and should not take precedence over the terms of a contract between the buyer and seller that would cause beneficial interest to be lost at an earlier time.

### B Lamb Auction Sells

Eligible producers, who sell unshorn lambs through an auction or sell to an order buyer representing a slaughter lamb company, will lose beneficial interest the earlier of the following:

- invoicing of the unshorn lambs
- delivering the unshorn lambs to the order buyer
- receiving any payment for the unshorn lambs.

**Note:** This determination should be used as a general business rule and should not take precedence over the terms of a contract between the buyer and seller that would cause beneficial interest to be lost at an earlier time.

### C Butcher Sells

Eligible producers, who sell unshorn lambs directly to a butcher for immediate slaughter, will lose beneficial interest the earlier of the following:

- invoicing of the unshorn lambs
- delivering the unshorn lambs to the butcher
- receiving any payment for the unshorn lambs.

**Note:** This determination should be used as a general business rule and should not take precedence over the terms of a contract between the buyer and seller that would cause beneficial interest to be lost at an earlier time.

## 1542 Additional Beneficial Interest Provisions for Unshorn Pelts (Continued)

### D Retained Unshorn Pelts

Producers who retain beneficial interest in an unshorn pelt produced from a slaughtered lamb may request LDP according to paragraph 1001, based on the date of request, if the unshorn pelt retained is:

- preserved
- maintained
- stored for future marketing or processing.

**Note:** See paragraph 1551 for spot check provisions.

### E Unshorn Lambs Slaughtered for Personal Use

Eligible producers who slaughter unshorn lambs for personal use will lose beneficial interest on the date the unshorn lamb is slaughtered. Producers must have a completed CCC-633 EZ page 1, on file in the County Office for the applicable crop year before the unshorn lamb is slaughtered for personal use.

COC must determine reasonableness based on any of the following:

- herd certification on CCC-633 EZ page 4, Part O, item 76
- production evidence
- feeding records/receipts
- normal business practices of the producer
- general COC knowledge.

If unshorn lambs slaughtered for personal use are determined to be with reason, LDP rate is based on the date the producer certifies that the unshorn lambs were slaughtered.

## 1543-1549 (Reserved)

## Section 5 Compliance Provisions

### 1550 Spot-Checking Farm-Stored Loans

#### A Spot Check Policy for Farm-Stored Loans

Farm-stored loans are subject to spot check:

- during and after the loan availability period
- for up to 9 months from date of disbursement.

County Offices shall make onsite spot checks of outstanding farm-stored loans, if the producer is either of the following:

- selected through the national selection process
- added to the list of producers selected during the annual spot check reviews.

#### B On-Farm Spot Check Process for Farm-Stored Loans

Producers selected by the national selection process, and when the commodity is stored in approved farm storage, shall be visually inspected by a County Office commodity inspector to:

- verify the commodity is in existence and in storable condition
- verify that the storage structure will safely store and protect the commodity from natural elements
- verify the commodity is stored in approved bags according to subparagraph 1528 A
- verify the commodity is properly labeled according to subparagraph 1528 B
- verify that CCC-683 is affixed to bags as required by subparagraph 1527 D
- confirm that loan collateral is properly identified
- confirm that CCC’s interest is adequately protected
- verify the quantity for reasonableness based on a maximum eligible quantity determination according to paragraph 1559.

## 1550 Spot-Checking Farm-Stored Loans (Continued)

### B On-Farm Spot Check Process for Farm-Stored Loans (Continued)

County Office commodity inspectors and COC may use their own discretion to determine a reasonable quantity based on various known conditions. When visual inspection indicates a significant quantity shortage or if there is reason to believe there is a quantity shortage, the County Office and COC may require the producer to provide acceptable production evidence by the earlier of the following:

- 15 calendar days after the commodity has been sold
- within 30 calendar days after notification by the County Office.

If the mohair or wool has been sold, request delivery, sales, or other types of production evidence to verify the quantity and delivery dates of loan repayments when market gain was earned.

If production evidence has not been submitted by the due date, the producer must do either of the following:

- at the expense of the producer, have the loan collateral weighed by a CCC-approved third party that provides acceptable documentation of the net quantity of the loan collateral in pounds

- refund the market gain.

If the loan is not repaid, review the loan for violation according to Part 4.

**Note:** If the producer refuses to permit entry:

- contact the State Office for guidance
- see 2-CP, paragraph 323.

### C Spot Check Process for Loan Collateral Stored With a Commissioned Agent

In addition to subparagraph B, if the loan collateral is stored in the facility of a commissioned agent, arrange for the producer or a representative to be present at the storage facility during the spot check. The CCC representative may spot check the mohair or wool at any reasonable time.

### D Recording Spot Check Results

The spot check results shall be recorded in the National Compliance Review Database at **www.agcounts.usda.gov**.

## 1550 Spot-Checking Farm-Stored Loans (Continued)

### E Improperly Stored Loan Collateral

If the mohair or wool is not properly labeled or stored in approved bags when a spot check is performed, give producers an opportunity to properly label the loan collateral and/or transfer the commodity into approved bags before continuing with the spot check.

Notify the producer that the loan collateral must be transferred into approved bags and properly labeled within 15 calendar days from notification and follow this table.

| IF the producer... | THEN... |
|---|---|
| does **not** transfer the loan collateral into approved bags within 15 calendar days from notification | call the loan according to Part 4. |
| does **not** properly label the loan collateral within 15 calendar days from notification | |
| properly labels and/or transfers the loan collateral into approved bags within 15 calendar days from notification | continue with spot check to verify all other eligibility. |

Reject severely torn or damaged bags of the mohair or wool that may affect the storability and quality of the commodity.

Advise the producer that accepting mohair or wool for loan does not alleviate the responsibility of delivering acceptable mohair or wool in approved and properly labeled bags if the mohair or wool under loan is delivered to CCC.

### F Loans Delivered to CCC

County Offices shall spot check mohair or wool loans delivered to CCC according to paragraph 303.

## 1551 Spot-Checking Certified LDP's

### A Spot Check Policy for Certified LDP's

LDP's are subject to spot check for up to 9 months from date of disbursement.

### B On-Farm Spot Check Process for Certified LDP's

If a producer is selected through the national selection process or added by the County Office as an additional spot check, County Offices shall spot check:

- **all** quantities certified for LDP
- LDP's when certain situations require spot checks, according to subparagraph 302 D.

Once a specific LDP has been selected for a spot check, that LDP is no longer subject to additional spot checks.

The County Office commodity inspector must verify the:

- commodity is in existence, if the commodity has not been sold
- herd characteristics, (that is, total number in herd, breed, etc.)

When visual inspection indicates a significant quantity shortage or if there is reason to believe there is a quantity shortage, the County Office and COC may require the producer to provide acceptable production evidence by the earlier of the following:

- 15 calendar days after the commodity has been sold
- 30 calendar days after notification by the County Office.

If the mohair or wool has **not** been sold and the County Office commodity inspector determines the quantity to:

- be reasonable based on the herd characteristics of quantity certified or LDP requested, then that will serve as final production evidence and no further documentation will be required

- **not** be reasonable based on the herd characteristics with the quantity certified under the LDP request, then at the expense of the producer, have the certified quantity weighed by a CCC-approved third party that provides acceptable documentation of the certified quantity in pounds.

## 1551 Spot-Checking Certified LDP's (Continued)

### B On-Farm Spot Check Process for Certified LDP's (Continued)

If the mohair or wool has been sold, request delivery, sales, or other types of production evidence to verify the quantity and delivery dates of certified LDP's.

Require the producer to submit evidence on commodities sold within 15 calendar days from *--the date of request. If the production evidence has not been submitted by the due date and it is determined that a shortage or violation occurred, County Offices shall continue to record the shortage or violation according to 12-PS and 15-PS.--*

**Note:** If the producer refuses to permit entry, contact the State Office for guidance.

### C Spot Check Process for Certified LDP's Stored With a Commissioned Agent

If the production for a certified mohair or wool LDP is stored in the facility of a commissioned agent, require the producer to provide a scale ticket or weight certificate from the facility that verifies the quantity of the LDP request. This will serve as final production evidence and no further documentation will be required.

### D Recording Spot Check Results

The spot check results shall be recorded in the National Compliance Review Database at **www.agcounts.usda.gov**.

## 1552 Spot Check Process

### A Contacting Producers

When a producer has been selected by the national selection process or has been added as an additional spot check, County Offices shall:

- notify the contact producer by telephone or memorandum, as applicable
- inquire if the mohair or wool has:
    - been sold
    - is still at the farm-stored location.

### B Initiating Loans and LDP's Selected for Spot Check

Determine how to proceed with the spot check according to the following.

| IF the mohair or wool... | THEN... |
|---|---|
| is still on the farm and a spot check has not been performed | complete a farm visit according to paragraph 1553. If the visual inspection reveals discrepancies in the certified quantity, request the producer to provide production evidence by the earlier of the following:<br><br>• 15 calendar days after the commodity has been sold<br>• 30 calendar days after notification by the County Office.<br><br>If the visual inspection reveals no discrepancies in the certified quantity, no further production evidence is required.<br><br>If production evidence has not been submitted by the due date the producer must refund the market gain or LDP amount. |

## 1552 Spot Check Process (Continued)

### B Initiating Loans and LDP's Selected for Spot Check (Continued)

| IF the mohair or wool... | THEN... |
|---|---|
| has been previously spot checked and the producer requests to use the spot checked quantity for production evidence | no farm visit is required except for outstanding loans, as applicable. |
| has been sold | request delivery, sales, or other types of production evidence to verify the quantity and delivery dates of:<br><br>• certified LDP's<br>• loan repayments when market gain was earned.<br><br>Review the loan for a violation according to Part 4 if loan is not repaid.<br><br>Determine maximum eligible quantity if necessary. |

**Note:** If unshorn lambs have been slaughtered for personal use in the case of unshorn pelts, request production evidence to the satisfaction of COC to verify the quantity of certified LDP's. Acceptable evidence includes, but is not limited to, feed records/receipts, normal business practices, and general COC knowledge.

Require the producer to submit evidence on mohair or wool sold within 15 calendar days ***--**from date of request and indicate the use of unshorn pelts.**--***

## 1553 On-Farm Visits

### A When to Complete On-Site Visits

Complete on-site visits if the mohair or wool is still stored at the farm-storage location for:

- outstanding loans

*** * ***

- certified LDP's.

**Note:** If the mohair or wool is stored at the facility of a commissioned agent, proceed according to subparagraph 1551 C, and no visit is necessary. Commissioned agents may also be contacted by telephone to verify quantities.

### B Spot Check Process

At the storage site, commodity inspectors shall complete the spot check by visually inspecting the farm-stored quantities and performing maximum eligibility determinations for all loans and LDP's selected by the national selection process according to the following.

**Note:** Measurement service is not available.

Once a specific LDP has been selected for a spot check, that LDP is no longer subject to additional spot checks.

| Step | Process | Action |
|---|---|---|
| 1 | Check CCC-683 for loans. | If applicable, replace CCC-683 if missing or incorrect loan data is shown. See Exhibit 16. |
| 2 | Inspect storage structure and determine commodity storability. | Annotate any structure, storability, or other noticeable problems on reverse side of applicable LDP request form. |
| 3 | Visually inspect all applicable structures that can be safely accessed, if not stored with a commissioned agent. | Complete the "Additional Information" section of applicable LDP request form with required information according to subparagraph 1551 B for LDP's and subparagraph 1550 D for loans. |

### C Reducing On-Farm Visits for LDP's

Excluding any references to providing measurement services to producers, County Offices ***--**shall reduce on-farm visits for LDP's according to subparagraph 319 B.**--***

## 1554 Commodity Inspector Spot Check Review

### A County Office Responsibility

See subparagraph 304 A for County Office responsibilities concerning spot check reviews.

### B State Office Responsibility

State Office representatives shall annually spot check commodity inspectors' work in each County Office according to subparagraph 324 C.

## 1555 Completing Spot Check

### A Reviewing Documentation

Once the site visit is complete or production evidence is submitted, County Offices shall:

- calculate the quantity provided on submitted documentation, as applicable
- review the documentation submitted to ensure that all production evidence requirements are met according to Section 3 and paragraph 1558.

### B Other Applicable Provisions

See paragraph 317 for all other provisions applicable to completing spot checks.

## 1556 Loan Quantity Determination and Action Required

### A Outstanding Loans and No Market Gain Was Earned

When a spot check reveals the quantity verified for reasonableness based on a maximum eligible quantity is less than the certified outstanding farm-stored loan quantity, take applicable action according to the following.

| IF the spot check reveals... | THEN COC shall... |
|---|---|
| no discrepancies in the certified quantity and no violation has occurred | **not** take any action. |
| discrepancies in the certified quantity | consider a violation has occurred **unless** supporting evidence is provided to account for the discrepancy. See Part 4 for notifying the producer of the violation. |

### B Loans Repaid and Market Gain Was Earned

When a spot check reveals the quantity supported by **production evidence** is less than the quantity on which market gain was earned, take applicable action according to the following.

| IF the quantity verified is... | THEN... |
|---|---|
| greater than the market gain quantity | a new loan or LDP may be requested for any overage provided the producer:<br><br>• still has beneficial interest in the mohair or wool<br><br>• provides production evidence to the County Office to support the overage by the final loan availability date.<br><br>Additional market gain payments to the original loan disbursement are **not** available. |
| • based on production evidence<br><br>• less than the quantity on which market gain was earned<br><br>• within tolerance | using the notification letter in paragraph 318, notify the producer that repayment of the unearned market gain is required.<br><br>Good faith determinations are not necessary. |

## 1556 Loan Quantity Determination and Action Required

### B Loans Repaid and Market Gain Was Earned (Continued)

| IF the quantity verified is... | THEN... |
|---|---|
| • based on production evidence<br><br>• less than the market gain quantity amount<br><br>• **not** within tolerance | COC shall:<br><br>• consider a discrepancy has occurred<br><br>• review discrepancies to determine whether a violation has occurred according to Part 4.<br><br>If the discrepancy is the result of a County Office error and the producer did not have reason to know a violation has occurred, the County Office shall:<br><br>• document the reasons why to the fullest extent possible in the COC minutes<br><br>• record the discrepancy as a shortage in APSS using the violations software<br><br>• not assess liquidated damages<br><br>• demand the shortage, plus interest, as applicable<br><br>• not make good faith determinations<br><br>• complete FSA-321 according to 7-CP.<br><br>For all other violations, COC shall determine any of the following according to Part 4:<br><br>• good faith<br>• misrepresentation, scheme, or device. |

When spot check verifications are complete, notify producers and record results according to paragraph 323.

## 1557 LDP Quantity Determination and Action Required

### A LDP Spot Checks

Spot-check verifications shall be completed according to the following.

| IF the quantity verified is... | THEN... |
|---|---|
| greater than the LDP quantity | a new LDP with a new LDP rate or new loan may be requested for any overage provided the producer still has beneficial interest in the commodity and it is before the final availability date. |
| determined reasonable and within tolerance and there is no reason to believe there is a quantity shortage | no action at this time is necessary if:<br>• commodity is still stored at the farm location<br>• the quantity has not been sold<br>• other production evidence has not been submitted. |
| **not** determined reasonable and is **not** within tolerance or there is reason to believe there is a quantity shortage | require the producer to provide acceptable production evidence. |
| • based on production evidence submitted<br>• less than the LDP quantity<br>• within tolerance | ***--**if processed in APSS, record the shortage in APSS using the violation software or if eLDP, correct quantity according to 15-PS. Do **not** assess liquidated**--*** damages and demand the shortage, as applicable, using the notification letter in Exhibit 11, subparagraph M.<br>Good faith determinations are not necessary. |

## 1557 LDP Quantity Determination and Action Required (Continued)

### A LDP Spot Checks (Continued)

| IF the quantity verified is... | THEN... |
|---|---|
| • based on production evidence<br><br>• less than the LDP quantity<br><br>• not within tolerance<br><br>• delivered on a date other than the delivery date certified | COC shall:<br><br>• consider a discrepancy has occurred<br><br>• review discrepancies to determine whether a violation has occurred according to Part 4.<br><br>If the discrepancy is the result of a County Office error and the producer did not have reason to know a violation has occurred, the County Office shall:<br><br>• document the reasons why to the fullest extent possible in the COC minutes<br><br>• record the discrepancy as a shortage in APSS using the violation software<br><br>• not assess liquidated damages<br><br>• demand the shortage, plus interest, as applicable<br><br>• not make good faith determinations<br><br>• complete FSA-321 according to 7-CP.<br><br>For all other violations, COC shall determine any of the following according to Part 4:<br><br>• good faith<br>• misrepresentation, scheme, or device. |

When spot check verifications are complete, notify producers and record results according to paragraph 323.

## 1558 Production Evidence

### A Requirements

See paragraph 335 for all other production evidence requirements.

### B Acceptable Types of Evidence

Determine acceptable of evidence according to the following.

| Types of Evidence | Requirement |
|---|---|
| Acceptable evidence shall be any 1 of the following:<br><br>• copies of sales documents that include the name and address of the processor, buyer, or broker who is purchasing the mohair, unshorn lambs, or wool<br><br>• weight or scale tickets from a commissioned agent or CCC-approved third party<br><br>• delivery evidence<br><br>• core test reports or certificates<br><br>• settlement sheets<br><br>• invoices or kill sheets from the lamb slaughter company for unshorn pelt LDP's. | The documentation **must** include enough information to provide County Offices with the following:<br><br>• an accurate record of eligible quantity of mohair, unshorn pelts, or wool<br><br>• net quantity<br><br>• date of sales transaction, if sold<br><br>• proof of payment from buyer, if commodity was sold<br><br>• price received for quantity marketed<br><br>• commodity<br><br>• producer's name<br><br>• crop year may be certified or provided by the producer<br><br>• immediate slaughter of unshorn lambs may be certified by the producer and is generally assumed when production evidence indicates sale to a lamb slaughter company or an order buyer representing a slaughter lamb company at an auction sale.<br><br>**Note:** In the case of unshorn pelts, the production evidence must indicate that the lambs were unshorn at the time *--of sale/purchase. In cases where the seller does not know if the lamb is being sold as a feeder lamb or as a slaughter lamb, the invoices should provide lamb weights that can be used to determine the lambs that are at an acceptable slaughter weight and lambs that are not and need to be further fed, based on COC knowledge. COC may establish the acceptable weight requirement.--* |

## 1558 Production Evidence (Continued)

### B Acceptable Types of Evidence (Continued)

| Types of Evidence | Requirement |
|---|---|
| The following types of evidence must be used in combination to verify quantities if the above evidence is not available:<br><br>• farm management records kept through normal production practices<br><br>• reasonable quantity determination based on maximum eligible quantity according to subparagraph 1559<br><br>• receipts for feed<br><br>• veterinary records<br><br>• IRS inventory records<br><br>• farm credit balance sheets<br><br>• private insurance documents. | Proof of payment can be settlement records or copy of the check.<br><br>**Note:** Production evidence may be handwritten, but is not acceptable for any type of production evidence submitted by the producer for the producer's own production.<br><br>COC must be satisfied with the documentation submitted. If questionable, COC may require certified documentation of actual net weight of the production pounds from a local CCC-approved scale, at the expense of the producer.<br><br>**Note:** In cases where the production evidence does not indicate that the unshorn lambs are being sold as a feeder lambs or slaughter lambs, COC can establish the acceptable weight requirement based on COC knowledge for lambs that are acceptable slaughter weight and lambs that are not and need to be further fed. |

## 1558 Production Evidence (Continued)

### C Unacceptable Production Evidence

See subparagraph 335 F for production evidence that is considered unacceptable documentation.

### D Production Evidence Voluntarily Submitted

County Offices shall accept production evidence when producers voluntarily provide production evidence and were not selected for spot check.

If the quantity supported by production evidence is less than the market gain or LDP quantity, record and collect the shortage according to paragraph 1556 or 1557, as applicable.

Good faith determinations are necessary for any quantity that is **not** within tolerance.

### E Other Verifications

County Offices shall ensure that the quantity recorded on the documentation is consistent with crop year production levels for the animal characteristics, such as, number of animals in the herd, breed, gender, and weight of the animal shorn in the producers herd.

**Note:** County Offices may require certified production weights from a local CCC-approved scale, if practical.

### F References

See:

- paragraph 337 for dates for submitting production evidence
- paragraph 338 for failure to provide acceptable production evidence
- paragraph 339 for insufficient production evidence
- paragraph 340 for apportioning commingled production evidence
- subparagraph 1538 E for additional basic LDP disbursements.

## 1559 Maximum Eligible Quantity

### A Determining Reasonableness

County Offices shall verify all loan and LDP quantities for reasonableness before disbursement. Determining reasonableness shall be based on maximum eligible quantities provided in subparagraph G. The average grease fleece weights of pounds produced used to determine maximum eligible quantities are based on the following characteristics of the animals in the herd:

- quantity
- breed
- gender type
- mature body weight
- shearing date.

Benefits will **not** be disbursed on quantities **not** determined reasonable **unless** supporting evidence is provided to substantiate the quantity.

### B STC and COC Responsibilities

STC's shall play an active role in providing guidance to COC's to ensure that responsible and equitable determinations are made. COC may use their own discretion to determine a reasonable quantity based on various known conditions that may have affected the commodities production levels during the crop year. STC's and COC's are in the best position to know what production levels or practices are reasonable for their area. Any loan or LDP quantities verified by the County Office according to subparagraph A, that are determined to be unreasonable or exceed the acceptable production ranges in subparagraph G, shall be referred to COC.

This responsibility is being entrusted to STC's and COC's to deliver the program in the most feasible, reasonable, and reliable manner possible. Therefore, COC has the authority to adjust the average production ranges of the applicable breeds provided in subparagraph G based on the following:

- personal knowledge of the producers operation
- mature animal body weights of the applicable breed in excess of the average.

Production levels exceeding the weight ranges in subparagraph G shall be documented accordingly in COC minutes. If the producer is not satisfied with the maximum quantity determination by COC, provide producer appeal rights to COC.

## 1559 Maximum Eligible Quantity (Continued)

### C Reasonable Quantities

Reasonableness for certified farm-stored loan or LDP quantities shall be determined by multiplying the total number of head in the producer's current herd or flock times the applicable average grease weight fleece pounds produced for each breed, as provided in subparagraph G that will determine:

- a production range applicable to the breeds certified
- maximum eligible quantity.

COC shall exercise judgment and rely on their knowledge of practices and applicable conditions when determining reasonableness for loan or LDP quantities exceeding the production ranges provided in subparagraph G.

### D Example of Determining Reasonableness

Producer has 10 Dorset ewes that produce an average of 5 to 8 pounds of grease weight fleece pounds. The producer requests LDP on 60 pounds of wool. Multiplying 10 times 5 to 8 pounds of average production a maximum eligible quantity for this breed averages 50 to 80 pounds. The midpoint average pounds produced would be 50 to 65 pounds for ewes and 65 to 80 pounds for rams. The quantity of the producers LDP request is reasonable and a maximum eligible quantity has been determined by COC. The loan or LDP request may be approved if all other eligibility criteria have been met.

***--Note:** Producer may need to be contacted or asked information, such as the number of head or sheep breeds, to determine whether the quantity is reasonable and to establish a customer profile in eLDP.**--***

## 1559 Maximum Eligible Quantity (Continued)

### E Determining the Maximum Eligible Quantity

The maximum eligible quantity is determined by multiplying the total number of head in the producer's current herd or flock times the applicable average pounds for each breed according to subparagraph G, to determine a low to high range of average pounds produced by each applicable breed. Mature body weight and gender of the breed are also considered to determine the maximum eligible quantity. Determine the midpoint of average grease weight pounds. Ewes would have an average of the low to the midpoint, whereas, rams would range from the midpoint to the determined high. County Offices shall maintain a ledger of the maximum quantity available.

### F Example of Calculating the Maximum Eligible Quantity

Producer has 100 Suffolk ewes that he maintains on average in his herd at an average mature ewe body weight of 250 pounds. According to the established average grease weight this particular breed produces an average of 4 to 8 pounds. The number of head times the average grease weight fleece pounds produced equals an average low of 400 pounds to a high of 800 pounds that can be produced in a year. The average range ewes can produce in that year will be 400 to 600 pounds and for rams the average range will be 600 to 800 pounds.

## 1559 Maximum Eligible Quantity (Continued)

### G Breed Specific Production Averages for Mohair and Wool

To establish maximum lbs. of production on farm-stored loans and LDP's, County Offices shall use:

- for angora goats, the U.S. average of approximately 6.3 lbs. of mohair per shearing at a mature body weight of 180 to 225 lbs. for bucks and 70 to 110 lbs. for a doe
- for sheep, either of the following:
  - the U.S. average of approximately 7.6 lbs. of fleece per shearing at mature body weight
  - the average lbs. of fleece produced by breed of sheep according to the following.

| Breed | Type | Mature Body Weight | Average Grease Weight Fleece Lbs. Produced |
|---|---|---|---|
| American Cormo | ram | 180-220 lbs. | 10-14 |
| | ewe | 140-165 lbs. | |
| Black Welsh Mountain | ram | 100-125 lbs. | 3-4 |
| | ewe | 75-100 lbs. | |
| Blueface Leicester | ram | 230-270 lbs. | 6-8 |
| | ewe | 160-220 lbs. | |
| Booroola Merino | ram | 175-210 lbs. | 9-15 |
| | ewe | 110-150 lbs. | |
| Border Leicester | ram | 225-300 lbs. | 8-12 |
| | ewe | 150-225 lbs. | |
| California Reds | ram | 175-220 lbs. | 5-7 |
| | ewe | 120-150 lbs. | |
| California Variegated Mutant | ram | 150-200 lbs. | 6-12 |
| | ewe | 125-150 lbs. | |
| Cheviot | ram | 160-200 lbs. | 5-8 |
| | ewe | 120-160 1bs. | |
| Clun Forest | ram | 175-200 lbs. | 5-9 |
| | ewe | 130-160 lbs. | |
| Columbia | ram | 250-350 lbs. | 12-16 |
| | ewe | 160-240 lbs. | |
| Coopworth | ram | 225-275 lbs. | 12-18 |
| | ewe | 140-170 lbs. | |
| Corriedale | ram | 220-275 lbs. | 10-15 |
| | ewe | 150-200 lbs. | |
| Cotswold | ram | 250-290 lbs. | 12-15 |
| | ewe | 190-220 lbs. | |

**1559 Maximum Eligible Quantity (Continued)**

**G Breed Specific Production Averages for Mohair and Wool (Continued)**

| Breed | Type | Mature Body Weight | Average Grease Weight Fleece Lbs. Produced |
|---|---|---|---|
| Debouillet | ram | 220 - 275 lbs. | 9-14 |
| | ewe | 125 - 150 lbs. | |
| Delaine-Merino | ram | 190-240 lbs. | 9-14 |
| | ewe | 125-160 lbs. | |
| Dorset | ram | 225-275 lbs. | 5-8 |
| | ewe | 150-200 lbs. | |
| East Friesian | ram | 225-270 lbs. | 9-12 |
| | ewe | 160-180 lbs. | |
| Finnsheep | ram | 160-220 lbs. | 4-8 |
| | ewe | 120-160 lbs. | |
| Gulf Coast Native | ram | 145-180 lbs. | 4-6 |
| | ewe | 85-115 lbs. | |
| Hampshire | ram | 250-350 lbs. | 6-10 |
| | ewe | 175-250 lbs. | |
| Icelandic | ram | 180-220 lbs. | 4-5 |
| | ewe | 130-150 1bs. | |
| Jacob | ram | 140-190 lbs. | 3-6 |
| | ewe | 90-130 lbs | |
| Karakul | ram | 175-225 lbs | 5-10 |
| | ewe | 100-150 lbs | |
| ***--**Katahdin and Dorpher | The Katahdin breed is a wooless, meat type sheep that is **not**:<br><br>• marketable<br>• eligible for wool MAL or LDP<br>• eligible for an unshorn pelt LDP.**--*** | | |
| Lincoln | ram | 240-300 lbs. | 12-16 |
| | ewe | 200-250 lbs. | |
| Montadale | ram | 200-275 lbs. | 7-11 |
| | ewe | 160-180 lbs. | |
| Navajo-Churro | ram | 120-175 lbs | 4-8 |
| | ewe | 85-120 lbs | |
| North Country Cheviot | ram | 200-300 lbs. | 5-10 |
| | ewe | 130-180 lbs. | |

**1559 Maximum Eligible Quantity (Continued)**

**G Breed Specific Production Averages for Mohair and Wool (Continued)**

| Breed | Type | Mature Body Weight | Average Grease Weight Fleece Lbs. Produced |
|---|---|---|---|
| Oxford | ram | 225-325 lbs. | 7-10 |
| | ewe | 150-200 lbs. | |
| Panama | ram | 250-280 lbs. | 13-15 |
| | ewe | 180-210 lbs. | |
| Perendale | ram | 220-260 lbs. | 8 |
| | ewe | 120-150 lbs. | |
| Polypay | ram | 190-250 lbs. | 7-10 |
| | ewe | 140-180 1bs. | |
| Rambouillet | ram | 200-300 lbs. | 10-15 |
| | ewe | 140-180 lbs. | |
| Romanov | ram | 175-240 lbs. | 6-13 |
| | ewe | 135-160 lbs. | |
| Romney | ram | 200-275 lbs. | 10-18 |
| | ewe | 150-200 lbs. | |
| Scottish Blackface | ram | 150-175 lbs | 5-6 |
| | ewe | 115-130 lbs | |
| Shetland | ram | 90-125 lbs | 2-4 |
| | ewe | 75-100 lbs | |
| Shropshire | ram | 225-290 lbs. | 6-10 |
| | ewe | 170-200 lbs. | |
| Southdown | ram | 180-230 lbs. | 5-8 |
| | ewe | 120-180 lbs. | |
| Suffolk | ram | 275-400 lbs. | 4-8 |
| | ewe | 200-300 lbs. | |
| Targhee | ram | 200-300 lbs. | 10-14 |
| | ewe | 140-200 lbs. | |
| Texel | ram | 190-240 lbs. | 7-10 |
| | ewe | 140-185 1bs. | |
| Tunis | ram | 175-225 lbs. | 8-12 |
| | ewe | 130-160 lbs. | |

**1560-1569 (Reserved)**

## Section 6 Repayments

### 1570 Principal Plus Interest Repayments

#### A General Repayment Provisions

See Part 7, Section 1 for general repayment provisions.

#### B CCC-Determined Value

The CCC-determined value for the day the repayment is received in the County Office that disbursed the loan shall be used in determining the repayment rate. Calculate the CCC-determined value according to subparagraph 785 C.

See paragraph 716 for locking-in-repayment rates on CCC-697.

### 1571-1574 (Reserved)

## 1575 Final Settlement Procedures

### A Basic Provisions

Because there are no approved CCC warehouses for mohair or wool, all nonrecourse MAL's not repaid by the loan maturity date must be disposed through local sales at the farm storage location within a 60-calendar-day period after maturity at **no** storage expense to CCC.

County Offices shall try to have local sales completed with the 60-calendar-day period.

### B Premiums and Discounts

See Exhibits *** * *** 62 and 70 for the schedule of premiums and discounts applicable to mohair and wool applied in final settlement. The settlement value will be based on the following:

- for graded wool, according to applicable region:
  - micron range
  - offsorts
  - preparation (applicable to fleece wool only, not applicable to offsorts)
  - length (applicable to fleece wool only, not applicable to offsorts)
  - vegetable matter
  - damage/stain/mud/wet
  - non-merchantability
  - polypropylene contamination
- for ungraded wool, according to applicable region:
  - offsorts
  - length
  - polypropylene contamination
  - non-merchantability

## 1575 Final Settlement Procedures (Continued)

### B Premiums and Discounts (Continued)

- for mohair:

  - micron range
  - length
  - vegetable matter
  - kemp.

  **Note:** Producers who elect to settle the mohair loan collateral to CCC in satisfaction of the loan amount due will be required, at the producer's expense, to obtain a core test report indicating the applicable micron and yield of the quantity offered for settlement.

### C Mohair or Wool Inspection

Applicable premiums and discounts will be applied at loan settlement and based on the following:

- inspection of the delivered commodity by an AMS agent or other CCC-approved representative

- core test report from a CCC-approved testing facility for mohair and graded wool.

  **Note:** Mohair delivered for settlement of an outstanding CCC loan will require a core test (Exhibit 40), at the expense of the producer, to determine quality factors.

## 1575 Final Settlement Procedures (Continued)

### D Mohair Yield Adjustment

The mohair loan rate must be adjusted for yield **after** all mohair discounts have been applied. The mohair yield must be calculated using the Schlumberger yield obtained from the core test report of a CCC-approved testing facility to determine the final loan settlement rate.

To calculate the mohair yield adjustment, apply all premiums and discounts to the loan rate to determine the adjusted loan rate. Divide the adjusted loan rate by .75 and then multiply the resulting figure times the Schlumberger yield from the core test report, moving the decimal in the Schlumberger yield 2 places to the left, to determine the final loan settlement rate per pound of mohair forfeited to CCC.

### E Mohair Yield Adjustment Example

The following is an example of a yield adjustment for mohair.

Producer A received a loan of $4,200 for 1,000 pounds of mohair that he forfeits to CCC. The core test results from the forfeited mohair indicate that the mohair was average adult with a 35 micron, 3.5 length, 1.0 percent vegetable matter, 5.62 percent medulated fibers, 0.50 percent kemp fibers, and a Schlumberger yield of 73.6 percent.

From the $4.20 loan rate initially disbursed to Producer A, deduct the following based on the mohair discounts in this paragraph, -$1.52 for type of mohair and micron, -$0.54 for length, -$0.27 for vegetable matter, -$0.27 for medulated fibers, -$0.27 for kemp fibers to come up with an adjusted loan rate of $1.33.

$1.33/.75 = $1.77

$1.77 x .736 = $1.31

$1.31 per pound is the final settlement rate
x 1000 pounds of forfeited mohair
$1,310

$4,200 original loan disbursement
- $1,310 adjusted settlement value
$2,890

The producer owes CCC $2,890 for the forfeited mohair.

## 1575 Final Settlement Procedures (Continued)

### F Additional Expenses

Any costs incurred by CCC to obtain quantity or quality grading factors to apply associated premiums and discounts for mohair and wool delivered to CCC shall be for the account of the producer and will be deducted from the loan settlement value, in addition to applicable deductions provided in subparagraph B. The producer is responsible for any loss in quantity or quality of the loan collateral.

**Note:** Producers are required, at their own expense, to have all mohair and wool loan quantities weighed and provide an acceptable weight receipt for mohair and wool loan quantities that will be settled with CCC through local sale.

AMS charges a fee of $40.87 per hour for the required inspection of the mohair and wool loan collateral that will be settled by local sale.

### G Settlement Value

Calculate the settlement value from the information on CCC-691, CCC-930, and the applicable crop year loan rate premiums and discounts in subparagraph B and Exhibit *** * *** 70.

Complete settlements according to 12-PS, Part 9, **after** receiving all of the following:

- CCC-691
- core test report for mohair and graded wool
- CCC-930 from AMS inspector (subparagraph L).

Settlement shall be made by CCC on the basis of the base loan rate:

- for the applicable region for wool only
- adjusted for applicable specific crop year premiums and discounts.

## 1575 Final Settlement Procedures (Continued)

### H State Office Action

For all mohair and wool loans that will be settled by local sale, State Offices shall:

- after receiving required loan settlement information from the County Office provided in subparagraph I, FAX information to PSD National Office at 202-690-3307

- remind County Offices that producers are responsible for all expenses associated with the local sale, including, but not limited to:

  - weighing
  - core testing (mohair only)
  - AMS inspection
  - advertising

- inform County Office of scheduled inspection day and time determined by AMS

- contact the PSD National Office if informed by the County Office that CCC-930 has not been received in the County Office 30 calendar days after the scheduled inspection date determined by AMS.

## 1575 Final Settlement Procedures (Continued)

### I County Office Action

For all mohair and wool loans that will be settled by local sale, County Offices shall:

- immediately notify the State Office in writing by letter, electronic mail, or FAX that a mohair or wool loan in their county will be settled by local sale, along with the following information:

  - producer's name
  - producer's telephone number
  - loan number
  - farm storage location of mohair and wool that will be settled by local sale
  - loan amount
  - loan quantity
  - commodity (such as, graded wool, mohair, or ungraded wool)

- remind producers that they are responsible for all expenses involved with conducting a local sale

- await notification from the State Office of scheduled inspection date and time determined by AMS.

  **Note:** The County Office shall contact the State Office if CCC-930 is not received in the County Office within 30 calendar days after the scheduled inspection date determined by AMS.

### J National Office Action

For all mohair and wool loans that will be settled by local sale, the National Office shall:

- notify the State Office of receipt of loan settlement information
- contact the AMS representative to schedule inspection of commodity
- inform State Office of scheduled inspection day and time determined by AMS.

## 1575 Final Settlement Procedures (Continued)

### K AMS Action

For all mohair and wool loans that will be settled by local sale and inspected by AMS, the AMS representative shall:

- immediately contact the appropriate producer to schedule date and time of inspection
- notify the National Office of scheduled inspection day and time complete CCC-930 according to inspection of quality factors.

Upon inspection of the commodity by the AMS inspector or representative, AMS will return completed CCC-930 to the applicable County Office within 30 calendar days which will display the official AMS results.

# 1575 Final Settlement Procedures (Continued)

## L Example of CCC-930, AMS Inspection Certificate of Quality Factors for Wool and Mohair

The following is an example of CCC-930.

*--

This form is available electronically.

**CCC-930** (02-04-11) **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation

**AMS INSPECTION CERTIFICATE OF QUALITY FACTORS FOR WOOL AND MOHAIR**

1. Inspection Number: xxxxxx
2A. Date of Inspection: 05-01-20xx
2B. Time of Inspection: 9:00 am
3. Producer Name: Able Farmer

**PART A - COMMODITY INFORMATION**

4. Region *(Check One Only)*: ☐ 1 ☒ 2 ☐ 3

5. Farm Storage Address *(Including Zip Code)*
9999 Any Rd
Town, ST 99999-9999

6. Commodity Type *(Check One Only)*
☐ Graded Wool
☐ Ungraded Wool
☒ Mohair

7. No. of Bags: 5
8. No. of Bags Inspected: 5

**PART B - GRADED WOOL QUALITY FACTORS**

| 9. FACTOR/DESCRIPTION | YES | NO | 9. FACTOR/DESCRIPTION | YES | NO | 10. LENGTH *(for fleece wool ONLY)* |
|---|---|---|---|---|---|---|
| Bellies | | | Crutchings | | | ☐ 2.76 - 2.99 inches |
| Pieces | | | Blackface | | | ☐ 2.51 - 2.75 inches |
| Locks/Tags | | | Black Wool | | | ☐ 2.00 - 2.50 inches |
| Damaged | | | Muddy | | | ☐ Under 2.00 inches |
| Stained | | | Non-merchantable | | | |
| Wet | | | Polypropylene Contamination | | | |

**PREPARATION FACTOR** ***(for fleece wool ONLY, not applicable to offsorts)***

| | YES | NO | | YES | NO |
|---|---|---|---|---|---|
| 11. BOU/classed/not skirted | | | 13. BIU/unclassed/not skirted | | |
| 12. BOU/unclassed/not skirted | | | 14. No preparation/tied | | |

**PART C - UNGRADED WOOL QUALITY FACTORS**

| 15. FACTOR/ DESCRIPTION | YES | NO | 15. FACTOR/ DESCRIPTION | YES | NO | 16. LENGTH *(for fleece wool ONLY)* |
|---|---|---|---|---|---|---|
| Bellies | | | Crutchings | | | ☐ 2.76 - 2.99 inches |
| Pieces | | | Blackface | | | ☐ 2.51 - 2.75 inches |
| Locks/Tags | | | Black Wool | | | ☐ 2.00 - 2.50 inches |
| Non-merchantable | | | Polypropylene Contamination | | | ☐ Under 2.00 inches |

**PART D - MOHAIR QUALITY FACTORS**

17. **MOHAIR TYPE:** ☐ FK ☐ GK ☒ AK ☐ FYG ☐ AYG ☐ FA ☐ AA

18. **LENGTH:** ☐ Under 3 inches ☒ 3.00 - 3.99 inches ☐ 4.00 - 6.00 inches ☐ Over 6 inches

**PART E - AMS CERTIFICATION**

19. Signature of AMS Inspector
*/s/ I. M. Inspector*

20. Date *(MM-DD-YYYY)*
05-01-20xx

21. Remarks

22. County FSA Office Name and Address *(Including Zip Code)*
Any County FSA Office
999 Any RD, Town, ST 99999-9999

23. County FSA Office Telephone No. *(Include Area Code)*
999-999-9999

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## 1576 Local Sales Preparation

### A Authorizing Local Sales

County Offices shall see paragraph 857 for authorization for local sales.

### B Announcement of Local Sale

Local sales shall be announced according to paragraph 858.

### C Commodity Bids

Bids must be handled according to paragraphs 859 and 860.

### D Completing Local Sales

Local sales must be completed according to paragraph 861.

### E Scheduling Delivery to Purchaser

After the sale has been completed, the County Office shall:

- schedule delivery of the mohair or wool to the purchaser
- issue CCC-691 to the producer, directing delivery to the purchaser F.O.B. purchaser conveyance at storage location.

### F Supervising Delivery

The County Office representative shall:

- supervise the delivery of the mohair or wool, including weight when applicable
- provide copies of applicable weight receipts and/or core test reports
- issue payment, as applicable.

### G Completing Local Sale Processing

County Offices shall complete local sale processing according to paragraph 862.

## 1577 Completing CCC-691, Parts B and C

### A Completing CCC-691, Part B

The FSA representative shall complete CCC-691, Part B:

- at the farm storage location
- according to the following.

| Item | Action |
|---|---|
| 19A | Enter loan lot identification number. |
| 19B | For:<br><br>• graded mohair and wool:<br><br>  • ENTER "**see attached**"<br>  • attach a copy of the applicable core test report<br>  • attach a copy of CCC-930.<br><br>• ungraded wool:<br><br>  • ENTER "**ungraded wool**"<br>  • attach a copy of CCC-930. |
| 19F | Enter other applicable factors. |
| 19I | Enter net weight in pounds from scale ticket. |
| 20 | Enter date delivery was completed. |
| 21 | ENTER "**sale**" for type of delivery. |

## 1577 Completing CCC-691, Parts B and C (Continued)

### A Completing CCC-691, Part B (Continued)

| Step | Action |
|---|---|
| 23 | After delivery, the producer or the producer's authorized agent shall date and sign CCC-691 agreeing to the following:<br><br>• the quantity delivered<br><br>• that a representative sample of the commodity has been drawn and inspected for determining grading and other factors on which settlement will be based. |
| 24 | FSA representative taking delivery shall:<br><br>• sign and date CCC-691<br>• return the following to the County Office:<br><br>  • CCC-691 for processing the settlement<br>  • CCC-930 and all other documentation received from AMS. |

### B Completing CCC-691, Part C

Loanmaking County Offices shall complete CCC-691, Part C, as applicable, according to paragraph 817 after inspection certificates have been received from AMS.

See Part 8 for an example of CCC-691.

## Reports, Forms, Abbreviations, and Redelegations of Authority

### Reports

None

### Forms

This table lists the forms referenced in this handbook.

| Number | Title | Display Reference | Reference |
|---|---|---|---|
| AD-1026 | Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification | | 35, 200 |
| CCC-10 | Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents | 502 | 521, 617 |
| CCC-25 | Uniform Grain and Rice Storage Agreement (UGRSA) | | 318, 702 |
| CCC-39 | Request for Issuance of Duplicate Warehouse Receipt(s) | 549 | |
| CCC-156 | Loading Order, Trust Order and Invoice for Charges | | 816 |
| CCC-257 | Schedule of Deposit | | 318, 702 |
| CCC-258 | Wire Transfer of Funds | 720 | |
| CCC-491 | Beneficial Interest Certification Sheet | 228 | |
| CCC-500 | Loan Payment Receipt | 700 | 416, 718-720 |
| CCC-500-1 | Loan Payment Receipt Continuation Sheet | | 700 |

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

**Forms (Continued)**

| Number | Title | Display Reference | Reference |
|---|---|---|---|
| CCC-601 | Commodity Credit Corporation Note and Security Agreement Terms and Conditions | Ex. 5 | 10, 410, 510 |
| CCC-631 | CCC Wool Testing Facility Certification and Application | 1510 | 1509 |
| CCC-633EW | Loan and LDP Eligibility Worksheet Commodities Harvested as Other Than Grain Determining Maximum Eligible Quantity | 336 | |
| CCC-633 EZ | Loan Deficiency Payment (LDP) Agreement and Request | 1007 | Text |
| CCC-633 GRAZING | Grazing Payment Program Application | 1105 | 1102-1104 |
| CCC-633WM | Wool and Mohair Loan Quantity Certification and Worksheet | 1527 | 234 |
| CCC-638 | Confirmation of Sale | 860 | 857 |
| CCC-639 | Competitive Bid Pricing Worksheet | 859 | 858, 860 |
| CCC-643 | Request for Shipping Instructions | 806 | 804 |
| CCC-665 | Agreement to Permit Assumption of a CCC Loan | 527 | 600 |
| CCC-666 | Commodity Loan Request | 524 | Text |
| CCC-674 | Certification for Contract, Grants, Loans, and Cooperative Agreements | 28 | 1000 |
| CCC-676 | LDP and Loan Number Register | | 615 |
| CCC-677 | Farm Storage Note and Security Agreement | | Text |
| CCC-677-1 | Farm Storage Loan Worksheet | Ex. 15 | Text |
| CCC-678 | Warehouse Storage Note and Security Agreement | | Text |
| CCC-679 | Lien Waiver | 505 | 30, 504, 510, 547, 607, 754 |
| CCC-681 | Authorization to Move Loan Collateral for Rotation or Transfer | 614 | 613, 615, 619 |
| CCC-681-1 | Authorization for Delivery of Loan Collateral for Sale | 743 | Text |
| CCC-683 | Commodity Loan Seal | Ex. 16 | 316, 523, 524 |
| CCC-685 | Authorization to Release Warehouse Receipts | 770 | |
| CCC-686 | Application for Loan or LDP by Heirs (On a Commodity Produced by a Person Who Has Died) | 205 | 200 |

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

**Forms (Continued)**

| Number | Title | Display Reference | Reference |
|---|---|---|---|
| CCC-687-1 | Approval to Commingle or Move Loan Collateral | 600 | 317, 526 |
| CCC-691 | Commodity Delivery Notice | 801, 816, 817 | Text |
| CCC-692 | Settlement Statement | | 822, 862 |
| CCC-697 | Request to Lock In a Market Loan Repayment Rate | 717 | Text |
| CCC-699 | Reconcentration Agreement and Trust Receipt | 628 | 627, 629-631 |
| CCC-770 LDP/eLDP | Loan Deficiency Payment (LDP) and eLDP Program Review Checklist | 23 | 234 |
| CCC-770 MAL | Marketing Assistance Loan (MAL) Processing Checklist | 23 | 234, 501, 510 |
| CCC-902 | Farm Operating Plan | | 35, 200, 203 |
| CCC-930 | AMS Inspection Certificate of Quality Factors for Wool and Mohair | 1575 | |
| CCC-931 | Average Adjusted Gross Income (AGI) Certification and Consent to Disclose Tax Information | | 35, 200, 501, 1000 |
| CCC-931C | Average Adjusted Gross Income (AGI) Certification and Consent to Disclose Tax Information (For Successors to Conservation Program Contracts and Agreements Only) | | 35, 200, 501, 1000, Ex. 2 |
| CCC-933 | Average Adjusted Gross Income (AGI) Certification and Consent to Disclose Tax Information (for 2013) | | 35, 200, 501, 1000, Ex. 2 |
| CCC-1099-A | Report of Loan, Forfeiture, Settlement, and Abandonment to Producer | | 27 |
| CCC-1099-A-2 | Important Information About IRS Form 1099-A | | 27 |
| CCC-1099-G | Report Payments to Producers (Reported to IRS) | | 27 |
| CCC-1099-MISC | 20XX Miscellaneous Income | | 27 |
| FSA-211 | Power of Attorney | | 227, 770 |
| FSA-321 | Finality Rule and Misaction/Misinformation | | 318 |
| FSA-409 | Measurement Service Record | | 500, 524, 1002, 1005, 1008 |
| FSA-578 | Report of Acreage | | 201, 336, 501, 1102, 1103, 1105 |

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

**Forms (Continued)**

| Number | Title | Display Reference | Reference |
|---|---|---|---|
| KC-232 | Notice of Approval or Change in Status of Storage Agreement or Contract | 40 | 542 |
| KC-350 (Grain) | Warehouse Operator's Supplemental Certificate | | Text |
| KC-350 (Oilseed) | Warehouse Operator's Supplemental Certificate | | Text |
| KC-385 | Merger of Locations Under a Single CCC Code Number | | 537 |
| SF-LLL | Disclosure of Lobbying Activities | 28 | |
| SF-LLL-A | Disclosure of Lobbying Activities Continuation Sheet | 28 | |
| UCC-1 | Financing Statement | | 502, 504, 521, 524 |
| UCC-1F | Effective Financing Statement | | 524 |
| WA-302 | Examination Report | | 544 |

**Abbreviations Not Listed in 1-CM**

The following abbreviations are not listed in 1-CM.

| Approved Abbreviation | Term | Reference |
|---|---|---|
| F.O.B. | freight on board | 228, 858, 859, 860, 862 |
| HM | high moisture | Text, Ex. 2, 15 |
| MB | Merchandising Branch | 40, 605, 817, 826, 901 |
| PCP | posted county price | 3, 235, 720, 785, 786 |
| PD | Procurement Division | 41, 605, 817, 826, 901 |
| RCP | regionally calculated price | 235, 785, 786 |
| SCB | Storage Commodities Branch | 537, 800 |
| SORS | State Office Reporting System | 3, 37, 40 |
| USWA | U.S. Warehouse Act | 3, 522, 535, Ex, 2 |
| WLED | Warehouse Licensing and Examination Division | 40, 537, 800 |

**Redelegations of Authority**

Redelegation of authority is provided in paragraph 2.

## Definitions of Terms Used in This Handbook

### Administrative Actions

Administrative actions mean punitive actions taken against a producer who incorrectly certifies a quantity or makes any fraudulent representation with respect to obtaining a loan or LDP, or removes or disposes of a farm-stored commodity pledged as collateral for a loan without authorization.

Administrative actions include:

- calling the loan
- requiring the producer to repay the outstanding loan principal and charges, plus accrued interest, with cash applicable to the loan quantity involved in the violation
- requiring repayment of LDP quantity involved in a violation
- requiring repayment of the entire LDP quantity
- assessing liquidated damages on the quantity involved in the violation
- denying the producer farm-stored loans, and LDP's without production evidence, up to 24 months after the violation is discovered
- assessing interest on storage payment refunds, if applicable.

### Alternate Bid

Alternate bid means a bid that provides for an amount to be added to or deducted from the stated bid amount.

### Authorized Commodities

Authorized commodities mean the following:

- barley
- corn
- grain sorghum, including dual purpose sorghum varieties as determined by CCC.
- honey

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

**Authorized Commodities (Continued)**

- mohair

***--Notes:** The Continuing Appropriations Resolution, 2013, suspended mohair MAL's and LDP's for FY 2013.**--***

Mohair MAL's and LDP's were previously suspended for FY 2011 effective April 14, 2011.

Suspended for FY 2012 mohair MAL's and LDP's, effective November 18, 2011.

- oats
- oilseeds, including canola, crambe, flaxseed, mustard seed, rapeseed, safflower seed, sesame seed, soybeans, and sunflower seeds
- pulse crops, including large and small chickpeas, dry peas, and lentils
- rice, long and medium grain (medium grain includes short grain according to 2-LP Rice)
- wheat
- wool, graded and nongraded
- any of the commodities listed in this definition, mechanically harvested as other than grain, **excluding** hay or silage (paragraph 520).

**Note:** Hay, silage, and unshorn pelts are eligible for LDP **only** (paragraph 1020).

**Authorized Warehouse Storage**

Authorized warehouse storage means warehouses that are either of the following:

- Federally licensed under USWA
- if **not** Federally licensed, are either of the following:
  - in compliance with State laws in a State with an operating warehouse licensing program and issues warehouse receipts that meet the criteria for MAL's as specified in paragraph 545
  - located in a State without an operating warehoused licensing program and have entered into UGRSA with CCC.

**Buyer**

Buyer means the warehouse operator, broker, agent, or other person or entity the producer designates for issuing CCC-681-1.

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

**Commodity Inspector**

Commodity inspector means COC representative who does field work for the loan and LDP programs.

**Commodity Loan**

Commodity loan means a loan that can be nonrecourse or recourse.

**Control of the Commodity**

Control of the commodity means a producer keeps the ability to make all decisions affecting the commodity. For example:

- moving or right to sell or pass title to the commodity
- pledging the commodity for loan or requesting LDP.

**Conversion**

Conversion means the borrower removing a commodity under loan for sale or other use, with or without authorization.

**Crop Year**

Crop year means, for a commodity, the 12-month period that:

- begins on the first day of the eleventh calendar month before the month in which the final availability date for the applicable commodity falls

- ends on the final availability date for the applicable commodity.

**Customary Delivery Point**

Customary delivery point means the shipping point, location, or warehouse (elevator), as determined by the County Office, where the producer would normally deliver the commodities if sold on the market.

**Note:** This does **not** apply to producer's farm or sales to neighbors, as applicable.

***--DACO-Approved EWR Provider**

DACO-approved EWR provider means a person or entity that is a disinterested third party authorized and approved by DACO to maintain a confidential and secure electronic EWR system.**--***

**Deficiency**

Deficiency means the amount owed CCC when the settlement value of a farm-stored loan is less than the outstanding loan value.

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

**DCIA**

DCIA means the provision for barring delinquent debtors from obtaining additional Federal loans or loan insurance or guarantees. Delinquent debtor is determined as follows:

- **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 FSFL's**, 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, the farm storage facility loan is **not** considered delinquent.

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

**Delinquent Federal Nontax Debt**

Delinquent federal nontax debt means a person owing a delinquent Federal nontax debt to the Federal Government.

According to DCIA, a person owing a delinquent Federal nontax debt to the Federal Government is ineligible for Federal financial assistance, including direct loans (other than disaster loans) or loan insurance or guarantees. DCIA defines delinquent Federal nontax debts as, but **not** limited to, the following:

- Federal:

  - unpaid loans, including educational loans
  - overpayments
  - duplicate payments made to Federal salary or benefit payment recipients
  - misused grant funds
  - unpaid fines, penalties, or fees assessed by Federal agencies

- child support.

**Note:** Producers owing **tax** debt to IRS are still eligible for an MAL or LDP as long as all other eligibility and program requirements are met.

**Denied Market Gain**

Denied market gain means the amount of market loan repayment or LDP determined ineligible because:

- percent of cropland or permitted entity share factor is less than 1
- ***--**AGI exceeded.**--***

**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
  - *****--completing CCC-931 according to 4-PL and applicable PL directives for 2009 through 2012 crop years--*****

    **Notes:** CCC-931 is not needed on file at **loan** disbursement, but is required before the loan is repaid with a marketing loan gain.

    For the 2012 crop year, CCC-931 must **not** be a version dated before 12-7-11.

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

  - *****--CCC-931C or CCC-933 for 2013 crop year--*****
  - completing applicable 902 according to 4-PL for both loans and LDP's

    **Note:** CCC-902 is required for foreign person determination on both loans and LDP's. See subparagraph 203 A.

- 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.

**Excess Moisture Commodities**

Excess moisture commodities mean loan commodities, listed in subparagraph 225 C, with moisture levels that exceed the applicable standard moisture levels, according to 2-LP Grains and Oilseeds, and are at or below the STC-established maximum moisture level for the applicable loan commodity.

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

***--Electronic Warehouse Receipt (EWR)**

EWR's are receipts authorized by DACO to be issued or transmitted under USWA as electronic documents.**--***

**High Moisture (HM) Commodities**

HM commodities mean corn and grain sorghum with moisture levels exceeding the STC-established maximum moisture levels that are only eligible for recourse loans (see paragraph 1210 for HM recourse loans for corn and grain sorghum).

**Incorrect Certification**

Incorrect certification means either of the following and is considered a violation:

- certifying a quantity of a commodity for the purpose of obtaining a farm-stored or warehouse-stored commodity loan or LDP exceeding the quantity eligible for loan or LDP

- making any fraudulent representation with respect to obtaining loans or LDP's.

**Inspect**

Inspect means to visually examine the commodity and storage structure to determine the suitability of the structure and storability of the commodity.

**Intentional Removal or Disposition**

Intentional removal or disposition means the deliberate removal or disposition of loan collateral.

**Isolated Farm-Stored Lot**

Isolated farm-stored lot means a remote structure storing a nonrecourse MAL where a UGRSA warehouse to accept delivery to CCC at maturity is a great distance away and it is not cost effective to pay excess haul.

**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.

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

**Legal Entity**

Legal entity means the entity either:

- owns land or an agricultural commodity, product, or livestock
- produces an agricultural commodity, product, or livestock.

**Market Gain**

Market gain means the difference between the loan principal amount and CCC-determined value.

**Measure**

Measure means obtaining storage structure dimensions, test weight, and if applicable, moisture, during a spot check or measurement service request to determine quantity of a commodity in a storage structure.

**Measured Quantity**

Measured quantity means the measured volume of a commodity in a storage structure:

- converted to bu. or cwt
- adjusted by a test weight and pack factor or, for oilseeds except soybeans, test weight factor
- if applicable, adjusted for moisture shrink.

**Misaction/Misinformation**

**[7 CFR 718.8]** Misaction/misinformation means performance rendered in good faith based on action of, or information provided by, an authorized COC or STC representative.

**Nonrecourse Loan**

Nonrecourse loan means MAL for which the commodity offered as collateral for the loan meets the quality eligibility requirements, according to the applicable 2-LP and may; therefore, be delivered or forfeited to CCC, at loan maturity, in satisfaction of the loan indebtedness, or repaid at a rate less than principal plus interest, if applicable.

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

### 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.

### Public Warehouse

Public warehouse means any elevator, seed house, feed store, or other structure for which any of the following apply:

- under a storage agreement with CCC, such as UGRSA
- State or Federally licensed to warehouse agricultural commodities
- insures the commodity stored regardless of the commodity ownership
- receives compensation for storage based on the quantity stored, such as per bu., cwt, etc.

### Receivable

Receivable means a dollar amount determined to be due and payable to CCC immediately upon demand.

### Reconcentration

Reconcentration means moving warehouse-stored loan collateral from 1 warehouse storage point to another.

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

**Recourse Loan**

***--**Recourse loan means MAL for which the commodity offered as collateral does **not** meet the quality eligibility requirements according to the applicable 2-LP, and:

- may not be delivered or forfeited to CCC in satisfaction of the loan indebtedness
- must be repaid in full on or before the loan maturity date at principal plus interest **only**.**--***

The following are considered recourse loans:

- HM corn and grain sorghum
- acquired grain for HM corn or grain sorghum loans
- distress loans on any commodity that is not stored in eligible storage
- any commodity otherwise eligible for nonrecourse loan, but does not meet the quality eligibility requirements according to the applicable 2-LP.

**Representative Sample**

Representative sample means a composite sample that is representative of the entire quantity.

**Spot Check**

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

**Tie-In Bid**

Tie-in bid means the bidder makes the acceptance of 1 item's bid conditional upon the acceptance of another item being bid on in the same sale.

**Title to the Commodity**

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

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

### Transfer

Transfer means physically moving a quantity of the commodity pledged as collateral for an outstanding CCC loan, such as farm-to-warehouse transfers.

### Transferred Loan Quantity

Transferred loan quantity means the loan quantity liquidated from the originating farm- or warehouse-stored loan.

### Unapproved/Unlicensed Warehouses

Unapproved/unlicensed warehouses mean warehouses that are not CCC-approved or Federally or State licensed to store and issue negotiable warehouse receipts for commodities physically delivered or stored in the warehouses, such as but not limited to dairy, feedlot, pit, ethanol plant, feed mill, or wool pool.

### Unauthorized Disposition

Unauthorized disposition means converting any loan quantity pledged as collateral for a farm-stored loan without prior written authorization from COC and is considered a violation.

### Unauthorized Removal

Unauthorized removal means the movement of any farm-stored loan quantity from the storage structures in which the commodity was stored or structures that were designated when loan was approved to any other structure whether or not such structure is located on the producer's farm, without prior written authorization from COC and is considered a violation.

### Unshorn Pelt

Unshorn pelt means the removed skin and attached wool from a slaughtered lamb that has never been shorn.

## Example of CCC-601

The following is an example of CCC-601.

This form is available electronically.
**CCC-601**
(04-07-10)

*See Page 6 for Privacy Act Statement.*

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

### COMMODITY CREDIT CORPORATION
### NOTE AND SECURITY AGREEMENT TERMS AND CONDITIONS

**1. GENERAL.**

**(a) Definitions**. The following definitions shall apply to this form, CCC-601, and any appendix thereto.

**"Amount Due"** means that amount of the loan due CCC on the maturity date which is (A) the sum of: (1) the total loan amount; (2) any applicable charges; as determined by CCC and applicable interest as provided in the definitions found in this agreement, or (B) at CCC's discretion, an amount that is less than the sum of the amount of the loan principal plus charges and applicable interest.

**"CCC"** means the Commodity Credit Corporation.

**"Classification"** means the measurement results provided by the Agricultural Marketing Service of color grade, leaf, staple length, uniformity, extraneous matter and micronaire, and for upland cotton, strength.

**"Collateral"** means the kind, class, type, and quantity of the commodity which has been pledged by the producer as collateral for the satisfaction of the loan as identified in the Note. The collateral consists of (A) with respect to farm-stored loans, the entire quantity of the commodity which is stored as identified in the Note and any authorized replacement of such quantity; or (B) with respect to warehouse-stored loans, the commodity represented by the warehouse receipts identified in the Note and any required supporting documents.

**"Interest"** means for a CCC commodity loan disbursed by a U.S. Treasury issued check or by EFT, an amount calculated when repaid on a daily basis from the date of disbursement to, but not including, the second day before the date of repayment (7 CFR Part 1405).

**"Loan Service Fee"** means the service fee deducted at loan disbursement and is calculated as follows: (A) for wheat, feed grains, oilseeds, lentils, dry peas, chick peas, wool, mohair, peanuts, rice, and seed cotton, the smaller of ½ of 1 percent (.005) times the gross loan amount or $45 per loan plus $3 for each storage structure, warehouse receipt, rick or module, as applicable, over 1; (B) for ginned cotton, the smaller of ½ of 1 percent (.005) times the gross loan amount or $7.50 per loan plus 90 cents for each bale; (C) for sugar, $60 per loan; and (D) for distress loans, $45 per loan.

**"Note"** means any CCC Note and Security Agreement which by reference incorporates this form.

**"Regulations"** means the regulations in Title 7 of the Code of Federal Regulations which are applicable to the crop of the commodity described in the Note.

**"Schedules of Premiums and Discounts"** means the premiums and discounts established by CCC which are applicable to the grade or classification of the commodity as determined from the grading factors reflected on a: (A) warehouse receipt; (B) Federal Grain Inspection Service official grading certificate; (C) Agricultural Marketing Service Classification; or (D) Core test report from a CCC-approved testing facility. These premiums and discounts shall be used in the settlement of a nonrecourse loan if the producer does not repay the loan as required by the program regulations. Copies of the schedules of premiums and discounts are available in State or county Farm Service Agency offices.

**"Total Loan Amount"** means the amount so identified in the Note.

All other words and phrases shall have the meanings assigned to them in the regulations found at 7 CFR Parts 718, 1400, 1403, 1405, 1421, 1425, 1427, 1434 and 1435.

**(b) Joint and Several Liability**. Each producer signing the Note is jointly and severally liable for payment of the amount due. If a producer has granted another person the authority to act on behalf of the producer with respect to any, or all, of the provisions of this note, if the actions of such other person result in loss or damage to CCC, the producer and such person shall be jointly and severally liable for payment to reimburse CCC for each losses or damages.

**Example of CCC-601 (Continued)**



**(c) Notification**. Several of the terms and conditions of the Note require the producer to notify CCC of actions to be taken by the producer. Any such notification must be made by notifying a representative of CCC at the Farm Service Agency county office that prepared the Note. All notices which CCC must provide to the producer will be mailed to the producer at the address maintained by that office. The producer will be deemed to have received such notice upon deposit, as first class or priority mail, in the U.S. Mail.

**(d) Applicable Sections**. Except as may otherwise be stated herein: (i) Sections 1 through 3, 5 through 7 and 11 are applicable to all loans; (ii) Section 4 is only applicable to nonrecourse loans; (iii) Section 8 is only applicable to farm-stored nonrecourse loans; (iv) Section 9 is only applicable to warehouse-stored nonrecourse loans; (v) Section 10 is only applicable to recourse loans.

**(e) Applicable Regulations**. The Note evidences a CCC loan made in accordance with Title 7 of the Code of Federal Regulations. Applicable parts of Title 7 of the Code of Federal Regulations are incorporated by reference as a part of the Note.

**2. EQUAL OPPORTUNITY**. Participation in CCC Programs is open to all eligible applicants without regard to race, color, religion, national origin, age, sex, marital status, or disability.

**3. LOAN MATURITY**. The Note will mature at the earlier of the maturity date stated in the Note or any earlier date determined by CCC. If CCC makes demand for payment before the stated maturity date, the producer will be notified in writing of the accelerated maturity date.

**4. LIQUIDATION OF NONRECOURSE LOANS**. On or before the loan maturity date, the producer may repay the loan by paying the amount due. If the producer repays the loan at a rate less than the sum of the loan principal plus charges and interest, the producer must provide to CCC evidence of production of the commodity which had been pledged as collateral for the loan. In lieu of repayment of the amount due, the producer may, in accordance with Sections 8 and 9, deliver the collateral to CCC. In the case of farm-stored loans, the producer shall bear all expenses including receiving charges of the delivery of the collateral to the delivery point stated in the delivery instructions issued by CCC. The producer will pay to CCC any costs incurred by CCC if the producer fails to deliver the collateral in accordance with such instructions. All wool and mohair nonrecourse marketing assistance loans not repaid by the loan maturity date must be liquidated through local sales at the farm storage location within a 60-calendar day period at no storage expense to CCC. Any charges incurred by CCC as a result of the local sale will be paid by the producer.

**5. WAIVER OF PRESENTMENT**. The producer waives presentment for payment, demand, protest, notice of protest, and notice of non-payment of the Note.

**6. PRODUCER'S RESPONSIBILITY**.

**(a) General**. The producer must be in compliance with all applicable program requirements and must have beneficial interest in the commodity pledged as collateral for the loan.

**(b) Liens**. The producer must pledge commodities that are eligible for loan and that are free and clear of all liens including Federal and State tax liens, security interests, and other encumbrances. No additional liens or encumbrances shall be placed on the loan collateral after the loan is approved.

**(c) Movement of Collateral**. The producer will not move any collateral from the location stated in the Note without prior approval of CCC and then only in accordance with instructions issued by CCC or provisions of CCC-699C, Cotton Transfer Agreement. If such movement is not completed as instructed by CCC or the collateral is disposed of, either CCC may at its discretion accelerate the loan maturity date, assess liquidated damages as specified in Section 6(g), and take other administrative actions, as determined appropriate by CCC, including denial of future loans.

**(d) Access to Collateral**. The producer will allow CCC to enter the premises and inspect the collateral. In the case of high moisture collateral stored in oxygen-limiting structures, the producer must open the facility when requested by CCC to permit inspection of the collateral. If safe access to the collateral is not provided or if the inspection cap on the facility is not opened to permit visual inspection of the collateral, the loan maturity date may be accelerated.

## Example of CCC-601 (Continued)



**(e) Certification**. The producer must provide an accurate certification of the quantity of the commodity to be pledged as collateral for a loan. If CCC determines that the producer has filed an incorrect certification of such eligible quantity, CCC may at its discretion accelerate the loan maturity date, assess liquidated damages, as specified in Section 6(g), and take other administrative actions, as determined by CCC, including denial of future loans.

**(f) Loss or Damaged Loan Collateral**. The producer is responsible for any loss in quantity or quality of the commodity pledged as collateral for a farm-stored or warehouse-stored loan. CCC shall not assume any loss in quantity or quality of the loan collateral regardless of where stored.

**(g) Liquidated Damages**. If CCC determines that the producer has violated provisions of Sections 6(c), 6(e), or 7(a), liquidated damages may be assessed on the quantity of the commodity which is involved in the violation. For each violation, CCC will review the actions of the producer to determine if the producer acted in good faith to comply with such provisions.

(i) For producers determined to have violated provisions of Section 6(c) and if CCC determines that the producer acted in good faith, liquidated damages may be assessed by multiplying the quantity involved in the violation by 10 percent of the loan rate. The producer shall pay such liquidated damage penalties plus the lesser of (1) the principal amount of the loan and charges plus interest, (2) CCC determined value on the date the violation occurred plus 15 percent of the applicable loan rate with respect to the quantity involved in the violation within 30 days of notification by CCC, or CCC will call the loan involved in the violation and require full payment at principal and charges plus interest. For honey, the producer shall pay the principal amount of the loan and charges plus interest.

(ii) For producers determined to have violated provisions of Section 6(e) or 7(a), and if CCC determines the producer acted in good faith, liquidated damages maybe assessed by multiplying the quantity involved in the violation by 10 percent of the loan rate. The producer shall pay such liquidated damages plus the principal amount of the loan and charges plus interest with respect to the quantity involved in the violation, within 30 days of notification by CCC, or CCC will call the loan involved in the violation.

(iii) If CCC determines that the producer did not act in good faith with regard to the violation, or for cases other than the first or second offense, CCC will call the loan involved in the violation and may assess liquidated damages computed by multiplying the quantity involved in the violation by 10 percent of the loan rate. The producer shall pay such liquidated damages plus the principal amount of the loan and charges plus interest.

**(h) Delinquent Federal Nontax Debt**. If it is discovered that a producer incorrectly certified to the DCIA question, the producer will be notified that the loan must be repaid at principal and interest immediately.

If a producer receives a loan and it is later discovered that the producer has a delinquent Federal nontax debt, the producer will be notified that the delinquent Federal nontax debt must be resolved before the final loan availability date for the applicable commodity. If the delinquent Federal nontax debt is not resolved before the final loan availability date, the producer must repay the loan at principal plus interest.

**(i) Certification for Contracts, Grants, Loans and Cooperative Agreements.** If it is discovered that a producer did not comply with lobbying disclosure requirements (31 U.S.C. 1352), applicants for and recipients of :1) A Federal loan exceeding $150,000; or 2) A Federal contract, grant, or cooperative agreement payment exceeding $100,000 must file, with the disbursing office a SF-LLL if they have or will use monies received for lobbying purposes. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

**(j) Miscellaneous Charges**. Miscellaneous charges, such as but not limited to storage and receiving are the sole responsibility of the producer requesting the MAL or commodity loan.

**7. LIABILITY OF PRODUCER.**

**(a) Fraud or Conversion**. If the producer has made a fraudulent representation in obtaining the loan or has engaged in or aided in the conversion of the collateral, the producer will be liable for the amount of the loan, for any additional amounts paid to the producer, and for all costs which CCC would not have incurred had it not been for the fraudulent representation or conversion, plus interest on such amounts. In addition, CCC may assess liquidated damages, as specified in Section 6(g), and take other administrative actions, as determined by CCC, including denial of future farm-stored loans.

## Example of CCC-601 (Continued)



**(b) Poisonous Substances and Contamination**. The producer will be liable for any damage resulting from tendering to CCC any commodity, whether or not accepted by CCC, containing mercurial compounds, toxin producing molds or other substances poisonous to humans or animals.

**(c) Over-disbursement or Under-collection**. If the amount disbursed under the Note exceeds the amount authorized by the applicable regulations or a repayment made by the producer is insufficient to repay the amount due, the producer will be liable for repayment of such amounts and charges, if any, plus interest.

**(d) Claims**. If the producer fails to settle the loan within 30 calendar days from the maturity date of the loan, or such other date as CCC may agree to, a claim for the amount due will be established in accordance with applicable statutes and regulations.

**(e) Ineligible Commodities**. If at any time CCC determines that the commodity pledged as collateral is ineligible to be pledged as collateral for the loan, the producer shall be liable for the amount of the loan or if the producer repaid the loan at a rate less than the sum of the loan principal plus charges and interest for the ineligible quantity, the producer must repay to CCC the difference between such sum and the repayment amount, plus interest on such amounts. If the producer has received credit from CCC for storage, such amount must also be repaid. Ineligible commodities may not be delivered to CCC in satisfaction of the amount due, except as may be determined by CCC. If CCC allows the producer to deliver the commodity to CCC in satisfaction of the amount due, the value of the commodity shall be determined as specified by either Section 8(b) or 9(c).

**8. FARM-STORED NONRECOURSE LOANS.**

**(a) General**. This section is applicable to a loan made with respect to collateral stored in CCC-approved storage under the control of the producer and not in a public warehouse.

**(b) Settlement**. (i) If the producer elects to deliver the collateral to CCC in satisfaction of the amount due in accordance with Section 4, CCC will not accept delivery of any quantity of commodity in excess of 110 percent of the eligible outstanding loan quantity, at time of settlement, as determined by CCC. If a quantity in excess of the eligible quantity is included on the warehouse receipt tendered to CCC for such delivery, the producer shall provide for the correction of such warehouse receipt and other applicable documents. If the producer does not take action to correct such warehouse receipt, CCC shall provide for such corrected documents and any charges incurred by CCC shall be for the account of the producer. The collateral shall be delivered in bulk form except as determined by CCC. If the loan collateral is delivered to CCC in satisfaction of the amount due, in accordance with Section 4, the value of the collateral for purposes of settlement will be determined using the applicable schedules of premiums and discounts on the basis of the quality of the collateral for the quantity which is delivered to CCC. (ii) Settlement of corn is collateral will be made on a shelled corn basis. (iii) If the value of the collateral at settlement is less than the amount due because of any loss in quantity or quality of the collateral, the producer will pay to CCC the amount of such deficiency and charges, plus interest on such deficiency from the date of disbursement. (iv) If the value of the collateral at or subsequent to the time of settlement is greater than the amount due, CCC will retain such excess and will not pay such amount to any party. (v) If at any time prior to the maturity date of the loan the collateral can no longer be properly stored due to deterioration or for any other reason, the producer may authorize CCC to sell such collateral on behalf of the producer. (vi) Title to the collateral will vest in CCC only after delivery of the collateral to CCC in accordance with Section 4.

**9. WAREHOUSE-STORED NONRECOURSE LOANS.**

**(a) General**. This section is applicable to a loan that has been made with respect to eligible commodities pledged as loan collateral which is stored in a warehouse approved by CCC.

**(b) Rights of CCC**. At any time prior to the date CCC takes title to the collateral or the date the producer redeems such collateral, in order to protect its interest, CCC may move the collateral from one storage location to another storage location, take actions to protect or determine the quality of the collateral, or accelerate the maturity date of such loan. Any charges incurred by CCC as the result of such actions will be paid by the party redeeming such collateral.

**(c) Settlement**. (i) If the producer elects to forfeit the collateral in satisfaction of the amount due in accordance with Section 4, the value of the collateral for purposes of settlement will be determined using the applicable schedules of premiums and discounts on the basis of the weight, grade, and other quality factors stated on the warehouse receipt or supporting documents. (ii) If the value of the collateral at or subsequent to the time of settlement is less than the amount due, the producer will pay to CCC the sum of the amount of such deficiency plus charges, and interest which has accrued on such deficiency from the date of disbursement. (iii) If the value of the collateral at settlement is greater than the amount due, CCC will retain such excess and will not pay such amount to any party. (iv) Title to the collateral will vest in CCC on the day following the loan maturity date. (v) CCC may elect to calculate such settlement values based on the net weight, good

## Example of CCC-601 (Continued)



condition, and classification as reflected on the warehouse receipt delivered to CCC, whether such receipt is the receipt issued by the original storing warehouse and presented for calculating the loan amount or a receipt issued by a subsequent warehouse due to the transfer of such commodity while pledged as collateral for a CCC loan.

**(d) Cotton Loan Redemptions and Settlement**. (i) The amount by which an upland cotton loan repayment value may be reduced for the value of storage charges during the period of the loan shall be zero for any period the cotton is stored outside and shall otherwise be calculated based on the maximum payment rate determined for the warehouse and announced by CCC. Cotton shall be considered by CCC to be stored outside if it is stored outside any time during the period of the loan exceeding the 15-day period that starts with the first day the warehouse is notified the cotton is pledged as collateral for a CCC loan. (ii) If the producer elects to forfeit either upland cotton or ELS cotton loan collateral to CCC in satisfaction of the amount due in accordance with Section 1(a), the producer shall pay to CCC: (at rates that are specified in the storage agreement between the warehouse where the cotton is stored and CCC) (1) all warehouse storage charges associated with the forfeited cotton that accrued before the cotton was pledged as collateral for the loan; (2) any accrued warehouse receiving charges associated with the forfeited cotton, including, if applicable, charges for new bale ties, unpaid warehouse compression, or other charges as may be levied by the storing warehouse; and (3) Warehouse storage charges for periods of outside storage or charges that exceed the maximum storage credit rates for the loan period paid by CCC to the warehouse.

**(e) Transfer of CCC Upland or ELS Cotton or Peanut Loan Collateral**. Collateral for an upland or ELS cotton or peanut marketing assistance loan may be transferred from a CCC-approved warehouse to another CCC-approved warehouse if CCC holds as security for the loan a warehouse receipt with respect to such commodity and the following terms and conditions of this subsection are met. (i) The producer may grant authorization to transfer loan collateral only to the agent designated andauthorized by the producer to redeem all or a portion of the loan collateral. Any authorization to transfer loan collateral granted by the producer may be transferred by such agent of the producer to a subsequent agent as provided by the terms of applicable CCC forms. A producer is not obligated by CCC to grant authorization to transfer loan collateral as a condition of designating and authorizing any agent to redeem from loan all or a portion of the loan commodity. (ii) CCC will calculate any loan redemption for transferred cotton based on the credits, and charges with respect to the shipping warehouse under the transfer authorization. If a producer delivers transferred cotton to CCC in satisfaction of a loan obligation, CCC will settle such collateral delivery based on the charges effective at the receiving warehouse plus any unpaid charges at the shipping warehouse. (iii) As a condition for CCC to approve the transfer of cotton loan collateral, the requestor of a transfer, whether such requestor is the producer, or the producer's agent, must agree to pay all charges that may result from such transfer or intended transfer and be responsible for all losses of quantity or quality that result from the transfer. Despite any such agreement, the producer is responsible for any charges associated with the transfer of CCC cotton loan collateral including those that are not paid by any agent, or subsequent agent, the producer authorized to request such a transfer and who agreed to pay such charges. All such unpaid charges are for the account of the producer and shall not be charged to the outstanding balance of the loan obligation. CCC will not assume any liability for any charge associated with the transfer of any cotton loan collateral. (iv) The producer is responsible to CCC for all losses of quantity or quality associated with the transfer of CCC cotton loan collateral including unpaid losses on transfers made at the request of an agent of the producer even if the agent had agreed to pay such charges. CCC does not assume any loss in quantity or quality resulting from transfer of the loan collateral. (v) If at any time prior to the maturity date of the loan the collateral can no longer be properly stored due to deterioration or for any other reason, the producer may authorize CCC to sell such collateral on behalf of the producer. (vi) Title to the collateral will vest in CCC only after delivery of the collateral to CCC in accordance with Section 4.

**10. RECOURSE LOANS.**

**(a) General**. CCC may make recourse loans available to eligible producers of high moisture corn, high moisture grain sorghum, seed cotton, and other commodities, as determined by CCC. If such loans are available, the producer is liable for the entire amount due and may not deliver the collateral to CCC in satisfaction of the amount due, except as may be determined by CCC.

**(b) Availability of Nonrecourse Loans**. In limited circumstances, CCC may allow the producer to pledge as collateral for a nonrecourse loan the commodity which has been previously pledged as collateral for a recourse loan. The maturity date for such loans shall be as determined by CCC. If this option is made available by CCC, the producer must immediately repay the entire amount due under the recourse loan.

**(c) High Moisture**. Producers of corn and grain sorghum who normally harvest all or a portion of their crop in a high moisture condition may obtain recourse loans from CCC. High moisture means moisture content in excess of: (i) for corn, 15.5 percent; and (ii) for grain sorghum, 14.0 percent. Producers of such high moisture commodities who deliver such commodities to a feedlot, feed mill, or commercial or on farm high moisture storage that does not meet CCC's requirements for approved storage may acquire, in the same county, a like quantity of such commodity to replace the applicable quantity of high moisture feed grains to obtain a loan. Such producers must: (i) complete the applicable CCC forms; and (ii) provide to

## Example of CCC-601 (Continued)



CCC: (A) certified scale tickets which adequately describe the commodity, the weight of the commodity and the moisture content of the commodity; or (B) if such scale tickets are not available, measurements of the high moisture feed grain made while the commodity was in the field or in storage. Such loans will be made on a quantity of feed grains of the same crop acquired by the producer equivalent to a quantity not to exceed the quantity determined by multiplying: (i) the acreage of the feed grain in a high moisture condition harvested on the producer's farm; by (ii) the lower of the farm program yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which such high moisture feed grains were obtained.

**(d) Seed Cotton**. The producer may, prior to the maturity date, with the written approval of CCC move seed cotton from the location where stored to a gin in order to gin such cotton and sell the cottonseed obtained therefrom. (i) If prior to the maturity date the amount due has not been paid, the producer will pay to CCC an amount equal to the proceeds obtained from the sale of the cottonseed and the lint cotton or, if a loan or loan deficiency payment is made by CCC with respect to the lint cotton, CCC will deduct the amount due from any such proceeds which are disbursed. (ii) If prior to the maturity date the amount due has not been paid or the collateral has not been ginned, the producer must, as instructed by CCC, move the collateral to a gin at the producer's expense. If the producer fails to move the collateral as instructed by CCC, CCC may enter the premises and remove, gin, and sell the collateral. Any proceeds from the sale of the collateral will be retained by CCC and applied to the amount due. (iii) If the amount due has not been paid and warehouse receipts have been issued with respect to lint cotton obtained from the collateral, the producer will deliver the receipts to CCC or allow CCC to obtain from any person such receipts. CCC may sell such cotton, if the amount due has not been paid by the maturity date.

**(e) Discretionary Loans**. Commodities which are pledged as collateral for a non-recourse loan as provided in Sections 8 and 9 but which are determined to be ineligible to be pledged as collateral for such a loan due to the quality of the commodity or other factors affecting value of the commodity; or the storage of the commodity is unapproved storage, may, at CCC's sole discretion, be pledged as collateral for a recourse loan.

**(f) Settlement**. (i) If CCC allows the producer to deliver to CCC in satisfaction of the amount due the quantity of the collateral which is described in the Note, the value of the collateral for purposes of settlement will be equal to the proceeds received from the sale or barter of the commodity. Title to the collateral will vest in CCC only after delivery of the collateral to CCC in accordance with Section 4. (ii) If the value of the collateral at settlement is less than the amount due, the producer will pay to CCC the amount of such deficiency plus charges, and applicable interest with respect to such deficiency from the date of disbursement. (iii) If the proceeds received from the sale or barter of the commodity are greater than the sum of the amount due plus any costs incurred by CCC in conducting the sale of the commodity, the amount of such excess will be paid to the producer or, if applicable, to any secured creditor of the producer.

**11. ADMINISTRATIVE AND JUDICIAL REVIEW**.

The producer may obtain an administrative hearing in accordance with 7 CFR Part 780 with respect to a dispute arising between CCC and the producer concerning the Note, and must exhaust such administrative remedy prior to initiating a judicial action in a court of competent jurisdiction.

**12. DISCLOSURE TO PRODUCERS.**

CCC, in its capacity as lien holder of collateral pledged commodities, may share non private information with potential buyers of these commodities. This information may include, but not be limited to, loan quantity and principal.

**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 Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to determine eligibility to sell, assign, or mortgage to CCC as collateral for payment any commodity as described in the terms and conditions on the applicable Note and Security Agreement form (e.g., CCC-677, CCC-678). The information collected on the Note and Security Agreement forms 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 of ineligibility for program benefits.*

*This 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 appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.*

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.*

***--Nonrecourse Farm-Stored Loans**

## A Nonrecourse Farm-Stored Loans Nearing, At, or After Maturity

The following provides actions for nonrecourse farm-stored loans nearing, at, or after maturity.

| IF the loan type is farm-stored nonrecourse, 45 calendar days before maturity, County Office shall… | THEN on the day after maturity for all loans still outstanding, County Office shall, if a warehouse to accept delivery is… | AND the subsequent action is… | Paragraph Reference |
|---|---|---|---|
| send the notification letter in subparagraph E to the producer according to paragraph 797 | **available**, prepare and send letter in subparagraph F and include CCC-691 for delivery regardless of whether CCC-681-1 has been issued<br><br>**Notes:** In APSS:<br>• compute the total principal and interest due on the day after maturity<br>• screen print the total amount due and retain in the loan folder.<br><br>Apply any repayments received from the producer to the loan. | **for warehouse delivery, if delivered** by the expiration date or extended expiration date of CCC-691, County Office shall:<br>• complete settlement in APSS<br>• immediately after settlement, transfer any balance due CCC from APSS using the "Transfer to Claims" option according to 12-PS<br>• establish a receivable in NRRS according to 64-FI to match the amount on the "Transfer to Claims Report"<br>• in NRRS, enter the following dates according to 64-FI:<br>  • date of subparagraph E letter as initial notification letter<br>  • date of subparagraph F letter as first demand letter<br>  **Note:** All subsequent letters for amounts due CCC from this point forward will be generated through NRRS and offsets will be taken from any payments due the producer.<br>• apply any collections from the producer to the receivable in NRRS. | 797, 800, 801 |

**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

## A Nonrecourse Farm-Stored Loans Nearing, At, or After Maturity (Continued)

| **IF the loan type is farm-stored nonrecourse, 45 calendar days before maturity County Office shall …** | **THEN on the day after maturity for all loans still outstanding, County Office shall, if a warehouse to accept delivery is …** | **AND the subsequent action is…** | **Paragraph Reference** |
|---|---|---|---|
| send the notification letter in subparagraph E to the producer according to paragraph 797 | **available**, prepare and send letter in subparagraph F and include CCC-691 for delivery regardless of whether CCC-681-1 has been issued<br><br>**Notes:** In APSS:<br>• compute the total principal and interest due on the day after maturity<br>• screen print the total amount due and retain in the loan folder.<br><br>Apply any repayments received from the producer to the loan. | **for warehouse delivery, not** delivered by the expiration date or extended expiration date of CCC-691, County Office shall:<br>• prepare and send foreclosure letter in subparagraph H<br>• begin foreclosure action 15 calendar days after the date foreclosure letter in subparagraph H is sent by arranging for trucks to haul the grain to the warehouse for delivery to CCC<br>• complete settlement in APSS including expenses incurred during delivery following foreclosure action<br>• after settlement, transfer any balance due CCC from APSS using the "Transfer to Claims" option according to 12-PS<br>• establish a receivable in NRRS according to 64-FI to match the amount on the "Transfer to Claims Report"<br>• in NRRS, enter the following dates according to 64-FI:<br>  • date of subparagraph E letter as initial notification letter<br>  • date of subparagraph F letter as first demand letter<br>  **Note:** All subsequent letters for amounts due CCC from this point forward will be generated through NRRS and offsets will be taken from any payments due the producer.<br>• deposit any collections from the producer to the receivable in NRRS.<br>**Note:** On the 31st day from date when letter in subparagraph F is sent even though CCC-691 has not expired, the County Office shall prepare and send producer the 2nd demand letter according to 58-FI. | 797, 801, 866 |

**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

## A Nonrecourse Farm-Stored Loans Nearing, At, or After Maturity (Continued)

| **IF the loan type is farm-stored nonrecourse, 45 calendar days before maturity County Office shall …** | **THEN on the day after maturity for all loans still outstanding, County Office shall…** | **AND the subsequent action is…** | **Paragraph Reference** |
|---|---|---|---|
| send the notification letter in subparagraph E to the producer according to paragraph 797 | • if a warehouse to accept delivery is **not available** or conditions in subparagraph 856 A are applicable:<br>• proceed with local sale following procedure in paragraphs 856 through 862<br>• prepare and send letter in subparagraph G<br>• in APSS:<br>  • compute the total principal and interest due on the day after maturity<br>  • screen print the total amount due and retain in the loan folder<br>• apply any repayments received from the producer to the loan. | for loans being settled as a local sale, County Office shall:<br>• proceed according to paragraphs 856 through 862<br>• deposit sales proceeds in NRRS according to 64-FI using program code "XXCOMMLOSA"<br>• complete settlement in APSS according to subparagraph 862 C using weight and grade information on CCC-691 adding any CCC incurred sales expenses.<br>When settlement has been completed in APSS, if a balance is owed CCC:<br>• transfer any balance due CCC from APSS using the "Transfer to Claims" option according to 12-PS<br>• establish a receivable in NRRS according to 64-FI to match the amount on the "Transfer to Claims Report"<br>  • date of subparagraph E letter as initial notification letter<br>  • date of subparagraph G letter as first demand letter<br>  **Note:** All subsequent letters for amounts due CCC from this point forward will be generated through NRRS and offsets will be taken from any payments due the producer.<br>• apply any collections from the producer to the receivable in NRRS.<br>**Note:** On the 31st day from date when letter in subparagraph G is sent even though the bid process for the local sale has not concluded, the County Office shall prepare and send 2nd demand letter according to 58-FI. | 797, 800, 856-862 |

**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

## B Example 1, Warehouse is Available to Take Delivery

Nonrecourse loan for 1,000 bu. of corn matures on August 31, 20xx.

The following is an example of the steps to be followed for nonrecourse farm-stored loans nearing, at, or after maturity.

| Step | Date | Action |
|---|---|---|
| 1 | July 16, 20xx | County Office shall prepare and send the 45 calendar day notification letter in subparagraph E to producer. |
| 2 | August 31, 20xx | Loan matures. |
| 3 | September 1, 20xx | Day after loan maturity and loan is outstanding.<br><br>County Office shall prepare and send demand letter in subparagraph F with CCC-691, regardless of whether CCC-681-1 has been issued and has not expired, giving producer 15 calendar days to deliver commodity.<br><br>In APSS, County Office shall:<br><br>• compute the total principal and interest due on the day after maturity<br>• screen print the total amount due and retain in the loan folder. |
| 4 | September 14, 20xx | County Office will:<br><br>• receive CCC-691 from warehouse with delivery information and warehouse receipt<br><br>• complete settlement in APSS according to procedure and 12-PS, including issuance of additional payment, if applicable<br><br>• transfer any balances due CCC from APSS using the “Transfer to Claims” option according to 12-PS<br><br>• establish a receivable in NRRS according to 64-FI to match the amount on the “Transfer to Claims Report”<br><br>**Note:** All applicable demand letters from this point forward will be generated through NRRS and offsets will be taken from any payments due the producer.<br><br>• enter, according to 64-FI, the dates of letter in subparagraph E as initial notification letter and letter in subparagraph F as first demand letter<br><br>• apply any collections for amount s owed from the producer to the receivable in NRRS. |

**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

**C Example 2, Warehouse Available to Take Delivery but Not Delivered by Expiration Date**

Nonrecourse loan for 1,000 bu. of corn matures on August 31, 20xx.

The following is an example of the steps to be followed for nonrecourse farm-stored loans nearing, at or after maturity.

| Step | Date | Action |
|---|---|---|
| 1 | July 16, 20xx | County Office shall prepare and send 45 calendar day notification letter in subparagraph E to producer. |
| 2 | August 31, 20xx | Loan matures. |
| 3 | September 1, 20xx | Day after loan maturity and loan is outstanding.<br><br>County Office shall prepare and send demand letter in subparagraph F with CCC-691, regardless of whether CCC-681-1 has been issued and has not expired, giving 15 calendar days to deliver commodity.<br><br>In APSS, County Office shall:<br><br>• compute the total principal and interest due on the day after maturity<br>• screen print the total amount due and retain in the loan folder. |
| 4 | September 16, 20xx | Producer requests in writing additional time to deliver commodity to warehouse. He is hauling commodity in himself, has 1 load delivered and is having equipment problems. The expiration date of CCC-691 is extended another 15 calendar days to October 1, 20xx. |
| 5 | October 1, 20xx | Extended expiration date of CCC-691. |
| 6 | October 2, 20xx | County Office shall:<br><br>• contact warehouse and inquires to status of delivery and is told that producer has only delivered the one load or 400 bu.<br><br>• contact producer and is told that he just has not had time to finish delivery<br><br>• prepare and send:<br><br>  • foreclosure letter in subparagraph H giving producer 15 calendar days to repay or complete delivery<br><br>  • 2nd demand letter according to 58-FI. |

**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

**C Example 2, Warehouse Available to Take Delivery but Not Delivered by Expiration Date. (Continued)**

| Step | Date | Action |
|---|---|---|
| 7 | October 17, 20xx | Loan is outstanding and no additional delivery has occurred.<br><br>County Office will make arrangements to haul remaining commodity from the farm to warehouse for delivery to CCC. |
| 8 | October 27, 20xx | Commodity hauled to warehouse by CCC arranged trucks. |
| 9 | November 2, 20xx | County Office will:<br><br>• receive CCC-691 from warehouse with delivery information and warehouse receipt<br><br>• receive bill for trucking<br><br>• complete settlement in APSS according to procedure and 12-PS and includes trucking expense<br><br>• transfer any balances due CCC from APSS using the "Transfer to Claims" option according to 12-PS<br><br>• establish a receivable in NRRS according to 64-FI to match the amount on the "Transfer to Claims Report"<br><br>**Note:** All applicable demand letters from this point forward will be generated through NRRS and offsets will be taken from any payments due the producer.<br><br>• enter, according to 64-FI, the dates of letter E as initial notification letter and letter F as first demand letter<br><br>• apply any collections from the producer to the receivable in NRRS. |

**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

**D Example 3, CCC is Unable to Find a Warehouse to Take Commodity as Delivery to CCC or Conditions in Subparagraph 856 A are Applicable**

Nonrecourse loan for 1,000 bu. of corn matures on August 31, 20xx.

The following is an example of the steps to be followed for nonrecourse farm-stored loans nearing, at, or after maturity.

| Step | Date | Action |
|---|---|---|
| 1 | July 16, 20xx | County Office shall prepare and send the 45 calendar day notification letter in subparagraph E to producer. |
| 2 | August 31, 20xx | Loan matures. |
| 3 | September 1, 20xx | Day after loan maturity and loan is outstanding. CCC is unable to find a local warehouse willing to take the commodity as a delivery to CCC and it is not cost effective to pay excess haul. Loan must be settled through local sales if not repaid by producer.<br><br>After receiving authorization from the State Office to settle loan as a local sale, County Office shall prepare and send demand letter in subparagraph G giving producer 15 calendar days to repay before announcing the local sale.<br><br>In APSS, County Office shall:<br><br>• compute the total principal and interest due on the first day after maturity<br>• screen print the total amount due and retain in the loan folder. |
| 4 | September 16, 20xx | Loan is outstanding.<br><br>County Office shall announce the sale of the commodity and give bidders 15 calendar days to submit their bids. |
| 5 | October 1, 20xx | Fifteen day bid acceptance period ends at COB. |
| 6 | October 2, 20xx | Loan is outstanding.<br><br>County Office shall:<br><br>• open bids and record on CCC-639<br><br>• request and receive verbal State Office approval of final bid<br><br>**Note:** State Office shall follow-up with written approval of final bid within 3 calendar days after verbal approval is given.<br><br>• notify successful bidder of bid acceptance and give 15 calendar days to pay for commodity and remove per sales announcement<br><br>• issue CCC-691 to borrower directing delivery to the purchaser F.O.B., purchaser's conveyance at the storage location. |

**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

**D Example 3, CCC is Unable to Find a Warehouse to Take Commodity as Delivery to CCC or Conditions in Subparagraph 856 A are Applicable (Continued)**

| Step | Date | Action |
|---|---|---|
| 7 | October 14, 20xx | County Office shall:<br>• make arrangements with producer and buyer for the transfer of the commodity<br>• supervise the delivery<br>• make arrangements for the commodity to be weighed as hauled to determine exact quantity<br>• draw a representative sample for initial grade determination by a licensed grading laboratory.<br>Successful buyer shall pay for the commodity:<br>• immediately after commodity is moved and weighed but within 15 calendar days after notification of successful bid<br>• by check, certified check, or money order; other methods may be approved by CED.<br>County Office shall deposit buyers check in NRRS using program code "XXCOMMLOSA" according to 64-FI.<br>**Note:** Do **not** apply the sales proceeds to the loan principal. Settlement is completed without regard to the sales proceeds received from the buyer. |

**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

## D Example 3, CCC is Unable to Find a Warehouse to Take Commodity as Delivery to CCC or Conditions in Subparagraph 856 A are Applicable (Continued)

| Step | Date | Action |
|---|---|---|
| 8 | October 18, 20xx | County Office shall:<br><br>• enter the weight, grade, and local sales information on CCC-691, Part B<br><br>• enter all CCC incurred sales expenses associated with the local sale<br><br>• complete settlement in APSS based on weights and grading factors and **not** sales proceeds received from the buyer<br><br>• transfer any balance due CCC from APSS using the "Transfer to Claims" option according to 12-PS<br><br>• establish a receivable in NRRS according to 64-FI, to match the amount on the "Transfer to Claims Report"<br><br>**Note:** All applicable demand letters from this point forward will be generated through NRRS and offsets will be taken from any payments due the producer.<br><br>• enter, according to 64-FI, the dates of letter E as initial notification letter and letter G as first demand letter according to 64-FI<br><br>• apply any collections from the producer to the receivable in NRRS. |

**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

## E Farm-Stored Nonrecourse Loan 45 Calendar Day Maturity Notification Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE
TELEPHONE

**(Date)**

Producer's Name
Address
City, State, Zip Code

Dear (**Producer's Name)**:

This is to notify you that your (**crop year, commodity**) farm-stored loan (**loan number**) will mature on (**maturity date**).

You may repay the loan on or before the loan maturity date. The principal and charges, plus interest, are due and payable on or before (**maturity date**) with check, certified check or money order. Interest will continue to accrue until the amount due is repaid. If applicable, posted county price repayments are only allowed on collateral either repaid by maturity or delivered to buyer under an approved marketing authorization by the loan maturity date.

On the day after maturity, title to the unredeemed collateral shall be transferred to Commodity Credit Corporation (CCC) upon demand and the commodity shall be delivered to CCC. Delivery instructions on CCC-691, Commodity Delivery Notice, will be issued on the first day after loan maturity if the loan is not repaid by the maturity date. If after delivery of the commodity to CCC there is an amount due, a receivable will be established.

CCC will initiate foreclosure proceedings if:

- principal and charges, plus interest, are not repaid within 30 calendar days after maturity

- delivery of the loan collateral to CCC is not completed by the expiration date or extended expiration of CCC-691 sent the day after maturity

If this debt is not resolved, this agency reserves the right to use all additional collection actions available to recover the debt. The debt may be collected by internal administrative offset from any CCC or Farm Service Agency payments that may be due you. Additional action that may be taken to recover the debt include the assessment of late payment interest, administrative costs, and penalties; administrative wage garnishment; collecting the debt by offset of any eligible federal and state payments, including any income tax refunds; referring the debt for litigation (if collection administratively is unsuccessful); and reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged. Once your debt is more than 180 days delinquent, we are required to refer the debt to the Department of Treasury for collection.

You may contact this office to review records related to this debt or to receive an explanation of the debt. You may also obtain a copy of records, subject to a copying charge.

**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

## E Farm-Stored Nonrecourse Loan 45 Calendar Day Maturity Notification Letter (Continued)

Our records do not reflect that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify us so that we may update our records and proceed to resolve this debt in accordance with bankruptcy procedures.

Please indicate your intentions on the enclosed sheet, sign, date, and return to the address shown above on or before (**maturity date**).

Sincerely,

County Executive Director
_____ County FSA Office

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**Producers Name** _____

**Loan Number** _____

**Crop Year** _____

**Commodity** _____

**Maturity Date** _____

I INTEND TO DO THE FOLLOWING WITH THE LOAN IDENTIFIED ABOVE (circle one):

1. REPAY WITH CHECK, CERTIFIED CHECK OR MONEY ORDER
2. DELIVER THE ELIGIBLE COMMODITY TO CCC AFTER MATURITY

_____
(Producer's Signature) (Date)

**Please return this intention by (Maturity date).**

**Mail to: (County Name) County FSA Office**
**(Mailing Address)**
**(City, State, ZIP Code)**

**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

## F Farm-Stored Nonrecourse Loan 1st Demand Letter With Delivery to CCC

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE
TELEPHONE

**(Date)**

Producer's Name
Address
City, State, Zip Code

Dear (**Producer's Name)**:

You were notified on (**date of loan maturity notification letter**) that your (**yea**r)-crop (**commodity type**) loan (**number**) would be due and payable on or before (**maturity date**). The loan has matured and the debt has not been repaid. Commodity Delivery Notice, CCC-691, which includes delivery instructions, is enclosed. Delivery of the commodity **must be completed** by the final date to deliver as shown on the enclosed CCC-691. You should immediately contact this office if the delivery will be delayed. Interest will continue to accrue until the amount due is repaid.

The following apply if the principal and charges plus interest, $_____ as of the date of this letter, are not repaid within 30 calendar days from the date of this letter **or** delivery of the loan collateral to Commodity Credit Corporation (CCC) is not completed by the expiration date or extended expiration date of the enclosed CCC-691:

- foreclosure proceedings will begin and CCC will take actions to remove the entire loan quantity. You will be responsible for any expenses incurred by CCC in the delivery of the commodity
- the amount due will be recorded for offset from any Farm Service Agency (FSA) or CCC payments due you
- the amount due may be reported to other Federal Agencies for offset from any amounts due you.

If you chose to deliver your commodity to CCC instead of repaying the loan amount due, after delivery to CCC has been completed under the enclosed CCC-691:

- the loan will be settled based on the loan rate and adjusted for any applicable premiums and discounts
- any amounts owed CCC will be transferred to FSA's receivable system, payment will be requested, and may also be reported to other Federal Agencies for offset from any amounts that may be due you
- late payment interest, based on the rate established by the Department of Treasury, will be applied to your receivable on a daily basis from the date of this letter until the receivable is paid in full. FSA/CCC will waive late payment interest on your receivable that is paid in the next 30 calendar days.

If payment in full is not made within 90 calendar days from the date of this letter, an additional 3 percent interest shall be assessed on the unpaid balance of the receivable retroactively from the date of this letter.

Because this receivable may be collected by offset of your federal income tax refunds, you may present, within 60 calendar days from the date of this letter, evidence that all or part of the receivable is not past due or legally enforceable. To do so, please submit to this office a written explanation of your position that the receivable or part of the receivable is not past due or legally enforceable, and include documentation to support your position.

**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

## F Farm-Stored Nonrecourse Loan 1st Demand Letter With Delivery to CCC (Continued)

Under Federal law and regulations, the following additional actions may be taken by the United States Department of Agriculture and the Department of the Treasury to collect delinquent receivables:

- assessment of interest, administrative costs, and penalties
- administrative garnishment of wages
- offset of CCC and FSA payments
- referral of the receivable to Treasury for offset from any Federal payments after 180 days
- reporting of the receivable to credit reporting agencies
- reporting the receivable to private collection agencies by Treasury designated collection centers
- referral of the receivable to agency counsel or the Department of Justice for litigation
- reporting of the receivable to the Internal Revenue Service if any part of the debt is discharged.

If this receivable is not resolved, you may be ineligible for additional financial assistance in the form of loans, loan guarantees, or mortgage insurance through USDA's Rural Development.

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

You may contact this office to review records related to this debt or to receive an explanation of the debt. You may obtain a copy of the records, subject to a copying charge.

Our records do not reflect that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify us so that we may update our records and proceed to resolve this debt in accordance with bankruptcy procedures.

Please contact this office at (**telephone number**) if you have any questions. We want to work with you to resolve this debt.

Sincerely,

County Executive Director
_____ County FSA Office

USDA is an Equal Opportunity Provider and Employer

**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

## G Farm-Stored Nonrecourse Loan 1st Demand Letter - Local Sale

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE
TELEPHONE

**(Date)**

Producer's Name
Address
City, State, Zip Code

Dear (**Producer's Name)**:

You were notified on (**date of loan maturity notification letter**) that your (**yea**r)-crop (**commodity type**) loan (**number**) would be due and payable on or before (**maturity date**). The loan has matured and has not been repaid.

Commodity Credit Corporation (CCC) has been unable to find a warehouse authorized to accept your (**commodity**) as a delivery to CCC. Because of this, CCC will settle your loan through our local sales provisions.

You may still repay your loan in full at principal and charges plus interest, $_____ as of the date of this letter, at any time before CCC accepts the highest bid offered under the local sale.

Under local sales provisions, CCC will:

- in 15 calendar days, announce the sale of your commodity on an "as is where is" basis where the buyer takes control of the commodity at the storage location and is responsible for all handling and transport to remove the commodity from the storage facility
- accept sealed bids at the County Office for 15 calendar days after the sale is announced
- accept the highest bid.

The highest bidder must:

- remove the commodity at their own expense
- have the commodity weighed
- pay CCC the agreed upon price within 15 workdays after the date of sale or immediately after removal.

CCC shall obtain an official grade determination on the commodity from a licensed grading laboratory to use in settling the loan.

**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

## G Farm-Stored Nonrecourse Loan 1st Demand Letter - Local Sale (Continued)

After the local sale has been completed:

- CCC will settle your loan based on the loan rate, adjusted for premiums and discounts from the official grade and the quantity determined from the weight. The sales proceeds will not be a factor in the loan settlement.

- any amounts you owe CCC will be transferred to Farm Service Agency's (FSA) receivable system, and payment will be requested. Also, any amounts not paid may be reported to other Federal Agencies for offset from any other program amounts that may be due you

- late payment interest, based on the rate established by the Department of Treasury, will be applied to your receivable on a daily basis from the date of this letter until the receivable is paid in full. FSA/CCC will waive late payment interest on your receivable that is paid in the next 30 calendar days.

If payment in full is not made within 90 calendar days from the date of this letter, an additional 3 percent interest shall be assessed on the unpaid balance of the receivable retroactively from the date of this letter.

Because this receivable may be collected by offset from your federal income tax refunds, you may wish to present, within 60 calendar days from the date of this letter, evidence to CCC that all or part of the debt is not past due or legally enforceable. To do so, please submit to this office a written explanation of your position that the debt or part of the debt is not past due or legally enforceable, and include documentation to support your position.

Under Federal law and regulations, the following additional actions may be taken by the United States Department of Agriculture and the Department of the Treasury to collect delinquent receivables:

- assessment of interest, administrative costs, and penalties
- administrative garnishment of wages
- offset of CCC and FSA payments
- referral of the receivable to Treasury for offset from any Federal payments after 180 days
- reporting of the receivable to credit reporting agencies
- reporting the receivable to private collection agencies by Treasury designated collection centers
- referral of the receivable to agency counsel or the Department of Justice for litigation
- reporting of the receivable to the Internal Revenue Service if any part of the debt is discharged.

If this debt is not resolved, you may be ineligible for additional financial assistance in the form of loans, loan guarantees, or mortgage insurance through USDA's Rural Development.

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

You may contact this office to review records related to this debt or to receive an explanation of the debt. You may obtain a copy of the records, subject to a copying charge.

**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

## G Farm-Stored Nonrecourse Loan 1st Demand Letter - Local Sale (Continued)

Our records do not reflect that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify us so that we may update our records and proceed to resolve this debt in accordance with bankruptcy procedures.

Please contact this office at (**telephone number**) if you have any questions. We want to work with you to resolve this debt.

Sincerely,

County Executive Director
_____ County FSA Office

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**--***

***--Nonrecourse Farm-Stored Loans (Continued)**

## H Farm-Stored Nonrecourse Loan Foreclosure Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE
TELEPHONE

**(Date)**

Producer's Name
Address
City, State, Zip Code

Dear (**Producer's Name)**:

This concerns (**year**) crop (**commodity**) loan which matured on (**date**). You have not liquidated this loan by repayment or delivery of the collateral as advised in our letter to you dated (**date of 1st demand letter**).

Because settlement has not been completed, Commodity Credit Corporation (CCC) will start foreclosure action. CCC may, to the extent permitted by law, enter your farm premises and remove the entire loan quantity. We will arrange for trucks to haul the grain. The settlement will be based on the loan rate adjusted for premiums and discounts, not the market value of the commodity. You will be charged for all expenses associated with the taking possession of and delivery of the commodity.

If you do not settle the loan promptly, you may also be jeopardizing your right to future farm-stored loans.

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

You may contact this office to review records related to this debt or to receive an explanation of the debt. You may obtain a copy of the records, subject to a copying charge.

Please contact this office immediately for the current repayment amount or questions regarding this debt.

If your loan is not repaid within 15 calendar days of the date of this letter, CCC will begin arranging for trucks to deliver your commodity to CCC.

Sincerely,

County Executive Director
_____ County FSA Office

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**--***

***--Nonrecourse Warehouse-Stored Loans**

## A Nonrecourse Warehouse-Stored Loans Nearing, At, or After Maturity

The following provides actions for nonrecourse warehouse-stored loans nearing, at, or after maturity.

| **IF the loan type is warehouse, 45 calendar days before maturity, County Office shall send the notification letter…** | **THEN on the first day after maturity for loans still outstanding, County Office shall…** | **AND the subsequent action is…** | **Paragraph Reference** |
|---|---|---|---|
| subparagraph C of this exhibit according to paragraph 797 | forfeit to CCC the warehouse receipts securing the loan according to 12-PS and PS directives | County Offices shall immediately, if an amount is due CCC:<br>• transfer any balance due CCC from APSS using the "Transfer to Claims" option in 12-PS<br>• establish a receivable in NRRS according to 64-FI to match the amount on the "Transfer to Claims Report"<br>• enter the dates of the letter in subparagraph C as initial notification letter according to 64-FI<br>• apply any repayments from the producer to the receivable in NRRS.<br>**Note:** NRRS will send all applicable demand letters for amount due CCC and offsets will be taken from any payments due the producer and applied to the receivable. | 797, 900 |

**--***

***--Nonrecourse Warehouse-Stored Loans (Continued)**

**B Example of Nonrecourse Warehouse-Stored Loans at Maturity**

Nonrecourse warehouse-stored loan for 1,000 bu. of corn matures on August 31, 20xx.

The following is an example of the steps County Offices must follow for nonrecourse warehouse-stored loans nearing, at, and after maturity.

| Step | Date | Action |
|---|---|---|
| 1 | July 16, 20xx | County Office shall send 45 calendar day notification letter in subparagraph C to producer. |
| 2 | August 31, 20xx | Loan matures. |
| 3 | September 1, 20xx | Day after loan maturity and loan is outstanding.<br><br>County Office shall process forfeiture according to 12-PS and current PS directives.<br><br>If CCC is owed, County Office shall:<br><br>• transfer loan from APSS using "Transfer to Claims" option according to 12-PS<br><br>• establish a receivable in NRRS according to 64-FI to match the amount on the "Transfer to Claims Report"<br><br>• follow 64-FI to enter the date letter in subparagraph C, the initial notification letter, was sent. |
| 4 | | NRRS shall:<br><br>• send all subsequent demand letters for amount due CCC<br><br>• automatically offset any payments due the producer and apply to receivable<br><br>• continue to service the receivable until paid in full<br><br>• refer debt to TOP when 180 calendar days delinquent.<br><br>**Note:** County Office shall apply any payments from the producer to the receivable established in NRRS. |

**--***

***--Nonrecourse Warehouse-Stored Loans (Continued)**

## C Warehouse-Stored Nonrecourse Loan Maturity Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE
TELEPHONE

**(Date)**

Producer's Name
Address
City, State, Zip Code

Dear (**Producer's Name)**:

This is to notify you that your (**crop year, commodity**) warehouse-stored loan (**loan number**) will mature on (**maturity date**).

You may repay the loan on or before the maturity date with a check, certified check or money order. The loan principal and charges plus interest as of the date of this letter equals $_____. Interest will continue to accrue on a daily basis until the amount due is repaid. Contact this office for the exact repayment amount computed to the repayment date if you plan to mail us your check.

On the day after maturity you will no longer be eligible to repay the loan principal and interest, and any outstanding warehouse receipts securing this loan will be forfeited to Commodity Credit Corporation (CCC). At forfeiture, CCC will adjust loan rates for warehouse-stored loans using the premiums and discounts applicable to the commodity. You will be responsible for repaying any shortages from the original loan principal and the forfeited loan principal.

You may contact this office to review records related to this debt or to receive an explanation of the debt. You may also obtain a copy of records, subject to a copying charge.

Our records do not reflect that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify us so that we may update our records and proceed to resolve this debt in accordance with bankruptcy procedures.

Please indicate your intentions on the enclosed sheet, and sign, date, and return to the address shown above on or before (**maturity date**).

Sincerely,

County Executive Director
_____ County FSA Office

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**--***

***--Nonrecourse Warehouse-Stored Loans (Continued)**

**C Warehouse-Stored Nonrecourse Loan Maturity Letter (Continued)**

**Producers Name** _____

**Loan Number** _____

**Crop Year** _____

**Commodity** _____

**Maturity Date** _____

I INTEND TO DO THE FOLLOWING WITH THE LOAN IDENTIFIED ABOVE (circle one):

3. REPAY WITH CHECK, CERTIFIED CHECK OR MONEY ORDER ON OR BEFORE THE LOAN MATURITY DATE

4. FORFEIT THE ELIGIBLE COMMODITY TO CCC THE DAY AFTER MATURITY

_____

(Producer's Signature) (Date)

**Please return this intention by (Maturity date).**

**Mail to: (County Name) County FSA Office**
**(Mailing Address)**
**(City, State, ZIP Code)**

**--***

***--Recourse Loans**

## A Recourse Loans Nearing, At, or After Maturity

The following provides actions for recourse loans nearing, at, or after maturity.

| **IF the loan type is recourse, 45 calendar days before maturity County Office shall send the notification letter in…** | **THEN on the first day after maturity for loans still outstanding, County Office shall…** | **AND the subsequent action is…** | **Paragraph Reference** |
|---|---|---|---|
| subparagraph C according to paragraph 797 | send letter in subparagraph D and:<br><br>• transfer loan from APSS using the "Transfer to Claims" option according to 12-PS<br><br>• establish a receivable in NRRS according to 64-FI to match the amount on the "Transfer to Claims Report"<br><br>**Note:** In NRRS, enter the following dates according to 64-FI:<br><br>• subparagraph C letter as initial notification letter<br><br>• subparagraph D letter as first demand letter.<br><br>• apply any repayments received from the producer to the receivable. | if the receivable is **not repaid** by the 15 calendar day after maturity:<br><br>• continue to accept and apply any repayments from the producer to the receivable<br><br>• begin foreclosure action by sending foreclosure letter in subparagraph E to inform the producer that the loan will be settled through a local sale according to paragraphs 856 through 862, if not repaid in 15 calendar days<br><br>• announce the sale of the commodity 15 calendar days after the date of the foreclosure letter in subparagraph E.<br><br>When local sale is completed, according to paragraphs 856 through 862:<br><br>• adjust either the established receivable or establish a new receivable to include expenses CCC incurred during the foreclosure action according to 64-FI<br><br>• apply local sales proceeds to the established receivables, according to subparagraph 861 D.<br><br>All subsequent demand letters for amounts due CCC will be generated through NRRS and offsets will be taken from any payments due the producer. | 797, 856-862, 866 |

**--***

***--Recourse Loans (Continued)**

**B Example of Recourse Loan Nearing, At, and After Maturity**

Recourse loan for 1,000 bu. of corn matures on August 31, 20xx.

The following is an example of the steps to be followed for recourse loans nearing, at, and after maturity

| Step | Date | Action |
|---|---|---|
| 1 | July 16, 20xx | County Office shall send 45-calendar-day notification letter (subparagraph C) to producer. |
| 2 | August 31, 20xx | Loan matures. |
| 3 | September 1, 20xx | Day after loan maturity and loan is outstanding.<br><br>County Office shall:<br><br>• send demand letter in subparagraph D<br><br>• transfer loan from APSS using "Transfer to Claims" option in 12-PS<br><br>• establish a receivable in NRRS according to 64-FI to match the amount on the "Transfer to Claims Report".<br><br>• apply any repayments received from the producer to the receivable<br><br>• follow 64-FI to enter the following dates in NRRS:<br><br>  • subparagraph C letter - initial notification letter<br>  • subparagraph D letter – first demand letter. |
| 4 | September 16, 20xx | Receivable is outstanding.<br><br>County Office shall begin foreclosure action by sending foreclosure letter from subparagraph E informing producer that if the receivable is still outstanding in 15 calendar days, arrangements will be made to sell the loan collateral through the local sales option. |
| 5 | October 1, 20xx | Receivable is outstanding<br><br>County Office shall announce the sale of the commodity, according to paragraph 858, and give bidders 15 calendar days to submit their bids.<br><br>NRRS will automatically send producer the second demand letter 30 calendar days after first demand letter. |
| 6 | October 16, 20xx | 15-calendar-day bid acceptance period ends at COB. |

**--***

***--Recourse Loans (Continued)**

**B Example of Recourse Loan Nearing, At, and After Maturity (Continued)**

| Step | Date | Action |
|---|---|---|
| 7 | October 17, 20xx | County Office shall, according to paragraphs 859 through 862:<br><br>• open bids and record on CCC-639<br><br>• request and receive verbal State Office approval for final bid<br><br>**Note:** State Office shall follow-up with written approval within 3 calendar days after verbal approval is given.<br><br>• notify successful bidder of bid acceptance and give 15 calendar days to pay for commodity and remove per sales announcement. |
| 8 | As soon as determined | County Office shall establish new receivable to include any expenses, such as advertising, CCC incurred during the foreclosure action according to 64-FI. |
| 9 | November 1, 20xx | County Office shall make arrangements:<br><br>• with the producer and buyer to supervise the delivery<br><br>• for the commodity to be weighed as hauled to determine the exact quantity.<br><br>Successful bidder shall pay for the commodity:<br><br>• immediately after the commodity is moved and weighed<br><br>• in cash or by money order, certified check, or cashier's check; other methods may be approved by CED<br><br>• within 15 calendar days after notification of the successful bid.<br><br>County Office shall:<br><br>• apply local sales proceeds to the established **receivables** according to subparagraph 861 D<br><br>• pay excess amount, if applicable, to the producer following NRRS procedure according to 64-FI. |

**--***

***--Recourse Loans (Continued)**

**B Example of Recourse Loan Nearing, At, and After Maturity (Continued)**

| Step | Date | Action |
|---|---|---|
| 10 | Ongoing receivable servicing | NRRS shall:<br>• continue sending applicable demand letters to the producer for any amounts still owed<br>• offset payments due the producer and apply to receivables<br>• continue to service receivable until paid in full<br>• refer outstanding debts to TOP's when 180 calendar days delinquent. |

**--***

***--Recourse Loans (Continued)**

## C Recourse Loan 45-Calendar Day Maturity Notification Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE
TELEPHONE

**(Date)**

Producer's Name
Address
City, State, Zip Code

Dear (**Producer's Name)**:

Your (**year**) crop (**commodity**) recourse loan (**loan number**) will mature (**maturity date**). The only option available **on or before the maturity date** is to repay the principal and charges, plus interest, by check, certified check or money order.

Interest will continue to accrue until the amount due is repaid. As of the date of this letter, the amount owed on this loan is $_____. Interest accrues on a daily basis. Contact this office for the exact repayment amount computed to the repayment date if you plan to mail us your payment.

The following apply if the loan is not repaid on or before the maturity date:

- the loan principal and charges plus interest will be transferred to the Farm Service Agency (FSA) receivable system on the first day after loan maturity

- Commodity Credit Corporation (CCC) may begin foreclosure proceedings to sell the commodity securing this receivable through a local sale. You will be responsible for any expenses incurred by CCC for the local sale where the collateral will be sold to the highest bidder. Proceeds from the sale will be applied to the receivable and you will be responsible for any remaining amount due. If there are no successful bidders, you will owe the entire amount of the receivable.

- the amount due CCC will be recorded for offset from any FSA or CCC payments due you

- the amount due CCC may be reported to other Federal Agencies for offset from any amount due you.

If the receivable is not resolved, this Agency reserves the right to use all additional collection actions available to recover the receivable including internal administrative offsets from any CCC or FSA payments due you. Additional actions that may be taken to recover the receivable include the assessment of late payment interest, administrative costs, and penalties; administrative wage garnishment; collecting the receivable by offset of any eligible federal and state payments including any income tax refunds; referring the receivable for litigation (if collection administratively is unsuccessful); and reporting the receivable to the Internal Revenue Service if the receivable, or any portion of the receivable, is discharged. Once your receivable is more than 180 days delinquent, we are required to refer the receivable to the Department of Treasury for collection.

**--***

***--Recourse Loans (Continued)**

## C Recourse Loan 45-Calendar Day Maturity Notification Letter (Continued)

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

You may contact this office to review records related to this debt or to receive an explanation of the debt. You may also obtain a copy of the records, subject to a copying charge.

Our records do not reflect that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify us so that we may update our records and proceed to resolve this debt in accordance with bankruptcy procedures.

Please indicate your intentions on the enclosed sheet, sign, date, and return to the address shown above on or before (**maturity date**).

If you should need further assistance, please feel free to contact the FSA County Office.

Sincerely,

County Executive Director
_____ County FSA Office

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**--***

***--Recourse Loans (Continued)**

## C Recourse Loan 45-Calendar Day Maturity Notification Letter (Continued)

**Producers Name** _____

**Loan Number** _____

**Crop Year** _____

**Commodity** _____

**Maturity Date** _____

I INTEND, ON OR BEFORE THE LOAN MATURITY DATE, FOR THE LOAN IDENTIFIED ABOVE, TO REPAY THE LOAN PRINCIPAL PLUS INTEREST WITH CHECK, CERTIFIED CHECK OR MONEY ORDER.

_____
(Producer's Signature) (Date)

**Please return this intention by (Maturity date).**

**Mail to: (County Name) County FSA Office**
**(Mailing Address)**
**(City, State, ZIP Code)**

**--***

***--Recourse Loans (Continued)**

## D Recourse Loan 1st Demand Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE
TELEPHONE

**(Date)**

Producer's Name
Address
City, State, Zip Code

Dear (**Producer's Name)**:

You were notified on (**date of loan notification letter**) that your (**year**)-crop (**commodity type**) loan (**number**) would be due and payable on or before (**maturity date**). The loan has matured and the debt has not been repaid.

As of the date of this letter, the principal and charges, plus interest, owed on this loan are $_____. This loan was transferred to the Farm Service Agency (FSA) receivable system today where interest will continue to accrue on a daily basis. Any payments you make on loan **(number)** will be applied to the receivable. The total amount due will be recorded for offset from any FSA or Commodity Credit Corporation (CCC) payments due you.

The following actions are now applicable to this receivable:

- foreclosure proceedings will begin and CCC will take action to sell the commodity securing this receivable through local sale by offering the collateral for sale to the highest bidder. If there are no successful bidders or the sales proceeds do not fully repay the receivable, you will be notified of the amount due CCC. You will also be responsible for any expenses CCC incurs during the foreclosure action

- the amount due CCC may be reported to other Federal Agencies for offset from any amount due you.

Late payment interest will accrue on your receivable at the rate established by the Department of Treasury, and will be applied to your receivable on a daily basis from the date of this letter until the receivable is paid in full. FSA/CCC will waive late payment interest on the amount of your receivable that is paid within the next 30 calendar days. If payment in full is not made within 90 calendar days of the date of this letter, an additional 3 percent interest will be assessed on the unpaid balance of the receivable retroactively from the date of this letter.

Because this receivable may be collected by offset from any federal payment due you or your federal income tax refunds, you may wish to present, within 60 calendar days from the date of this letter, evidence to CCC that all or part of the receivable is not past due or legally enforceable. To do so, please submit to this office a written explanation of your position that the receivable or part of the receivable is not past due or legally enforceable, and include documentation to support your position.

**--***

***--Recourse Loans (Continued)**

## D Recourse Loan 1st Demand Letter (Continued)

Under Federal law and regulations, the following additional actions may be taken by the United States Department of Agriculture and the Department of the Treasury to collect delinquent debts:

- assessment of interest, administrative costs, and penalties
- administrative garnishment of wages
- offset of CCC and FSA payments
- referral of the receivable to Treasury for offset from any Federal payments after 180 days
- reporting of the receivable to credit reporting agencies
- reporting the receivable to private collection agencies by Treasury designated collection centers
- referral of the receivable to agency counsel or the Department of Justice for litigation
- reporting the receivable to the Internal Revenue Service if any or all of the debt is discharged.

If this receivable is not resolved, you may be ineligible for additional financial assistance in the form of loans, loan guarantees, or mortgage insurance through USDA's Rural Development.

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

You may contact this office to review records related to this receivable or to receive an explanation of the receivable. You may obtain a copy of the records, subject to a copying charge.

Our records do not reflect that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify us so that we may update our records and proceed to resolve this receivable in accordance with bankruptcy procedures.

Please contact this office at (**telephone number**) if you have any questions. We want to work with you to resolve this receivable.

Sincerely,

County Executive Director
_____ County FSA Office

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**--***

***--Recourse Loans (Continued)**

## E Recourse Loan Foreclosure Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE
TELEPHONE

**(Date)**

Producer's Name
Address
City, State, Zip Code

Dear (**Producer's Name)**:

This concerns your recourse (**year**) crop (**commodity**) loan which matured on (**maturity date**). You have not liquidated this loan by repayment of the receivable established the day after maturity as advised in our letter to you dated (**date of Exhibit 9, subparagraph D**).

Because this receivable has not been repaid, Commodity Credit Corporation (CCC) will now begin foreclosure proceedings to sell the commodity securing this receivable through a local sale. You will be responsible for any expenses incurred by CCC for the local sale where the collateral will be sold to the highest bidder. Proceeds from the sale will be applied to the receivable and you will be responsible for any remaining amount due. If there are no successful bidders, you owe the entire amount of the receivable.

If you do not repay this receivable promptly, you may be jeopardizing your right to future farm-stored commodity loans.

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

You may contact this office to review records related to this receivable or to receive an explanation of the receivable. You may obtain a copy of the records, subject to a copying charge.

CCC will announce the sale of the commodity securing this receivable in 15 calendar days from the date of this letter. Please contact this office immediately for the current repayment amount.

Sincerely,

County Executive Director
_____ County FSA Office

USDA is an Equal Opportunity Provider and Employer

**--***

***--Recourse Distress Loans**

## A Recourse Distress Loans Nearing, At, or After Maturity

The following provides actions for recourse distress loans nearing, at, or after maturity.

| **IF the loan type is distress, 30 calendar days before maturity County Office shall send the notification letter in…** | **THEN on the first day after maturity for loans still outstanding, County Office shall…** | **AND the subsequent action is…** | **Paragraph Reference** |
|---|---|---|---|
| subparagraph C to the producer according to paragraph 797 | send letter in subparagraph D and<br><br>• transfer loan from APSS using the "Transfer to Claims" option according to 12-PS<br><br>• establish a receivable in NRRS according to 64-FI to match the amount on the "Transfer to Claims Report"<br><br>**Note:** In NRRS, enter the following dates according to 64-FI:<br><br>• subparagraph C letter as initial notification letter<br><br>• subparagraph D letter as first demand letter.<br><br>• apply any repayments received from the producer to the receivable. | if the receivable is **not repaid** by the 15th calendar day after maturity:<br><br>• continue to accept and apply any repayments from the producer to the receivable<br><br>• begin foreclosure action by sending foreclosure letter in subparagraph E and settle the loan through a local sale according to paragraphs 856 through 862<br><br>• announce the sale of the commodity 15 calendar days after the date of the foreclosure letter.<br><br>When local sale is completed, according to paragraphs 856 through 862:<br><br>• establish a new receivable to include expenses CCC incurred during the foreclosure action according to 64-FI<br><br>• apply local sales proceeds to the established receivables, according to subparagraph 861 D.<br><br>All subsequent demand letters for amount due CCC will be generated through NRRS and offsets will be taken from any payments due the producer. | 797, 856-862, 866 |

**--***

***--Recourse Distress Loans (Continued)**

**B Example of Recourse Distress Loan Nearing, At, and After Maturity**

Recourse distress loan for 1,000 bu. of corn was disbursed on November 12, 20xx, and matures on February 10, 20xx.

The following steps shall be followed for recourse distress loans nearing, at, and after maturity.

| Step | Date | Action |
|---|---|---|
| 1 | January 11, 20xx | County Office shall send 30-calendar-day notification letter in subparagraph C to producer. |
| 2 | February 10, 20xx | Loan matures. |
| 3 | February 11, 20xx | Day after loan maturity and loan is outstanding.<br><br>County Office shall:<br><br>• send demand letter in subparagraph D<br><br>• transfer loan from APSS using "Transfer to Claims" option in 12-PS<br><br>• establish a receivable in NRRS according to 64-FI to match the amount on the "Transfer to Claims Report"<br><br>• apply any repayments received from the producer to the receivable<br><br>• follow 64-FI to enter the following dates in NRRS:<br><br>  • subparagraph C letter – initial notification letter<br>  • subparagraph D letter – first demand letter. |
| 4 | February 25, 20xx | Receivable is outstanding.<br><br>County Office shall begin foreclosure action by sending foreclosure letter from subparagraph E informing producer that if the receivable is still outstanding in 15 calendar days, arrangements will be made to sell the loan collateral through the local sales option. |
| 5 | March 12, 20xx | Receivable is outstanding.<br><br>County Office shall announce the sale of the commodity, according to paragraph 858, and give bidders 15 calendar days to submit their bids.<br><br>NRRS will automatically send producer the second demand letter. |
| 6 | March 27, 20xx | Fifteen day bid acceptance period ends at COB. |

**--***

***--Recourse Distress Loans (Continued)**

**B Example of Recourse Distress Loan Nearing, At, and After Maturity (Continued)**

| Step | Date | Action |
|---|---|---|
| 7 | March 28, 20xx | County Office shall:<br>• open bids and record on CCC-639<br>• request and receive verbal State Office approval for final bid<br>• notify successful bidder of bid acceptance, in writing<br>• provide successful bidder 15 calendar days to pay for commodity and removal per sales announcement.<br>**Note:** State Offices shall follow-up with written approval within 3 calendar days after verbal approval is given. |
| 8 | As soon as determined | County Office shall establish new receivable to include expenses, such as advertising, CCC incurred during the foreclosure action according to 64-FI. |
| 9 | By April 12, 20xx | County Office shall make arrangements:<br>• with producer and buyer to supervise the delivery<br>• for the commodity to be weighed as hauled to determine the exact quantity.<br>Successful bidder shall pay for the commodity:<br>• immediately after the commodity is moved and weighed<br>• in cash or by money order, certified check, or cashier's check; other methods may be approved by CED<br>• within 15 calendar days after notification of the successful bid.<br>County Office shall:<br>• apply local sales proceeds to the established **receivables** according to subparagraph 861 D<br>• pay excess amount, if applicable, to the producer following NRRS procedure according to 64-FI. |

**--***

***--Recourse Distress Loans (Continued)**

**B Example of Recourse Distress Loan Nearing, At, and After Maturity (Continued)**

| Step | Date | Action |
|---|---|---|
| 10 | Ongoing receivable servicing | NRRS shall:<br>• continue sending applicable demand letters to the producer for any amounts still owed<br>• offset payments due the producer and apply to receivables<br>• continue to service receivable until paid in full<br>• refer outstanding debts to TOP when 180 calendar days delinquent. |

**--***

***--Recourse Distress Loans (Continued)**

## C Distress Loan 30-Calendar-Day Maturity Notification Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE
TELEPHONE

**(Date)**

Producer's Name
Address
City, State, ZIP Code

Dear (**Producer's Name)**:

This is to notify you that your (**crop year, commodity**) distress crop loan (**loan number**) will mature (**maturity date**). The only option available **on or before the maturity date** is to repay the principal and charges, plus interest, by check, certified check or money order.

As of the date of this letter, the loan principal and charges, plus interest, due the Commodity Credit Corporation (CCC) is $_____. This amount **must** be paid on or before the loan maturity date. Interest will continue to accrue until the amount due is repaid. Contact this office for the exact repayment amount, computed to the repayment date, if you plan to mail us your payment.

Distress loans that are repaid before the maturity date may be repledged for a recourse or non-recourse loan. If you wish to repledge this loan, the collateral must be moved into eligible farm or warehouse storage and the repledged loan **must** be completed before (**maturity date**), which is the maturity date of your distress loan. The maturity date for the repledged loan shall be the last day of the 9th calendar month following approval of the original distress loan disbursement date. If the collateral for the distress loan will be repledged, you must repay the distress loan within the 90 calendar day window before the distress loan matures by one of the following methods:

- with check, certified check or money order at principal plus interest
- authorized offset for the amount needed to repay from the proceeds of the repledged loan.

Please contact this office to obtain permission before moving any of the outstanding loan collateral to an approved storage location and to avoid unauthorized removal.

The following apply if the principal and charges, plus interest, are not repaid by the distress loan maturity:

- loan principal and charges plus interest will be transferred to the Farm Service Agency (FSA) receivable system on the day after the distress loan matures
- foreclosure proceedings may begin and CCC will take action to sell the commodity securing this receivable through a local sale. You will be responsible for any expenses incurred by CCC for the local sale where the collateral will be sold to the highest bidder. Proceeds from the sale will be applied to the receivable and you will be responsible for any remaining amount due. If there are no successful bidders, you owe the entire amount of the receivable.
- amount due CCC will be recorded for offset from any FSA or CCC payments due you
- amount due CCC may be reported to other Federal Agencies for offset from any amount due you.

**--***

***--Recourse Distress Loans (Continued)**

## C Distress Loan 30-Calendar-Day Maturity Notification Letter (Continued)

If the receivable is not resolved, this Agency reserves the right to use all additional collection actions available to recover the receivable including internal administrative offsets from any CCC or FSA payments due you. Additional actions that may be taken to recover the receivable include the assessment of late payment interest, administrative costs, and penalties; administrative wage garnishment; collecting the receivable by offset of any eligible federal and state payments including any income tax refunds; referring the receivable for litigation (if collection administratively is unsuccessful); and reporting the receivable to the Internal Revenue Service if the receivable, or any portion of the receivable, is discharged. Once your receivable is more than 180 days delinquent, we are required to refer the receivable to the Department of Treasury for collection.

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

You may contact this office to review records related to this debt or to receive an explanation of the debt. You may also obtain a copy of the records, subject to a copying charge.

Our records do not reflect that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify us so that we may update our records and proceed to resolve this debt in accordance with bankruptcy procedures.

Please indicate your intentions on the enclosed sheet, sign, date, and return to the address shown above on or before (**maturity date**).

If you should need further assistance, feel free to contact the FSA County Office.

Sincerely,

County Executive Director
_____ FSA Office

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**--***

***--Recourse Distress Loans (Continued)**

**C Distress Loan 30-Calendar-Day Maturity Notification Letter (Continued)**

**Producer's Name** _____

**Loan Number** _____

**Crop Year** _____

**Commodity** _____

**Maturity Date** _____

I INTEND TO, ON OR BEFORE THE LOAN MATURITY DATE FOR THE LOAN IDENTIFIED ABOVE (circle one):

5. REPAY THE LOAN PRINCIPAL PLUS INTEREST WITH CHECK, CERTIFIED CHECK OR MONEY ORDER.

6. REPLEDGE THE LOAN **BEFORE** THE MATURITY OF THE DISTRESS LOAN.

_____

(Producer's Signature) (Date)

**Please return this intention by (maturity date).**

**Mail to: (County Name) County FSA Office**
**(Mailing Address)**
**(City, State, ZIP Code)**

**--***

***--Recourse Distress Loans (Continued)**

## D Recourse Distress Loan First Demand Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

**(Date)**

Producer's Name
Address
City, State, ZIP Code

Dear (**Producer's Name)**:

You were notified on (**date of loan notification letter**) that your (**year**)-crop (**commodity type**) loan (**number**) would be due and payable on or before (**maturity date**). The loan has matured and the debt has not been repaid.

As of the date of this letter, the principal and charges, plus interest, owed on this loan are $_____. This loan was transferred to the Farm Service Agency (FSA) receivable system today where interest will continue to accrue on a daily basis. Any payments you make on this loan (**number)** will be applied to the receivable. The total amount due will be recorded for offset from any FSA or CCC payments due you.

The following actions are now applicable to this loan/receivable:

- foreclosure proceedings will begin and CCC will begin action to sell the commodity securing this loan through a local sale by offering the collateral for sale to the highest bidder. Proceeds from the sale will be applied to the receivable. If there are no successful bidders or the sales proceeds do not fully repay the receivable, you will be notified of the amount due CCC. You will also be responsible for any expenses CCC incurs during the foreclosure action

- the amount due may be reported to other Federal Agencies for offset from any amount due you.

Late payment interest will accrue on your debt at the rate of (**applicable interest rate**) per annum from the date of this letter until the debt is paid or otherwise resolved. FSA/CCC will waive late payment interest on your debt (or any part of your debt) that is paid in the next 30 calendar days. If payment in full is not made within 90 calendar days of the date of this letter, an additional 3 percent interest will be assessed on the unpaid balance of the debt retroactively from the date of this letter.

**--***

***--Recourse Distress Loans (Continued)**

## D Recourse Distress Loan First Demand Letter (Continued)

Under Federal law and regulations, the following additional actions may be taken by the United States Department of Agriculture and the Department of the Treasury to collect delinquent debts:

- assessment of interest, administrative costs, and penalties
- administrative garnishment of wages
- offset of CCC and FSA payments
- referral of the receivable to Treasury for offset from any Federal payments after 180 days
- reporting of the receivable to credit reporting agencies
- reporting the receivable to private collection agencies by Treasury designated collection centers
- referral of the receivable to agency counsel or the Department of Justice for litigation
- referral of the debt to the Internal Revenue Service if any or all of the debt is discharged.

If this receivable is not resolved, you may be ineligible for additional financial assistance in the form of loans, loan guarantees, or mortgage insurance through USDA's Rural Development.

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

You may contact this office to review records related to this receivable or to receive an explanation of the receivable. You may obtain a copy of the records, subject to a copying charge.

Please contact this office at (**telephone number**) if you have any questions. We want to work with you to resolve this receivable.

Sincerely,

County Executive Director
_____ County FSA Office

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**--***

***--Recourse Distress Loans (Continued)**

## E Recourse Distress Loan Foreclosure Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE
TELEPHONE

**(Date)**

Producer's Name
Address
City, State, ZIP Code

Dear (**Producer's Name)**:

This concerns your distress (**year**) crop (**commodity**) loan which matured on (**maturity date**). You have not liquidated this loan by repayment of the receivable established the day after maturity as advised in our letter to you dated (**date of Exhibit 10, subparagraph D**).

Because this receivable has not been repaid, Commodity Credit Corporation (CCC) will now begin foreclosure proceedings to sell the commodity securing this receivable through a local sale. You will be responsible for any expenses incurred by CCC for the local sale where the collateral will be sold to the highest bidder. Proceeds from the sale will be applied to the receivable and you will be responsible for any remaining amount due. If there are no successful bidders, you owe the entire amount of the receivable.

If you do not repay this receivable promptly, you may be jeopardizing your right to future farm-stored commodity loans.

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

You may contact this office to review records related to this receivable or to receive an explanation of the receivable. You may obtain a copy of the records, subject to a copying charge.

CCC will announce the sale of the commodity securing this receivable in 15 calendar days from the date of this letter. Please contact this office immediately for the current repayment amount.

Sincerely,

County Executive Director
_____ County FSA Office

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**--***

**Example Letters**

## A References for Example Letters

This exhibit provides examples of notification, demand for amounts due, denial of benefits, and violation letters. Use this table to determine the applicable letter to be sent and subparagraph reference for any additional remarks. See paragraph 20 for producer appeals and 1-APP for appropriate and current appeal language.

***--**If the loan type is:

- farm-stored nonrecourse loan, see Exhibit 7
- warehouse nonrecourse loan, see Exhibit 8
- recourse loan, see Exhibit 9
- distress loan, see Exhibit 10.**--***

*** * ***

## Example Letters (Continued)

### A References for Example Letters (Continued)

| Actions for Loan and LDP Problems or Violations | | | |
|---|---|---|---|
| **Type of Letter** | **Notification Letter** | **Subsequent Actions** | **Paragraph Reference** |
| **Notification** of a potential loan or LDP **problem**, that may result in calling the loan, refunding an LDP, or selling the collateral to the highest bidder for:<br><br>• commodities ineligible for delivery or forfeiture<br><br>• discrepancies found because of spot check<br><br>• quantity shortages within tolerance<br><br>• storability or quality problems<br><br>• storage structure damage<br><br>• other conditions, as applicable. | On the date of discovery *** * ***, County Office shall:<br><br>• send letter in subparagraph M<br><br>• do not include ***--**appeal rights because no adverse decision has yet been made.**--*** | On date of COC determination, send letter in subparagraph F that includes appeal rights.<br><br>If the amount owed is not repaid in 30 calendar days from the date of the letter, County Office shall:<br><br>• transfer amount due CCC through APSS using the "Transfer to Claims" option according to 12-PS<br><br>• establish a receivable in NRRS according to *** * *** 64-FI<br><br>•***--**if appealed, change the status of the receivable to "Open - Appeal" so that subsequent letters will not be sent from NRRS.<br><br>**Note:** Change status back to "Open" when appeal concluded.**--***<br><br>Applicable letter for amount due CCC will be generated through NRRS and offsets will be taken from any payments due the producer. | 203, 225, 233, 318, 319, 322, 323, 337, 401, 410, 617 |

## Example Letters (Continued)

### A References for Example Letters (Continued)

| Actions for Loan and LDP Problems or Violations (Continued) | | | |
|---|---|---|---|
| **Type of Letter** | **Notification Letter** | **Subsequent Actions** | **Paragraph Reference** |
| **Notification** from a COC employee for loan and LDP **violations** to be sent to a producer with discrepancies and/or the producer has violated the terms and conditions of the applicable forms, such as:<br><br>•***--**quantity shortages**--*** exceeding tolerance<br><br>• unauthorized removal or disposition<br><br>• incorrect certification<br><br>• fraudulent representations, including misrepresenting the eligibility of the commodity.<br><br>**Note:** Refer cases involving COC members to STC for a determination. | On the date of discovery *** * ***, County Office shall send letter in subparagraph N.<br><br>COC **must**:<br><br>• initially assume lack of good faith in cases involving unauthorized disposition<br><br>• assess liquidated damages and other administrative actions<br><br>• include language to appeal to COC. | If no response from producer within 30 calendar days, follow paragraph 410, sending letter in subparagraph 410 G.<br><br>If the producer responds within 30 calendar days, but does **not** appeal, and COC determines:<br><br>• good faith, follow subparagraph 410 B and send letter in subparagraph 410 E<br><br>• lack of good faith, follow subparagraph 410 C and send the applicable letter from subparagraphs 410 F, 410 G, 410 H, or 410 I.<br><br>If appealed, follow paragraph 20.<br><br>If the amount owed is **not** repaid in 30 calendar days from the date of the letter, County Office shall:<br><br>• transfer amount due CCC through APSS using the "Transfer to Claims" option according to 12-PS<br><br>• establish a receivable in NRRS according to *** * *** 64-FI<br><br>• if appealed, flag the receivable as "Open - Appeal" so that subsequent letter will **not** be sent from NRRS.<br><br>**Note:** Release flag when appeal concluded.<br><br>Applicable letter for amount due CCC will be generated through NRRS and offsets will be taken from any payments due the producer. | 400, 401, 410, 746 |

**Example Letters (Continued)**

## A References for Example Letters (Continued)

| Actions for Loan and LDP Problems or Violations (Continued) | | | |
|---|---|---|---|
| **Type of Letter** | **Notification Letter** | **Subsequent Actions** | **Paragraph Reference** |
| ***--Notification** of accelerating loan maturity, loan call or refund of entire LDP. | On the date of COC determination, County Office shall send letter in subparagraph O. | See actions for demand letter of loan call or refund of entire LDP in the following "**Demand**" table row. | 321, 323 |
| **Demand** for accelerating loan maturity, loan call or refund of entire LDP.--* | For a loan call, if the producer has **not** repaid the loan by the revised maturity date, County Office shall send letter in subparagraph P on the day after the revised maturity date, as follows:<br>• if being delivered to CCC with CCC-691<br>• if a local sale, recourse, or distress loan, proceed with a local sale according to paragraphs 856 through 862.<br>For both options, in APSS:<br>• compute the total principal and *--interest on the day after the accelerated maturity date--*<br>• screen print the total amount due and retain in the loan folder.<br>For refund of entire LDP, send letter in subparagraph P, 30 calendar days after letter in subparagraph O was sent. | *--For an accelerated maturity date or loan call,--* follow "**Subsequent Actions**" under the applicable loan type in the "Action for Maturing MAL's" table, by either the expiration date of CCC-691 or 30 calendar days after the letter in subparagraph P was sent.<br>For refund of entire LDP, if **not** paid in full by 30 calendar days after letter in subparagraph P was sent, County Office shall cancel the original eLDP according to 15-PS, where a receivable will be established in NRRS.<br>Applicable letter for amount due CCC will be generated through NRRS and offsets will be taken from any payments due the producer. | 322, 323, 400, 410 |

**Example Letters (Continued)**

**A References for Example Letters (Continued)**

| **Action for Miscellaneous Loan Related Amounts Due CCC** | | | |
|---|---|---|---|
| **IF type of amount due is…** | **THEN…** | **AND subsequent action is…** | **Paragraph Reference** |
| * * * | * * * | * * * | * * * |
| dishonored checks<br>* * * | when notified from FSC or bank that a check has been<br>*--dishonored, County Offices shall follow procedure in paragraph 702, 3-FI, and 64-FI for applicable action.<br><br>**Note:** NRRS automatically:<br><br>• adds the dishonored check fee to the receivable<br><br>• sends applicable demand and notification letters. | NRRS shall send all subsequent demand letters.<br><br>County Offices shall apply any collections/repayments to receivable in NRRS.--* | 702 |

**Example Letters (Continued)**

## A References for Example Letters (Continued)

| Action for Miscellaneous Loan Related Amounts Due CCC | | | |
|---|---|---|---|
| **IF type of amount due is…** | **THEN…** | **AND subsequent action is…** | **Paragraph Reference** |
| for the following:<br>• overpayment or overdisbursement<br>• determination of a loan or LDP discrepancy<br>• disposition or production evidence not provided<br>• short disposition or production evidence<br>• insufficient value or excess sales price.<br>* * * | on the date of determination, County Offices shall send letter in subparagraph F that includes appeal rights | County Office shall, 30 calendar days after letter in subparagraph F is sent:<br>• transfer amount due CCC through APSS using the "Transfer to Claims" option according to 12-PS<br>• establish a receivable in NRRS according to 64-FI<br>• if appealed, flag the receivable as "Open - Appeal", so that subsequent letters will not be sent from NRRS.<br>**Note:** Release flag when appeal concluded.<br>Applicable letters for amount due CCC will be generated through NRRS and offsets will be taken from any payments due the producer. | 338, 339, 617, 702 |

| Miscellaneous Notification Letters for Loans and LDP's | | |
|---|---|---|
| **IF denial notification letters is…** | **THEN on date of determination County Office shall send letter in…** | **Paragraph Reference** |
| because loss of beneficial interest and the loss is **not** appealed or disputed<br>**Note:** Producers may appeal the beneficial interest determination, but not the policy requiring denial of benefits if beneficial interest was lost. | subparagraph K. | 228 |
| from a COC employee of loan or LDP benefits, if producer of commodity is determined ineligible | subparagraph L. | 503, 1009 |

**Example Letters (Continued)**

**B Farm-Stored Nonrecourse Loan 45-Calendar-Day Maturity Notification Letter**

***--**See Exhibit 7, subparagraph E.

**C Warehouse-Stored Nonrecourse Loan Maturity Letter**

See Exhibit 8, subparagraph C.

**D Recourse Loan 45-Calendar-Day Maturity Reminder Letter**

See Exhibit 9, subparagraph C.

**E Distress 45-Calendar-Day Loan Maturity Letter**

See Exhibit 10, subparagraph C.**--***

## Example Letters (Continued)

### F Initial Notification Letter for Loan and LDP Overpayment, Overdisbursements, and Amounts Due

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(**Date**)

Producer's Name
Address
City, State, ZIP Code

Dear (**Producer's Name**):

This is to notify you that the Farm Service Agency has determined that you have a debt arising from: (**Insert explanation and pertinent facts.**)

The amount you owe consists of:

| Principal | Interest | Other Charges | Total |
|---|---|---|---|
| **(Insert Amount)** | **(Insert Amount)** | **(Insert Amount)** | **(Insert Amount)** |

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

You may contact this office to review records related to this debt or to receive an explanation of the debt. You may obtain a copy of the records, subject to a copying charge.

Interest will continue to accrue on this debt until paid in full. You may pay your debt by check payable to "Commodity Credit Corporation" and mail the check to this office at the address above. We want to work with you to resolve this matter. Depending upon your situation, there is the possibility or paying this debt in installments.

If this debt is not resolved, this agency reserves the right to use all additional collection actions available to recover the debt. The debt may be collected by internal administrative offset from any CCC or FSA payments that may be due you. Additional action that may be taken to recover the debt include the assessment of late payment interest, administrative costs, and penalties; administrative wage garnishment; collecting the debt by offset of eligible federal payments and state payments, including any income tax refunds; referring the debt for litigation (if collection administratively is unsuccessful); and reporting the debt to the Internal Revenue Service if the debt or any portion of the debt, is discharged, Once your debt is more than 180 days delinquent, we are required to refer the debt to the Department of Treasury for collection.

Our records do not reflect that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify us so that we may update our records and proceed to resolve this debt in \accordance with bankruptcy procedures.

If you should need further assistance, please feel free to contact the FSA Service Center.

Sincerely,

County Executive Director
_____ County FSA Office

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**Example Letters (Continued)**

**G Demand Letter for Nonrecourse Loans Open After Maturity**

***--**See Exhibit 7, subparagraphs A through D, F, and G.

**H Demand Letter for Recourse or Distress Loans Open After Maturity**

See Exhibit 9 and 10, subparagraphs A, B, and D.**--***

**I Demand Letter (No Appeal)**

The content for this demand letter is forthcoming.

**J Demand Letter (Appeal)**

The content for this demand letter is forthcoming.

**Example Letters (Continued)**

## K Denial Notification Because Loss of Beneficial Interest and the Loss in Not Appealed or Disputed

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(**Date**)

Producer's Name
Address
City, State, ZIP Code

Dear (**Producer's Name**):

The Farm Service Agency (**FSA**) was unable to approve your request for a (**year**) crop (**commodity**) (**loan/LDP**) because (**insert facts used to determine the producer had lost beneficial interest in the commodity**)

_____
_____
_____

The COC has determined that the issue is not appealable. You may seek a review of this determination by filing either the FSA State Executive Director or the NAD Director a written request no later than 30 calendar days after the date your receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780 or the NAD appeal procedures found at 7 CFR Part 11. If you believe that this issue is appealable, you must write either the FSA State Executive Director or the NAD Director at the applicable address shown and explain why you believe this determination is appealable. If you choose to seek an appealability review of this determination with the FSA State Executive Director, you need not send the NAD Director any information. If you seek an appealability review with the NAD Director, provide FSA a copy of your request. In the event you request an appealability review by the State Executive Director and the State Executive Director determines that the issue is not appealable, you will be afforded the right to request an appealability review by the NAD Director. (**Insert SED and NAD address.**)

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

Sincerely,

County Executive Director

_____ County FSA Office

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**Example Letters (Continued)**

## L Denial of Loan or LDP Benefits Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(**Date**)

Producer's Name
Address
City, State, ZIP Code

Dear (**Producer's Name**):

FSA is unable to approve your request for a (**year**) crop (**commodity**) (**loan/LDP**) because

_____
_____
_____

You may, during the loan availability period, request a:

- farm- or warehouse-stored recourse loan
- LDP (**do not include if LDP benefits denied**).

Should you choose to move the commodity into a warehouse approved to store CCC loan collateral, you must provide a negotiable warehouse receipt for the commodity to the county Office with your loan request to obtain a loan.

(**Include the following if LDP benefits are denied because of AGI.**)

You may during the loan availability period, request a nonrecourse loan if all eligibility requirements are met.

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

**Example Letters (Continued)**

## L Denial of Loan or LDP Benefits Letter (Continued)

You may request that the (**insert COC, FLO, FLM, SED, or STC, as applicable**) reconsider this determination by filing a written request no later than 30 calendar days after you receive this notice according to FSA's appeal procedures found at 7 CFR Part 780. If you request reconsideration, you have the right to an informal hearing with (**insert COC, FLO, FLM, SED, or STC), as applicable**) that you or your representative may attend personally or by telephone. If you choose to seek reconsideration, you may later appeal the determination to (**insert STC or NAD, as applicable**). To request reconsideration, write to (**insert COC, FLO, FLM, SED, or STC, as applicable**) at the following address and explain why you believe this determination is erroneous. (**Insert applicable address.**)

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

Sincerely,

County Executive Director

_____ County FSA Office

USDA is an Equal Opportunity Provider and Employer

**Example Letters (Continued)**

## M Notification of Loan and LDP Problem

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(**Date**)

Producer's Name
Address
City, State, ZIP Code

Dear (**Producer's Name**):

(**Explain the problem\situation that may result in the acceleration of the loan maturity date or request for refund of the loan or LDP amount. Include the loan or LDP number and the amount due.**)

The following must be provided within 30 calendar days from the date of this letter or your (**select the applicable**: loan will be called, LDP must be refunded, or loan collateral will be sold):

(**Select and insert the applicable information.**)

- Evidence for the missing quantity
- Repayment for the missing quantity
- Repayment for the ineligible quantity
- Disposition or production evidence for the quantity repaid on which an LDP was received
- Specify other conditions, as applicable.

The amount you owe consists of:

| Principal | Interest | Other Charges | Total Amount Due |
|---|---|---|---|

Interest will continue to accrue at a rate of _____% until the total amount due is repaid. The amount shown above has been recorded for offset from any FSA, CCC or other Federal Agency payment, which may be due you.

(**Select and insert the applicable Exhibits**)

**For Loans:**

**(If nonrecourse loans, enter)**

**Example Letters (Continued)**

## M Notification of Loan and LDP Problem (Continued)

You may (**deliver\forfeit**) the loan collateral remaining in storage, in accordance with the note and security agreement, if you choose not to repay the amount due. (**Delivery instructions on CCC-694 will be issued /or the commodity will be forfeited**) on (**either the 31st calendar day from the date of this letter**), if you fail to take the required actions.

(**If recourse loans and loans ineligible for delivery because of ineligibility of the producer or the commodity, enter)**

The loan collateral will be sold to the highest bidder, if you choose not to repay the amount due.

(**If LDP's enter**)

The LDP amount must be refunded if you fail to take the required action.

During these 30 calendar days, you may also inspect and copy records at the above address that relate to this determination.

Our records do not indicate that you have filed for bankruptcy protection. If you have filed for bankruptcy, please notify this office as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

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

If you should need further assistance, please feel free to contact the FSA Service Center.

Sincerely,

County Executive Director

_____ County FSA Office

USDA is an Equal Opportunity Provider and Employer

**Example Letters (Continued)**

## N Notification of Loan and LDP Violation

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(**Date**)

Producer's Name
Address
City, State, ZIP Code

RE: (**enter crop year, commodity, and loan or LDP number**)

Dear (**Producer's Name**):

(**Describe the circumstances that appear to involve a loan violation**.)

This is a violation of the loan note and security agreement or LDP provisions. The following actions are applicable to (**loan/LDP**) violations:

(**Enter the items applicable to the loan or LDP violation**)

- The maturity date of the loan is accelerated to (**enter 30th day from date of this letter**)
- LDP must be refunded, plus applicable interest
- Liquidated damage penalties are assessed on (**enter the violation quantity**)
- To deny future farm-stored loans and LDP's without production evidence for ____months (**COC option**)
- (**enter the remaining loan quantity, if nonrecourse loan**) may be forfeited to CCC, or repay the loan at principal plus interest
- (**enter the remaining loan quantity, if recourse loan**) must be repaid at principal and charges plus interest.

The following amounts are due (**enter the amounts as applicable**):

| | | |
|---|---|---|
| Principal or LDP Amount | Interest | Liquidated Damages (at 10%) |
| Market Gain | Other Charges Paid by CCC | Total Amount |

**Example Letters (Continued)**

## N Notification of Loan and LDP Violation

Interest will continue to accrue at a rate of _____% until the total amount due is repaid. The amount shown above has been recorded for offset from any FSA, CCC, or other Federal Agency payment, which may be due you.

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

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due in incorrect, you may appeal this determination to the county Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780.

If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. (**Insert COC address**.)

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

If you should need further assistance, please feel free to contact the FSA Service Center.

Sincerely,

County Executive Director

_____ County FSA Office

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**Example Letters (Continued)**

## *--O Notification Letter for Accelerating Loan Maturity, Loan Call or Refund of Entire LDP

The following is an example of the notification letter for accelerating loan maturity, loan call**--*** or refund of entire LDP.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(Date)

Producer's Name
Address
City, State, ZIP Code

RE: (**enter crop year, commodity, and loan or LDP number**)

Dear (Producer's Name):

(**Select and insert the pertinent facts and information for calling the loan.**)

- (**Nonrecourse loans or LDP's enter**)

You were previously notified on (**date of the notification letter of a potential loan/LDP problem or violation**) of the problem or violation with respect to the (**select as applicable**) loan/LDP. Based upon (**enter pertinent facts considered by the COC),** the County Committee has determined (**enter as applicable**) to accelerate the maturity date of your loan/you must request a refund of the entire LDP amount. The (**enter as applicable**) accelerated maturity date is/LDP amount must be refunded by (**30 days from the date of this letter**). Because CCC's interest is not protected, the loan is due immediately and must be paid with cash on or before the accelerated maturity date, or deliver the loan commodity to CCC.

The principal and charges, plus interest, are due and payable on or before (**maturity date**). Interest will continue to accrue until the amount due is repaid. Delivery instructions on CCC-691, Commodity Delivery Notice, will be issued on the day after maturity if a reply is not received from you by (**maturity date**).

The following apply if the principal and charges, plus interest, are not repaid by (**maturity date**) or delivery of the loan collateral is not completed by the expiration date or extended expiration date of CCC-691:

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

**Example Letters (Continued)**

## *--O Notification Letter for Accelerating Loan Maturity, Loan Call or Refund of Entire LDP--* (Continued)

- **(Recourse loans)**

You were previously notified on (**date of initial notification letter**) of a potential problem regarding your (**year**)-crop (**commodity type**) loan (**number**) and the possibility of accelerating the maturity date (**maturity date**). Based upon (**enter pertinent facts considered by the COC**), the County Committee has determined to accelerate the maturity date to (**30 days from the date of this letter.)** The only option available on or before the loan maturity date is to repay the principal and charges, plus interest, with cash.

Interest will continue to accrue until the amount due is repaid. The following apply if the loan is not repaid by (**maturity date**):

- foreclosure proceedings will begin
- the collateral will be sold to the highest bidder
- the amount due will be recorded for offset from any FSA or CCC payment due you.

Please indicate your intentions on the enclosed sheet, and sign, date, and return to the address shown above on or before (**maturity date**). (**Select the applicable indication response to be enclosed.**)

Make your check payable to *"Commodity Credit Corporation"* and send it to this office at the address shown above. If you are unable to pay the debt in full now, you may qualify to establish a mutually acceptable repayment agreement and pay in installments. To find out if you qualify for installment payments, submit a written request to this office and include information about your income, expenses, assets and liabilities.

| | | |
|---|---|---|
| Principal or LDP Amount | Interest | Liquidated Damages (at 10%) |
| Market Gain | Other charges Paid by CCC | Total Amount |

The amount shown above has been recorded for offset from any FSA, CCC or other Federal Agency payment, which may be due you.

If a debt is not paid within the next 30 calendar days, the debt will be past due and a receivable will be established on a debt record. Late payment interest will accrue on the debt at the rate of _____% per annum from the date of this letter until the debt is paid in full or otherwise resolved. FSA will waive late payment interest on the debt (or any part of the debt) that is paid in the next 30 calendar days. If the matter is not resolved within 90 calendar days from the date of this letter, an additional 3% interest will be assessed on the unpaid balance on the debt retroactively from the date of this letter.

If payment in full or arrangements to pay the debt in full are not made within 60 calendar days from the date of this letter, the debt will be transferred to the Financial Services Center (FSC) in Kansas City for further handling. If the debt remains unresolved, FSC will refer the delinquent debt to the Department of Treasury for collection and inclusion in the Treasury Offset Program (TOP). The Department of Treasury will collect the debt by offset of any eligible Federal or State payments, including any income tax refund, to which you may be entitled.

**Example Letters (Continued)**

***--O Notification Letter for Accelerating Loan Maturity, Loan Call or Refund of Entire LDP--* (Continued)**

Because this debt may be collected by offset of your Federal income tax refund, you may present evidence that all or part of the debt is not past due or legally enforceable. To do so, submit to this office within 60 calendar days from the date of this letter a written explanation of your position that the debt or part of the debt is not past due or legally enforceable, and include documentation to support your position. Also, if the debt is not resolved within the next 30 calendar days, information about this debt, including your name, address, taxpayer identification number, debt amount, date of delinquency, debt status, history of the debt, and the program under which the debt arose, may be disclosed to credit reporting agencies after 60 calendar days from the date of this letter.

Further actions may be taken by this Agency and the Department of Treasury to collect the delinquent debt if it is not resolved. The collection actions are authorized under Federal law and regulations, including the Debt Collection Improvement Act of 1996 (DCIA). Additional actions that may be taken to recover the debt include:

- Assessment of interest, administrative costs, and penalties
- Administrative garnishment of wages
- Referral of the debt to private collection agencies and Treasury-designated collection centers
- Referral of the debt to Agency counsel or Department of Justice for litigation
- Reporting the debt to Internal Revenue Service if the debt, or any portion of the debt, is discharged.

We are required under Federal law to refer the debt to the Department of Treasury for collection when the debt is 180 calendar days delinquent. However, the debt may be referred to the Department of Treasury sooner than 180 calendar days.

Our records do not indicate that you have filed for bankruptcy protection. If you filed for bankruptcy, please notify this office as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

(**Insert the applicable appeal language for reconsideration to COC. Appeal to STC, alternate dispute resolution, and appeals to NAD according to 1-APP, paragraph 14.**)

Please contact this office at the address shown above if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If your debt is paid or otherwise resolved quickly, it will not be referred to the Department of Treasury for collection, nor will it be reported to credit reporting agencies.

Sincerely,

County Executive Director

_____ County FSA Office

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**Example Letters (Continued)**

***--O Notification Letter for Accelerating Loan Maturity, Loan Call or Refund of Entire LDP--* (Continued)**

Before mailing the notification call letter for a **nonrecourse loan** to producer:

- enter data specific to the loan
- remove options not applicable to the loan
- include the following data, modified as applicable, on a separate sheet and enclose with the maturity notification letter.

**Producer's Name** _____

**Loan Number** _____

**Crop Year** _____

**Commodity** _____

**Maturity Date** _____

I INTEND TO DO THE FOLLOWING WITH THE LOAN IDENTIFIED ABOVE (circle one):

- REPAY WITH CASH.
- DELIVER THE ELIGIBLE COMMODITY TO CCC. (Please specify preferred delivery location.)

_____
(Producer's Signature) (Date)

**Please return this intention by (maturity date).**

**Mail to: (County Name) County FSA Office**
**(Mailing Address)**
**(City, State, ZIP Code)**

**Example Letters (Continued)**

***--O Notification Letter for Accelerating Loan Maturity, Loan Call or Refund of Entire LDP--* (Continued)**

Before mailing the notification call letter for a **recourse loan** to producer:

- enter data specific to the loan
- include the following data, modified as applicable, on a separate sheet and enclose with the maturity notification letter.

**Producer's Name** _____

**Loan Number** _____

**Crop Year** _____

**Commodity** _____

**Maturity Date** _____

I INTEND TO, ON OR BEFORE THE LOAN MATURITY DATE, FOR THE LOAN IDENTIFIED ABOVE, REPAY THE LOAN PRINCIPAL PLUS INTEREST WITH CASH.

_____
(Producer's Signature) (Date)

**Please return this intention by (maturity date).**

**Mail to: (County Name) County FSA Office**
**(Mailing Address)**
**(City, State, ZIP Code)**

**Example Letters (Continued)**

## *--P Demand Letter for Accelerating Loan Maturity, Loan Call or Refund of Entire LDP

The following is an example of the demand letter for accelerating loan maturity, loan call or--* refund of entire LDP.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(**Date**)

Producer's Name
Address
City, State, ZIP Code

RE: (**enter crop year, commodity, and loan or LDP number**)

Dear (**Producer's Name**):

**(Select and insert the applicable information)**

- **(Nonrecourse loans or LDP's enter)**

You were previously notified on (**date of the notification letter of a loan/LDP problem or violation**) that the situation with respect to the (**select as applicable**) loan/LDP requiring the (**enter as applicable**) acceleration of the maturity date for your loan or refund of the entire LDP amount You were given the opportunity to appeal the administrative action if the loan was not repaid by maturity. Your administrative options are now concluded. Therefore, the loan has matured and the debt has not been repaid.

The CCC-691, Commodity Delivery Notice, which includes delivery instructions, is enclosed. Delivery of the commodity must be completed by the final date to deliver as shown on the CCC-691. Contact this office if the delivery will be delayed. In limited circumstances, an extension of time may be approved. Interest will continue to accrue until the amount due is repaid.

The following apply if the principal and charges plus interest, **$_____** as of the date of this letter, are not repaid or delivery of the loan collateral is not completed on or before the 30th calendar day after the expiration or extended expiration date of the CCC-691:

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

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

**Example Letters (Continued)**

## *--P Demand Letter for Accelerating Loan Maturity, Loan Call or Refund of Entire LDP--* (Continued)

- **(Recourse loans)**

You were previously notified on (**date of initial notification letter**) that your (**year**)-crop (**commodity type**) loan (**number**) was due and payable on or before (**maturity date**). You were advised that you owe $_____, plus interest as applicable. You were given the opportunity to appeal the administrative action if the loan was not repaid by maturity. Your administrative options are now concluded. Therefore, the loan has matured and the debt has not been repaid. (**Select and insert the following applicable action**: Foreclosure proceedings will begin; **or** the loan collateral will be sold if the total amount of this debt is not paid timely.)

Make your check payable to *"Commodity Credit Corporation"* and send it to this office at the address shown above. If you are unable to pay the debt in full now, you may qualify to establish a mutually acceptable repayment agreement and pay in installments. To find out if you qualify for installment payments, submit a written request to this office and include information about your income, expenses, assets and liabilities.

| | | |
|---|---|---|
| Principal or LDP Amount | Interest | Liquidated Damages (at 10%) |
| Market Gain | Other charges Paid by CCC | Total Amount |

The amount shown above has been recorded for offset from any FSA, CCC or other Federal Agency payment, which may be due you.

If a debt is not paid within the next 30 calendar days, the debt will be past due and a receivable will be established on a debt record. Late payment interest will accrue on the debt at the rate of _____% per annum from the date of this letter until the debt is paid in full or otherwise resolved. FSA will waive late payment interest on the debt (or any part of the debt) that is paid in the next 30 calendar days. If the matter is not resolved within 90 calendar days from the date of this letter, an additional 3% interest will be assessed on the unpaid balance on the debt retroactively from the date of this letter.

If payment in full or arrangements to pay the debt in full are not made within 60 calendar days from the date of this letter, the debt will be referred to the Financial Services Center (FSC) in Kansas City for further handling. If the debt remains unresolved, FSC will refer the delinquent debt to the Department of Treasury for collection and inclusion in the Treasury Offset Program (TOP). The Department of Treasury will collect the debt by offset of any eligible Federal or State payments, including any income tax refund, to which you may be entitled.

Because this debt may be collected by offset of your Federal income tax refund, you may present evidence that all or part of the debt is not past due or legally enforceable. To do so, submit to this office a written explanation within 60 calendar days from the date of this letter of your position that the debt or part of the debt is not past due or legally enforceable, and include documentation to support your position.

Also, if the debt is not resolved within the next 30 calendar days, information about this debt, including your name, address, taxpayer identification number, debt amount, date of delinquency, debt status, history of the debt, and the program under which the debt arose, may be disclosed to credit reporting agencies after 60 calendar days from the date of this letter.

**Example Letters (Continued)**

***--P Demand Letter for Accelerating Loan Maturity, Loan Call or Refund of Entire LDP--* (Continued)**

Further actions may be taken by this Agency and the Department of Treasury to collect the delinquent debt if it is not resolved. The collection actions are authorized under Federal law and regulations, including the Debt Collection Improvement Act of 1996 (DCIA). Additional actions that may be taken to recover the debt include:

- Assessment of interest, administrative costs, and penalties
- Administrative garnishment of wages
- Referral of the debt to private collection agencies and Treasury-designated collection centers
- Referral of the debt to Agency counsel or Department of Justice for litigation
- Reporting the debt to Internal Revenue Service if the debt, or any portion of the debt, is discharged.

We are required under Federal law to refer the debt to the Department of Treasury for collection when the debt is 180 calendar days delinquent. However, the debt may be referred to the Department of Treasury sooner than 180 calendar days.

Our records do not indicate that you have filed for bankruptcy protection. If you filed for bankruptcy, please notify this office as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

Please contact this office at the address shown above if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If your debt is paid or otherwise resolved quickly, it will not be referred to the Department of Treasury for collection, nor will it be reported to credit reporting agencies.

Sincerely,

County Executive Director

_____ County FSA Office

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***--Shrink Factors for Excess Moisture**

## A Shrink Factors for Excess Moisture of 1.3 Percent

Use the following chart for determining the excess moisture shrink factor adjustment for all--* commodities including soybeans. See factor formula of .011 (subparagraph B) for oilseeds other than soybeans.

| | **0.0** | **0.1** | **0.2** | **0.3** | **0.4** | **0.5** | **0.6** | **0.7** | **0.8** | **0.9** |
|---|---|---|---|---|---|---|---|---|---|---|
| **0** | 0.0000 | 0.9987 | 0.9974 | 0.9961 | 0.9948 | 0.9935 | 0.9922 | 0.9909 | 0.9896 | 0.9883 |
| **1** | 0.9870 | 0.9857 | 0.9844 | 0.9831 | 0.9818 | 0.9805 | 0.9792 | 0.9779 | 0.9766 | 0.9753 |
| **2** | 0.9740 | 0.9727 | 0.9714 | 0.9701 | 0.9688 | 0.9675 | 0.9662 | 0.9649 | 0.9636 | 0.9623 |
| **3** | 0.9610 | 0.9597 | 0.9584 | 0.9571 | 0.9558 | 0.9545 | 0.9532 | 0.9519 | 0.9506 | 0.9493 |
| **4** | 0.9480 | 0.9467 | 0.9454 | 0.9441 | 0.9428 | 0.9415 | 0.9402 | 0.9389 | 0.9376 | 0.9363 |
| **5** | 0.9350 | 0.9337 | 0.9324 | 0.9311 | 0.9298 | 0.9285 | 0.9272 | 0.9259 | 0.9246 | 0.9233 |
| **6** | 0.9220 | 0.9207 | 0.9194 | 0.9181 | 0.9168 | 0.9155 | 0.9142 | 0.9129 | 0.9116 | 0.9103 |
| **7** | 0.9090 | 0.9077 | 0.9064 | 0.9051 | 0.9038 | 0.9025 | 0.9012 | 0.8999 | 0.8986 | 0.8973 |
| **8** | 0.8960 | 0.8947 | 0.8934 | 0.8921 | 0.8908 | 0.8895 | 0.8882 | 0.8869 | 0.8856 | 0.8843 |
| **9** | 0.8830 | 0.8817 | 0.8804 | 0.8791 | 0.8778 | 0.8765 | 0.8752 | 0.8739 | 0.8726 | 0.8713 |
| **10** | 0.8700 | 0.8687 | 0.8674 | 0.8661 | 0.8648 | 0.8635 | 0.8622 | 0.8609 | 0.8596 | 0.8583 |
| **11** | 0.8570 | 0.8557 | 0.8544 | 0.8531 | 0.8518 | 0.8505 | 0.8492 | 0.8479 | 0.8466 | 0.8453 |
| **12** | 0.8440 | 0.8427 | 0.8414 | 0.8401 | 0.8388 | 0.8375 | 0.8362 | 0.8349 | 0.8336 | 0.8323 |
| **13** | 0.8310 | 0.8297 | 0.8284 | 0.8271 | 0.8258 | 0.8245 | 0.8232 | 0.8219 | 0.8206 | 0.8193 |
| **14** | 0.8180 | 0.8167 | 0.8154 | 0.8141 | 0.8128 | 0.8115 | 0.8102 | 0.8089 | 0.8076 | 0.8063 |
| **15** | 0.8050 | 0.8037 | 0.8024 | 0.8011 | 0.7998 | 0.7985 | 0.7972 | 0.7959 | 0.7946 | 0.7933 |
| **16** | 0.7920 | 0.7907 | 0.7894 | 0.7881 | 0.7868 | 0.7855 | 0.7842 | 0.7829 | 0.7816 | 0.7803 |
| **17** | 0.7790 | 0.7777 | 0.7764 | 0.7751 | 0.7738 | 0.7725 | 0.7712 | 0.7699 | 0.7686 | 0.7673 |
| **18** | 0.7660 | 0.7647 | 0.7634 | 0.7621 | 0.7608 | 0.7595 | 0.7582 | 0.7569 | 0.7556 | 0.7543 |
| **19** | 0.7530 | 0.7517 | 0.7504 | 0.7491 | 0.7478 | 0.7465 | 0.7452 | 0.7439 | 0.7426 | 0.7413 |
| **20** | 0.7400 | 0.7387 | 0.7374 | 0.7361 | 0.7348 | 0.7335 | 0.7322 | 0.7309 | 0.7296 | 0.7283 |
| **21** | 0.7270 | 0.7257 | 0.7244 | 0.7231 | 0.7218 | 0.7205 | 0.7192 | 0.7179 | 0.7166 | 0.7153 |
| **22** | 0.7140 | 0.7127 | 0.7114 | 0.7101 | 0.7088 | 0.7075 | 0.7062 | 0.7049 | 0.7036 | 0.7023 |
| **23** | 0.7010 | 0.6997 | 0.6984 | 0.6971 | 0.6958 | 0.6945 | 0.6932 | 0.6919 | 0.6906 | 0.6893 |
| **24** | 0.6880 | 0.6867 | 0.6854 | 0.6841 | 0.6828 | 0.6815 | 0.6802 | 0.6789 | 0.6776 | 0.6763 |

**Example:** 1,000 bu. of corn, 17.3% determined moisture:

***--**17.3% - 15.5% (standard moisture level - corn) = 1.8% excess moisture
1.8% excess moisture = .9766 in the chart above **or--***
(Look at "1" on left side of chart, then "0.8" at the top to arrive at ".9766")
1,000 bu. x .9766 = 976.60 bu. after shrink.

***--Shrink Factors for Excess Moisture (Continued)**

**B Factor Formula of .011**

Use the following chart for determining the excess moisture shrink factor adjustment for--* **oilseeds other than soybeans**.

| | **0.0** | **0.1** | **0.2** | **0.3** | **0.4** | **0.5** | **0.6** | **0.7** | **0.8** | **0.9** |
|---|---|---|---|---|---|---|---|---|---|---|
| **0** | 0.0000 | 0.9989 | 0.9978 | 0.9967 | 0.9956 | 0.9945 | 0.9934 | 0.9923 | 0.9912 | 0.9901 |
| **1** | 0.9890 | 0.9879 | 0.9868 | 0.9857 | 0.9846 | 0.9835 | 0.9824 | 0.9813 | 0.9802 | 0.9791 |
| **2** | 0.9780 | 0.9769 | 0.9758 | 0.9747 | 0.9736 | 0.9725 | 0.9714 | 0.9703 | 0.9692 | 0.9681 |
| **3** | 0.9670 | 0.9659 | 0.9648 | 0.9637 | 0.9626 | 0.9615 | 0.9604 | 0.9593 | 0.9582 | 0.9571 |
| **4** | 0.9560 | 0.9549 | 0.9538 | 0.9527 | 0.9516 | 0.9505 | 0.9494 | 0.9483 | 0.9472 | 0.9461 |
| **5** | 0.9450 | 0.9439 | 0.9428 | 0.9417 | 0.9406 | 0.9395 | 0.9384 | 0.9373 | 0.9362 | 0.9351 |
| **6** | 0.9340 | 0.9329 | 0.9318 | 0.9307 | 0.9296 | 0.9285 | 0.9274 | 0.9263 | 0.9252 | 0.9241 |
| **7** | 0.9230 | 0.9219 | 0.9208 | 0.9197 | 0.9186 | 0.9175 | 0.9164 | 0.9153 | 0.9142 | 0.9131 |
| **8** | 0.9120 | 0.9109 | 0.9098 | 0.9087 | 0.9076 | 0.9065 | 0.9054 | 0.9043 | 0.9032 | 0.9021 |
| **9** | 0.9010 | 0.8999 | 0.8988 | 0.8977 | 0.8966 | 0.8955 | 0.8944 | 0.8933 | 0.8922 | 0.8911 |
| **10** | 0.8900 | 0.8889 | 0.8878 | 0.8867 | 0.8856 | 0.8845 | 0.8834 | 0.8823 | 0.8812 | 0.8801 |
| **11** | 0.8790 | 0.8779 | 0.8768 | 0.8757 | 0.8746 | 0.8735 | 0.8724 | 0.8713 | 0.8702 | 0.8691 |
| **12** | 0.8680 | 0.8669 | 0.8658 | 0.8647 | 0.8636 | 0.8625 | 0.8614 | 0.8603 | 0.8592 | 0.8581 |
| **13** | 0.8570 | 0.8559 | 0.8548 | 0.8537 | 0.8526 | 0.8515 | 0.8504 | 0.8493 | 0.8482 | 0.8471 |
| **14** | 0.8460 | 0.8449 | 0.8438 | 0.8427 | 0.8416 | 0.8405 | 0.8394 | 0.8383 | 0.8372 | 0.8361 |
| **15** | 0.8350 | 0.8339 | 0.8328 | 0.8317 | 0.8306 | 0.8295 | 0.8284 | 0.8273 | 0.8262 | 0.8251 |
| **16** | 0.8240 | 0.8229 | 0.8218 | 0.8207 | 0.8196 | 0.8185 | 0.8174 | 0.8163 | 0.8152 | 0.8141 |
| **17** | 0.8130 | 0.8119 | 0.8108 | 0.8097 | 0.8086 | 0.8075 | 0.8064 | 0.8053 | 0.8042 | 0.8031 |
| **18** | 0.8020 | 0.8009 | 0.7998 | 0.7987 | 0.7976 | 0.7965 | 0.7954 | 0.7943 | 0.7932 | 0.7921 |
| **19** | 0.7910 | 0.7899 | 0.7888 | 0.7877 | 0.7866 | 0.7855 | 0.7844 | 0.7833 | 0.7822 | 0.7811 |
| **20** | 0.7800 | 0.7789 | 0.7778 | 0.7767 | 0.7756 | 0.7745 | 0.7734 | 0.7723 | 0.7712 | 0.7701 |
| **21** | 0.7690 | 0.7679 | 0.7668 | 0.7657 | 0.7646 | 0.7635 | 0.7624 | 0.7613 | 0.7602 | 0.7591 |
| **22** | 0.7580 | 0.7569 | 0.7558 | 0.7547 | 0.7536 | 0.7525 | 0.7514 | 0.7503 | 0.7492 | 0.7481 |
| **23** | 0.7470 | 0.7459 | 0.7448 | 0.7437 | 0.7426 | 0.7415 | 0.7404 | 0.7393 | 0.7382 | 0.7371 |
| **24** | 0.7360 | 0.7349 | 0.7338 | 0.7327 | 0.7316 | 0.7305 | 0.7294 | 0.7283 | 0.7272 | 0.7261 |

**Example:** 1,000 cwt. of safflower, 12.1% determined moisture:

***--**12.1% - 10% (standard moisture level - safflower) = 2.1% excess moisture
2.1% excess moisture = .9769 in the chart above **or--***
(Look at "2" on left side of chart, then "0.1" at the top to arrive at ".9769")
1,000 cwt. x .9769 = 976.90 cwt. after shrink.

## Eligible Grain Sorghum Varieties

### A Determining Eligible Grain Sorghum Varieties

Each year, grain sorghum varieties are reviewed and updated to determine eligibility and yield information for loans and LDP's.

Grain sorghum varieties are as follows:

- dual purpose, having a yield potential equal to 100 percent of hybrid varieties
- dual purpose, having a yield potential equal to 80 percent of hybrid varieties
- sterile varieties
- photo-period sensitive varieties
- ineligible varieties.

The following categories will be used to determine eligibility of grain sorghum (dual purpose varieties) for *** * *** MAL's and LDP's.

- **Category I** - Non-Tannin Sorghum for grain or silage/hay **is eligible** regardless of parentage or grain yield.

- **Category II** - Tannin Sorghum for grain or silage/hay **is eligible** regardless of parentage or grain yield, but if harvested, grain **must** be identity-preserved and reported.

- **Category III** - Tannin Sorghum used for pasture **is not eligible** for LDP's or any programs.

### B Assigning Yield Guidelines

COC's shall assign yield for grain sorghum (dual purpose variety), harvested as other than grain, to:

- be equivalent to the potential whole grain yield for that crop
- reflect disaster conditions, as applicable.

Producers **must** provide documentation, such as seed tickets and invoices, for grain sorghum (dual purpose varieties) harvested as other than grain to substantiate the variety planted and harvested.

**Eligible Grain Sorghum Varieties (Continued)**

## C Methods for Assigning the Yield

COC's shall use the following methods to assign the yield if the variety of grain sorghum (dual purpose variety) is eligible for LDP.

| IF the producer harvested... | THEN assign the yield based on... |
|---|---|
| **some** dual purpose acreage of the crop on the farm for grain | the acreage of dual purpose grain sorghum harvested as grain. |
| dual purpose acreage of the crop on the farm as other than grain | regular hybrid grain sorghum harvested on the farm adjusted according to paragraph D.<br><br>**Note:** If no grain sorghum is harvested for grain on the farm, COC establishes a yield based upon COC judgment and knowledge of practices and growing conditions in the county; this **must** be documented in the COC minutes. |

**Notes:** The yields assigned by COC shall **not** exceed the actual yield for farms in the area with similar management practices that harvested the crop and variety for grain.

Assigning yields based on 3 similar farms is no longer authorized.

## D * * * Dual Purpose Grain Sorghum Varieties With 100 Percent Yield Potential

The dual purpose grain sorghum varieties listed in the following table have yield potential equal to 100 percent of hybrid varieties. County Offices shall:

- make LDP eligibility determinations
- advise seed companies, who believe they have eligible varieties **not** listed in the following table, to contact the State Office and provide information about plant characteristics and forage and grain yield potentials.

**Note:** Assign a yield of 100 percent of the grain yield using the methods in subparagraph C.

| Company/Variety | Company/Variety | Company/Variety | Company/Variety | Company/Variety |
|---|---|---|---|---|
| **Ag Venture**<br><br>FS111D<br>Silo Milo | **Alta Brand (Advanta)**<br><br>AF7401<br>26837 | **Alert Agri Distributors**<br><br>BMR 103 | **AR-B Seeds, Inc.**<br><br>AS781 | **Arrow Seed Co., Inc.**<br><br>Beefmaster BMR<br>Canex BMR 310<br>Pheasant Acres<br>Silo Mor<br>Silo+Plus BMR<br>Silobuster |

**Eligible Grain Sorghum Varieties (Continued)**

**D * * * Dual Purpose Grain Sorghum Varieties With 100 Percent Yield Potential (Continued)**

| Company/Variety | Company/Variety | Company/Variety | Company/Variety |
|---|---|---|---|
| **Asgrow Seed**<br><br>BBT | **AVA Seeds**<br><br>AVA 7100<br>AVA 7102<br>AVA 7102A<br>AVA 7103<br>AVA 7103A<br>AVA 7105<br>AVA 7110<br>AVA 7111 | **B-H Genetics**<br><br>BH 312 FBD | **Barkley Seed**<br><br>Grass Roots 90HS |
| **Boomerange**<br><br>BMR 6 Silage Master<br>DP1<br>Silage Master BMR | **Byrons Seed**<br><br>Silage Supreme | **Channel Bio Corp**<br><br>SugarGold | **Crosbyton Seed Company**<br><br>GW 3072 F<br>GW 8528 F BMR<br>GW 9530<br>GWX3023FBMR<br>Silo-N-Feed |
| **Curtis & Curtis**<br><br>Triple Gainer 31 BMR | **Dakota's Best Seed**<br><br>Pheasant Acres<br>Ringneck Roost<br>Sweet Chop BMR | **Dodge City Coop**<br><br>Sweet Feed BMR 802 | **Drussel Seed and Supply**<br><br>DSS Dividend BMR<br>DSS 73862 |
| **Eastern Colorado**<br><br>HP 101 BMR<br>HP 120 BMR | **Fontanelle Hybrids**<br><br>F-310<br>F-310C<br>F-315<br>F-315C<br>F320SS | **Forage First**<br><br>BMR 106<br>BMR 108 Leafy<br>HT-110<br>HT-555<br>HY-Grow 77<br>5909 | **Frontier Hybrids**<br><br>Garst 320<br>Silmaker 5500<br>Silmaker 5700<br>Silmaker 6000<br>Silmaker 6500<br>Silmaker 7000 |
| **Garrison & Townsend**<br><br>BMR 100<br>BMR 101<br>Sile-ALL<br>Silo-Milo<br>Sweet T | **Garst Seed Co.**<br><br>Ex Chpr X<br>Hi-Energy II<br>N-322-X<br>N-340X<br>R 332 x<br>1020F<br>320<br>320F<br>325<br>331-X<br>333<br>344 BMR<br>344F | **Golden Acres Genetics, LLC**<br><br>FS466<br>Ton-A-Milk | **Golden Harvest**<br>**J C Robinson Seed**<br><br>Si-Gro H-44<br>Si-Gro H-45<br>Si-Gro H-46 |

**Eligible Grain Sorghum Varieties (Continued)**

**D * * * Dual Purpose Grain Sorghum Varieties With 100 Percent Yield Potential (Continued)**

| Company/Variety | Company/Variety | Company/Variety | Company/Variety |
|---|---|---|---|
| **Hawkeye Seeds**<br><br>HFS 1770 | **Helena Chemical**<br><br>Forager BMR | **Hoegemeyer Hybrids**<br><br>BMR 1<br>591F<br>602F | **Hytest Seeds**<br><br>HT 110<br>HT 110 BMR<br>HT 111<br>HT 555<br>HY-Grow 77 |
| **Kaystar Seed**<br><br>Forari IV | **Kelly Green Seeds, Inc.**<br><br>Silamaster<br>Silamax BMR | **Kings Agri Seed**<br><br>Silage Supreme | **Land O Lakes**<br><br>Croplan Hikane II<br>Croplan NK300<br>Forage First DKS59-09 |
| **Legend Seed Company**<br><br>LFS-501 | **MMR Genetics**<br><br>MMR 304/24<br>MMR 381/73<br>73366X<br>105392X | **Mycogen Seeds**<br><br>1F700BMR | **NC+ Hybrids**<br><br>NC+ 965<br>Nutri-Choice<br>Nutri-Choice II<br>Nutri-Ton<br>Nutri-Ton II |
| **Ohlde Seed**<br><br>O-114 | **Patriot Seed, Inc.**<br><br>BMR 101 | **PGS Hybrids**<br><br>Silage Maker<br>Sweet Diary BMR<br>Sweet Ensile BMR | **Phillips Seed**<br><br>BMR 61<br>BMR 1000<br>Silo Fil<br>Sweet Sil |
| **Producers Hybrids**<br><br>Chaps<br>Chaps II<br>HF 346 BMR<br>Rodeo | **Production Plus**<br><br>Silobuster<br>Silobuster S<br>Silo Plus BMR | **Purdue University**<br><br>PU 8165X | **Richardson Seed, Inc.**<br><br>CW7700<br>Dairy Master BMR<br>Eversweet<br>Silo 600D<br>Silo 700D<br>Silomaster<br>Silomaster D<br>Sweet R<br>X50701<br>X50711<br>X50714 |
| **Roth Seed Company**<br><br>Rocky Top BMR<br>Hi-Low | **Scott Seed**<br><br>BMR Gold 100<br>Great Scott BMR | **Seed Exchange**<br><br>Pheasant-Hunt-Red | **Seed Resource, Inc.**<br><br>BMR 100<br>BMR 106<br>Fame<br>FS 515 HQ |
| **Sharp Brothers Seed Co.**<br><br>Canex BMR 208<br>Canex BMR 310<br>Canex BMR 328 | **Sorghum Partners**<br><br>HiKane II<br>KF 429<br>NK 300 | **Star Seed, Inc.**<br><br>SF3373<br>Silo Plus<br>Silo Plus BMR<br>Star Elite BMR | **Taylor Seed**<br><br>Green Valley 1 BMR |

**Eligible Grain Sorghum Varieties (Continued)**

**D * * * Dual Purpose Grain Sorghum Varieties With 100 Percent Yield Potential (Continued)**

| Company/Variety | Company/Variety | Company/Variety | Company/Variety |
|---|---|---|---|
| **Triumph Seed Company, Inc.**<br><br>Super Sile 20<br>Super Sile 22<br>Super Sile 30<br>Super Sile SH26 | **UAP Seed**<br><br>Dixie Lee | **United Agri Products**<br><br>Dyna-Gro DG 710F | **Valley Feed and Seed**<br><br>Udder Buster BMR<br>Udder Max |
| **Walter Moss Seed Co.**<br><br>Millenium BMR | **Warner Seed Inc.**<br><br>Husky<br>2-Way<br>2-Way BMR<br>2-Way F-103<br>2-Way F-104<br>2-Way F-105<br>2-Way F-145<br>2-Way SRS | **Watley Seed Company**<br><br>BMR 6150 | **Wilbers Seed Solutions**<br><br>Sweet-N-Low |

**Note:** This list will be supplemented with additional varieties based upon field trials conducted by the National Grain Sorghum Producers Association.

**E * * * Dual Purpose Grain Sorghum Varieties With 80 Percent Yield Potential**

The dual purpose grain sorghum varieties listed in the following have yield potential equal to 80 percent of hybrid varieties. County Offices shall:

- make LDP eligibility determinations
- advise seed companies, who believe they have eligible varieties **not** listed in the following table, to contact the State Office and provide information about plant characteristics and forage and grain yield potentials.

**Note:** Assign a yield of 80 percent of the grain yield using the methods in subparagraph C.

State Offices shall consult with PSD to make determinations of dual purpose varieties eligible at the 80 percent level that are not included in the following table, based on information received from seed companies. If more information is needed to make a determination, contact the National Institute of Food and Agriculture or universities, as applicable.

| Company/Variety | Company/Variety | Company/Variety |
|---|---|---|
| **AgriBioTech, Inc.**<br><br>BMR 100<br>FS-555 | **Alta Brand (Advanta)**<br><br>AF7101<br>AF7201<br>23419 | **Arkansas Valley Seed Solutions**<br><br>Honey Sweet BMR |

**Eligible Grain Sorghum Varieties (Continued)**

**E * * * Dual Purpose Grain Sorghum Varieties With 80 Percent Yield Potential (Continued)**

| Company/Variety | Company/Variety | Company/Variety | Company/Variety |
|---|---|---|---|
| **Arrow Seed Co., Inc.**<br><br>1st Choice BMR | **Asgrow Seed**<br><br>Beefbuilder T<br>Titan R | **AVA Seeds**<br><br>AVA 7000<br>AVA 7109 FT<br>AVA 7120 ST | **Barkley Seed**<br><br>Grass Roots 5150 |
| **B-H Genetics**<br><br>BH 380 F<br>BH 390 F | **Boomerange**<br><br>Silage Master MS BMR<br>Silage Master ST BMR | **Browning Seed, Inc.**<br><br>Silage Master | **Byrons Seed**<br><br>Silage Supreme MS BMR |
| **Casterline & Sons Seed**<br><br>Duro<br>Silo Plus | **Coffey Forage Seeds, Inc.**<br><br>Centurion BMR<br>HS II<br>HS IV | **Coop Seed, Inc.**<br><br>SSF-550<br>SSF630<br>SSF660 | **Crosbyton Seed Company**<br><br>GW 8228 BMR<br>GW 9110F<br>GWX 3172F |
| **Dakota's Best Seed**<br><br>Bundle & Chop<br>Early Sumac<br>Grace N Honey BMR<br>Mega Ton<br>Waconia | **Delta and Pine Land Co.**<br><br>102F | **Douglass King Co.**<br><br>K-100 | **Drussel Seed and Supply**<br><br>FS120199 |
| **DynaGro Seed**<br><br>DG 710F<br>712F | **Eagle Seed Genetics**<br><br>Digest BMR | **Eastern Colorado**<br><br>EX HP 08 DW<br>HP BMR DW<br>HP 120 BMR DW<br>HP 95 BMR<br>Kane N Honey BMR | **Fontanelle Hybrids**<br><br>F292 BMR |
| **Forage First**<br><br>BMR 90<br>BMR 105<br>FS-5<br>XF 1101 | **Garrison & Townsend**<br><br>BMR Exp 2201<br>BMR Exp 2202<br>SG BMR 80<br>Silo Milo +<br>24213<br>24219<br>27681<br>991005<br>991005 BMR<br>991021<br>992003 BMR | **Garst Seed Co.**<br><br>BMR 348<br>EX 2211<br>EXP 2211X<br>N318-X<br>T-E Milk-A-Lot<br>311<br>318 | **Gayland Ward Seed Co., Inc.**<br><br>Ensile Master |

**Eligible Grain Sorghum Varieties (Continued)**

**E * * * Dual Purpose Grain Sorghum Varieties With 80 Percent Yield Potential (Continued)**

| Company/Variety | Company/Variety | Company/Variety | Company/Variety |
|---|---|---|---|
| **Giant Seed Company**<br><br>Classic<br>Hay One BMR<br>Razin Feed<br>Razin Kane<br>Razin Kane GM<br>Razin Silage | **Golden Acres Genetics, LLC**<br><br>T-E Greenchopper<br>T-E Milk-A-Lot<br>T-E Milkmaker T<br>T-E Silomaker | **Golden Harvest**<br>**J C Robinson Seed**<br><br>EX 47<br>Si-Gro H-47 | **Greenbush Seed & Supply**<br><br>Chop-N-Milo<br>Hygrachop |
| **Hawkeye Hybrids**<br><br>SS1740 | **Hoegemeyer Hybrids**<br><br>Bale All BMR F<br>Bale-All III<br>691 F<br>692 F | **Hytest Seeds**<br><br>HT 90 BMR<br>HT 105 BMR | **Kelly Green Seeds, Inc.**<br><br>2-Way F-190 BMR |
| **Kings Agri Seed**<br><br>Silage Supreme MS BMR | **Land O Lakes**<br><br>Croplan Silo-Plus<br>Croplan Silo-Plus BMR<br>Croplan Sucrosorgo 405<br>Forage First FS-5 | **Legend Seed Company**<br><br>LFS 601 | **Mallard Seed Company**<br><br>Mallard Rine AAA |
| **Midland Genetics**<br><br>Dual Sil<br>Silo-Fill II | **MMR Genetics**<br><br>MMR327M/438BMRxMMR<br>MMR 366/23 BMR<br>MMR 366/35 BMR<br>MMR 392/88<br>23392X<br>88366X<br>88392X<br>110381X<br>111310X<br>111381X | **Mycogen Seeds**<br><br>T-E Milk-A-Lot<br>1F-700 | **NC + Hybrids**<br><br>NC+BMR77F<br>X718228F X<br>X825528F X |
| **Ohlde-Midwest Seed Genetics**<br><br>Daisy Su<br>Evergreen<br>Sugar Cane<br>110D<br>111F<br>112F | **Ottilie Seed**<br><br>RO 219 | **Pennington Seeds**<br><br>Penn 02 BMR | **Phillips Seed**<br><br>BMR 60D<br>BMR 64<br>BMR 4001<br>Sweet-Bal W/P<br>Top Notch BMR |
| **Pioneer Hi Bred International**<br><br>819F 849F<br>81T91 84B52<br>838F 931<br>839F 947<br>840F 956<br>841F | **Producers Hybrids**<br><br>Roper BMR | **Production Plus**<br><br>MS505 DS BMR x<br>Red Top Plus | **Purdue University**<br><br>PU 8167 X<br>PU 8168 X<br>PU 8204 X<br>PU 8206 X |

**Eligible Grain Sorghum Varieties (Continued)**

**E * * * Dual Purpose Grain Sorghum Varieties With 80 Percent Yield Potential (Continued)**

| Company/Variety | Company/Variety | Company/Variety | Company/Variety |
|---|---|---|---|
| **Rainbow Seeds**<br><br>FS-45 | **Resource Seeds**<br><br>Sorgomax FS 403<br>Sorgomax FS 425 | **Richardson Seeds, Inc.**<br><br>Bundle King II<br>Bundle King IV<br>Silo 700D BMR<br>Sugar Red<br>Sugar King<br>Sweeter N Honey BMR 9500 | **Roth Seed Company**<br><br>Chopper Stopper<br>Chopper Stopper II<br>Sugar Loaf<br>Sugar Loaf II |
| **Scott Seed Co.**<br><br>BMR Gold<br>BMR Gold 1<br>GS9<br>Rush<br>S. S. Silage<br>Sugar Daddy | **Seed Exchange**<br><br>Pheasant Hunt - White | **Seed, Inc.**<br><br>101F | **Seed Resource, Inc.**<br><br>FS-555<br>FS-575 |
| **Sharp Brothers Seed**<br><br>Canex BMR 248<br>Grazex BMR 750<br>Mixed Red<br>Silex BMR 520 | **Sorghum Partners**<br>SS 304 X907<br>SS 405 X910<br>SS 506 X911<br>Sucrosorgo 405 X912<br>X901 X913<br>X905 X915<br>X906 X916 | **Star Seed, Inc.**<br><br>Magnum LDP<br>Magnum Ultra+BMR LDP | **Syngenta Seeds**<br><br>318<br>340BMR<br>350FS<br>Si-Gro H-44 |
| **Triumph Seed Company, Inc.**<br><br>SuperSile BMR42 | **UAP**<br><br>727F | **United Agri Products**<br><br>Dyna-Gro DG 727F | **Valley Feed and Seed**<br><br>Supreme Chief BMR<br>Sweet Kane Red<br>Sweet Kane Red BMR |
| **Walter Moss Seed Co.**<br><br>Desperado BMR<br>F-17<br>M-1024-DPW | **Warner Seed, Inc.**<br><br>Moo Chow W<br>Red Top Kandy<br>Sucrosse 6-R BMR<br>Sweet Bee | **Watley Seed Company**<br><br>BMR 6250 | **Wilbur-Ellis Co**<br><br>Integra F10175 |

**Miscellaneous Varieties/Company Unknown**

| | | | | | |
|---|---|---|---|---|---|
| 39-30-S | Colman | Improved Orange | Norkan | RP 30F | Waconia Amber |
| Amber | Dairy D | Kansas Orange | Rancher | RP 40F | Waconia Orange |
| Atlas | Early Sumac | Kansas Sourless | Red Amber | RS 301 | White Amber |
| Atlas BMR | Ellis | Landsaver | Red Top | Sil-X | X-SDR6 |
| Coes | Fremont | Leoti Red | Rox Orange | Sumac | |
| Collier | Hegari | McLean | Royal RS-301F | Tricker | |

**Eligible Grain Sorghum Varieties (Continued)**

**F * * * Sterile Grain Sorghum Varieties**

Sterile varieties of grain sorghum are listed in the following table. The producer **must** provide documentation to COC that shows the crop was planted with a pollinator and that 90 percent or more of the plants could produce a grain that would be classified as grain sorghum using the Official United States Standards for Grain.

Assign a yield based on 80 percent of the yield determined by using the methods in subparagraph C. County Offices shall:

- make LDP eligibility determinations
- advise seed companies, who believe they have eligible varieties **not** listed in the following table, to contact the State Office and provide information about plant characteristics and forage and grain yield potentials
- notify the State Office of any varieties **not** listed in this table that may be sterile.

| Company/Variety | Company/Variety | Company/Variety | Company/Variety |
|---|---|---|---|
| **AgriBioTech, Inc.**<br><br>Brand Hybrid Forage<br>Pik Nik II<br>Sug-R-Cane | **Alta Brand (Advanta)**<br><br>AF7301 | **AR-B Seed**<br><br>AR-B Hay N Graze<br>AR-B Sweet Choice BMR<br>AR-B Sweet N Mor | **Arrow Seed Co., Inc.**<br><br>Canex<br>Canex II<br>Red Top+Plus BMR<br>Sweet N Red<br>Sug-R-Bale |
| **Asgrow Seed**<br><br>Titan MS | **AVA Seeds**<br><br>AVA 7108ST<br>AVA 7109ST | **B-H Genetics**<br><br>BH 304 FB | **Browning Seed, Inc.**<br><br>Bundel King |
| **Casterline & Sons Seeds**<br><br>Sucane | **Coffey Forage Seed, Inc.**<br><br>AML 74-2<br>BMR 6810<br>Centurian<br>EXP 6810X<br>MS 7445<br>MS 7469<br>MS 85<br>MSCA 27469 | **Crosbyton Seed Company**<br><br>Goldmaker<br>GW 7828 F BMR<br>GW 9530 F<br>GW 9430 F<br>Mor Bane II | **Dakota's Best Seed**<br><br>Bundle & Chop Sterile<br>Canex<br>Cattleman's Supreme BMR |
| **Dodge City Coop**<br><br>Value Plus with Pollinator | **DynaGro Seed**<br><br>DG 727F ST | **Eastern Colorado**<br><br>HP1010BMR<br>HP1010BMRMS<br>Kane N Honey | **Fontanelle Hybrids**<br><br>F-300 |
| **Forage First**<br><br>BMR 105<br>Honey Kane | **Frontier Hybrids**<br><br>Mucho Sweet | | |

## Eligible Grain Sorghum Varieties (Continued)

### F * * * Sterile Grain Sorghum Varieties (Continued)

| Company/Variety | Company/Variety | Company/Variety | Company/Variety |
|---|---|---|---|
| **Garrison & Townsend**<br><br>23402<br>Bale-All II<br>Bale-All III | **Gayland Ward Seed Co., Inc.**<br><br>GW 2120S<br>GW-400BMR | **Golden Acres Genetics, LLC**<br><br>T-E Goldmaker<br>T-E Goldmaker - S<br>T-E Goldmaker - T | **Golden Harvest**<br>**J C Robinson Seed**<br><br>Si-Gro H-1 |
| **Greenbush Seed & Supply**<br><br>Sweetall Sterile | **Hoegemeyer Hybrids**<br><br>612 F<br>613 F<br>625F | **Hytest Seeds**<br><br>Honey Kane | **J.C. Robinson Seed Co., Inc**.<br><br>Si-Gro-H-1 |
| **Kelly Green Seeds, Inc.**<br><br>Lucky Leaf | **MMR Genetics**<br><br>36392X<br>MMR 366/31 BMR<br>MMR 366/36 BMR | **Moews Seed Co.**<br><br>Moews Chop 1 | **Mycogen Seeds**<br><br>T-E Goldmaker<br>T-E Goldmaker II |
| **NC+ Hybrids**<br><br>NC 305 F<br>Nutri-Cane II | **Ottilie Seed**<br><br>210 A<br>RO219A | **Phillips Seed**<br><br>Sweet Bale | **Production Plus**<br><br>Cane-Maker<br>Cane-Maker II<br>Red Top Plus<br>Sweet-N-Red<br>Ultra+Cane BMR |
| **Richardson Seeds, Inc.**<br><br>Bundle King BMR | **Roth Seed Company**<br><br>Cattle King<br>Cattle King II<br>Rocky Top | **Scott Seed Co.**<br><br>BMR Gold X<br>Sugar Cube | **Seed, Inc.**<br><br>Big Crop 101FS |
| **Seed Resource, Inc.**<br><br>Brand Hybrid Forage<br>Pik Nik II<br>Sugar-R-Cane<br>Sweet-N-Tall | **Sharp Brothers Seed Co.**<br><br>Canex<br>Canex II<br>Canex 50/50<br>Canex BMR 402<br>Canex BMRX402<br>Canex BMR 403<br>Canex BMRX403<br>Silex BMR 501<br>Silex BMR 502<br>Value Plus With Pollinator | **Sorghum Partners**<br><br>X 909-NK | **Star Seed, Inc.**<br><br>Magnum<br>Surcane |
| **United Agri Products**<br><br>Dyna-Gro DG 711F ST<br>Dyna-Gro DG 727F ST | **Valley Feed and Seed**<br><br>Kane King | **Walter Moss Seed Co.**<br><br>F-18 BMR | **Warner Seed, Inc.**<br><br>Sweet Bee Sterile<br>Sweet Bee Sterile II |
| **Wilbers Seed Solutions**<br><br>Sweet-N-Tall | **Wilbur-Ellis Co.**<br><br>Integra F10165 | | |
| **Miscellaneous Varieties/Company Unknown**<br><br>Crop Guard | | | |

**Eligible Grain Sorghum Varieties (Continued)**

**G * * * Photo-Period Sensitive**

Photo-period sensitive varieties of grain sorghum are listed in the following table. Contact the State Office for assistance with establishing maximum eligible quantity if the crop was planted south of a line from El Paso to Abilene to Dallas (Interstate 20), Texas. Assign a yield based on 80 percent of the yield determined by using the silage factor.

For any photo-period sensitive variety planted north of the line, assign a yield of zero. County Offices shall:

- make LDP eligibility determinations
- advise seed companies, who believe they have eligible varieties **not** listed in the following table, to contact the State Office and provide information about plant characteristics and forage and grain yield potentials
- notify the State Office of any varieties **not** listed in this table that may be photo-period sensitive.

| Company/Variety | Company/Variety | Company/Variety |
|---|---|---|
| **Delta and Pine Land Co.**<br><br>G-1990 | **Forage First**<br><br>Greentreat 128 | **Garrison & Townsend**<br><br>22053 BMR |
| **Gayland Ward Seed Co., Inc.**<br><br>GW-PS500 | **Hytest Seeds**<br><br>HT-311<br>HT-311 BMR PPS | **Legend Seed Company**<br><br>LFS-801 |
| **MMR Genetics**<br><br>336/70 BMR | **Pioneer Hi Bred International**<br><br>811 F | **Richardson Seeds, Inc.**<br><br>Megagreen<br>Pacesetter BMR<br>Pacesetter BMR Red<br>X70400 |
| **Seed Resource, Inc.**<br><br>Green Graze Extra | **Sorghum Partners**<br><br>1990 | **Valley Feed and Seed**<br><br>Sweet Chief BMR PPS |
| **Walter Moss Seed Co.**<br><br>4-EverGreen<br>4-EverGreen BMR | **Warner Seed, Inc.**<br><br>2-Way 199PS<br>Nutrigreen BMR | |

**Eligible Grain Sorghum Varieties (Continued)**

**H * * * Ineligible Varieties**

Ineligible grain sorghum, Category III varieties are listed in the following.

| Company/Variety | Company/Variety | Company/Variety | Company/Variety |
|---|---|---|---|
| **Ag Venture**<br><br>SS 88 | **AR-B Seed**<br><br>AR-B AS4530<br>AR-B Sweet II<br>AR-B Sweet King<br>Sweet King BMR | **Arrow Seed Co., Inc.**<br><br>Energizer<br>Energizer BMR<br>Grazex BMR 727<br>Grazex II<br>Hay N Graze<br>Honey Graze BMR<br>Honey Graze IV<br>Honey Graze LS<br>Nutri + BMR<br>Sweet Sunny Sue | **AVA Seeds**<br><br>7080 BMR |
| **Blue River Hybrids**<br><br>Black Hawk 12<br>Hawk 12<br>Hawk BMR | **Boomerange**<br><br>BMR 6 DH | **Browning Seed, Inc.**<br><br>Cadan 10/10<br>Cadan 10/50<br>Cadan 99B<br>Exp Hybrid OOX<br>Farmers Favor<br>Hayzer<br>Tridan<br>Uron Brand | **Byrons Seed**<br><br>Summer Supreme |
| **Channel Bio Corp**<br><br>Sugar II BMR | **Cropland Genetics**<br><br>Green Treat + | **Coffey Forage Seeds, Inc.**<br><br>Maxi Grain<br>Maxi Grain BMR<br>Sugar Graze 2000<br>Sugar Graze 3000<br>Sugar Graze II<br>Sugar Graze III<br>Sugar Graze Ultra<br>Sugar Queen<br>Sugar Queen III<br>Sugar ST | **Crosbyton Seed Company**<br><br>2816 G BMR<br>7616 G BMR ST<br>Graz-N-Gain<br>Graz-N-Gain ST<br>GW x 7181 G BMR<br>GW x 7191 G BMR<br>GW 7816 G BMR<br>GW 9110 G |
| **Curtis & Curtis, Inc.**<br><br>Wonder Graze | **Dakota's Best Seed**<br><br>Cow Chew<br>Cow Chew II<br>Cow Chew BMR | **DeLange Seed**<br><br>Hi Gain II | **Dodge City Coop**<br><br>Grazer BMR 272<br>Sweet Kelly<br>Sweet Kelly II<br>Samson |
| **Douglass King Co.**<br><br>Hay Day<br>King 61 DR<br>Sugar Sweet II<br>Val-u-Graze | **Drussel Seed and Supply**<br><br>Bonus<br>DSS Bonus BMR<br>DSS Bonus-R BMR | **Dyna-Gro Seed**<br><br>71F10<br>Danny Boy BMR<br>Dynagraze<br>Dynagraze BMR | **Eagle Seed Genetics**<br><br>Hemi BMR |

## Eligible Grain Sorghum Varieties (Continued)

### H * * * Ineligible Varieties (Continued)

| Company/Variety | Company/Variety | Company/Variety | Company/Variety |
|---|---|---|---|
| **East Texas Seed Company**<br><br>Green Graze<br>Planter's Pride | **Eastern Colorado**<br><br>HP 300 BMR | **Forage First**<br><br>Greentreat Plus | **Frontier Hybrids**<br><br>Champ BMR<br>Champ I<br>Champ II<br>Nutri Plus BMR |
| **Garrison & Townsend**<br><br>BMR 201<br>BMR 301<br>BMR 302<br>Gainer<br>Graze All<br>Graze All III<br>Sugar Dan | **Garst Seed Co.**<br><br>750 BMR<br>753 BMR<br>753 BMR+<br>757<br>EX 32007<br>Graze-N-Bale +<br>N 765 BMR X<br>R 723 BMR X<br>Tastemaker III | **Gayland Ward Seed Co., Inc.**<br><br>Super-Sugar<br>Vita-Cane | **Golden Acres Genetics, LLC**<br><br>FP-5<br>T-E Evergreen<br>T-E Haygrazer<br>T-E Haygrazer II |
| **Golden Harvest**<br>**J C Robinson Seed**<br><br>ReGro 34<br>RE-GRO EX 33<br>RE-GRO H-22B | **Hoegemeyer Hybrids**<br><br>650S<br>Sugar Dan | **Hytest Seeds**<br><br>HT 211 BMR | **Johnson Genetics**<br><br>Hidan 36<br>Millex 32<br>Sardan 79<br>Trudan 8<br>Trudan 10 |
| **Johnston Seed Company**<br><br>Sweet Grazin<br>Triple Treat | **Kelly Green Seeds, Inc.**<br><br>4-FPS<br>4-Most<br>4-S<br>4-S BMR<br>4-X<br>4-XPS<br>Lucky Su | **Kings Agri Seed**<br><br>Summer Queen | **Kirkland Seed Company**<br><br>Sweet Chow |
| **Land O Lakes**<br><br>Croplan Drip-O-Honey<br>Croplan Drip-O-Honey BMR<br>Croplan Greentreat BMR<br>Croplan Greentreat IV<br>Croplan Greentreat-Plus<br>Croplan Highland Sweet Plus<br>Croplan Sordan 79<br>Croplan Sordan Headless<br>Croplan Trudan 8<br>Croplan Trudan Headless<br>Forage First SX-17 | **Legend Seed Company**<br><br>German<br>LPM Preferred<br>LSS 405<br>LSS 410<br>Manta | **Mallard Seed Company**<br><br>Mallard SSG<br>Mallard Sweet Miracle | **McCormick Seed, Inc.**<br><br>Honey Sweet |

**Eligible Grain Sorghum Varieties (Continued)**

**H * * * Ineligible Varieties (Continued)**

| Company/Variety | Company/Variety | Company/Variety | Company/Variety |
|---|---|---|---|
| **Midland Genetics**<br><br>Super Sioux<br>Sweet Graz | **Mission Ag**<br><br>Mission Magic | **MMR Genetics**<br><br>336/67 BMR<br>MMR 366/82<br>MMR 327/38 | **Mycogen Seeds**<br><br>IF 655<br>TE Haygrazer |
| **NC+ Hybrids**<br><br>NC+ 800HS<br>NC+ BMR 44S<br>NC+ Sweetleaf II | **Ottilie Seed**<br><br>Sorgox Sudangrass 666 | **PGS Hybrids**<br><br>Sweet Sorghum-Sudangrass<br>Sweet Sorghum-Sudangrass BMR | **Phillips Seed**<br><br>BMR 63<br>BMR 3001<br>Sweet Graz 55 |
| **Pioneer Hi Bred International**<br><br>855F<br>877F<br>979 | **Producers Hybrids**<br><br>Lariet | **Production Plus**<br><br>Dairymen's Dream<br>Dry Stalk<br>Dry Stalk BMR<br>Go-Man-Go<br>Hi-n-Dri<br>Nutri Plus BMR<br>Nutri Plus DS<br>Nutri + Plus BMR<br>Red Top Plus BMR<br>Special Effect<br>Special Effort<br>Ster-M-Up<br>Sweet Sunny Sue | **Richardson Seeds, Inc.**<br><br>Honey Graze BMR<br>Honey Graze IV<br>Honey Pasture<br>Pace setter<br>Pacesetter Plus<br>Piper<br>Sweeter-n-Honey<br>Sweeter-n-Honey BMR<br>Sweeter-n-Honey BMR Red<br>Tri Sweet<br>X38400 |
| **Scott Seed Co.**<br><br>BMR 300<br>BMR Gold 200<br>BMR Gold 300<br>BMR Gold II<br>BMR Gold III<br>Honey Sweet Hay<br>Preferred Stock<br>Premium Stock<br>Premium Stock LS<br>Scott Grazer<br>Sweet-N-Sterile | **Seed, Inc.**<br><br>Big Crop Ribbon Grazer<br>Big Crop Thrifty Grazer | **Seed Resource, Inc.**<br><br>Att-A-Graze I<br>Att-A-Graze II<br>BMR 200<br>BMR 204<br>BMR 206<br>Cattle Grazer<br>Dine a Mite<br>Domor<br>Forage King<br>Green Graze Supreme<br>Green Grazer V<br>Green Pasture II<br>MS 202 BMR<br>PS-210 BMR<br>S 222<br>S 333<br>SS 200 BMR<br>Sugar Beef<br>Sugar Beef III<br>Sugar Beef IV<br>Sugar Beef V<br>Super Su 22<br>Xtra Sweet SS | **Sharp Brothers Seed Co.**<br><br>Buffalo Brand<br>Grazex II<br>Grazex II W<br>Grazex BMR 16<br>Grazex BMR 718<br>Grazex BMR 719<br>Grazex BMR 727<br>Grazex BMR 737<br>Grazex BMR 771<br>Grazex BMR 782 |

**Eligible Grain Sorghum Varieties (Continued)**

**H * * * Ineligible Varieties (Continued)**

| Company/Variety | Company/Variety | Company/Variety | Company/Variety |
|---|---|---|---|
| **Sorghum Partners**<br><br>Sordan 79<br>Sordan Headless<br>Trudan BMR<br>Trudan 8<br>Trudan 10<br>Trudan Headless<br>Trudan Headless BMR<br>X921<br>X922<br>X999 | **Southern States**<br><br>SS120<br>SS211<br>SS220<br>SS220 BMR<br>Unigraze II | **Star Seed, Inc.**<br><br>Excel<br>MSDS Nutri-Max<br>Nutri+Plus BMR | **Syngenta Seeds, Inc**<br><br>Graze-n-Bale + |
| **Taylor Seed**<br><br>WC Sweet Graze III PS | **Terral Seed, Inc.**<br><br>Terrall TV 357 | **Timken Seed Farms Inc.**<br><br>NB-280-g | **Triumph Seed Co., Inc.**<br><br>Sooner Sweet<br>Sooner Sweet 5<br>SSII<br>Super Sweet 10<br>Super Sweet 12<br>SuperSweet ST15<br>Sweet BMR 40 |
| **UAP Seed**<br><br>Danny Boy BMR<br>Dynagrazer | **Valley Feed and Seed**<br><br>Super Chief<br>Sweet Chief X-tra<br>Sweet Chief X-tra BMR | **Walter Moss Seed Co.**<br><br>38 Special BMR<br>Century BMR<br>Mega Green<br>Mega Green BMR<br>SU-2-LM<br>SU-2-LM BMR | **Warner Seed, Inc.**<br><br>Circle W<br>Gro-N-Graze 8493<br>Gro-N-Graze Dream<br>GTW-1<br>Sooper Su<br>Sucrosse 3R<br>Sucrosse 5R BMR<br>Sucrosse 9-R-PS<br>Sucrosse S1<br>Sucrosse S2<br>WXF-03451 |
| **Wilbur Ellis**<br><br>Integra 31F20<br>WE Grow BMR | **Miscellaneous Varieties Companies Unknown**<br><br>African Millet | | |

**Eligible Grain Sorghum Varieties (Continued)**

**H * * * Ineligible Varieties (Continued)**

The following are ineligible sweet sorghum varieties used for sugar purposes **only**:

- Brandes
- Della
- Keller
- Ramada
- Rio
- Roma
- Smith (MN 1500)
- Sugar Drip
- Texas Ribbon
- Texas Ribbon Cane
- Tracy
- White Ribbon
- Wiley
- Wray.

# CCC-677-1's

## A Using CCC-677-1's

Use CCC-677-1 to record measurements of commodity in storage structures when:

- a producer requests **measurement service** on commodity to be offered as collateral for a loan, for basis for LDP, or for production evidence
- commodity for a certified or previously measured loan or LDP is **spot-checked** for quantity and quality determination
- production evidence for LDP or marketing loan repayment is not provided.

## B County Office and Commodity Inspector Instructions

The County Office and commodity inspector shall complete CCC-677-1 as follows.

| County Office Instructions | Commodity Inspector Instructions |
|---|---|
| For **loans or LDP's**, complete all applicable items according to instructions on pages 3 through 6 and calculate quantity for loan or on spot check for loan or LDP, using the information entered by the commodity inspector. For **spot checks,** calculate measurements entered by the commodity inspector and complete items 33 through 35 (**totals**). The conversion factors in item 36 and moisture shrink and test weight factors, according to Exhibits 8, 9, and 11, as applicable, must be used to determine the adjusted measured quantity in item 30. | Complete all applicable entries in items 14, 15, 16, 17, 19, 23, 24, 26, 37 A and B, and 42, as applicable, when measuring the commodity for spot check or for measurement service.<br><br>Draw representative sample of commodity to determine test weight and, if applicable, moisture. |
| Use "Remarks" section for:<br><br>• notation if loan is nonrecourse or recourse<br>• additional structures and locations. | When checking the commodity for measurement service or for spot check, provide storage structure dimensions, when applicable, including additions or deductions for peaks, false floors, etc., if any. Use the diagrams or sketch the shape of the commodity in the storage structure in the space provided in item 42. |
| Enter lien search date in item 39 and date of filing of financing statement in item 40. | |
| Approve and date for CCC in item 41. | Complete comments in item 37 A and sign and date item 37 B. |
| Review items 42 A and B for additional information for calculating the quantity in each structure. | Inspect additional structures shown in "Remarks" section. |

## C Completing CCC-677-1's

Complete CCC-677-1's according to this table.

**Note:** See subparagraph E for an example of CCC-677-1.

| Item | Instructions |
|---|---|
| 1 | Enter applicable information and for joint loans, enter all producers' names and addresses. |
| 2 | Enter crop year of commodity. |
| 3 | Enter commodity name. |
| 4 | Enter class of commodity, if applicable. |
| 5 | Enter State and county codes and loan number.<br><br>• If prepared in APSS, enter APSS-assigned loan number.<br>• For spot check of LDP, enter LDP number. |
| 6 | Enter spouse's name, if applicable. |
| 7 | Enter each farm number where the commodity was produced. Leave blank for spot check. |
| 8 | Enter location or legal description of farm for structures where commodity to be measured is stored. |
| 9 | Ask producer if there are any liens on the commodity offered for collateral, and enter each lienholder's name and address for each producer. Leave blank for spot check. |
| 10 | Check type of action for this farm visit. |
| 11 | Check type of commodity, if applicable. Indicate if the corn is cracked, rolled, or crimped. |
| 12 | Enter seal numbers assigned to each structure measured. If producer-assigned numbers are used, the producer's number shall also be used on CCC-683 and in APSS. |
| 13 | Enter description of structure and location (such as, Quonset on SE1/4 of Section 32, round steel bin next to barn) for all structures to be measured. |

## C Completing CCC-677-1's (Continued)

| Item | Instructions |
|---|---|
| 14 | Commodity inspector shall enter length of commodity stored in flat storage. |
| 15 | Commodity inspector shall enter width of commodity stored in flat storage. |
| 16 | Commodity inspector shall enter circumference of commodity stored in round structure. |
| 17 | Commodity inspector shall enter diameter of commodity stored in round structure. If diameter is not measured, County Office shall:<br><br>• calculate the diameter by multiplying the circumference times .3183<br>• round up to the nearest hundredth. |
| 18 | Calculate square feet of measured area as result of multiplying item 14 times 15 **or** item 17 squared times .7854, round to the nearest hundredth, and enter result of calculation. |
| 19 | Commodity inspector shall enter height of commodity. |
| 20 | Calculate total cubic feet of measured area as result of multiplying item 18 times 19, round to the nearest hundredth, and enter result of calculation. |
| 21 | If applicable, calculate the cubic feet of the commodity inspector's measurements of additions or deductions and enter in item 21 to adjust the cubic feet calculated in item 20.<br><br>**Note:** Review items 37 and 42 for any comments or information from the commodity inspector. |
| 22 | Enter the result of the calculation applicable to items 20 and 21. |
| 23 | Commodity inspector shall enter condition of the storage structure.<br><br>**Note:** Use item 37 A or 42 to provide additional information. |
| 24 | Commodity inspector shall enter the condition of the commodity.<br><br>**Note:** Use item 37 A or 42 to provide additional information. |

## C Completing CCC-677-1's (Continued)

| Item | Instructions |
|---|---|
| 25 | Enter the calculation of item 22 times the bu. or cwt. conversion factor, applicable to the commodity, as shown in item 36. |
| 26 | Commodity inspector shall enter the **actual** test weight applicable to the commodity, except for HM commodities and cracked, rolled, or crimped corn. |
| 27 | Enter pack and test weight factors applicable to the commodity from 8-LP, Exhibit 17. For oilseeds, except soybeans, enter the test weight factor from 8-LP, Exhibit 26. |
| 28 | If applicable, enter the percent of moisture content determined from the sample of the commodity for applicable storage structure. |
| 29 | If applicable, enter the excess moisture shrink factor adjustment according to 8-LP, Exhibit 12 or calculated according to 8-LP, subparagraph 430 C. |
| 30 | Enter the result of item 25 times item 27, and adjust, if applicable, for the moisture shrink factor determined in item 29, to determine the loan or LDP quantity. |
| 31 | Producer shall initial and date after verifying the measurements of the structures.<br><br>*--**Note:** The producer's initials and date are not required for spot checks.--* |
| 32 | Producer shall initial and date within 30 calendar days of completing the measurement service, if the measurements will be used for production evidence for the requested loan or LDP. |
| 33 | For **spot check**, enter the total outstanding loan quantity as shown in the loan record, or for LDP, enter quantity on which LDP was made. |
| 34 | For **spot check**, enter 90 percent of **total** outstanding loan quantity or the total quantity for LDP. |
| 35 | If the quantity calculated in item 30 is equal to or more than the quantity calculated in item 34, there is no deficiency. Determine the quantity deficient, if any, by calculating the difference between the total adjusted measured quantity in item 30 and the loan quantity in item 33.<br><br>**Note:** If COC determines a violation for a deficient loan or LDP quantity, enter COC action in "Remarks" section and follow 8-LP, Part 4 for loan and LDP violation provisions. |
| 36 | Use these factors for conversion of net cubic feet to bu. or cwt. Use:<br><br>• .201 as the conversion factor for crambe<br>• .480 as the conversion factor for dry peas and lentils<br>• .484 as the conversion factor for chickpeas.<br><br>**Notes:** See 8-LP, Exhibit 75.<br><br>County Offices may use APSS to complete calculation of measurement service and attach all screen prints, as applicable, to CCC-677-1. The quantity must be entered in item 30. |

## C Completing CCC-677-1's (Continued)

| Item | Instructions |
|---|---|
| 37 A | Commodity inspector shall enter comments when there is some condition that could affect the maximum quantity for loan, or other matter, that must be brought to the attention of the County Office, such as:<br><br>• additional information about the condition of the structure or the commodity<br>• uneven filling<br>• excess foreign material, dockage, or moisture<br>• commodity is stored in a hazardous location. |
| 37 B | Commodity inspector shall sign and date upon completion of the measurement service or spot check. |
| 38 | **Review CCC-679** for disbursement requests and enter names and amounts for other payees and offsets, if applicable, in the space provided. In remarks, enter any special instructions applicable to this action. |
| 39 | Enter date County Office completes lien search, when required. |
| 40 | Enter date the financing statement is filed. |
| 41 | **After completion of CCC-677-1,** County Office employee shall sign and date for CCC. |
| 42 | **For spot checks**, commodity inspector shall complete for all structures entered in items 12 and 13. (A copy of the original measurement service CCC-677-1 may be used when spot-checking the collateral.) When a re-measurement is required or measurements have changed from previous measurements, the commodity inspector shall complete a new CCC-677-1. |
| 42 Remarks | **For loan requests or spot checks,** the commodity inspector may use this space to provide a sketch of commodity in storage space and any additional information to use to determine the quantity of the commodity. |

## D Distributing CCC-677-1

File original in County Office after measurement service or spot check is complete.

## E Example of CCC-677-1

The following is an example of CCC-677-1.

**CCC-677-1** (06-16-03)

| 1. NAME AND ADDRESS OF APPLICANT | 2. CROP YR. | 3. COMMODITY | 4. CLASS | 5. ST. & CO. CODES, LOAN/LDP NO. | U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation |
|---|---|---|---|---|---|
| William B. Jones<br>2800 Hwy 15<br>Anytown, IA 50000<br>PHONE NO. | 2002 | Soybeans | YSB | 19-000-340 | |
| | 6. NAME OF SPOUSE | | | 7. FARM NUMBER(S) WHERE PRODUCED | **FARM STORAGE LOAN WORKSHEET** |
| | Mary E. Jones | | | 1342 | |

| 8. LOCATION OF COMMODITY | 9. LIENHOLDER(S) *(Name(s) and address(es))* | 10. TYPE OF ACTION *(Check applicable box)* | 11. TYPE OF COMMODITY *(Check if applicable)* |
|---|---|---|---|
| SE 1/4 SE 1/4 Sec.20<br>Jackson Twp. | 1st National Bank<br>Anytown, IA | [X] MEASUREMENT SERVICE<br>[ ] SPOTCHECK | [ ] HIGH MOISTURE [ ] EAR CORN<br>[ ] ACID TREATED |

| 12. SEAL/BIN NO. | 13. BIN IDENTIFICATION | 14. LENGTH | 15. WIDTH | 16. CIRCUM-FERENCE | 17. DIAMETER *(Cir. X .3183 = Diameter)* | 18. SQ.FT. *(Item 14 X 15) OR (Item 17 squared X .7854)* | 19. HEIGHT OF GRAIN | 20. TOTAL CU. FT. | 21. ADDITIONS OR 1/ DEDUCTIONS | 22. NET CU. FT. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | East Steel Bin | | | | 18' | 254 x | 15 = | 3817 +/- | - = | 3817 |
| 2 | Middle Steel Bin | | | | 24' | 452 x | 20.5 = | 9271 +/- | - = | 9271 |
| 3 | West Steel Bin | | | | 18' | 254 x | 15.5 = | 3944 +/- | - = | 3944 |
| | | | | | | x | = | +/- | = | |

| CONDITION OF 23. STRUCTURE | CONDITION OF 24. COMMODITY | 25. BU. OR CWT. *(Item 22 X Factor)* 2/ | 26. ACTUAL TEST WEIGHT | 27. PACK AND/OR TEST WEIGHT FACTOR | 28. % MOISTURE CONTENT | 29. MOISTURE FACTOR | 30. ADJUSTED MEASURED QUANTITY | LOAN QUANTITY | 90% / 95% OF LOAN QUANTITY 3/ | QUANTITY DEFICIENT |
|---|---|---|---|---|---|---|---|---|---|---|
| GK | CK | 3054 | 56 | .961 | 11.0 | - | 2935 | | | |
| GK | CK | 7419 | 56.5 | .980 | 11.5 | - | 7271 | | | |
| GK | CK | 3155 | 56 | .961 | 11.0 | - | 3032 | | | |
| | | | | | | | | | | |
| 31. PRODUCER'S VERIFICATION OF MEASUREMENTS FOR LOAN/LDP *(Initials and date)*: WBJ 10-28-XXXX | | 32. USE MEASUREMENTS FOR PRODUCTION EVIDENCE? *(Initials and date)*: WBJ 10-28-XXX | | | YES [X] NO [ ] | TOTALS → | 13,238 | 33. | 34. | 35. |

| 36. CONVERSION FACTOR 2/ | | | | | |
|---|---|---|---|---|---|
| COMMODITY | CWT. | COMMODITY | CWT. | COMMODITY | BUSHEL |
| GRAIN SORGHUM | .448 | MUSTARD SEED | .432 | EAR CORN | .4 |
| CANOLA | .400 | SAFFLOWER | .320 | SETTLED EAR CORN | .444 |
| FLAXSEED | .448 | SUNFLOWERS | .224 | ALL OTHER | .8 |
| RAPESEED | .400 | RICE | .36 | | |

| 38. FOR OFFICIAL USE ONLY | | | |
|---|---|---|---|
| OTHER PAYEES | 1st National Bank | | |
| OFFSETS | None | | |
| REMARKS | | | |

| 37. COMMODITY INSPECTOR | | | |
|---|---|---|---|
| A. COMMENTS | | 39. LIEN SEARCH DATE: 10-24-XXXX | 40. DATE FINANCING STATEMENT FILED: 10-19-XXXX |
| B. INSPECTED BY: /s/ Joe Inspector | DATE: 10-25-XXXX | 41. FOR CCC BY: /s/ Polly Program Technician | DATE: 10-28-XXXX |

1/ IF APPLICABLE, SHOW ADDITIONS AND DEDUCTIONS IN ITEM 43. 2/ ENTER DIMENSIONS AND SKETCH IN ITEM 43. 3/ ENTER 90% FOR 1994 AND LATER CROP YEARS.

**Note:** The conversion factor for:

- chickpeas is .484
- crambe is .201
- dry peas is .480
- lentils is .480.

## E Example of CCC-677-1 (Continued)

CCC-677-1 (Page 2)

42. SPOTCHECKS

| A. SEAL/BIN NO. | B. DATE OF SPOTCHECK | C. INSPECTOR (INITIALS) | CHECK APPLICABLE BOX: SATISFACTORY D. STRUCTURE | E. COMMODITY | F. REMARKS BY INSPECTOR |
|---|---|---|---|---|---|
| | | | | | |
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| | | | | | |
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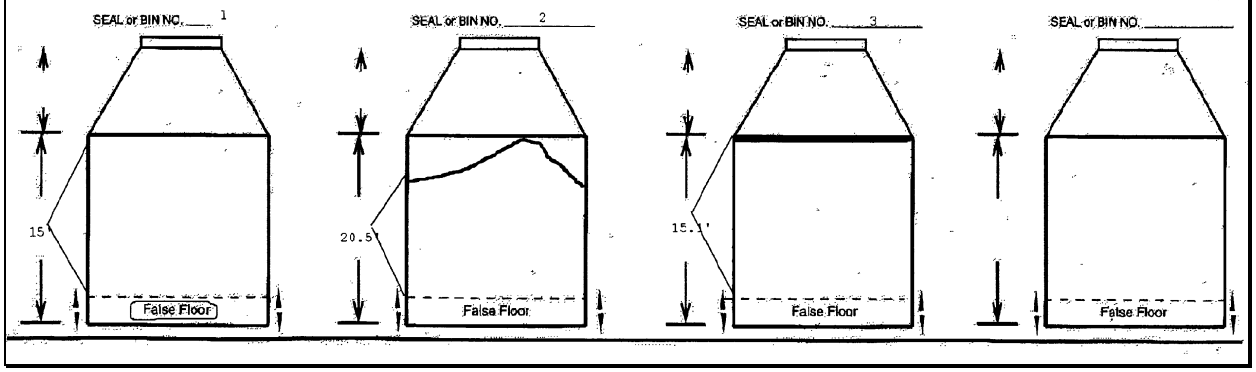
| | | | | | |

43. SKETCH STRUCTURES AND ENTER DIMENSIONS. SHOW ADDITIONS AND DEDUCTIONS.



**CCC-683's**

## A Applicability

County Offices shall:

- complete CCC-683 for each structure containing loan collateral
- provide completed CCC-683's to producers:
  - at time the loan agreements are signed
  - with instructions to post CCC-683's on applicable bins containing commodities pledged as collateral for CCC loans.

## B Completing CCC-683

Complete CCC-683 according to this table.

| Item Reference | Instructions |
|---|---|
| Name, Address, and Telephone Number of County FSA Office | Enter applicable information. |
| Seal Number | Enter the following:<br>• commodity code<br>• crop year<br>• loan number<br>• seal number<br>**Note:** Seal number may be a number assigned to the bin by the producer.<br>• bin identification or location.<br>**Example:** WHT-94-1-1-North bin. |
| Inspections (Initials and Date) | Enter date and initial each time the commodity and structure are inspected. |

**CCC-683's (Continued)**

**C Example of CCC-683**

The following is an example of CCC-683.

# COMMODITY LOAN SEAL

## Do not remove loan contents from this structure without written consent of the County FSA Committee

The commodity under loan stored in this structure is mortgaged to secure a loan made under a program of Commodity Credit Corporation (CCC), an agency of the United States Department of Agriculture; accordingly, this structure is hereby placed under seal.

Entry into this structure and access to its contents are restricted to persons with written authorization by CCC.

Any person who, without proper authority, tampers with or breaks this seal and enters this structure, or interferes in any manner with the commodity stored in this structure is subject to criminal prosecution under State or Federal law.

NAME, ADDRESS AND TELEPHONE NUMBER OF COUNTY FSA OFFICE

SEAL NUMBER

Inspected (Initials and Date)

| | | | |
|---|---|---|---|
| | | | |
| | | | |

**CCC-683**
(03-10-93)

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

## Combined Test Weight and Pack Factors

### A Barley

Use the combined test weight and pack factor applicable to the test weight for **barley** to determine the measured quantity.

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **25.0** | 0.594 | 0.615 | 0.625 | 0.646 | 0.646 | 0.646 |
| **25.5** | 0.604 | 0.626 | 0.636 | 0.657 | 0.657 | 0.657 |
| **26.0** | 0.615 | 0.636 | 0.647 | 0.669 | 0.669 | 0.669 |
| **26.5** | 0.625 | 0.647 | 0.658 | 0.680 | 0.680 | 0.680 |
| **27.0** | 0.636 | 0.658 | 0.669 | 0.692 | 0.692 | 0.692 |
| **27.5** | 0.646 | 0.669 | 0.680 | 0.703 | 0.703 | 0.703 |
| **28.0** | 0.656 | 0.680 | 0.691 | 0.715 | 0.715 | 0.715 |
| **28.5** | 0.666 | 0.690 | 0.702 | 0.726 | 0.726 | 0.726 |
| **29.0** | 0.677 | 0.701 | 0.713 | 0.737 | 0.737 | 0.737 |
| **29.5** | 0.687 | 0.711 | 0.724 | 0.748 | 0.748 | 0.748 |
| **30.0** | 0.697 | 0.722 | 0.734 | 0.797 | 0.825 | 0.842 |
| **30.5** | 0.707 | 0.732 | 0.745 | 0.807 | 0.835 | 0.853 |
| **31.0** | 0.717 | 0.743 | 0.756 | 0.817 | 0.845 | 0.864 |
| **31.5** | 0.727 | 0.753 | 0.766 | 0.827 | 0.855 | 0.875 |
| **32.0** | 0.737 | 0.763 | 0.777 | 0.837 | 0.865 | 0.886 |
| **32.5** | 0.746 | 0.774 | 0.787 | 0.847 | 0.875 | 0.897 |
| **33.0** | 0.756 | 0.784 | 0.798 | 0.857 | 0.885 | 0.908 |
| **33.5** | 0.766 | 0.794 | 0.804 | 0.867 | 0.895 | 0.919 |
| **34.0** | 0.776 | 0.804 | 0.818 | 0.877 | 0.905 | 0.930 |
| **34.5** | 0.785 | 0.814 | 0.828 | 0.887 | 0.915 | 0.941 |
| **35.0** | 0.795 | 0.824 | 0.839 | 0.897 | 0.925 | 0.952 |
| **35.5** | 0.804 | 0.834 | 0.849 | 0.907 | 0.935 | 0.963 |
| **36.0** | 0.814 | 0.844 | 0.859 | 0.917 | 0.945 | 0.974 |
| **36.5** | 0.823 | 0.854 | 0.869 | 0.927 | 0.955 | 0.985 |
| **37.0** | 0.833 | 0.863 | 0.879 | 0.937 | 0.965 | 0.996 |
| **37.5** | 0.842 | 0.873 | 0.889 | 0.947 | 0.975 | 1.007 |
| **38.0** | 0.851 | 0.883 | 0.899 | 0.957 | 0.985 | 1.018 |
| **38.5** | 0.860 | 0.892 | 0.908 | 0.967 | 0.995 | 1.029 |
| **39.0** | 0.869 | 0.902 | 0.918 | 0.977 | 1.005 | 1.040 |
| **39.5** | 0.878 | 0.911 | 0.928 | 0.987 | 1.015 | 1.051 |
| **40.0** | 0.888 | 0.921 | 0.938 | 0.997 | 1.025 | 1.062 |
| **40.5** | 0.896 | 0.930 | 0.947 | 1.008 | 1.037 | 1.075 |
| **41.0** | 0.905 | 0.940 | 0.957 | 1.018 | 1.047 | 1.085 |
| **41.5** | 0.914 | 0.949 | 0.966 | 1.029 | 1.057 | 1.096 |

**Combined Test Weight and Pack Factors (Continued)**

**A Barley (Continued)**

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **42.0** | 0.923 | 0.958 | 0.976 | 1.039 | 1.069 | 1.108 |
| **42.5** | 0.932 | 0.967 | 0.985 | 1.049 | 1.079 | 1.118 |
| **43.0** | 0.941 | 0.976 | 0.994 | 1.059 | 1.089 | 1.129 |
| **43.5** | 0.949 | 0.986 | 1.004 | 1.069 | 1.099 | 1.140 |
| **44.0** | 0.958 | 0.995 | 1.013 | 1.079 | 1.109 | 1.150 |
| **44.5** | 0.966 | 1.004 | 1.022 | 1.089 | 1.119 | 1.160 |
| **45.0** | 0.975 | 1.013 | 1.031 | 1.098 | 1.131 | 1.173 |
| **45.5** | 0.983 | 1.021 | 1.040 | 1.109 | 1.141 | 1.184 |
| **46.0** | 0.992 | 1.030 | 1.049 | 1.119 | 1.151 | 1.194 |
| **46.5** | 1.000 | 1.039 | 1.058 | 1.128 | 1.162 | 1.205 |
| **47.0** | 1.009 | 1.048 | 1.067 | 1.138 | 1.172 | 1.217 |
| **47.5** | 1.017 | 1.056 | 1.076 | 1.148 | 1.181 | 1.226 |
| **48.0** | 1.025 | 1.065 | 1.085 | 1.157 | 1.191 | 1.236 |
| **48.5** | 1.033 | 1.074 | 1.094 | 1.166 | 1.202 | 1.247 |
| **49.0** | 1.041 | 1.082 | 1.103 | 1.176 | 1.211 | 1.257 |
| **49.5** | 1.049 | 1.091 | 1.111 | 1.186 | 1.221 | 1.268 |
| **50.0** | 1.057 | 1.099 | 1.120 | 1.195 | 1.230 | 1.277 |
| **50.5** | 1.065 | 1.107 | 1.128 | 1.205 | 1.241 | 1.288 |
| **51.0** | 1.073 | 1.116 | 1.137 | 1.214 | 1.250 | 1.297 |
| **51.5** | 1.081 | 1.124 | 1.145 | 1.223 | 1.259 | 1.307 |
| **52.0** | 1.089 | 1.132 | 1.154 | 1.232 | 1.268 | 1.317 |
| **52.5** | 1.096 | 1.140 | 1.162 | 1.241 | 1.278 | 1.327 |
| **53.0** | 1.104 | 1.148 | 1.170 | 1.250 | 1.288 | 1.337 |
| **53.5** | 1.112 | 1.156 | 1.179 | 1.259 | 1.297 | 1.347 |
| **54.0** | 1.119 | 1.164 | 1.187 | 1.269 | 1.306 | 1.357 |
| **54.5** | 1.127 | 1.172 | 1.195 | 1.277 | 1.315 | 1.366 |
| **55.0** | 1.134 | 1.180 | 1.203 | 1.286 | 1.325 | 1.376 |
| **55.5** | 1.142 | 1.188 | 1.211 | 1.295 | 1.334 | 1.386 |
| **56.0** | 1.149 | 1.196 | 1.219 | 1.303 | 1.344 | 1.397 |

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**Combined Test Weight and Pack Factors (Continued)**

## B Corn

Use the combined test weight and pack factor applicable to the test weight for **corn** to determine the measured quantity.

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **30.0** | 0.587 | 0.594 | 0.603 | 0.610 | 0.610 | 0.610 |
| **30.5** | 0.596 | 0.603 | 0.612 | 0.619 | 0.619 | 0.619 |
| **31.0** | 0.605 | 0.612 | 0.622 | 0.628 | 0.628 | 0.628 |
| **31.5** | 0.614 | 0.621 | 0.631 | 0.638 | 0.638 | 0.638 |
| **32.0** | 0.623 | 0.630 | 0.640 | 0.647 | 0.647 | 0.647 |
| **32.5** | 0.632 | 0.639 | 0.649 | 0.656 | 0.656 | 0.656 |
| **33.0** | 0.641 | 0.648 | 0.658 | 0.665 | 0.665 | 0.665 |
| **33.5** | 0.649 | 0.657 | 0.667 | 0.674 | 0.674 | 0.674 |
| **34.0** | 0.658 | 0.665 | 0.676 | 0.684 | 0.684 | 0.684 |
| **34.5** | 0.667 | 0.674 | 0.685 | 0.693 | 0.693 | 0.693 |
| **35.0** | 0.676 | 0.683 | 0.694 | 0.702 | 0.702 | 0.702 |
| **35.5** | 0.684 | 0.692 | 0.703 | 0.711 | 0.711 | 0.711 |
| **36.0** | 0.693 | 0.701 | 0.712 | 0.720 | 0.720 | 0.720 |
| **36.5** | 0.702 | 0.709 | 0.721 | 0.729 | 0.729 | 0.729 |
| **37.0** | 0.710 | 0.718 | 0.730 | 0.738 | 0.738 | 0.738 |
| **37.5** | 0.719 | 0.727 | 0.739 | 0.747 | 0.747 | 0.747 |
| **38.0** | 0.727 | 0.736 | 0.748 | 0.756 | 0.756 | 0.756 |
| **38.5** | 0.736 | 0.744 | 0.757 | 0.765 | 0.765 | 0.765 |
| **39.0** | 0.744 | 0.753 | 0.765 | 0.774 | 0.774 | 0.774 |
| **39.5** | 0.753 | 0.761 | 0.774 | 0.783 | 0.783 | 0.783 |
| **40.0** | 0.761 | 0.770 | 0.783 | 0.791 | 0.791 | 0.791 |
| **40.5** | 0.770 | 0.779 | 0.792 | 0.800 | 0.800 | 0.800 |
| **41.0** | 0.778 | 0.787 | 0.800 | 0.809 | 0.809 | 0.809 |
| **41.5** | 0.787 | 0.796 | 0.809 | 0.818 | 0.818 | 0.818 |
| **42.0** | 0.795 | 0.804 | 0.818 | 0.841 | 0.853 | 0.871 |
| **42.5** | 0.803 | 0.812 | 0.826 | 0.849 | 0.861 | 0.879 |
| **43.0** | 0.812 | 0.821 | 0.835 | 0.857 | 0.869 | 0.887 |
| **43.5** | 0.820 | 0.829 | 0.843 | 0.865 | 0.877 | 0.895 |
| **44.0** | 0.828 | 0.838 | 0.852 | 0.873 | 0.885 | 0.903 |
| **44.5** | 0.836 | 0.846 | 0.860 | 0.881 | 0.893 | 0.911 |
| **45.0** | 0.845 | 0.854 | 0.869 | 0.889 | 0.901 | 0.919 |
| **45.5** | 0.853 | 0.862 | 0.877 | 0.897 | 0.909 | 0.927 |
| **46.0** | 0.861 | 0.871 | 0.886 | 0.905 | 0.917 | 0.935 |
| **46.5** | 0.869 | 0.879 | 0.894 | 0.913 | 0.925 | 0.943 |
| **47.0** | 0.877 | 0.887 | 0.902 | 0.921 | 0.933 | 0.951 |

**Combined Test Weight and Pack Factors (Continued)**

**B Corn (Continued)**

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **47.5** | 0.885 | 0.895 | 0.911 | 0.929 | 0.941 | 0.959 |
| **48.0** | 0.893 | 0.903 | 0.919 | 0.937 | 0.949 | 0.967 |
| **48.5** | 0.901 | 0.912 | 0.927 | 0.945 | 0.957 | 0.975 |
| **49.0** | 0.909 | 0.920 | 0.935 | 0.953 | 0.965 | 0.983 |
| **49.5** | 0.917 | 0.928 | 0.944 | 0.961 | 0.973 | 0.991 |
| **50.0** | 0.925 | 0.936 | 0.952 | 0.969 | 0.981 | 0.999 |
| **50.5** | 0.933 | 0.944 | 0.960 | 0.978 | 0.990 | 1.009 |
| **51.0** | 0.941 | 0.952 | 0.968 | 0.986 | 0.998 | 1.017 |
| **51.5** | 0.949 | 0.960 | 0.976 | 0.994 | 1.006 | 1.025 |
| **52.0** | 0.956 | 0.968 | 0.984 | 1.003 | 1.015 | 1.034 |
| **52.5** | 0.964 | 0.975 | 0.992 | 1.011 | 1.024 | 1.043 |
| **53.0** | 0.972 | 0.983 | 1.000 | 1.019 | 1.032 | 1.051 |
| **53.5** | 0.980 | 0.991 | 1.008 | 1.027 | 1.040 | 1.059 |
| **54.0** | 0.987 | 0.999 | 1.016 | 1.036 | 1.049 | 1.069 |
| **54.5** | 0.995 | 1.007 | 1.024 | 1.044 | 1.057 | 1.077 |
| **55.0** | 1.003 | 1.015 | 1.032 | 1.052 | 1.065 | 1.085 |
| **55.5** | 1.010 | 1.022 | 1.040 | 1.060 | 1.073 | 1.094 |
| **56.0** | 1.018 | 1.030 | 1.048 | 1.068 | 1.081 | 1.102 |
| **56.5** | 1.026 | 1.038 | 1.056 | 1.076 | 1.089 | 1.110 |
| **57.0** | 1.033 | 1.045 | 1.064 | 1.084 | 1.097 | 1.118 |
| **57.5** | 1.041 | 1.053 | 1.071 | 1.092 | 1.105 | 1.126 |
| **58.0** | 1.048 | 1.061 | 1.079 | 1.100 | 1.113 | 1.134 |
| **58.5** | 1.056 | 1.068 | 1.087 | 1.108 | 1.122 | 1.143 |
| **59.0** | 1.063 | 1.076 | 1.095 | 1.116 | 1.130 | 1.151 |
| **59.5** | 1.070 | 1.083 | 1.102 | 1.123 | 1.138 | 1.160 |
| **60.0** | 1.078 | 1.091 | 1.110 | 1.131 | 1.146 | 1.168 |
| **60.5** | 1.085 | 1.098 | 1.118 | 1.139 | 1.153 | 1.175 |
| **61.0** | 1.093 | 1.106 | 1.125 | 1.147 | 1.161 | 1.183 |
| **61.5** | 1.100 | 1.113 | 1.133 | 1.155 | 1.169 | 1.191 |
| **62.0** | 1.107 | 1.120 | 1.140 | 1.163 | 1.177 | 1.199 |
| **62.5** | 1.114 | 1.127 | 1.147 | 1.171 | 1.185 | 1.207 |
| **63.0** | 1.121 | 1.134 | 1.154 | 1.179 | 1.193 | 1.215 |
| **63.5** | 1.128 | 1.141 | 1.161 | 1.187 | 1.201 | 1.223 |
| **64.0** | 1.135 | 1.148 | 1.168 | 1.195 | 1.209 | 1.231 |

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**Combined Test Weight and Pack Factors (Continued)**

## C Grain Sorghum

Use the combined test weight and pack factor applicable to the test weight for **grain sorghum** to determine the measured quantity.

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **30.0** | 0.588 | 0.596 | 0.607 | 0.615 | 0.615 | 0.615 |
| **30.5** | 0.597 | 0.605 | 0.616 | 0.624 | 0.624 | 0.624 |
| **31.0** | 0.606 | 0.614 | 0.626 | 0.634 | 0.634 | 0.634 |
| **31.5** | 0.615 | 0.624 | 0.635 | 0.643 | 0.643 | 0.643 |
| **32.0** | 0.624 | 0.633 | 0.644 | 0.653 | 0.653 | 0.653 |
| **32.5** | 0.633 | 0.642 | 0.653 | 0.662 | 0.662 | 0.662 |
| **33.0** | 0.642 | 0.651 | 0.662 | 0.671 | 0.671 | 0.671 |
| **33.5** | 0.651 | 0.660 | 0.671 | 0.680 | 0.680 | 0.680 |
| **34.0** | 0.659 | 0.668 | 0.681 | 0.690 | 0.690 | 0.690 |
| **34.5** | 0.668 | 0.677 | 0.690 | 0.699 | 0.699 | 0.699 |
| **35.0** | 0.677 | 0.686 | 0.699 | 0.708 | 0.708 | 0.708 |
| **35.5** | 0.686 | 0.695 | 0.708 | 0.717 | 0.717 | 0.717 |
| **36.0** | 0.694 | 0.704 | 0.717 | 0.726 | 0.726 | 0.726 |
| **36.5** | 0.703 | 0.713 | 0.726 | 0.736 | 0.736 | 0.736 |
| **37.0** | 0.712 | 0.722 | 0.735 | 0.745 | 0.745 | 0.745 |
| **37.5** | 0.720 | 0.730 | 0.744 | 0.754 | 0.754 | 0.754 |
| **38.0** | 0.729 | 0.739 | 0.753 | 0.763 | 0.763 | 0.763 |
| **38.5** | 0.737 | 0.748 | 0.761 | 0.772 | 0.772 | 0.772 |
| **39.0** | 0.746 | 0.756 | 0.770 | 0.781 | 0.781 | 0.781 |
| **39.5** | 0.754 | 0.765 | 0.779 | 0.790 | 0.790 | 0.790 |
| **40.0** | 0.763 | 0.774 | 0.788 | 0.826 | 0.844 | 0.869 |
| **40.5** | 0.771 | 0.782 | 0.797 | 0.834 | 0.852 | 0.877 |
| **41.0** | 0.780 | 0.791 | 0.805 | 0.842 | 0.860 | 0.885 |
| **41.5** | 0.788 | 0.799 | 0.814 | 0.850 | 0.868 | 0.893 |
| **42.0** | 0.797 | 0.808 | 0.823 | 0.858 | 0.876 | 0.901 |
| **42.5** | 0.805 | 0.816 | 0.831 | 0.866 | 0.884 | 0.909 |
| **43.0** | 0.813 | 0.825 | 0.840 | 0.874 | 0.892 | 0.917 |
| **43.5** | 0.821 | 0.833 | 0.849 | 0.882 | 0.900 | 0.925 |
| **44.0** | 0.830 | 0.842 | 0.857 | 0.890 | 0.908 | 0.933 |
| **44.5** | 0.838 | 0.850 | 0.866 | 0.898 | 0.916 | 0.941 |
| **45.0** | 0.846 | 0.858 | 0.874 | 0.906 | 0.924 | 0.949 |
| **45.5** | 0.854 | 0.867 | 0.883 | 0.914 | 0.932 | 0.957 |
| **46.0** | 0.863 | 0.875 | 0.891 | 0.922 | 0.940 | 0.965 |
| **46.5** | 0.871 | 0.883 | 0.900 | 0.930 | 0.948 | 0.973 |
| **47.0** | 0.879 | 0.891 | 0.908 | 0.938 | 0.956 | 0.981 |

**Combined Test Weight and Pack Factors (Continued)**

**C Grain Sorghum (Continued)**

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **47.5** | 0.887 | 0.900 | 0.916 | 0.946 | 0.964 | 0.989 |
| **48.0** | 0.895 | 0.908 | 0.925 | 0.954 | 0.972 | 0.997 |
| **48.5** | 0.903 | 0.916 | 0.933 | 0.962 | 0.980 | 1.005 |
| **49.0** | 0.911 | 0.924 | 0.942 | 0.970 | 0.988 | 1.013 |
| **49.5** | 0.919 | 0.932 | 0.950 | 0.978 | 0.996 | 1.021 |
| **50.0** | 0.927 | 0.940 | 0.958 | 0.986 | 1.004 | 1.029 |
| **50.5** | 0.935 | 0.948 | 0.966 | 0.995 | 1.013 | 1.039 |
| **51.0** | 0.943 | 0.956 | 0.974 | 1.003 | 1.021 | 1.047 |
| **51.5** | 0.950 | 0.964 | 0.983 | 1.013 | 1.030 | 1.057 |
| **52.0** | 0.958 | 0.972 | 0.991 | 1.021 | 1.038 | 1.065 |
| **52.5** | 0.966 | 0.980 | 0.999 | 1.029 | 1.047 | 1.074 |
| **53.0** | 0.974 | 0.988 | 1.007 | 1.038 | 1.055 | 1.082 |
| **53.5** | 0.982 | 0.996 | 1.015 | 1.046 | 1.065 | 1.092 |
| **54.0** | 0.989 | 1.004 | 1.023 | 1.054 | 1.073 | 1.100 |
| **54.5** | 0.997 | 1.012 | 1.031 | 1.063 | 1.081 | 1.108 |
| **55.0** | 1.005 | 1.019 | 1.039 | 1.071 | 1.089 | 1.117 |
| **55.5** | 1.012 | 1.027 | 1.047 | 1.079 | 1.098 | 1.127 |
| **56.0** | 1.020 | 1.035 | 1.055 | 1.087 | 1.105 | 1.133 |
| **56.5** | 1.028 | 1.043 | 1.063 | 1.095 | 1.114 | 1.143 |
| **57.0** | 1.035 | 1.050 | 1.071 | 1.103 | 1.122 | 1.151 |
| **57.5** | 1.043 | 1.058 | 1.079 | 1.111 | 1.132 | 1.161 |
| **58.0** | 1.050 | 1.066 | 1.086 | 1.119 | 1.140 | 1.169 |
| **58.5** | 1.058 | 1.073 | 1.094 | 1.127 | 1.148 | 1.178 |
| **59.0** | 1.065 | 1.081 | 1.102 | 1.135 | 1.156 | 1.186 |
| **59.5** | 1.073 | 1.089 | 1.110 | 1.143 | 1.164 | 1.194 |
| **60.0** | 1.080 | 1.096 | 1.118 | 1.152 | 1.172 | 1.203 |
| **60.5** | 1.087 | 1.104 | 1.125 | 1.160 | 1.180 | 1.211 |
| **61.0** | 1.095 | 1.111 | 1.133 | 1.168 | 1.188 | 1.219 |
| **61.5** | 1.102 | 1.119 | 1.140 | 1.176 | 1.196 | 1.227 |
| **62.0** | 1.109 | 1.126 | 1.148 | 1.184 | 1.204 | 1.235 |

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**Combined Test Weight and Pack Factors (Continued)**

## D Oats

Use the combined test weight and pack factor applicable to the test weight for **oats** to determine the measured quantity.

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **20.0** | 0.763 | 0.781 | 0.794 | 0.813 | 0.813 | 0.813 |
| **20.5** | 0.778 | 0.798 | 0.810 | 0.830 | 0.830 | 0.830 |
| **21.0** | 0.794 | 0.814 | 0.827 | 0.847 | 0.847 | 0.847 |
| **21.5** | 0.810 | 0.830 | 0.843 | 0.863 | 0.863 | 0.863 |
| **22.0** | 0.825 | 0.846 | 0.859 | 0.880 | 0.880 | 0.880 |
| **22.5** | 0.840 | 0.861 | 0.875 | 0.896 | 0.896 | 0.896 |
| **23.0** | 0.855 | 0.877 | 0.891 | 0.913 | 0.913 | 0.913 |
| **23.5** | 0.870 | 0.892 | 0.907 | 0.929 | 0.929 | 0.929 |
| **24.0** | 0.885 | 0.908 | 0.923 | 0.945 | 0.945 | 0.945 |
| **24.5** | 0.900 | 0.923 | 0.938 | 0.961 | 0.961 | 0.961 |
| **25.0** | 0.914 | 0.938 | 0.953 | 1.108 | 1.158 | 1.231 |
| **25.5** | 0.928 | 0.952 | 0.968 | 1.127 | 1.179 | 1.254 |
| **26.0** | 0.943 | 0.967 | 0.983 | 1.144 | 1.198 | 1.274 |
| **26.5** | 0.956 | 0.981 | 0.998 | 1.162 | 1.217 | 1.294 |
| **27.0** | 0.970 | 0.996 | 1.013 | 1.180 | 1.235 | 1.314 |
| **27.5** | 0.984 | 1.010 | 1.027 | 1.197 | 1.253 | 1.333 |
| **28.0** | 0.998 | 1.024 | 1.041 | 1.214 | 1.272 | 1.354 |
| **28.5** | 1.011 | 1.038 | 1.055 | 1.232 | 1.289 | 1.372 |
| **29.0** | 1.024 | 1.051 | 1.069 | 1.249 | 1.308 | 1.393 |
| **29.5** | 1.037 | 1.065 | 1.083 | 1.266 | 1.327 | 1.414 |
| **30.0** | 1.050 | 1.078 | 1.097 | 1.283 | 1.345 | 1.433 |
| **30.5** | 1.063 | 1.091 | 1.110 | 1.299 | 1.363 | 1.452 |
| **31.0** | 1.075 | 1.104 | 1.124 | 1.316 | 1.379 | 1.470 |
| **31.5** | 1.088 | 1.117 | 1.137 | 1.332 | 1.397 | 1.490 |
| **32.0** | 1.100 | 1.130 | 1.150 | 1.348 | 1.414 | 1.507 |
| **32.5** | 1.112 | 1.143 | 1.163 | 1.365 | 1.430 | 1.525 |
| **33.0** | 1.124 | 1.155 | 1.176 | 1.380 | 1.447 | 1.543 |
| **33.5** | 1.136 | 1.167 | 1.188 | 1.395 | 1.464 | 1.561 |
| **34.0** | 1.148 | 1.179 | 1.201 | 1.412 | 1.480 | 1.579 |
| **34.5** | 1.159 | 1.191 | 1.213 | 1.427 | 1.496 | 1.597 |
| **35.0** | 1.170 | 1.203 | 1.225 | 1.442 | 1.514 | 1.617 |
| **35.5** | 1.181 | 1.215 | 1.237 | 1.457 | 1.530 | 1.634 |
| **36.0** | 1.193 | 1.226 | 1.249 | 1.472 | 1.545 | 1.650 |
| **36.5** | 1.203 | 1.238 | 1.260 | 1.487 | 1.561 | 1.668 |
| **37.0** | 1.214 | 1.249 | 1.272 | 1.501 | 1.577 | 1.685 |

**Combined Test Weight and Pack Factors (Continued)**

**D Oats (Continued)**

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **37.5** | 1.225 | 1.260 | 1.283 | 1.515 | 1.592 | 1.701 |
| **38.0** | 1.235 | 1.271 | 1.294 | 1.530 | 1.606 | 1.717 |
| **38.5** | 1.245 | 1.281 | 1.305 | 1.544 | 1.622 | 1.735 |
| **39.0** | 1.255 | 1.292 | 1.316 | 1.558 | 1.637 | 1.751 |
| **39.5** | 1.265 | 1.302 | 1.327 | 1.572 | 1.653 | 1.768 |
| **40.0** | 1.275 | 1.313 | 1.338 | 1.585 | 1.667 | 1.784 |
| **40.5** | 1.285 | 1.323 | 1.348 | 1.599 | 1.682 | 1.801 |
| **41.0** | 1.294 | 1.333 | 1.358 | 1.612 | 1.696 | 1.815 |
| **41.5** | 1.303 | 1.342 | 1.368 | 1.626 | 1.711 | 1.832 |
| **42.0** | 1.313 | 1.352 | 1.378 | 1.639 | 1.724 | 1.847 |
| **42.5** | 1.321 | 1.361 | 1.388 | 1.651 | 1.738 | 1.862 |
| **43.0** | 1.330 | 1.371 | 1.398 | 1.664 | 1.752 | 1.877 |
| **43.5** | 1.339 | 1.380 | 1.407 | 1.677 | 1.764 | 1.891 |
| **44.0** | 1.348 | 1.389 | 1.416 | 1.689 | 1.779 | 1.908 |
| **44.5** | 1.356 | 1.398 | 1.425 | 1.702 | 1.793 | 1.923 |
| **45.0** | 1.364 | 1.406 | 1.434 | 1.715 | 1.807 | 1.938 |
| **45.5** | 1.372 | 1.415 | 1.443 | 1.728 | 1.821 | 1.953 |
| **46.0** | 1.380 | 1.423 | 1.452 | 1.741 | 1.835 | 1.968 |
| **46.5** | 1.388 | 1.431 | 1.460 | 1.754 | 1.849 | 1.983 |
| **47.0** | 1.395 | 1.439 | 1.469 | 1.767 | 1.863 | 1.998 |
| **47.5** | 1.403 | 1.447 | 1.477 | 1.780 | 1.877 | 2.013 |
| **48.0** | 1.410 | 1.455 | 1.485 | 1.793 | 1.891 | 2.028 |
| **48.5** | 1.417 | 1.463 | 1.493 | 1.806 | 1.905 | 2.043 |
| **49.0** | 1.424 | 1.470 | 1.501 | 1.819 | 1.919 | 2.058 |
| **49.5** | 1.431 | 1.477 | 1.508 | 1.832 | 1.933 | 2.073 |
| **50.0** | 1.438 | 1.484 | 1.516 | 1.845 | 1.947 | 2.088 |

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**Combined Test Weight and Pack Factors (Continued)**

**E Rice**

Use the combined test weight and pack factor applicable to the test weight for **rice** to determine the measured quantity.

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **35.0** | 0.828 | 0.840 | 0.852 | 0.880 | 0.900 | 0.927 |
| **35.5** | 0.839 | 0.851 | 0.863 | 0.894 | 0.914 | 0.941 |
| **36.0** | 0.850 | 0.862 | 0.874 | 0.908 | 0.928 | 0.955 |
| **36.5** | 0.860 | 0.872 | 0.885 | 0.922 | 0.942 | 0.969 |
| **37.0** | 0.871 | 0.883 | 0.895 | 0.936 | 0.956 | 0.983 |
| **37.5** | 0.881 | 0.894 | 0.906 | 0.950 | 0.970 | 0.997 |
| **38.0** | 0.892 | 0.904 | 0.917 | 0.964 | 0.984 | 1.011 |
| **38.5** | 0.902 | 0.915 | 0.928 | 0.978 | 0.998 | 1.025 |
| **39.0** | 0.913 | 0.926 | 0.939 | 0.992 | 1.012 | 1.039 |
| **39.5** | 0.923 | 0.936 | 0.949 | 1.006 | 1.026 | 1.053 |
| **40.0** | 0.933 | 0.947 | 0.960 | 1.020 | 1.040 | 1.067 |
| **40.5** | 0.944 | 0.957 | 0.971 | 1.031 | 1.051 | 1.079 |
| **41.0** | 0.954 | 0.968 | 0.981 | 1.042 | 1.063 | 1.091 |
| **41.5** | 0.964 | 0.978 | 0.992 | 1.053 | 1.073 | 1.102 |
| **42.0** | 0.974 | 0.988 | 1.002 | 1.064 | 1.084 | 1.113 |
| **42.5** | 0.985 | 0.999 | 1.013 | 1.075 | 1.096 | 1.125 |
| **43.0** | 0.995 | 1.009 | 1.023 | 1.085 | 1.106 | 1.135 |
| **43.5** | 1.005 | 1.019 | 1.034 | 1.096 | 1.117 | 1.147 |
| **44.0** | 1.015 | 1.030 | 1.044 | 1.107 | 1.128 | 1.159 |
| **44.5** | 1.025 | 1.040 | 1.055 | 1.117 | 1.138 | 1.169 |
| **45.0** | 1.035 | 1.050 | 1.065 | 1.128 | 1.149 | 1.180 |
| **45.5** | 1.045 | 1.060 | 1.075 | 1.138 | 1.161 | 1.192 |
| **46.0** | 1.055 | 1.070 | 1.086 | 1.149 | 1.171 | 1.202 |
| **46.5** | 1.065 | 1.080 | 1.096 | 1.159 | 1.182 | 1.214 |
| **47.0** | 1.075 | 1.090 | 1.106 | 1.169 | 1.192 | 1.225 |
| **47.5** | 1.085 | 1.100 | 1.116 | 1.180 | 1.202 | 1.235 |
| **48.0** | 1.094 | 1.110 | 1.126 | 1.190 | 1.213 | 1.246 |
| **48.5** | 1.104 | 1.120 | 1.137 | 1.200 | 1.224 | 1.257 |
| **49.0** | 1.114 | 1.130 | 1.147 | 1.210 | 1.234 | 1.267 |
| **49.5** | 1.124 | 1.140 | 1.157 | 1.220 | 1.244 | 1.278 |
| **50.0** | 1.133 | 1.150 | 1.167 | 1.231 | 1.255 | 1.290 |
| **50.5** | 1.143 | 1.160 | 1.177 | 1.238 | 1.262 | 1.297 |
| **51.0** | 1.153 | 1.170 | 1.187 | 1.245 | 1.269 | 1.304 |
| **51.5** | 1.162 | 1.179 | 1.197 | 1.252 | 1.276 | 1.311 |
| **52.0** | 1.172 | 1.189 | 1.206 | 1.259 | 1.283 | 1.318 |

**Combined Test Weight and Pack Factors (Continued)**

**E Rice (Continued)**

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **52.5** | 1.181 | 1.199 | 1.216 | 1.266 | 1.290 | 1.325 |
| **53.0** | 1.191 | 1.208 | 1.226 | 1.273 | 1.297 | 1.332 |
| **53.5** | 1.200 | 1.218 | 1.236 | 1.280 | 1.304 | 1.339 |
| **54.0** | 1.210 | 1.228 | 1.246 | 1.287 | 1.311 | 1.346 |
| **54.5** | 1.219 | 1.237 | 1.255 | 1.294 | 1.318 | 1.353 |
| **55.0** | 1.228 | 1.247 | 1.265 | 1.301 | 1.325 | 1.360 |

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**Combined Test Weight and Pack Factors (Continued)**

**F Soybeans**

Use the combined test weight and pack factor applicable to the test weight for **soybeans** to determine the measured quantity.

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **40.0** | 0.719 | 0.727 | 0.739 | 0.745 | 0.757 | 0.774 |
| **40.5** | 0.727 | 0.735 | 0.747 | 0.753 | 0.765 | 0.782 |
| **41.0** | 0.735 | 0.743 | 0.755 | 0.761 | 0.773 | 0.790 |
| **41.5** | 0.743 | 0.751 | 0.763 | 0.769 | 0.781 | 0.798 |
| **42.0** | 0.750 | 0.759 | 0.771 | 0.777 | 0.789 | 0.806 |
| **42.5** | 0.758 | 0.767 | 0.780 | 0.785 | 0.797 | 0.814 |
| **43.0** | 0.766 | 0.775 | 0.788 | 0.793 | 0.805 | 0.822 |
| **43.5** | 0.774 | 0.783 | 0.796 | 0.801 | 0.813 | 0.830 |
| **44.0** | 0.782 | 0.791 | 0.804 | 0.809 | 0.821 | 0.838 |
| **44.5** | 0.790 | 0.798 | 0.812 | 0.817 | 0.829 | 0.846 |
| **45.0** | 0.797 | 0.806 | 0.820 | 0.825 | 0.837 | 0.854 |
| **45.5** | 0.805 | 0.814 | 0.828 | 0.833 | 0.845 | 0.862 |
| **46.0** | 0.813 | 0.822 | 0.836 | 0.841 | 0.853 | 0.870 |
| **46.5** | 0.820 | 0.830 | 0.844 | 0.849 | 0.861 | 0.878 |
| **47.0** | 0.828 | 0.837 | 0.851 | 0.857 | 0.869 | 0.886 |
| **47.5** | 0.836 | 0.845 | 0.859 | 0.865 | 0.877 | 0.894 |
| **48.0** | 0.843 | 0.853 | 0.867 | 0.873 | 0.885 | 0.902 |
| **48.5** | 0.851 | 0.860 | 0.875 | 0.881 | 0.893 | 0.910 |
| **49.0** | 0.858 | 0.868 | 0.883 | 0.889 | 0.901 | 0.918 |
| **49.5** | 0.866 | 0.876 | 0.891 | 0.897 | 0.909 | 0.926 |
| **50.0** | 0.873 | 0.883 | 0.898 | 0.905 | 0.917 | 0.934 |
| **50.5** | 0.881 | 0.891 | 0.906 | 0.913 | 0.925 | 0.942 |
| **51.0** | 0.888 | 0.898 | 0.914 | 0.921 | 0.933 | 0.951 |
| **51.5** | 0.896 | 0.906 | 0.921 | 0.928 | 0.940 | 0.957 |
| **52.0** | 0.903 | 0.913 | 0.929 | 0.936 | 0.948 | 0.966 |
| **52.5** | 0.910 | 0.921 | 0.937 | 0.943 | 0.955 | 0.973 |
| **53.0** | 0.918 | 0.928 | 0.944 | 0.951 | 0.963 | 0.981 |
| **53.5** | 0.925 | 0.936 | 0.952 | 0.959 | 0.971 | 0.990 |
| **54.0** | 0.932 | 0.943 | 0.959 | 0.966 | 0.978 | 0.997 |
| **54.5** | 0.940 | 0.951 | 0.967 | 0.974 | 0.986 | 1.005 |
| **55.0** | 0.947 | 0.958 | 0.974 | 0.982 | 0.994 | 1.013 |
| **55.5** | 0.954 | 0.965 | 0.982 | 0.989 | 1.001 | 1.020 |
| **56.0** | 0.961 | 0.973 | 0.989 | 0.997 | 1.010 | 1.029 |
| **56.5** | 0.969 | 0.980 | 0.997 | 1.004 | 1.016 | 1.035 |
| **57.0** | 0.976 | 0.987 | 1.004 | 1.012 | 1.025 | 1.044 |

**Combined Test Weight and Pack Factors (Continued)**

**F Soybeans (Continued)**

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **57.5** | 0.983 | 0.994 | 1.012 | 1.019 | 1.032 | 1.051 |
| **58.0** | 0.990 | 1.001 | 1.019 | 1.027 | 1.040 | 1.060 |
| **58.5** | 0.997 | 1.009 | 1.026 | 1.034 | 1.047 | 1.067 |
| **59.0** | 1.004 | 1.016 | 1.033 | 1.041 | 1.054 | 1.074 |
| **59.5** | 1.011 | 1.023 | 1.041 | 1.049 | 1.062 | 1.083 |
| **60.0** | 1.018 | 1.030 | 1.048 | 1.056 | 1.069 | 1.090 |
| **60.5** | 1.025 | 1.037 | 1.055 | 1.063 | 1.076 | 1.097 |
| **61.0** | 1.032 | 1.044 | 1.062 | 1.071 | 1.084 | 1.105 |
| **61.5** | 1.039 | 1.051 | 1.070 | 1.078 | 1.091 | 1.112 |
| **62.0** | 1.046 | 1.058 | 1.077 | 1.085 | 1.098 | 1.119 |
| **62.5** | 1.053 | 1.065 | 1.084 | 1.092 | 1.105 | 1.126 |
| **63.0** | 1.059 | 1.072 | 1.091 | 1.099 | 1.112 | 1.133 |
| **63.5** | 1.066 | 1.079 | 1.098 | 1.106 | 1.119 | 1.140 |
| **64.0** | 1.073 | 1.086 | 1.105 | 1.113 | 1.126 | 1.147 |
| **64.5** | 1.080 | 1.093 | 1.112 | 1.120 | 1.133 | 1.154 |
| **65.0** | 1.087 | 1.100 | 1.119 | 1.127 | 1.140 | 1.161 |

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**Combined Test Weight and Pack Factors (Continued)**

## G Wheat

Use the combined test weight and pack factor applicable to the test weight for **wheat** to determine the measured quantity.

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **35.0** | 0.648 | 0.656 | 0.665 | 0.674 | 0.674 | 0.674 |
| **35.5** | 0.656 | 0.665 | 0.674 | 0.682 | 0.682 | 0.682 |
| **36.0** | 0.664 | 0.673 | 0.682 | 0.691 | 0.691 | 0.691 |
| **36.5** | 0.673 | 0.682 | 0.691 | 0.700 | 0.700 | 0.700 |
| **37.0** | 0.681 | 0.690 | 0.699 | 0.709 | 0.709 | 0.709 |
| **37.5** | 0.689 | 0.698 | 0.708 | 0.717 | 0.717 | 0.717 |
| **38.0** | 0.697 | 0.707 | 0.716 | 0.726 | 0.726 | 0.726 |
| **38.5** | 0.706 | 0.715 | 0.725 | 0.734 | 0.734 | 0.734 |
| **39.0** | 0.714 | 0.723 | 0.733 | 0.743 | 0.743 | 0.743 |
| **39.5** | 0.722 | 0.732 | 0.742 | 0.751 | 0.751 | 0.751 |
| **40.0** | 0.730 | 0.740 | 0.750 | 0.773 | 0.790 | 0.812 |
| **40.5** | 0.738 | 0.748 | 0.758 | 0.782 | 0.799 | 0.821 |
| **41.0** | 0.746 | 0.756 | 0.767 | 0.791 | 0.808 | 0.830 |
| **41.5** | 0.754 | 0.765 | 0.775 | 0.800 | 0.817 | 0.839 |
| **42.0** | 0.762 | 0.773 | 0.783 | 0.809 | 0.826 | 0.848 |
| **42.5** | 0.770 | 0.781 | 0.792 | 0.818 | 0.835 | 0.857 |
| **43.0** | 0.778 | 0.789 | 0.800 | 0.826 | 0.843 | 0.865 |
| **43.5** | 0.786 | 0.797 | 0.808 | 0.834 | 0.851 | 0.873 |
| **44.0** | 0.794 | 0.805 | 0.816 | 0.842 | 0.859 | 0.881 |
| **44.5** | 0.802 | 0.813 | 0.824 | 0.850 | 0.867 | 0.889 |
| **45.0** | 0.810 | 0.821 | 0.833 | 0.858 | 0.875 | 0.897 |
| **45.5** | 0.818 | 0.829 | 0.841 | 0.866 | 0.883 | 0.905 |
| **46.0** | 0.826 | 0.837 | 0.849 | 0.874 | 0.891 | 0.913 |
| **46.5** | 0.834 | 0.845 | 0.857 | 0.882 | 0.899 | 0.921 |
| **47.0** | 0.841 | 0.853 | 0.865 | 0.890 | 0.907 | 0.929 |
| **47.5** | 0.849 | 0.861 | 0.873 | 0.898 | 0.915 | 0.937 |
| **48.0** | 0.857 | 0.869 | 0.881 | 0.906 | 0.923 | 0.945 |
| **48.5** | 0.865 | 0.877 | 0.889 | 0.914 | 0.931 | 0.953 |
| **49.0** | 0.872 | 0.884 | 0.897 | 0.922 | 0.939 | 0.961 |
| **49.5** | 0.880 | 0.892 | 0.905 | 0.930 | 0.947 | 0.969 |
| **50.0** | 0.888 | 0.900 | 0.913 | 0.938 | 0.955 | 0.977 |
| **50.5** | 0.895 | 0.908 | 0.920 | 0.947 | 0.963 | 0.985 |
| **51.0** | 0.903 | 0.915 | 0.928 | 0.954 | 0.971 | 0.994 |
| **51.5** | 0.910 | 0.923 | 0.936 | 0.963 | 0.979 | 1.002 |
| **52.0** | 0.918 | 0.931 | 0.944 | 0.970 | 0.987 | 1.010 |

**Combined Test Weight and Pack Factors (Continued)**

**G Wheat (Continued)**

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **52.5** | 0.925 | 0.938 | 0.952 | 0.978 | 0.995 | 1.018 |
| **53.0** | 0.933 | 0.946 | 0.959 | 0.986 | 1.003 | 1.026 |
| **53.5** | 0.940 | 0.954 | 0.967 | 0.994 | 1.011 | 1.034 |
| **54.0** | 0.948 | 0.961 | 0.975 | 1.002 | 1.020 | 1.043 |
| **54.5** | 0.955 | 0.969 | 0.982 | 1.010 | 1.028 | 1.051 |
| **55.0** | 0.963 | 0.976 | 0.990 | 1.018 | 1.036 | 1.060 |
| **55.5** | 0.970 | 0.984 | 0.998 | 1.026 | 1.044 | 1.068 |
| **56.0** | 0.977 | 0.991 | 1.005 | 1.034 | 1.052 | 1.077 |
| **56.5** | 0.985 | 0.999 | 1.013 | 1.042 | 1.060 | 1.085 |
| **57.0** | 0.992 | 1.006 | 1.020 | 1.050 | 1.068 | 1.093 |
| **57.5** | 0.999 | 1.013 | 1.028 | 1.057 | 1.075 | 1.100 |
| **58.0** | 1.006 | 1.021 | 1.035 | 1.065 | 1.083 | 1.108 |
| **58.5** | 1.014 | 1.028 | 1.043 | 1.073 | 1.092 | 1.117 |
| **59.0** | 1.021 | 1.035 | 1.050 | 1.081 | 1.100 | 1.126 |
| **59.5** | 1.028 | 1.043 | 1.058 | 1.088 | 1.107 | 1.132 |
| **60.0** | 1.035 | 1.050 | 1.065 | 1.096 | 1.115 | 1.141 |
| **60.5** | 1.042 | 1.057 | 1.072 | 1.104 | 1.123 | 1.150 |
| **61.0** | 1.049 | 1.064 | 1.080 | 1.111 | 1.130 | 1.157 |
| **61.5** | 1.056 | 1.072 | 1.087 | 1.119 | 1.138 | 1.165 |
| **62.0** | 1.063 | 1.079 | 1.094 | 1.126 | 1.145 | 1.172 |
| **62.5** | 1.070 | 1.086 | 1.101 | 1.134 | 1.153 | 1.180 |
| **63.0** | 1.077 | 1.093 | 1.108 | 1.141 | 1.162 | 1.189 |
| **63.5** | 1.084 | 1.100 | 1.115 | 1.148 | 1.169 | 1.196 |
| **64.0** | 1.091 | 1.107 | 1.122 | 1.156 | 1.177 | 1.205 |

*** * ***

**Test Weight Factor for Oilseeds, Except Soybeans**

## A Canola and Rapeseed Test Weight Factors

Use the following test weight factors to determine the measured quantity for canola and rapeseed.

**Notes:** The factor equals the actual test weight divided by the standard test weight, rounded to 4 decimal places.

Standard test weight for canola and rapeseed is 50 lbs. per bu.

| Actual Test Weight | Factor | Actual Test Weight | Factor | Actual Test Weight | Factor |
|---|---|---|---|---|---|
| 40.5 | .8100 | 47.5 | .9500 | 54.5 | 1.0900 |
| 41.0 | .8200 | 48.0 | .9600 | 55.0 | 1.1000 |
| 41.5 | .8300 | 48.5 | .9700 | 55.5 | 1.1100 |
| 42.0 | .8400 | 49.0 | .9800 | 56.0 | 1.1200 |
| 42.5 | .8500 | 49.5 | .9900 | 56.5 | 1.1300 |
| 43.0 | .8600 | 50.0 | 1.0000 | 57.0 | 1.1400 |
| 43.5 | .8700 | 50.5 | 1.0100 | 57.5 | 1.1500 |
| 44.0 | .8800 | 51.0 | 1.0200 | 58.0 | 1.1600 |
| 44.5 | .8900 | 51.5 | 1.0300 | 58.5 | 1.1700 |
| 45.0 | .9000 | 52.0 | 1.0400 | 59.0 | 1.1800 |
| 45.5 | .9100 | 52.5 | 1.0500 | 59.5 | 1.1900 |
| 46.0 | .9200 | 53.0 | 1.0600 | 60.0 | 1.2000 |
| 46.5 | .9300 | 53.5 | 1.0700 | 60.5 | 1.2100 |
| 47.0 | .9400 | 54.0 | 1.0800 | 61.0 | 1.2200 |

**Test Weight Factor for Oilseeds, Except Soybeans (Continued)**

## B Crambe Test Weight Factors

Use the following test weight factors to determine the measured quantity for crambe.

**Notes:** The factor equals the actual test weight divided by the standard test weight, rounded to 4 decimal places.

Standard test weight for crambe is 25 lbs. per bu.

| Actual Test Weight | Factor | Actual Test Weight | Factor | Actual Test Weight | Factor |
|---|---|---|---|---|---|
| 11.0 | .4400 | 18.5 | .7400 | 26.0 | 1.040 |
| 11.1 | .4440 | 19.0 | .7600 | 26.5 | 1.060 |
| 12.0 | .4800 | 19.5 | .7800 | 27.0 | 1.080 |
| 12.5 | .5000 | 20.0 | .8000 | 27.5 | 1.100 |
| 13.0 | .5200 | 20.5 | .8200 | 28.0 | 1.120 |
| 13.5 | .5400 | 21.0 | .8400 | 28.5 | 1.140 |
| 14.0 | .5600 | 21.5 | .8600 | 29.0 | 1.160 |
| 14.5 | .5800 | 22.0 | .8800 | 29.5 | 1.180 |
| 15.0 | .6000 | 22.5 | .9000 | 30.0 | 1.200 |
| 15.5 | .6200 | 23.0 | .9200 | 30.5 | 1.220 |
| 16.0 | .6400 | 23.5 | .9400 | 31.0 | 1.240 |
| 16.5 | .6600 | 24.0 | .9600 | 31.5 | 1.260 |
| 17.0 | .6800 | 24.5 | .9800 | 32.0 | 1.280 |
| 17.5 | .7000 | 25.0 | 1.000 | | |
| 18.0 | .7200 | 25.5 | 1.020 | | |

**Test Weight Factor for Oilseeds, Except Soybeans (Continued)**

## C Flaxseed Test Weight Factors

Use the following test weight factors to determine the measured quantity for flaxseed.

**Notes:** The factor equals the actual test weight divided by the standard test weight, rounded to 4 decimal places.

Standard test weight for flaxseed is 56 lbs. per bu.

| Actual Test Weight | Factor | Actual Test Weight | Factor | Actual Test Weight | Factor |
|---|---|---|---|---|---|
| 41.5 | .7412 | 48.5 | .8661 | 55.5 | .9912 |
| 42.0 | .7500 | 49.0 | .8750 | 56.0 | 1.0000 |
| 42.5 | .7589 | 49.5 | .8839 | 56.5 | 1.0089 |
| 43.0 | .7679 | 50.0 | .8929 | 57.0 | 1.0179 |
| 43.5 | .7768 | 50.5 | .9018 | 57.5 | 1.0268 |
| 44.0 | .7857 | 51.0 | .9107 | 58.0 | 1.0357 |
| 44.5 | .7946 | 51.5 | .9196 | 58.5 | 1.0446 |
| 45.0 | .8036 | 52.0 | .9286 | 59.0 | 1.0536 |
| 45.5 | .8125 | 52.5 | .9375 | 59.5 | 1.0625 |
| 46.0 | .8214 | 53.0 | .9464 | 60.0 | 1.0714 |
| 46.5 | .8304 | 53.5 | .9554 | 61.5 | 1.0982 |
| 47.0 | .8393 | 54.0 | .9643 | 62.0 | 1.1071 |
| 47.5 | .8482 | 54.5 | .9714 | 62.5 | 1.1161 |
| 48.0 | .8571 | 55.0 | .9821 | 63.0 | 1.1250 |

**Test Weight Factor for Oilseeds, Except Soybeans (Continued)**

## D Mustard Seed Test Weight Factors

Use the following test weight factors to determine the measured quantity for mustard seed.

**Notes:** The factor equals the actual test weight divided by the standard test weight, rounded to 4 decimal places.

Standard test weight for mustard seed is 54 lbs. per bu.

| Actual Test Weight | Factor | Actual Test Weight | Factor | Actual Test Weight | Factor |
|---|---|---|---|---|---|
| 40.0 | .7407 | 47.5 | .8796 | 55.0 | 1.0185 |
| 40.5 | .7500 | 48.0 | .8889 | 55.5 | 1.0278 |
| 41.0 | .7593 | 48.5 | .8981 | 56.0 | 1.0370 |
| 41.5 | .7685 | 49.0 | .9074 | 56.5 | 1.0444 |
| 42.0 | .7778 | 49.5 | .9167 | 57.0 | 1.0556 |
| 42.5 | .7870 | 50.0 | .9259 | 57.5 | 1.0648 |
| 43.0 | .7963 | 50.5 | .9351 | 58.0 | 1.0741 |
| 43.5 | .8056 | 51.0 | .9444 | 58.5 | 1.0833 |
| 44.0 | .8148 | 51.5 | .9537 | 59.0 | 1.0926 |
| 44.5 | .8241 | 52.0 | .9630 | 59.5 | 1.1018 |
| 45.0 | .8333 | 52.5 | .9722 | 60.5 | 1.1204 |
| 45.5 | .8426 | 53.0 | .9815 | 61.0 | 1.1296 |
| 46.0 | .8519 | 53.5 | .9907 | 61.5 | 1.1389 |
| 46.5 | .8611 | 54.0 | 1.0000 | 62.0 | 1.1481 |
| 47.0 | .8704 | 54.5 | 1.0093 | 62.5 | 1.1574 |

**Test Weight Factor for Oilseeds, Except Soybeans (Continued)**

**E Safflower Seed Test Weight Factors**

Use the following test weight factors to determine the measured quantity for safflower seed.

**Notes:** The factor equals the actual test weight divided by the standard test weight, rounded to 4 decimal places.

Standard test weight for safflower seed is 40 lbs. per bu.

| Actual Test Weight | Factor | Actual Test Weight | Factor | Actual Test Weight | Factor |
|---|---|---|---|---|---|
| 25.5 | .6375 | 32.5 | .8125 | 39.5 | .9875 |
| 26.0 | .6500 | 33.0 | .8250 | 40.0 | 1.0000 |
| 26.5 | .6625 | 33.5 | .8375 | 40.5 | 1.0125 |
| 27.0 | .6750 | 34.0 | .8500 | 41.0 | 1.0250 |
| 27.5 | .6875 | 34.5 | .8625 | 41.5 | 1.0375 |
| 28.0 | .7000 | 35.0 | .8750 | 42.0 | 1.0500 |
| 28.5 | .7125 | 35.5 | .8875 | 42.5 | 1.0625 |
| 29.0 | .7250 | 36.0 | .9000 | 43.0 | 1.0750 |
| 29.5 | .7375 | 36.5 | .9125 | 43.5 | 1.0875 |
| 30.0 | .7500 | 37.0 | .9250 | 44.0 | 1.1000 |
| 30.5 | .7625 | 37.5 | .9375 | 44.5 | 1.1125 |
| 31.0 | .7750 | 38.0 | .9500 | 45.0 | 1.1250 |
| 31.5 | .7875 | 38.5 | .9625 | 45.5 | 1.1375 |
| 32.0 | .8000 | 39.0 | .9750 | 46.0 | 1.1500 |

**Test Weight Factor for Oilseeds, Except Soybeans (Continued)**

**F Sunflower Seed Test Weight Factors**

Use the following test weight factors to determine the measured quantity for sunflower seeds, both oil and other types.

**Notes:** The factor equals the actual test weight divided by the standard test weight, rounded to 4 decimal places.

Standard test weight for sunflower seed is 28 lbs. per bu.

| Actual Test Weight | Factor | Actual Test Weight | Factor | Actual Test Weight | Factor |
|---|---|---|---|---|---|
| 14.5 | .5179 | 21.5 | .7679 | 28.5 | 1.0179 |
| 15.0 | .5357 | 22.0 | .7857 | 29.0 | 1.0357 |
| 15.5 | .5536 | 22.5 | .8036 | 29.5 | 1.0536 |
| 16.0 | .5714 | 23.0 | .8214 | 30.0 | 1.0714 |
| 16.5 | .5893 | 23.5 | .8393 | 30.5 | 1.0893 |
| 17.0 | .6071 | 24.0 | .8571 | 31.0 | 1.1071 |
| 17.5 | .6250 | 24.5 | .8750 | 31.5 | 1.1250 |
| 18.0 | .6429 | 25.0 | .8929 | 32.0 | 1.1429 |
| 18.5 | .6607 | 25.5 | .9107 | 32.5 | 1.1607 |
| 19.0 | .6786 | 26.0 | .9286 | 33.0 | 1.1786 |
| 19.5 | .6964 | 26.5 | .9464 | 33.5 | 1.1964 |
| 20.0 | .7143 | 27.0 | .9643 | 34.0 | 1.2143 |
| 20.5 | .7321 | 27.5 | .9821 | 34.5 | 1.2321 |
| 21.0 | .7500 | 28.0 | 1.0000 | 35.0 | 1.2500 |

**Examples of Applicable Dates for Mature MAL's When CCC-681-1 Requested Shortly Before Maturity**

The following provides the applicable dates for the actions indicated for the 2 scenarios.

Scenario #1: See middle column. MAL matures on October 31. The producer requested a 30-calendar day CCC-681-1 on October 15. The County Office sends CCC-691 and demand letter (Exhibit 7, subparagraph F) on November 1 with 15 calendar days to deliver. Producer delivers a portion of the commodity under loan on CCC-681-1 and does **not** request a CCC-681-1 extension.

Scenario #2: See last column. MAL matures on October 31. The producer requested a 30-calendar day CCC-681-1 on October 15. The County Office sends CCC-691 and demand letter (Exhibit 7, subparagraph F) on November 1 with 15 calendar days to deliver. Nothing delivered under CCC-681-1.

| **Event** | **Partial Delivery Under CCC-681-1 (Scenario #1)** | **Nothing Delivered Under CCC-681-1 (Scenario #2)** |
|---|---|---|
| CCC-681-1 requested and approved for 30 calendar days. | 10-15-XX | 10-15-XX |
| Loan maturity date. | 10-31-XX | 10-31-XX |
| CCC-691 and 1st demand letter issued. | 11-1-XX<br>***--**(15 calendar days) | 11-1-XX<br>(15 calendar days)**--*** |
| CCC-681-1 expires. | 11-14-XX<br>*** * *** | 11-14-XX |
| ***--**CCC-691 "Final Date to Deliver" - No extension requested. | 11-16-xx | 11-16-xx |
| Foreclosure letter on quantity remaining in storage sent giving 15 calendar days until further action. | 11-17-xx | 11-17-xx**--*** |
| Repayment received for commodity delivered by 11-14-XX under CCC-681-1. | 11-28-XX | N/A because nothing was delivered. |
| CCC-681-1 grace period ends. | 11-29-XX | |
| *** * *** | *** * *** | *** * *** |
| ***--**Begin foreclosure proceedings (15 calendar days after initial foreclosure letter send) | 12-2-XX **1/** | 12-2-XX **1/** |
| CCC moves remaining loan commodity to warehouse for delivery to CCC. | 12-14-XX | 12-14-XX |

Foreclosure letter sent on the day after expiration of either of the following:

- CCC-691, "Final Date to Deliver"
- CCC-691, Extended "Final Date to Deliver".

**1/** Foreclosure actions begin 15 calendar days after the foreclosure letter sent for quantity remaining in storage.**--***

## Core Test Report Examples

### A Core Test for Graded Wool Example 1

The following is an example of a wool core test report from Yocom-McColl Testing Laboratory.

**Yocom-McColl Testing Laboratories, Inc.**
540 West Elk Place • Denver, Colorado 80216-1823 USA
PHONE (303) 294-0582 • FAX (303) 295-6944
EMAIL: ymccoll@ix.netcom.com

**Wool Core Test Report**

Producer/Company Name
Address

04/20/02

Test No: 592086

**Description and Weight Data**

| | | | |
|---|---|---|---|
| Shipper's Lot Number: | 5 | | |
| Buyer's Lot Number: | XXXXX | | |
| Sale No: | XXXXX | | |
| Description: | Staple | | |
| Number of Bales or Bags Cored: | 9 | | |
| Number of Bales or Bags Weighed: | 9 | | |
| Net Weight of Wool: | 3,378 lbs | 1,532 kg | |
| Sampled by: Client | | On: 04/10/02 | |

**Laboratory Yield Data**

| | |
|---|---|
| Laboratory Scoured Yield: | 55.6 % |
| Clean Wool Fibers Present: | 54.5 % |
| Vegetable Matter Grease Basis: | 1.1 % |
| U.S. Clean Yield: | 53.5 % |
| Wool Base: | 46.9 % |
| Vegetable Matter Base: | 1.8 % |
| Schlumberger Estimated Commercial Top and Noil Yield: | 53.1 % |

**Laboratory Micron Data**

| | |
|---|---|
| Average Fiber Diameter: | 20.5 microns |
| Standard Deviation: | 4.1 microns |
| Coefficient of Variation: | 20.2 % |
| Fibers Greater Than 30 Microns: | 2.0 % |

By: Angus M. Coll

These Tests Performed According to ASTM D 584 and IWTO Method 12

## Core Test Report Examples (Continued)

### B Core Test for Graded Wool Example 2

The following is an example of a wool IWTO core test certificate from the New Zealand Wool Testing Authority.

NEW ZEALAND WOOL TESTING AUTHORITY LTD
Cnr Bridge Street and Lever Street, PO Box 12065, Ahuriri, Napier, New Zealand
Telephone (06) 835-1086, Facsimile (06) 835-6473, E-Mail: testing@nzwta.co.nz

Page 1
Date 28 May 2003

**IWTO TEST CERTIFICATE**

Test No 1-00371903.P6

Brand:
M-1201
A-LINE

Greasy Wool

Total Bales : 30
Bale Numbers : 1-30

Gross Mass : 5596Kg
Declared Tare : 30Kg
Nett Mass : 5566Kg

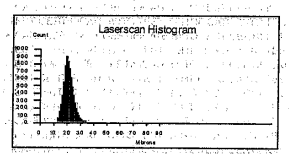
**Yield Test Results**
Wool Base (IWTO-19)
46.31 %
( 4 samples tested )
Vegetable Matter Base (IWTO-19)
1.5 %
(Including 0.00 % Hard Heads and Twigs)

| **Calculated Commercial Yields** | % | Kg |
|---|---|---|
| IWTO Scoured Yield at 16% Regain | 56.7 | 3156 |
| ***IWTO Schlumberger Dry*** | ***52.6*** | ***2928*** |
| IWTO Scoured Yield at 17% Regain | 57.2 | 3184 |
| IWTO Clean Wool Content | 55.4 | 3084 |
| ASTM Clean Wool Fibre Present | 53.8 | 2995 |
| Japanese Clean Scoured Yield @16% | 54.5 | 3033 |

**Airflow (IWTO 28)**
Mean Fibre Diameter : 20.8 um
( 4 specimens )

**Colour (IWTO 56)** ( 8 specimens )
X: 63.3 Y: 64.3 Z: 63.7
Y-Z: 0.6 Sampled : 01 Apr 2003

**Laserscan (IWTO-12)**
Mean Fibre Diameter : 21.0 um
( 8 specimens)
ADDITIONAL INFORMATION...
Coefficient of Variation : 20.80 %
% Fibres > 30 um : 2.95 %




**Length/Strength (IWTO - 30)**
Mean Staple Length ( 69 Staples) 88 mm
Coefficent of Variation Staple Length 16 %
Mean Staple Strength ( 55 Staples) 29 N/Kt

Distribution of position of break

| Tip | Middle | Base |
|---|---|---|
| 7% | 76% | 17% |

The **ORIGINAL** and any **OFFICIAL COPY** of this Certificate are issued in accordance with the stated Test Method(s) and any directly associated Regulations. By authorising the application of the NZWTA Ltd Seal, we hereby certify that the test results are within the precision limits of the Test Method(s) declared. As far as is permissible by law, no other warranty is expressed or implied. On request, NZWTA Ltd will make available sampling, weighing and/or testing details to any bona fide bearer or transferee of this Certificate. Photocopies and other reproductions are **NOT** recognised as Certificates. **THIS CERTIFICATE SHALL BE RENDERED VOID IF AMENDED OR ALTERED. ALL RIGHTS RESERVED.**

CHIEF EXECUTIVE

TECHNICAL MANAGER

I.W.T.O.
Licensed Laboratory #3
2000

**Core Test Report Examples (Continued)**

## C Core Test for Graded Mohair Example

Mohair delivered for settlement of an outstanding CCC loan will require a core test from a CCC-approved testing facility to determine quality factors. The following is an example of a mohair core test report from the Yocom-McColl Testing Laboratory.

**Yocom-McColl Testing Laboratories, Inc.**
**540 West Elk Place • Denver, Colorado 80216-1823 USA**
**PHONE (303) 294-0582 • FAX (303) 295-6944**
**EMAIL: ymccoll@ymccoll.com**

**Mohair Core Test Report**

COMPUTER BANK DATA
THIS IS FACTUAL DATA
DENVER CO 80216-1823 USA

09/08/03

**Test No:** 597279

**Description and Weight Data**

| | | | |
|---|---|---|---|
| **Shipper's Lot Number:** | XXXXX | | |
| **Buyer's Lot Number:** | XXXXX | | |
| **Sale No:** | XXXXX | | |
| **Description:** | Grease Mohair | | |
| **Number of Bales or Bags Cored:** | 10 | | |
| **Number of Bales or Bags Weighed:** | 10 | | |
| **Net Weight of Wool:** | 5,500 lbs | 2,495 | kgs |
| **Sampled by:** Client | | **On:** 08/28/03 | |

**Laboratory Yield Data**

| | | |
|---|---|---|
| **Wool Base:** | 63.51 % | |
| **Vegetable Matter Base:** | 1.0 % | |
| **Schlumberger Estimated Commercial Top and Noil Yield:** | 73.6 % | |
| **Total Clean Wt:** | 4,048 lbs | 1,836 kgs |

**Laboratory Micron Data**

| | |
|---|---|
| **Mean Fiber Diameter:** | 29.1 microns |
| **Standard Deviation:** | 13.9 microns |
| **Coefficient of Variation:** | 47.7 % |
| **Fibers Greater Than 30 Microns:** | 33.69 % |
| **Flat Fibers:** | 0.07 % |
| **Objectionable Fibers (Kemp):** | 0.50 % |
| **Total Medulated Fibers:** | 5.62 % |

By: Angus M. Coll

**These Tests Performed According to ASTM D 584, IWTO Method 19 and IWTO Method 47**

## 2010 Crop Year Specific Schedule of Premiums and Discounts

Loan rates will be adjusted at settlement for applicable premiums and discounts, according to the 2010 crop year specific schedule as follows.

| **Graded Wool Loan National Discounts (Apply At Settlement Only).** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| **2010 Crop Year Graded Wool Discounts** | | | | | | | | |
| | Micron Range | | | | | | | |
| | <18.6 | 18.6-19.5 | 19.6-20.5 | 20.6-22.0 | 22.1-23.5 | 23.6-25.9 | 26.0-28.9 | 29.0 and over |
| Loan rate | 3.88 | 3.38 | 2.94 | 2.72 | 2.56 | 2.33 | 1.78 | 1.38 |
| **Type:** | | | | | | | | |
| Bellies | 1.94 | 1.69 | 1.47 | 1.36 | 1.28 | 1.17 | 0.89 | 0.69 |
| Pieces | 1.94 | 1.69 | 1.47 | 1.36 | 1.28 | 1.17 | 0.89 | 0.69 |
| Locks/Tags | 2.91 | 2.54 | 2.21 | 2.04 | 1.92 | 1.75 | 1.34 | 1.04 |
| Crutchings | 2.91 | 2.54 | 2.21 | 2.04 | 1.92 | 1.75 | 1.34 | 1.04 |
| Blackface | 1.94 | 1.69 | 1.47 | 1.36 | 1.28 | 1.17 | 0.89 | 0.69 |
| Black wool | 3.49 | 3.04 | 2.65 | 2.45 | 2.30 | 2.10 | 1.60 | 1.24 |
| 35 micron and over | | | | | | | | 1.24 |
| | | | | | | | | |
| **Preparation: 1/** | | | | | | | | |
| Bellies out, untied, classed, not skirted | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 |
| Bellies out, untied, unclassed, not skirted | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 |
| Bellies in, untied, unclassed, not skirted | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 |
| No preparation, tied | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 |
| | | | | | | | | |
| **Length: 1/** | | | | | | | | |
| Less than 1/4 inch under minimum | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| 1/4 or more, but less than 1/2 inch under minimum | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 |
| 1/2 to 1 inch under minimum | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 |
| Less than 2 inches | 2.33 | 2.03 | 1.76 | 1.63 | 1.54 | 1.40 | 1.07 | 0.83 |
| | | | | | | | | |
| **Vegetable matter:** | | | | | | | | |
| 0-2 percent | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2.1-4.0 percent | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 |
| 4.1-6 percent | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 |
| >6.1 percent | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 |
| | | | | | | | | |
| **Other:** | | | | | | | | |
| Damaged, stained, muddy, wet, non-merchantable | 3.88 | 3.38 | 2.94 | 2.72 | 2.56 | 2.33 | 1.78 | 1.38 |
| Polypropylene contamination | 3.88 | 3.38 | 2.94 | 2.72 | 2.56 | 2.33 | 1.78 | 1.38 |
| | | | | | | | | |
| **1/** Applies to fleece wool only. Does not apply to offsorts, that is, lots or bags that are solely bellies, pieces, locks/tags, or crutchings. | | | | | | | | |

**Premiums and Discounts for 2010 and Subsequent Crop Year Wool**

## A Ungraded Wool Discounts for Offsorts

The following provides national CCC discounts for ungraded wool offsorts. Subtract the per pound discount from the applicable loan rate.

| Factor/Type/Description | National Discount Per Pound |
|---|---|
| Bellies | $0.20 |
| Black Wool | $0.36 |
| Blackface | $0.20 |
| Crutchings | $0.30 |
| Locks/Tags | $0.30 |
| Pieces | $0.20 |

## B Ungraded Wool Discounts for Length

The following provides national CCC discounts for ungraded (greasy) wool based on the length of the wool below the 3 inch minimum. Subtract the per pound discount from the applicable loan rate.

| Length in Inches | National Discount Per Pound |
|---|---|
| 2.76 to 2.99 | $0.10 |
| 2.51 to 2.75 | $0.15 |
| 2.00 to 2.50 | $0.20 |
| Under 2 | $0.25 |

Length discounts for ungraded wool apply to fleece wool **only**. Length discounts do **not** apply to offsorts that consist solely of lots or bags of the following:

- bellies
- pieces
- locks/tags
- crutchings.

## C Miscellaneous Discounts for Ungraded Wool

The following provides national CCC discounts based on miscellaneous factors. Subtract the per pound discount from the applicable loan rate.

| Factor/Description | National Discount Per Pound |
|---|---|
| Polypropylene Contamination | $0.40 |
| Unmerchantable | $0.40 |

**Mohair and Wool Loan Rates**

## A 2008 and 2009 Crop Year Regional Loan Rates for Wool and Mohair

Regional loan rates applicable to 2008 and 2009 crop year eligible mohair and wool are as follows.

| Commodity | Micron | Region 1 Loan Rate ($/lb.) | Region 2 Loan Rate ($/lb.) | Region 3 Loan Rate ($/lb.) |
|---|---|---|---|---|
| Graded (Clean)Wool | <18.6 | $5.31 | $5.27 | $5.23 |
| | 18.6 - 19.5 | $3.42 | $3.38 | $3.34 |
| | 19.6 - 20.5 | $2.49 | $2.45 | $2.41 |
| | 20.6 - 22.0 | $2.28 | $2.24 | $2.20 |
| | 22.1 - 23.5 | $2.24 | $2.20 | $2.16 |
| | 23.6 - 25.9 | $2.11 | $2.07 | $2.03 |
| | 26.0 - 28.9 | $1.52 | $1.48 | $1.44 |
| | 29.0 and over | $1.37 | $1.33 | $1.29 |
| Nongraded (Greasy) Wool | | $0.42 | $0.40 | $0.38 |
| Mohair | | $4.20 (all regions) | | |

## B 2010 and Subsequent Crop Year Regional Loan Rates for Wool and Mohair

Regional loan rates applicable to 2010 and subsequent crop year eligible mohair and wool are as follows.

| Commodity | Micron | All Regions Loan Rate ($/lb.) |
|---|---|---|
| Graded (Clean)Wool | <18.6 | $3.88 |
| | 18.6 - 19.5 | $3.38 |
| | 19.6 - 20.5 | $2.94 |
| | 20.6 - 22.0 | $2.72 |
| | 22.1 - 23.5 | $2.56 |
| | 23.6 - 25.9 | $2.33 |
| | 26.0 - 28.9 | $1.78 |
| | 29.0 and over | $1.38 |
| Nongraded (Greasy) Wool | | $0.40 |
| Mohair | | $4.20 |

**Premiums and Discounts for the 2008 and Subsequent Crop Year Mohair**

## A Mohair Grade Acronyms

The following grade acronyms are used in this handbook to designate the different type grades of mohair.

| Acronym | Meaning |
|---|---|
| FK | Fine Kid |
| GK | Good Kid |
| AK | Average Kid |
| FYG | Fine Young Goat |
| AYG | Average Young Goat |
| FA | Fine Adult |
| AA | Average Adult |

## B Mohair Premiums and Discounts for Micron

The following are premiums and discounts according to the type of mohair and specific micron range obtained from a core test report from a CCC-approved testing facility. Add or subtract, as applicable, the per lb. premium or discount from the $4.20 loan rate according to the specific micron range obtained from the core test results.

| Type/Grade | Micron | Premium | Discount |
|---|---|---|---|
| FK | < 26 | $4.30 | |
| GK | 26.1-28 | $3.07 | |
| AK | 28.1-30 | $2.54 | |
| FYG | 30.1-32 | $0.64 | |
| AYG | 32.1-34 | | |
| FA | 34.1-36 | | $1.48 |
| AA | > 36 | | $1.52 |

**Premiums and Discounts for the 2008 and Subsequent Crop Year Mohair (Continued)**

## C Mohair Length Discounts

The following provides discounts for mohair based on the length of the mohair. Subtract the per lb. discount from the $4.20 loan rate according to the specific micron range obtained from the core test results.

| Length in Inches | Discount Per Lb. According to the Applicable Micron Range | | | | | | |
|---|---|---|---|---|---|---|---|
| | <26 | 26.1-28 | 28.1-30 | 30.1-32 | 32.1-34 | 34.1-36 | Over 36 |
| Under 3 | $8.50 | $7.27 | $6.74 | $4.84 | $4.20 | $2.72 | $2.68 |
| 3.00-3.99 | $1.70 | $1.45 | $1.35 | $0.97 | $0.84 | $0.54 | $0.54 |
| Over 6 | $1.28 | $1.09 | $1.01 | $0.73 | $0.63 | $0.41 | $0.40 |

## D Mohair Vegetable Matter Discounts

The following provides discounts for mohair based on the vegetable matter content of the mohair. Subtract the per lb. discount from the $4.20 loan rate according to the specific micron range obtained from the core test results.

| Vegetable Matter (%) | Discount Per Lb. According to the Applicable Micron Range | | | | | | |
|---|---|---|---|---|---|---|---|
| | <26 | 26.1-28 | 28.1-30 | 30.1-32 | 32.1-34 | 34.1-36 | Over 36 |
| 1 - 1.9% | $0.85 | $0.73 | $0.67 | $0.48 | $0.42 | $0.27 | $0.27 |
| 2 - 4% | $2.13 | $1.82 | $1.69 | $1.21 | $1.05 | $0.68 | $0.67 |
| Over 4% | $4.25 | $3.64 | $3.37 | $2.42 | $2.10 | $1.36 | $1.34 |

**Premiums and Discounts for the 2008 and Subsequent Crop Year Mohair (Continued)**

## E Mohair Discounts for Kemp

The following provides discounts for mohair based on the kemp content of the mohair. Subtract the per lb. discount from the $4.20 loan rate according to the specific micron range obtained from the core test results.

| | Discount Per Lb. According to the Applicable Micron Range | | | | | | |
|---|---|---|---|---|---|---|---|
| **Medullated Fibers (%)** | **<26** | **26.1-28** | **28.1-30** | **30.1-32** | **32.1-34** | **34.1-36** | **Over 36** |
| 5.0 - 6.9% | $0.85 | $0.73 | $0.67 | $0.48 | $0.42 | $0.27 | $0.27 |
| 7.0 % and Over | $2.13 | $1.82 | $1.69 | $1.21 | $1.05 | $0.68 | $0.67 |
| **Kempy Fibers (%)** | | | | | | | |
| 0.5 - 0.69% | $0.85 | $0.73 | $0.67 | $0.48 | $0.42 | $0.27 | $0.27 |
| 0.7% and Over | $2.13 | $1.82 | $1.69 | $1.21 | $1.05 | $0.68 | $0.67 |

## Test Weight and Pack Factor for Pulse Crops

### A Chickpeas

Use the following test weight factors to determine the measured quantity for large and small chickpeas.

**Note:** The factor equals the actual test weight divided by the standard test weight, rounded to decimal places.

Standard test weight for large and small chickpeas is 58 lbs. per bu.

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **50.0** | 0.9500 | 0.9505 | 0.9620 | 0.9650 | 0.9700 | 0.9700 |
| **50.5** | 0.9550 | 0.9565 | 0.9684 | 0.9690 | 0.9800 | 0.9800 |
| **51.0** | 0.9600 | 0.9625 | 0.9700 | 0.9790 | 0.9800 | 0.9800 |
| **51.5** | 0.9650 | 0.9685 | 0.9800 | 0.9800 | 0.9800 | 0.9800 |
| **52.0** | 0.9700 | 0.9745 | 0.9860 | 0.9890 | 0.9980 | 0.9980 |
| **52.5** | 0.9750 | 0.9805 | 0.9924 | 0.9988 | 1.0060 | 1.0100 |
| **53.0** | 0.9800 | 0.9865 | 0.9980 | 1.0000 | 1.0150 | 1.0200 |
| **53.5** | 0.9850 | 0.9925 | 0.9990 | 1.0013 | 1.0240 | 1.0300 |
| **54.0** | 0.9900 | 0.9985 | 1.0100 | 1.0124 | 1.0320 | 1.0400 |
| **54.5** | 0.9950 | 1.0045 | 1.0164 | 1.0179 | 1.0400 | 1.0500 |
| **55.0** | 1.0000 | 1.0105 | 1.0224 | 1.0364 | 1.0455 | 1.0595 |
| **55.5** | 1.0070 | 1.0154 | 1.0280 | 1.0420 | 1.0511 | 1.0658 |
| **56.0** | 1.0126 | 1.0210 | 1.0336 | 1.0476 | 1.0567 | 1.0714 |
| **56.5** | 1.0182 | 1.0266 | 1.0392 | 1.0532 | 1.0623 | 1.0770 |
| **57.0** | 1.0231 | 1.0315 | 1.0448 | 1.0588 | 1.0679 | 1.0826 |
| **57.5** | 1.0287 | 1.0371 | 1.0497 | 1.0644 | 1.0735 | 1.0882 |
| **58.0** | 1.0336 | 1.0427 | 1.0553 | 1.0700 | 1.0791 | 1.0938 |
| **58.5** | 1.0392 | 1.0476 | 1.0609 | 1.0756 | 1.0854 | 1.1001 |
| **59.0** | 1.0441 | 1.0532 | 1.0665 | 1.0812 | 1.0910 | 1.1057 |
| **59.5** | 1.0490 | 1.0581 | 1.0714 | 1.0861 | 1.0966 | 1.1120 |
| **60.0** | 1.0546 | 1.0637 | 1.0770 | 1.0917 | 1.1022 | 1.1176 |
| **60.5** | 1.0595 | 1.0686 | 1.0826 | 1.0973 | 1.1071 | 1.1225 |
| **61.0** | 1.0651 | 1.0742 | 1.0875 | 1.1029 | 1.1127 | 1.1281 |
| **61.5** | 1.0700 | 1.0791 | 1.0931 | 1.1085 | 1.1183 | 1.1337 |
| **62.0** | 1.0749 | 1.0840 | 1.0980 | 1.1141 | 1.1239 | 1.1393 |
| **62.5** | 1.0798 | 1.0889 | 1.1029 | 1.1197 | 1.1295 | 1.1449 |
| **63.0** | 1.0847 | 1.0938 | 1.1078 | 1.1253 | 1.1351 | 1.1505 |
| **63.5** | 1.0896 | 1.0987 | 1.1127 | 1.1309 | 1.1407 | 1.1561 |
| **64.0** | 1.0945 | 1.1036 | 1.1176 | 1.1365 | 1.1463 | 1.1617 |
| **64.5** | 1.0994 | 1.1085 | 1.1225 | 1.1421 | 1.1519 | 1.1673 |
| **65.0** | 1.1043 | 1.1134 | 1.1274 | 1.1477 | 1.1575 | 1.1729 |
| **65.5** | 1.1092 | 1.1183 | 1.1323 | 1.1533 | 1.1631 | 1.1785 |
| **66.0** | 1.1141 | 1.1232 | 1.1372 | 1.1589 | 1.1687 | 1.1841 |

***--Note:** The last 3 columns of this table do **not** match what is contained in APSS. If the County Office wants to use the test weight/pack factors in the last 3 columns, they will have to manually compute the quantity. See subparagraph 525 F for additional information.**--***

**Test Weight and Pack Factor for Pulse Crops**

## B Whole Dry Peas and Lentils

Use the following test weight and pack factors to determine the measured quantity for dry peas and lentils.

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **42.0** | 0.762 | 0.773 | 0.783 | 0.809 | 0.826 | 0.848 |
| **42.5** | 0.770 | 0.781 | 0.792 | 0.818 | 0.835 | 0.857 |
| **43.0** | 0.778 | 0.789 | 0.800 | 0.826 | 0.843 | 0.865 |
| **43.5** | 0.786 | 0.797 | 0.808 | 0.834 | 0.851 | 0.873 |
| **44.0** | 0.794 | 0.805 | 0.816 | 0.842 | 0.859 | 0.881 |
| **44.5** | 0.802 | 0.813 | 0.824 | 0.850 | 0.867 | 0.889 |
| **45.0** | 0.810 | 0.821 | 0.833 | 0.858 | 0.875 | 0.897 |
| **45.5** | 0.818 | 0.829 | 0.841 | 0.866 | 0.883 | 0.905 |
| **46.0** | 0.826 | 0.837 | 0.849 | 0.874 | 0.891 | 0.913 |
| **46.5** | 0.834 | 0.845 | 0.857 | 0.882 | 0.899 | 0.921 |
| **47.0** | 0.841 | 0.853 | 0.865 | 0.890 | 0.907 | 0.929 |
| **47.5** | 0.849 | 0.861 | 0.873 | 0.898 | 0.915 | 0.937 |
| **48.0** | 0.857 | 0.869 | 0.881 | 0.906 | 0.923 | 0.945 |
| **48.5** | 0.865 | 0.877 | 0.889 | 0.914 | 0.931 | 0.953 |
| **49.0** | 0.872 | 0.884 | 0.897 | 0.922 | 0.939 | 0.961 |
| **49.5** | 0.880 | 0.892 | 0.905 | 0.930 | 0.947 | 0.969 |
| **50.0** | 0.888 | 0.900 | 0.913 | 0.938 | 0.955 | 0.977 |
| **50.5** | 0.895 | 0.908 | 0.920 | 0.947 | 0.963 | 0.985 |
| **51.0** | 0.903 | 0.915 | 0.928 | 0.954 | 0.971 | 0.994 |
| **51.5** | 0.910 | 0.923 | 0.936 | 0.963 | 0.979 | 1.002 |
| **52.0** | 0.918 | 0.931 | 0.944 | 0.970 | 0.987 | 1.010 |
| **52.5** | 0.925 | 0.938 | 0.952 | 0.978 | 0.995 | 1.018 |
| **53.0** | 0.933 | 0.946 | 0.959 | 0.986 | 1.003 | 1.026 |
| **53.5** | 0.940 | 0.954 | 0.967 | 0.994 | 1.011 | 1.034 |
| **54.0** | 0.948 | 0.961 | 0.975 | 1.002 | 1.020 | 1.043 |
| **54.5** | 0.955 | 0.969 | 0.982 | 1.010 | 1.028 | 1.051 |
| **55.0** | 0.963 | 0.976 | 0.990 | 1.018 | 1.036 | 1.060 |
| **55.5** | 0.970 | 0.984 | 0.998 | 1.026 | 1.044 | 1.068 |
| **56.0** | 0.977 | 0.991 | 1.005 | 1.034 | 1.052 | 1.077 |
| **56.5** | 0.985 | 0.999 | 1.013 | 1.042 | 1.060 | 1.085 |
| **57.0** | 0.992 | 1.006 | 1.020 | 1.050 | 1.068 | 1.093 |
| **57.5** | 0.999 | 1.013 | 1.028 | 1.057 | 1.075 | 1.100 |
| **58.0** | 1.006 | 1.021 | 1.035 | 1.065 | 1.083 | 1.108 |

***--Note:** The last 3 columns of this table do **not** match what is contained in APSS. If the County Office wants to use the test weight/pack factors in the last 3 columns, they will have to manually compute the quantity. See subparagraph 525 F for additional information.**--***

**Test Weight and Pack Factor for Pulse Crops (Continued)**

**B Whole Dry Peas and Lentils (Continued)**

| Test Weight | Less Than 255 Sq. Ft 18' Diameter or Less | 255 Sq. Ft. to 461 Sq. Ft 21' & 24' Bins | 462 Sq. Ft. to 767 Sq. Ft. 27' & 30' Bins | 768 Sq. Ft. to 1384 Sq. Ft. 33' & 39' Bins | 1385 Sq. Ft. to 2289 Sq. Ft. 42' & 51" Bins | Over 2290 Sq. Ft. 54' Bins & Over |
|---|---|---|---|---|---|---|
| **58.5** | 1.014 | 1.028 | 1.043 | 1.073 | 1.092 | 1.117 |
| **59.0** | 1.021 | 1.035 | 1.050 | 1.081 | 1.100 | 1.126 |
| **59.5** | 1.028 | 1.043 | 1.058 | 1.088 | 1.107 | 1.132 |
| **60.0** | 1.035 | 1.050 | 1.065 | 1.096 | 1.115 | 1.141 |
| **60.5** | 1.042 | 1.057 | 1.072 | 1.104 | 1.123 | 1.150 |
| **61.0** | 1.049 | 1.064 | 1.080 | 1.111 | 1.130 | 1.157 |
| **61.5** | 1.056 | 1.072 | 1.087 | 1.119 | 1.138 | 1.165 |
| **62.0** | 1.063 | 1.079 | 1.094 | 1.126 | 1.145 | 1.172 |
| **62.5** | 1.070 | 1.086 | 1.101 | 1.134 | 1.153 | 1.180 |
| **63.0** | 1.077 | 1.093 | 1.108 | 1.141 | 1.162 | 1.189 |
| **63.5** | 1.084 | 1.100 | 1.115 | 1.148 | 1.169 | 1.196 |
| **64.0** | 1.091 | 1.107 | 1.122 | 1.156 | 1.177 | 1.205 |
| **64.5** | 1.098 | 1.114 | 1.129 | 1.164 | 1.185 | 1.214 |
| **65.0** | 1.105 | 1.121 | 1.136 | 1.172 | 1.193 | 1.223 |
| **65.5** | 1.112 | 1.128 | 1.143 | 1.180 | 1.201 | 1.232 |
| **66.0** | 1.119 | 1.135 | 1.150 | 1.188 | 1.209 | 1.241 |
| **66.5** | 1.126 | 1.142 | 1.157 | 1.196 | 1.217 | 1.250 |
| **67.0** | 1.133 | 1.149 | 1.164 | 1.204 | 1.225 | 1.259 |
| **67.5** | 1.140 | 1.156 | 1.171 | 1.212 | 1.233 | 1.268 |
| **68.0** | 1.147 | 1.163 | 1.178 | 1.220 | 1.241 | 1.277 |
| **68.5** | 1.154 | 1.170 | 1.185 | 1.228 | 1.249 | 1.286 |
| **69.0** | 1.161 | 1.177 | 1.192 | 1.236 | 1.257 | 1.295 |
| **69.5** | 1.168 | 1.184 | 1.199 | 1.244 | 1.265 | 1.304 |
| **70.0** | 1.175 | 1.191 | 1.206 | 1.252 | 1.273 | 1.313 |
| **70.5** | 1.182 | 1.198 | 1.213 | 1.260 | 1.281 | 1.322 |
| **71.0** | 1.189 | 1.205 | 1.220 | 1.268 | 1.289 | 1.331 |
| **71.5** | 1.196 | 1.212 | 1.227 | 1.276 | 1.297 | 1.340 |
| **72.0** | 1.203 | 1.219 | 1.234 | 1.284 | 1.305 | 1.349 |
| **72.5** | 1.210 | 1.226 | 1.241 | 1.292 | 1.313 | 1.358 |
| **73.0** | 1.217 | 1.233 | 1.248 | 1.300 | 1.321 | 1.367 |
| **73.5** | 1.224 | 1.240 | 1.255 | 1.308 | 1.329 | 1.376 |
| **74.0** | 1.231 | 1.247 | 1.262 | 1.316 | 1.337 | 1.385 |
| **74.5** | 1.238 | 1.254 | 1.269 | 1.324 | 1.345 | 1.394 |
| **75.0** | 1.245 | 1.261 | 1.276 | 1.332 | 1.353 | 1.403 |
| **75.5** | 1.252 | 1.268 | 1.283 | 1.340 | 1.361 | 1.412 |

***--Note:** The last 3 columns of this table do **not** match what is contained in APSS. If the County Office wants to use the test weight/pack factors in the last 3 columns, they will have to manually compute the quantity. See subparagraph 525 F for additional information.**--***