

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Marketing Assistance Loans and
Loan Deficiency Payments for
2002 and Subsequent Crop Years
8-LP (Revision 1)**

Amendment 18

Approved: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 25 H has been amended to add that CED's or designee's shall randomly spot check up to five CCC-770 LDP/eLDP's and CCC-770 MAL's per FY, for each FSA employee, per program in each County Office.

Subparagraph 25 J has been amended to add DD, STC, or designee action policy for randomly spot checking FSA employee CCC-770 LDP/eLDP's and CCC-770 MAL's.

Subparagraph 126 G has been amended to clarify when subsequent crops are eligible for MAL and LDP.

Subparagraph 132 H has been amended to read "COC shall **not** delegate authority to approve quantities exceeding 110 percent of the COC-established yield."

Subparagraph 136 A has been amended to add that CCC-666 or CCC-678 must be initialed as part of the second party check.

Subparagraph 307.5 F, CCC-633 EZ has been amended to remove all references to "risk of loss".

Note: CCC-633 EZ (09-05-07) is the current version. All previous versions are obsolete.

Subparagraph 403 B has been amended to include that County Offices shall perform Federal and State tax lien searches when lien searches are performed.

Subparagraph 407 has been amended to:

- add a new condition for collecting commodity assessments
- remove the reference that a review and preliminary approval will be determined based on the information received from the applicable entity and SED.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraphs 407 G, H, and I have been added to provide additional commodity assessment policy.

Subparagraph 490 F has been amended to include the current version of CCC-678 with the question, “Are you or any co-applicant delinquent on any Federal non tax debt?”

Subparagraph 522 A has been amended to clarify what should be documented in the COC minutes as result of a spot check.

Subparagraph 541 B has been amended to clarify that new LDP’s or MAL’s can be received if producers maintain beneficial interest in the commodity through the date new LDP requests are received in the County Office.

Subparagraph 1537 A has been amended to clarify LDP benefit basis.

Exhibit 8 has been amended to:

- remove reference to CCC-633 LDP
- add CCC-633 EZ, Page 2.

Exhibit 15 has been amended to include the current version of CCC-601.

Exhibit 47 has been amended to add the commodity, lentils, for the test weight and pack factor for pulse crops.

Page Control Chart		
TC	Text	Exhibit
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	4-22.9, 4-22.10 (add)	
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25 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

G Spot Check Policy

CCC-770 LDP/eLDP and CCC-770 MAL shall be randomly selected for spot check.

CCC-770 LDP/eLDP's and CCC-770 MAL's shall be spot-checked to verify that CCC-770 LDP/eLDP's and CCC-770 MAL's were properly completed, filed, and to ensure that accurate MAL and LDP approvals and denials were completed.

H CED Spot Checks

*--CED's or designee's:

- are required to perform spot checks of CCC-770 LDP/eLDP's and CCC-770 MAL's
- shall spot check at a minimum, CCC-770 LDP/eLDP's and CCC-770 MAL's every FY quarter, in each county office, according to this table--*

Number of Checklists	Number of Checklists to Spot Check
10 or less	5
11 through 1,000	10
more than 1,000	20

Note: The required number of CCC-770 LDP/eLDP's and CCC-770 MAL's to be spot-checked is per program.

Example: County Office A completes a total of 100 MAL's and 20 LDP's in FY 2006 2nd quarter. County Office A is required to spot check ten CCC-770 MAL's and ten CCC-770 LDP/eLDP's.

- *--shall randomly spot check up to five CCC-770 LDP/eLDP's and CCC-770 MAL's for each FSA employee (including STC's and COC's) per program, each FY, in each County Office

Note: FSA employee CCC-770 LDP/eLDP's and CCC-770 MAL's spot checks are **in addition** to these random spot checks.--*

- shall sign CCC-770 LDP/eLDP and CCC-770 MAL and check the "Concur" or "Do Not Concur" box for the randomly selected CCC-770 LDP/eLDP's and CCC-770 MAL's
- shall report to COC and the STC representative any CCC-770 LDP/eLDP's and CCC-770 MAL's that is checked "Do Not Concur"
- are **not** required to spot check every CCC-770 LDP/eLDP's and CCC-770 MAL's completed in their county.

--CED's are encouraged to copy and file, by program, all CCC-770 LDP/eLDP's and CCC-770 MAL's that were spot-checked by CED.--

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

I State Office Spot Check Selection

*--The State Office shall select a total of twenty CCC-770's (CCC-770 LDP/eLDP's and CCC-770 MAL's) per program per County, per FY, according to subparagraph J.

SED's may require additional spot check reviews, at their discretion, provided the SED determines or identifies problems or concerns with existing internal controls.

J DD, STC, or Designee Actions

DD, STC, or their designee shall:

- randomly spot check up to five CCC-770 LDP/eLDP's and CCC-770 MAL's for each FSA employee, including STC's and COC's, per program, each FY, in each County Office

Note: If the required five CCC-770 LDP/eLDP and CCC-770 MAL spot checks have already been completed or surpassed for an applicable program area for an FSA employee (including STC's and COC's) this FY, then the spot check requirement has been met for this FY for that **specific program** CCC-770.

- select a minimum of twenty CCC-770 LDP/eLDP's and twenty CCC-770 MAL's (40 total that includes both programs) to spot check per FY
- select a combination of CCC-770's that were:
 - spot checked by CED
 - randomly selected, not previously reviewed by CED

Note: The minimum CCC-770 LDP/eLDP's and CCC-770 MAL's that must be spot checked per FY should include a reasonable number of required CCC-770 LDP/eLDP's and CCC-770 MAL's spot check by CED.--*

- sign CCC-770 LDP/eLDP and CCC-770 MAL and check the "Concur" or "Do Not Concur" box for the selected determination or certification changes
- submit the results of the spot checks to SED.

--25 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)*K National Report**

At the end of FY, State Offices shall compile a report of spot check results from each quarter for submission to the National Office. Each report must be categorized by the following:

- quarter
- county
- number of MAL's and LDP's received in County Office
- number of CCC-770 LDP/eLDP's and CCC-770 MAL's:
 - selected for spot check by CED or designee
 - selected for spot checked by STC or designee
 - not concurred by CED or designee
 - not concurred by STC or designee.

Reports of results are due to PSD no later than October 31 of each year. Reports may be submitted by either of the following:

- e-mail to **kimberly.graham@wdc.usda.gov**
- FAX to 202-690-1536.--*

26-99 (Reserved)

126 Eligible Commodities (Continued)

D HM Commodities

HM commodities are defined as corn and grain sorghum with moisture levels exceeding applicable standard moisture levels. HM commodities:

- below the set maximum moisture level shall:
 - be eligible for nonrecourse loans and LDP's
 - be adjusted to reflect CCC-established moisture levels for nonrecourse loans and LDP's
 - apply shrink factors in Exhibit 4
- exceeding the maximum acceptable moisture level are eligible for recourse loans according to paragraph 472.

STC shall annually determine the maximum acceptable moisture levels.

E EM Commodities

*--EM commodities are defined as loan commodities 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.

EM commodities:

- are eligible for nonrecourse loans and LDP's, if the quantity is adjusted to reflect the applicable standard moisture level as provided in 2-LP Grains and Oilseeds

Note: The applicable shrink factors shall apply when adjusting the quantity for excess moisture, according to subparagraph 430 C and Exhibit 4.--*
- exceeding the maximum acceptable moisture levels are eligible for recourse loans * * *, according to Part 4, Section 4.

126 Eligible Commodities (Continued)**F 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.

Low quality commodities:

- are eligible for nonrecourse loans; however, the loan rate is 20 percent of the applicable based county loan rate; no other discounts will be applied to the nonrecourse loan disbursed at the reduced loan rate
- must be repaid at principal plus interest
- delivered to CCC in settlement of a non-recourse outstanding loan, the settlement rate is zero.

***--G 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.

127 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 United States and Puerto Rico where the applicable commodity is produced.

B Requesting Loans and LDP's

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

132 Eligible Quantity (Continued)

G STC Review

STC or designee shall:

- annually review 25 percent of estimate yields established according to this paragraph
- concur with COC that yields are reasonable based on documentation used.

When reviewing COC-established yields for County Offices that border County Offices in a different State, STC's or the designee should request from the bordering County Office through the applicable State Office, a copy of the applicable COC-established yields. STC's use this information when concurring with COC's that the yields are reasonable.

Note: A 5-year average of NASS yields may be used as a guide when establishing yields.

H Questionable or Commingled Production

If the quantity pledged as collateral for loan or requested for LDP is greater than **110** percent of the COC maximum established quantity (COC-established yield times the reported acreage), do not approve the loan or LDP.

If the producer is not satisfied with the maximum quantity determined by COC, give the producer appeal rights to COC.

During the appeal process, COC may approve loan and LDP quantities exceeding the COC maximum established quantity if:

- the producer provides actual production evidence according to paragraph 535 for the crop year and other documentation to support the yield, such as fertilizer
- COC determines the quantity reasonable for the crop year based on the producer's farming practices, production evidence, and other documentation provided.

*--COC shall **not** delegate authority to approve quantities exceeding 110 percent of the--*
COC-established yield.

132 Eligible Quantity (Continued)

I Determining Ineligible Quantity

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

- it was previously placed under loan and redeemed with cash 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.

J Denied LDP Because of Payment Limitation

Commodities are eligible for nonrecourse loan **if** LDP's were requested and denied because of payment limitation only.

135 Loans Ineligible for Delivery or Forfeiture (Continued)

D Insufficient Value or Excess Sales Price

If the settlement value was insufficient to clear the amount due on the loan, send the producer the notification letter in subparagraph 23 C.

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
- for nonrecourse loans, retained by CCC.

136 Eligibility Review

A Review

A second party review of eligibility requirements for loan and LDP application shall be performed before disbursement. Reviewer must initial loan (CCC-666 or CCC-633WM, as applicable, for farm-stored loan or CCC-678 for warehouse-stored loan) or LDP application when review is completed. Before a loan or LDP is issued, CCC-770 MAL or CCC-770 LDP/eLDP must be completed according to paragraph 25.

137-299 (Reserved)

*--307.5 Completing CCC-633 EZ (Continued)

D Page 4 (Continued)

Item	Instructions
Part N – Complete for Wool or Mohair (Continued)	
68	<p>Enter the State (if necessary) and county where the quantity in item 66 is stored. In addition, enter the location within the same county where the commodity is stored.</p> <p>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.</p> <p>A separate LDP request must be completed for quantities stored in a different county.</p>
69	<p>Enter the date of this request or the date BI 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 BI is lost, then this item can be left blank.</p>
70	<p>For FSA use only. Enter the LDP rate in effect as it determines when BI was lost or when an acceptable application is submitted.</p>
Part 0 – Complete for Unshorn Lamb Pelts	
71	<p>For FSA use only. Enter the processing system assigned LDP number.</p>
72	<p>Enter the number of unshorn pelts for the LDP request.</p>
73	<p>Check either box "A", "Immediate Slaughter", "B", "Slaughter for Personal Use", "C", "Preserved and Stored", or "D", "Sold as Feeders to Lamb Buyer", that corresponds with the intended use of the unshorn pelts in item 72 as follows:</p> <ul style="list-style-type: none"> • "Immediate Slaughter" – if quantity is delivered for slaughter within a 10 calendar day period after delivery • Slaughter for Personal Use – if quantity will be slaughtered for personal use, such as, clothing, shelter, rugs, etc. • Preserved and Stored – if quantity is being preserved, maintained, and stored for future marketing or processing • 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.

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307.5 Completing CCC-633 EZ (Continued)

D Page 4 (Continued)

Item	Instructions
Part 0 – Complete for Unshorn Lamb Pelts (Continued)	
74	Enter the State (if necessary) and county, where the quantity in item 73 is stored. In addition, enter the location within the same county where the commodity is stored. 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. A separate LDP request must be completed for quantities stored in a different county.
75	<p>Check either box “A”, “Certified” or “B”, Production Evidence”, that corresponds with the source of the number of unshorn pelts in item 72 as follows:</p> <ul style="list-style-type: none"> • Certified – if quantity is based on producer certification. • Production Evidence – if quantity is based on an attached invoice or settlement sheet. <p>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.</p>
76	Enter the number of head of unshorn live lambs/sheep in the current herd or lamb flock.
77	Enter the date of this request or the date BI 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 BI is lost, this item can be left blank.
78	For FSA use only. Enter the LDP rate in effect when BI was lost or an acceptable application is submitted.
Part P – Producer Certification	
79, 80, and 81	<p>At the time of completion for each request, the producer shall sign, enter the share percentage of the LDP quantity, and the date. This indicates the applicant’s intention to receive an LDP payment based on the applicable quantity and effective LDP rate. If additional signature lines are needed, use *--CCC-633 EZ Continuation, page 5, Part P.--*</p> <p>If BI 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 County FSA Office.</p>

307.5 Completing CCC-633 EZ (Continued)

F Example of CCC-633 EZ

The following are examples of CCC-633 EZ, pages 1 through 5.

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This form is available electronically. Form Approved - OMB No. 0560-0129

CCC-633 EZ (09-05-07)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. Name and Address of Producer (Include ZIP Code) (Please Print)	
LOAN DEFICIENCY PAYMENT (LDP) AGREEMENT AND REQUEST				2. Telephone/Cell Number (Include Area Code):	
All eligible producers entering into this agreement MUST meet marketing assistance loan eligibility and have beneficial interest in the quantities covered by this agreement for the applicable crop year when signing this form. A producer is considered to have beneficial interest in the specified quantities if the producer has ALL of the following:				3. ID Number (Last 4 Digits):	
• title to the commodity _____				4. Crop Year:	
• control of the commodity _____				5. State(s) and County(s)	
<small>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 Part LDP (Page 4) must be completed BEFORE the final loan/LDP availability date to receive LDP benefits.</small>					
PART A - TERMS AND CONDITIONS					
<ul style="list-style-type: none"> The LDP rate will be based on the earlier of: a) the date beneficial interest is lost as applicable to specific commodity provisions; or b) the LDP request date as submitted on the CCC-633 EZ (Page 2) Part E, or CCC-633 EZ (Page 4) for wool, mohair, and unshorn pelts. For cotton LDP's requested on CCC-633 EZ Cotton (Page 3), the LDP rate will be based on the information provided on Page 3. Quantities covered by this agreement were produced by the producer and not purchased or acquired directly or indirectly from any other source or committed under a marketing agreement to a Cooperative Marketing Association (CMA). As a condition of receiving an LDP, a producer (or members of a CMA) must first resolve delinquent federal non-tax debt(s). The debt(s) must be resolved before the final loan/LDP availability date. CCC may request copies of contracts and supplemental documentation to determine eligible quantity and when beneficial interest was lost. If a Marketing Assistance Loan (MAL) is disbursed for a quantity covered by this agreement and the MAL is repaid at a price less than principal and interest, this agreement becomes null and void for that specific quantity. All producers with an interest in the quantity covered by this agreement must sign a CCC-633 EZ Part C, to obtain LDP benefits. 					
PART B - METHODS OF PAYMENT REQUEST (Request must be submitted by final loan/LDP availability date.)					
<ul style="list-style-type: none"> For quantities represented by verifiable production evidence under this agreement, submission of evidence in combination with Part E, Part N, or Part O of this form as applicable shall be considered a request for payment. Evidence must include sufficient data to determine producer and commodity eligibility and LDP rate. For quantities for which verifiable evidence is unavailable (i.e., certified quantities, fed quantities, quantities used for seed, silage, etc.), the request for payment shall be initiated by recording a certification of quantity on Part E, Part N, or Part O of this form as applicable. Additional information may be requested by CCC to determine producer and commodity eligibility and LDP rate. Submission of an 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 payment limitation; 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)					
<small>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 request 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 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.</small>					
6. Signature of Producer		7. Date (MM-DD-YYYY)		8. Signature of Producer	
				7. Date (MM-DD-YYYY)	
				6. Signature of Producer	
				7. Date (MM-DD-YYYY)	
PART D - CCC AGREEMENT (FOR CCC USE ONLY)					
8. Signature of CCC Representative		10. Date (MM-DD-YYYY)		11. Additional Information	
9. Title of CCC Representative				12. Name and Address of County FSA Office or LSA or DMA	
<small>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 is 7 CFR Parts 1421 and 1427. The information will be used to determine eligibility and the amount of program benefits. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in determination of ineligibility for program benefits. 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 206, 287, 371, 641, 651, 5001; 15 USC 714n, and 31 USC 3729, may be applicable to the information provided.</small>					
<small>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 0560-0129. 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.</small>					
<small>Page 1 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.</small>					

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307.5 Completing CCC-633 EZ (Continued)

F Example of CCC-633 EZ (Continued)

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CCC-633 EZ (09-05-07)

PART E - REQUEST FOR LDP

13A. Contact Name and Address of Producer (Include Zip Code) (Please Print) 14. SSN (Last 4 Digits) or ID Number 15. Crop Year 17. Are you or any co-applicant delinquent on any federal non-tax debt? If "YES", explain in Item 32.

13B. Telephone/Cell Number (Include Area Code) (Optional): 16. State and County where Farm Records are Maintained YES NO

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) Examples: Warehouse-Stored: Ohio, Athens Co., ABC Warehouse Farm-Stored: Texas, Webb Co., 30' Butler Bin, North of House	23. Effective Date of LDP Rate (MM-DD-YYYY)		24. LDP Rate (CCC Use Only)
			A. Certified	*B. Measurement Service	C. Production Evidence		A. Date of LDP Request or Date Beneficial Interest Was Lost	B. Date of Delivery	

* 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.

25. Signature of Producer 26. % Share 27. Date (MM-DD-YYYY) 25. Signature of Producer 26. % Share 27. Date (MM-DD-YYYY)

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: Approved Disapproved 32. Additional Information

Page 2

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307.5 Completing CCC-633 EZ (Continued)

F Example of CCC-633 EZ (Continued)

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38. Producer Initials to Select Type of Application						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).			
Irrevocable Post-Ginning	After Ginning	YES	Date an Accurately Completed Request is Submitted.	Identified by bale list or file sequence number(s).			
Gin-Direct	Before Date of Ginning	YES	Date of Ginning	GIN DIRECT ONLY: For each farm number producer enters number of bales or *ALL* to be identified by bale list or file sequence number.			
				A. FARM NO.	B. NO. BALES	A. FARM NO.	B. NO. BALES
Lost Beneficial Interest	After Ginning	NO	Date Beneficial Interest Lost	Identified by Bale List or File Sequence Number(s)			
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.							
43. Signature of Producer(s)		44. % Share	45. Date (MM-DD-YYYY)	43. Signature of Producer(s)		44. % Share	45. Date (MM-DD-YYYY)
PART K - INFORMATION FOR LDP REQUEST (Complete Upon Receipt of Bale Data Files) (FOR CCC USE ONLY)							
46. LDP Number		47. File Sequence Number(s)		48. Date File(s) Received (MM-DD-YYYY)		49. Bale Count	
PART L - CCC APPROVAL (FOR CCC USE ONLY)							
50A. Signature of CCC Representative		50B. Title of CCC Representative		53. Date Submitted (MM-DD-YYYY)		55. Name and Address of FSA County Office or LSA	
51. Action: <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved		52. Date of Signature by CCC Representative (MM-DD-YYYY)		54. AWP on Applicable Date (MM-DD-YYYY)		56. Additional Information	

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307.5 Completing CCC-633 EZ (Continued)

F Example of CCC-633 EZ (Continued)

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CCC-633 EZ (09-05-07)

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/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 87.
		62. State and County where Farm Records are Maintained			<input type="checkbox"/> YES <input type="checkbox"/> NO

A completed CCC-633 EZ (Page 1) must be on file for the crop year identified in item 60 before beneficial interest (risk of loss, 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 on of the following)			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)
					A. Certified	B. Production Evidence	C. Qty in Excess of Certified Qty.			
	Mohair									
	Wool	Graded	Ungraded							
	Mohair									
	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				74. Stored Location (If applicable) (State, County, Warehouse, Farm Storage Location)	75. Source of Quantity (Check one of the following)		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)
		A. Immediate Slaughter	B. Slaughter for Personal Use	C. Preserved and Stored	D. Sold as Feeders to Lamb Buyer		A. Certified	B. Production Evidence			

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.

79. Signature of Producer	80. % Share	81. Date (MM-DD-YYYY)	79. Signature of Producer	80. % Share	81. Date (MM-DD-YYYY)
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PART Q - CCC APPROVAL (FOR CCC USE ONLY)

82. Signature of CCC Representative	83. Title of CCC Representative	84. Date (MM-DD-YYYY)	85. Action: <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved	86. Is the quantity for this LDP reasonable? <input type="checkbox"/> YES <input type="checkbox"/> NO	87. Additional Information
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Page 4

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307.5 Completing CCC-633 EZ (Continued)

F Example of CCC-633 EZ (Continued)

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CCC-633 EZ Continuation <small>(09-05-07)</small>		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)

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307.6 Completing CCC-633 EZ for Measured Quantities (Continued)**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 7
- complete CCC-633 EZ according to this paragraph
- indicate a quantity in CCC-633 EZ, page 2, item 21 B.

Note: This can be a specific amount or “All”, not to exceed the measured quantity. This **cannot** be left blank.

See paragraph 427 for additional information on measurement service. County Offices shall *-use the 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 427
- issue LDP for the requested quantity, not to exceed measured quantity
- notify the producer that the subsequent LDP or nonrecourse loan may be requested as a certified LDP or loan up to the final loan availability date if all eligibility requirements have been met
- not require a new measurement service.

403 Lien Searches**A General Information**

[7 CFR 1421.104] A lien search, including Federal and State tax liens, 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 for loans made to:--*

- CMA's according to subparagraph D
- a producer who will immediately exchange the commodity certificate for loan collateral according to Part 9, Section 8
- warehouse-stored collateral transferred to farm storage.

For multi-county producers, the loanmaking County Office shall conduct or obtain the lien search 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.

403 Lien Searches (Continued)

B When to Perform Lien Searches

County Offices shall conduct lien searches and file UCC-1 documents according to this table.

Loan Amount / Loan Type	Conduct Lien Search		UCC-1 or applicable financing statement	
	Yes	No	Yes	No
<\$25,000				
Farm-Stored		X	X	
Warehouse-Stored		X		X
>\$25,000				
Farm-Stored	X		X	
Warehouse-Stored	X			X
Note: If conducting lien searches is a free service provided through the State, lien searches may be conducted on all loans regardless of the dollar amount.				

--County Offices shall perform lien searches, including searches for Federal and State tax liens, and perfect the security interest, regardless of the loan amount, if 1 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 lien holder that a lien exists on the commodity
- aggregate loan principal for the crop year will exceed \$25,000.

Note: County Offices shall file applicable UCC-1's required by State law, to protect CCC's security interest according to paragraph 423, regardless of MAL principal.

C Recording UCC-1 for Chattel Mortgage Filing Date in APSS

APSS was enhanced to **not** require filing dates of UCC-1 for loans less than \$25,000. 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.

406 Determining Interest Rate (Continued)

C 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.

--407 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 are applicable beginning with the 2006 crop and includes new and existing collections.

B Conditions for Collection

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

- submit a written request for the collection of a commodity assessment 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 agreement with CCC and that the State legislation authorizing the collection of the commodity assessment is in compliance with Pub. L. 108-470

* * *

- have the director or authorized signing official of the State entity sign a MOU agreeing to the terms and conditions as provided in the MOU, according to subparagraph C
- *--pay a fee to cover the cost of beginning a new commodity assessment collection.

Note: The fee must be paid according to subparagraph H.

For Federally mandated commodity assessments, the Federal entity **must** submit a written request and a copy of the Federal statute authorizing the collection of the commodity assessment to the address provided in subparagraph H.--*

407 Collecting Commodity Assessments and Other Fees (Continued)

B Conditions for Collection (Continued)

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

* * *

C MOU

State entities are required to enter into an agreement with CCC for the collection of commodity assessments. The authorized State Director or authorized Official will be required to sign an MOU, see subparagraph D, before the collection of assessment can begin. Beginning with the 2006 crop year, new MOU's will be required to continue the collection of existing commodity assessments.

For State entities, an MOU will be sent to the 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 the SED. The SED or designee will sign the MOU on behalf of CCC and submit the original signed and dated MOU to PSD as soon as possible.--*

--407 Collecting Commodity Assessments and Other Fees--

D Example MOU

The following is an example of an MOU that, beginning with the 2006 crop year, **must** be obtained to continue the collection of existing commodity assessments.

<p>MEMORANDUM OF UNDERSTANDING BETWEEN <u>(name of state association, board, or commission)</u> AND COMMODITY CREDIT CORPORATION</p> <p>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 <u>(association, board, or commission)</u> and CCC regarding the collection of the assessments with respect to <u>(specific commodity)</u>, 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.</p> <p>2. CCC will cooperate with the <u>(association, board, or commission)</u> in the collection of such assessments with respect to <u>(specify commodity)</u> which is pledged as collateral for a CCC marketing assistance loan or forfeited to CCC in satisfaction of such loan.</p> <p>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 <u>(specific commodity)</u>. This Act provides authority for an assessment to be levied on <u>(specific commodity)</u> for the purpose of carrying out the activities of the <u>(association, board, or commission)</u>.</p> <p>4. The producer is responsible for payment of the assessment to the <u>(association, board, or commission)</u> with respect to <u>(specify commodity)</u> pledged as collateral for a CCC marketing assistance loan or forfeited to CCC under such loan. CCC will undertake to deduct from loan proceeds otherwise due the producer the amount of the assessment which shall be determined by multiplying the applicable assessment rate by the quantities of <u>(specify commodity)</u> pledged as collateral for a CCC marketing assistance loan or forfeited to CCC. CCC shall have no obligation or liability for failure to collect the <u>(specific commodity)</u> assessment from any producer. The <u>(association, board, or commission)</u> agrees that, in the event of suit against CCC to recover any sums collected as assessments, the <u>(association, board, or commission)</u> will arrange for the defense of such action or, at the election of CCC, the <u>(association, board, or commission)</u> will reimburse CCC for any costs incurred by the CCC in the defense of such action. In addition, the <u>(association, board, or commission)</u> will indemnify CCC for any amount which CCC is required to repay to a <u>(specify commodity)</u> producer from whom the assessment was collected.</p> <p>5. The producer's copy of the marketing assistance loan or delivery documents, which will show the amount of the <u>(specify commodity)</u> 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 <u>(association, board, or commission)</u> agrees upon receipt of substantiating documents to promptly grant a refund of the double assessment.</p>
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--407 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 marketing assistance loan or forfeited to CCC, the amount of the marketing assistance loan 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, due to error, the amount of such assessment was undercollected. CCC will notify the producer of the amount due 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 (association, board, or commission) will indemnify CCC for any cost incurred in the collection of the assessment including costs incurred with respect to resolution of disputes arising from the requested collection of the assessment and for administrative costs incurred by CCC in the collection of the assessments.

12. 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 days after written notice is provided to the other party.

(State association, board, or commission)

Date

By _____
Director

COMMODITY CREDIT CORPORATION

Date

By _____
(name of State) State Executive Director

02-24-06
Approval Date

--407 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).

Federal and State entities may be subject to administrative costs associated with the collection of the assessment. If administrative costs are required from the State entity, an addendum to the existing MOU will reflect these mandatory costs and how they should be paid to CCC.

F Deduction of Federal Peanut Commodity Assessment for Loan Collateral Peanuts

CCC has been authorized to collect the peanut research and promotion fee from the proceeds of a peanut farm- or warehouse-stored MAL when the loan is disbursed. A 1 percent research and promotion fee will be deducted from the producer's loan proceeds based on the value of the MAL at disbursement

CCC will remit the collected fees to the National Peanut Board no later than 60 calendar days after the last day of the month in which the peanuts were offered as collateral for a MAL. The Peanut Promotion Board shall collect assessments according to applicable steps in subparagraph B.

Peanut DMA's and CMA's will be responsible for collecting the research and promotion fee from DMA or CMA disbursed loans and remitting the collection to the National Peanut Board. The first handler/purchaser is responsible for the collection and remittance of all of peanut research and promotion fees for commercially purchased peanuts.--*

***--407 Collecting Commodity Assessments and Other Fees**

G Modifying an Existing Commodity Assessment Collection

Federal and State entities **must**:

- submit to the applicable SED:
 - written request for the modification of 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.
- pay a fee to cover the cost of modifying the existing commodity assessment collection.

H Submitting Request 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.

I 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
- instructions for submitting the required fee.--*

490 Manually Prepared Loan Documents (Continued)

F Manually Preparing CCC-678 (Continued)

Circle Number	Instructions
12	Enter the amount determined by multiplying circle number 10 times circle number 11.
13	Enter the total of circle number 11 and including, if applicable, column F entries from CCC-684-1.
14	Enter the total of circle number 12 and including, if applicable, column G entries from CCC-684-1.
15	Enter total of all applicable assessments.
16	Enter total marketing assessments, if applicable.
17	Enter total of loan service fee applicable for the number of warehouse receipts.
18	Enter the result of total loan amount in circle number 14 minus, as applicable: <ul style="list-style-type: none"> • assessments • marketing assessments • service fees.
19	Enter each producer's name, ID number, and share applicable to the loan.
*--20	Have the producer answer, "Are you or any co-applicant delinquent on any Federal non-tax debt?"
21	Obtain applicable producers' signatures and date. Obtain spouse's signature when required by State law.
22	To be signed by CCC representative when loan is disbursed through APSS. The person signing for CCC is certifying that, according to County Office records, the producer and commodity are eligible for loan on the quantity of the commodity being placed under loan.
23	The approval date shall be the date the loan is disbursed.
24--*	Enter County Office's name, address, and telephone number.

490 Manually Prepared Loan Documents (Continued)

F Manually Preparing CCC-678 (Continued)

The following is an example of CCC-678.

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READ THE ENTIRE INSTRUMENT BEFORE SIGNING (See CCC-601 for Privacy Act Statement) Form Approved - OMB No. 0560-0087

CCC-678 (06-16-03) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation Form CCC-684-1 is incorporated into this Form CCC-678 when this box is marked:

WAREHOUSE STORAGE NOTE AND SECURITY AGREEMENT

Name & Mailing Address of Contact Producer: DAVID BROWN AVE INWOOD, IA. (1)

Warehouse Code: 88470 (2)

St. & Co. Codes & Farm No. Where Produced: 19-119-0005048 (3)

Loan No.: 17 Disbursement Date: 10/13/06 Total Loan Amount: \$ 25,420.00 (14)

Crop Year: 06 (4) Maturity Date: 06/30/07 Assessments: (15)

Commodity: WHT Interest Rate: 6.000 % Marketing Assessments: (16)

Class: SRW (5) Total Loan Quantity: 10,000.00 (13) Service Fee: \$ 45.00 (17)

TOTAL DISBURSEMENT: \$ 25,375.00 (18)

WAREHOUSE RECEIPT NO. (6)	LOAN RATE (7)	STORAGE DEDUCTION (8)	DELIVERY CHARGE (9)	NET LOAN RATE (10)	LOAN QUANTITY (11)	LOAN AMOUNT (12)
A	B	C	D	E	F	G
395	\$ 2.5600	\$.018		\$ 2.5420	10,000.00	\$ 25,420.00

PRODUCER (19): DAVID BROWN ID NUMBER (I): XXXXXX0344 PRODUCER SHARE (J): 1.0000

he terms and conditions of the Note and Security Agreement are set forth in this Form CCC-678 ("Note") and Form CCC-601, Commodity Credit Corporation Note and Security Agreement Terms and Conditions", and any appendix to these forms. By signing his Form CCC-678, each producer agrees to all terms and conditions specified in these forms and acknowledges receipt of Form CCC-601 and any appendix thereto. By signing this form, the producer agrees that: (1) the interest rate applicable to the loan will be determined in accordance with 7 CFR Part 1405 and will be the rate of interest charged by the U.S. Treasury for funds borrowed by CCC, plus 1 percent, on the date the loan proceeds are disbursed to each producer; and (2) the maturity date of the loan for all commodities shall be the last day of the ninth month following the month in which such loan proceeds are disbursed. Notwithstanding the foregoing provision, the producer agrees that if the commodity pledged as collateral for his loan is a commodity which had been previously pledged as collateral for a CCC loan that the maturity date of this loan will be the maturity date of such initial loan. The loan disbursement date, actual interest rate and maturity date for the loan may be obtained at the County FSA office listed below. CCC may at any time accelerate the maturity date of this loan on demand of payment.

he producer hereby sells, assigns, and mortgages to CCC as collateral for the payment of this Note all of the commodity described in this Note, together with all authorized replacements, substitutions, additions, and accessions thereto, which is stored in the warehouse specified in this Note.

Are you or any co-applicant delinquent on any Federal non tax debt? (If YES, attach details to this form.) (YES) (NO) (20)

Signature (21): DAVID BROWN Date: Signature: Date:

PROVED FOR CCC BY (22): DATE (23): Name and Address of County FSA Office (24): LYON COUNTY FSA OFFICE, BOX 389, ROCK RAPIDS, IA. 51246-0389, TELEPHONE NO. (712) 472-3774

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 318-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-3964 (voice or TDD). USDA is an equal opportunity provider and employer.

*--

521 Producer Requests for Redetermination of Quantity or Quality (Continued)

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, 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, the County Office 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.

522 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:
 - paragraph 520 for:
 - storability problem
 - storage structure damage
 - Exhibit 5, pages 5 and 6, for:
 - quantity shortages
 - other conditions, as applicable
 - subparagraph 602 B for shortages resulting in loan or LDP **violation**
- record spot check results in APSS according to 12-PS, Part 15
- document:
 - *--any discrepancies found because of a spot check in COC minutes
 - the number of spot check performed.--*

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 5, pages 5 and 6, 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 either 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 462
- repay the entire loan at the lesser of the following:
 - principal plus interest
 - the 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 Part 6 and Exhibit 5, page 8.

541 New Loans or LDP's Based on Submitted Production Evidence

A Basic Provisions

There is no longer additional market gain payments or additional LDP's available when production evidence is submitted for 1999 and subsequent crop years. Any amount which exceeds the 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:

- when 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 129.--*

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 4, Section 2 or 3.

542-600 (Reserved)

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 in the applicable region 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 9, Section 7 for determining CCC-determined value.

G Additional Provisions on LDP Rates

See paragraph 303 for additional LDP rate provisions.

Additional Information About Delinquent Federal Nontax Debt (Continued)

B DCIA Questions and Answers (Continued)

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

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.

***--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?**

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.

Example of CCC-601, Note and Security Agreement Terms and Conditions

The following is an example of CCC-601.

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<p>This form is available electronically.</p>	<p>Form Approved - OMB No. 0560-0087</p>
<p>CCC-601 (07-09-07)</p>	<p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p>
<p>COMMODITY CREDIT CORPORATION NOTE AND SECURITY AGREEMENT TERMS AND CONDITIONS</p>	
<p>1. GENERAL.</p>	
<p>(a) Definitions. The following definitions shall apply to this form, CCC-601, and any appendix thereto.</p>	
<p>"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; and (3) for loans disbursed by CCC-184, interest which has accrued on such amounts computed on a daily basis from the date of disbursement to, but not including, the date of repayment; and (4) for loans disbursed by Electronic Funds Transfer (EFT), interest which has accrued on such amounts computed 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), 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. (C) However, for a CCC commodity loan disbursed by CCC-184 and that has a total aggregate principal amount of \$500,000 or more, interest, if applicable, shall be calculated when repaid by: (i) wire transfer, on a daily basis from the date of disbursement to, but not including, the second day before the date of repayment; or (ii) other than a wire transfer, on a daily basis from the date of disbursement through the day after the date of repayment. (D) For a CCC commodity loan disbursed by EFT and that has a total aggregate principal amount of \$500,000 or more, interest, if applicable, shall be calculated when repaid by: (i) wire transfer, on a daily basis from the date of disbursement to, but not including, the second day before the date of repayment; or (ii) other than a wire transfer, on a daily basis from the date of disbursement to, but not including, the date of repayment.</p>	
<p>"CCC" means the Commodity Credit Corporation.</p>	
<p>"Collateral" means the commodity described in the Note which has been pledged as security for a CCC loan.</p>	
<p>"Note" means any CCC Note and Security Agreement which by reference incorporates this form.</p>	
<p>"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.</p>	
<p>"Schedules of Premiums and Discounts" means the premiums and discounts established by CCC which are applicable to the grade of the commodity as determined from the grading factors reflected on a: (A) warehouse receipt (B) Federal Grain Inspection Service official grading certificate or (C) 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.</p>	
<p>"Total Loan Amount" means the amount so identified in the Note.</p>	
<p>"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, small 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.</p>	
<p>All other words and phrases shall have the meanings assigned to them in the regulations found at 7 CFR Parts 718, 1400, 1403, 1421, 1425, 1427, 1434 and 1435.</p>	
<p>(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.</p>	

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Example of CCC-601, Note and Security Agreement Terms and Conditions (Continued)

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- (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 8 and 12 are applicable to all loans; (ii) Section 4 is only applicable to nonrecourse loans; (iii) Section 9 is only applicable to farm-stored nonrecourse loans; (iv) Section 10 is only applicable to warehouse-stored nonrecourse loans; (v) Section 11 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 9 and 10, deliver the collateral to CCC. In the case of farm-stored loans, the producer shall bear all expenses 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. In no event will CCC pay to any party any amount which is received from the sale of the collateral if the sales proceeds are in excess of the amount required to settle the loan based on the quantity and quality of the commodity delivered to CCC as determined in accordance with the schedule of premiums and discounts. CCC will reimburse the producer for receiving charges paid by the producer to the warehouse upon delivery of the loan collateral except: (i) such payment by CCC will not exceed the receiving charge which CCC has agreed to pay to the warehouse; and (ii) no payment shall be paid by CCC if the warehouse has paid a premium to the producer for delivery of the loan collateral to the warehouse. If the producer has not paid such charges to the warehouse, the producer agrees to assign such payment to the warehouse and CCC shall issue such payment to the warehouse for the producer's account. 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. COLLATERAL.** The kind, class, type, and quantity of the commodity which has been pledged by the producer as collateral for the satisfaction of the loan is described in the Note. With respect to farm-stored loans, the collateral consists of the entire quantity of the commodity which is stored as identified in the Note and any authorized replacement of such quantity. With respect to warehouse-stored loans, the collateral consists of the commodity represented by the warehouse receipts identified in the Note and any required supporting documents.
- 7. 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 which are eligible for loan and which are free and clear of all 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. If such movement is not completed as instructed by CCC or the collateral is disposed of, CCC may at its discretion call the loan, assess liquidated damages as specified in Section 7(f), and take other administrative actions, as determined appropriate by CCC, including denial of future farm-stored 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 will be called.

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Example of CCC-601, Note and Security Agreement Terms and Conditions (Continued)

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- (e) **Certification.** When the producer certifies to the quantity of the commodity to be pledged as collateral for a loan, the producer must provide an accurate certification of such eligible quantities. If CCC determines that the producer has filed an incorrect certification of such eligible quantity, CCC may at its discretion call the loan, assess liquidated damages, as specified in Section 7(f), and take other administrative actions, as determined by CCC, including denial of future farm-stored loans.
- (f) **Liquidated Damages.** If CCC determines that the producer has violated provisions of Sections 7(c), 7(e), or 8(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 7(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 7(e) or 8(a), and if CCC determines 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 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.

8. 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 7(f), and take other administrative actions, as determined by CCC, including denial of future farm-stored loans.
- (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 in Section 11 (g).

9. FARM-STORED NONRECOURSE LOANS.

- (a) **General.** This section is applicable to a loan which is made with respect to collateral which is stored in CCC-approved storage under the control of the producer and not in a public warehouse.
- (b) **Loss or Damage to the Commodity.** The producer is responsible for any loss in quantity or quality of the commodity pledged as collateral for a farm-stored loan. CCC shall not assume any loss in quantity or quality of the loan collateral for farm-stored loans.

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Example of CCC-601, Note and Security Agreement Terms and Conditions (Continued)

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- (c) **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 which is collateral will be made on a shelled corn basis. (iii) The producer is responsible for any loss in quantity or quality of the collateral. 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 and charges, plus interest on such deficiency from the date of disbursement. (iv) If the value of the collateral at settlement is greater than the amount due, such excess will be retained by CCC and CCC will have no obligation to 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.

10. WAREHOUSE-STORED NONRECOURSE LOANS.

- (a) **General.** This section is applicable to a loan which 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 or otherwise handle the collateral including the compression of cotton. Any charges incurred by CCC as the result of such action 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) The producer is responsible for any loss with respect to the quantity or quality of the collateral. CCC shall not assume any loss in quantity or quality of the loan collateral. If the value of the collateral at 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, the amount of such excess will be retained by CCC and CCC 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.
- (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 10(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) (i) all warehouse storage charges associated with the forfeited cotton that accrued before the cotton was pledged as collateral for the loan; and (ii) 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.
- (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 and authorized 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 settle any loan redemption for transferred cotton based on the loan terms, 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.

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Example of CCC-601, Note and Security Agreement Terms and Conditions (Continued)

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(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.

11. RECOURSE LOANS.

- (a) **General.** CCC may make recourse loans available to eligible producers of high moisture corn, high moisture grain sorghum, seed cotton, sugar, 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) **Loss or Damage to the Commodity.** The producer is responsible for any loss in quantity or quality of the commodity pledged as collateral for a farm-stored loan. CCC shall not assume any loss in quantity or quality of the loan collateral for farm-stored loans.
- (d) **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 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.
- (e) **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.
- (f) **Discretionary Loans.** Commodities which are pledged as collateral for a non-recourse loan as provided in Sections 9 and 10 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.

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Example of CCC-601, Note and Security Agreement Terms and Conditions (Continued)

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(g) 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 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) The producer is responsible for any loss with respect to the quantity and quality of the collateral. 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 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.

12. 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.

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 information to be supplied on this form is the Federal Agriculture Improvement and Reform Act of 1996, and the Commodity Credit Corporation Charter Act, as amended. The information on the attached Note and Security Agreement will be used to determine eligibility and the amount of program benefits. The information may be furnished to other USDA agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to orders of a court magistrate or administrative tribunal. Furnishing the requested information is voluntary; however, failure to furnish the correct complete information will result in a determination of ineligibility for program benefits. 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 information provided by the producer on this form.*

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 21 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.

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Test Weight and Pack Factor for Pulse Crops

A 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

*--Test Weight and Pack Factor for Pulse Crops (Continued)

A 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

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