

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 23

Approved: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Paragraph 20 has been amended to handle the appeal process separately from loan servicing.

Subparagraph 25 K has been amended to remove that State Offices are not required to report the number of CCC-770 LDP/eLDP and CCC-770 MAL's completed by county.

Paragraph 131 has been amended to remove field direct references.

Subparagraph 136 A has been amended to change CCC-666 to CCC-677 for documenting second party reviews.

Paragraph 301 has been amended to instruct field offices to indicate "multiple LDP's" for production from multiple farms.

Subparagraph 301.5 A has been amended to remove that CCC-633 EW must be completed for commodities harvested as "slaughtered".

Subparagraph 903 A has been amended to include guaranteed remittance submitted for a full liquidation of the loan.

Subparagraph 1100 A has been amended to provide that County Offices shall process:

- loan forfeitures **immediately** after loan maturity
- loan settlements upon receiving completed CCC-691's and warehouse receipts for farm-stored deliveries.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Paragraphs in this handbook have been amended to move the following example letters to Exhibit 5:

- farm-stored nonrecourse loan maturity letter
- warehouse-stored nonrecourse loan maturity letter
- recourse loan maturity letter
- distress loan maturity letter
- loan and LDP overpayments, overdisbursements, and amounts due letter
- demand letter for loans open after maturity
- demand letter for recourse loans
- demand letter (no appeal)
- demand letter (appeal)
- denial of loan or LDP benefits letter - loss of beneficial interest
- denial of loan or LDP benefits letter
- notification of loan and LDP problem letter
- notification of loan and LDP violation letter
- notification letter for loan call or refund of entire LDP
- demand letter for loan call or refund of entire LDP.

Page Control Chart		
TC	Text	Exhibit
1, 2	1-31 through 1-54 1-69 2-69, 2-70 2-77 through 2-80 3-5, 3-6 3-6.5, 3-6.6 3-39 through 3-84 4-5 through 4-8 4-193 through 4-214 5-35 through 5-40 5-43 through 5-50 5-97 through 5-104 6-1 through 6-4 8-65 through 8-98 9-5 through 9-28 9-139 through 9-142 10-5 through 10-8 10-103, 10-104 11-1, 11-2 15-91, 15-92	5, pages 1-8 pages 9-34 (add) page 35 (add)

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19 Misaction/Misinformation (Continued)**C Applicability**

Misaction/misinformation is not applicable when producers:

- knew, or had sufficient reason to know, that the action or advice upon which the producer relied was improper or erroneous
- relied or acted upon their own understanding or misinterpretation of program provision, notices, or advice.

D Equitable Relief for Misaction/Misinformation

The Farm Security and Rural Investment Act of 2002 provided authority for granting certain types of relief if a participant is determined to not be in compliance with any FSA program in which price support is provided to producers of agricultural commodities. The equitable relief provisions are applicable only to cases in which the basis for relief occurred on or after May 13, 2002.

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

E Reason to Know

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

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

20 Appeals

A Options Available

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

B Appeal Procedure

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

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

C Producer Appeals

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

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

* * *

21 Bankruptcy Cases

A Basic Provisions

Follow this table for producers in bankruptcy status.

IF a producer...	AND...	THEN the County Office shall...	
is involved in bankruptcy proceedings	requests a loan or LDP	contact the regional attorney, through the State Office, for advice about the loan or LDP availability.	
files for bankruptcy	has an outstanding loan	after receiving a Notice of Bankruptcy filing for a producer, follow these steps.	
		Step	Action
		1	Perform an immediate collateral inspection of all the producer’s outstanding farm-stored commodity loans and quantities applicable to LDP’s.
		2	Continue to monitor the collateral in storage through the latest of the following: <ul style="list-style-type: none"> • liquidation of indebtedness • completion of performance under a plan, if applicable • submission, as applicable, of disposition or production evidence.
		3	Flag all the debtor’s loans as “bankruptcy”, according to 12-PS, Part 12, Section 11.
		4	Forward a summary memorandum and legible copies of the following, as applicable, to the State Office: <ul style="list-style-type: none"> • results of the collateral inspection • completed, signed copies of CCC-677, CCC-678, financing statements, and any other documentation to support amounts owed to CCC.
		5	Notify the State Office immediately if loan collateral is going out of condition or is removed or disposed without authority.
6	Continue to forward all future notices from the court to the State Office.		

21 **Bankruptcy Cases (Continued)**

B State Office Action

State Offices shall:

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

C Bankruptcy Proceedings

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

22 Maturity Notification to Producers

A Preparing Lists of Maturing Loans

County Offices shall print lists of maturing loans:

- at least 45 calendar days, but not more than 60 calendar days, before maturity
- according to 12-PS, Part 14, Section 5.

B Preparing Maturity Notification Letters

County Offices shall:

- use the Price Support Query to print out loan maturity notification letters, according to 12-PS, paragraph 1489.5
- *--send the applicable notification letter, as printed and provided in Exhibit 5, subparagraphs B through E:--*
 - at least 30 calendar days, but not more than 60 calendar days, before maturity
 - to applicable producers advising of the loan maturity date and the applicable options available according to subparagraph D
 - inform producers of the additional maturity information according to subparagraph C
- for outstanding honey loans, see 2-LP Honey, paragraph 16.

The maturity notification letters serve as a reminder to the producers. Nonreceipt of maturity notification letter does **not** negate the producer's responsibility for repaying the outstanding loan principal plus interest, if applicable by the maturity date provided on the signed CCC-677 or CCC-678.

22 Maturity Notification to Producers (Continued)**C Additional Maturity Information**

County Offices shall ensure that producers are informed of the following additional maturity information, as applicable to the loan type.

For loans **not** repaid by the loan maturity date, on the next workday after maturity:

- delivery instructions will be issued with a demand letter for **nonrecourse farm-stored** loans
- warehouse receipts will be forfeited to CCC for **nonrecourse warehouse-stored** loans
- for **farm- or warehouse-stored recourse** loans:
 - the demand letter will be issued
 - a claim will be established on the 31st calendar day after the date of the demand letter
 - foreclosure proceedings and the collateral will be sold according to paragraph 1043 and Part 10, Section 4.

Repayments made **after** maturity and **before** queuing the forfeiture or settlement of the loan:

- may be accepted
- shall be made at principal and charges, plus interest.

Interest will continue to accrue at the interest rate applicable to the loan until the loan is repaid or transferred to claims.

For **nonrecourse farm-stored** loans not delivered or repaid by the 30th calendar day after expiration of CCC-691, CCC shall:

- begin foreclosure proceedings according to paragraph 1043
- establish a claim on the 31st calendar day.

22 Maturity Notification to Producers (Continued)

D Options Available for Loans

County Offices shall follow this table for the options available to producers with maturing loans.

IF the loan is...	THEN the option available...
nonrecourse farm-stored or warehouse-stored	only through the loan maturity date is repaying with cash or redeem with commodity certificate exchange.
nonrecourse farm-stored	after the loan maturity date is delivery of the loan collateral to CCC.
nonrecourse warehouse-stored	after the loan maturity date is forfeiting the warehouse receipts, representing the loan collateral, to CCC.
recourse	only through the loan maturity date is repaying the outstanding loan principal and charges, plus interest.

Note: Repayments with cash made **after** maturity and **before** queuing the forfeiture or settlement of the loan:

- may be accepted
- shall be made at principal and charges, plus interest.

***--E Loans Open After Maturity**

County Offices shall send the following applicable demand letter on the first day after maturity.

IF the loan is...	THEN send the demand letter in Exhibit 5...
nonrecourse farm-stored	subparagraph G.
recourse	subparagraph H.

--*

23 Actions for Overdisbursements, Overpayments, and Receivables

A Overdisbursements, Overpayments, and Receivables

A producer is personally liable for repaying:

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

B Notifying Producers

For loans and LDP's, County Offices shall notify producers:

- of the amount due of \$10 or more
- immediately after the amount due is determined
- *--using the notification letter in Exhibit 5, subparagraph F--*
- of all the applicable appeal options available as determined by the decisionmaking authority.

23 Actions for Overdisbursements, Overpayments, and Receivables (Continued)

B Notifying Producers (Continued)

Take action, as applicable, according to the following.

IF...	THEN...
<p>the overdisbursement or overpayment is not the result of a loan or LDP violation, according to Part 6, Section 1</p>	<p>collect the amount due as follows:</p> <ul style="list-style-type: none"> • for loans, if the amount due is \$9.99 or less and is discovered: <ul style="list-style-type: none"> • before settlement, do not collect immediately; however, collect on the next repayment • after settlement, do not send the producer a demand letter; immediately write off the small balance according to 12-PS, Part 11, Section 2 • for LDP's, if the amount due is: <ul style="list-style-type: none"> • \$9.99 or less, write off the small balance according to 12-PS, Part 11, Section 2 • \$10 or more, follow procedure in 58-FI for demanding payment.
<p>a receivable is created as a result of an amount remitted to CCC and is less than the amount required</p>	<p>if the total amount outstanding is:</p> <ul style="list-style-type: none"> • \$9.99 or less, see 12-PS, Part 11, Section 2 • \$10 or more with outstanding loan balance, collect on next repayment • \$10 or more with no outstanding loan balance, follow procedure in 58-FI for demanding payment.

23 Actions for Overdisbursements, Overpayments, and Receivables (Continued)

C Additional Action

*--If repayment is **not** received after producer has been notified using the letter in Exhibit 5, subparagraph F, take additional action according to the following.--*

IF repayment is...	THEN...
received by the 30th calendar day after the date of the notification letter	record the overdisbursement, overpayment, or receivable repayment according to 12-PS, Part 7.
not received within 30 calendar days after the date of the notification letter	send the producer the applicable computer-generated *--demand letter in Exhibit 5, subparagraphs I and J on--* the next workday.
received by the 30th calendar day after the date of the demand letter	record the overdisbursement, overpayment, or receivable repayment according to 12-PS, Part 7.
not received within 30 calendar days after the date of the demand letter	<ul style="list-style-type: none"> • transfer to claims the entire amount of the debt, including applicable interest, as determined by APSS according to 12-PS, Part 12 • establish a claim on the 31st calendar day according to 58-FI. <p>Exception: The interest start date for the claim is the 31st calendar day after the date of the demand letter.</p> <p>Note: Record the claim repayment according to 58-FI.</p>

24 Applicability of the Soldiers' and Sailors' Civil Relief Act of 1940

A Applicable Borrowers

Applicable MAL borrowers are persons who are either:

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

Notes: Active duty members include members of Reserve or National Guard Units who have been called to active duty status.

Additionally, active duty includes those members of the referenced branches in training or education under U. S. supervision preliminary to induction into the military service. The term "active duty" also includes the period during which a person in military service is absent from duty because of sickness, wounds, leave, or other lawful cause.

B Applicable Loans

CCC MAL's, warehouse and farm-stored, secured with personal or real property and entered into **before** the borrower entered active military service, affected by the Soldiers' and Sailors' Civil Relief Act of 1940 are for:

- grains, soybeans, minor oilseeds, and rice
- dry peas, chickpeas, and lentils
- upland and ELS cotton
- peanuts
- wool, mohair, and honey.

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

At the end of FY, State Offices shall submit a report of spot check results to the National Office. Each report must be categorized by the following:

* * *

- *--number of MAL's and LDP's received in the Service Center--*
- 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 **toni.williams@wdc.usda.gov**
- FAX to 202-690-3307.

26-99 (Reserved)

131 Reviewing Contracts (Continued)

J Action After Contract Review

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

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

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

If an application for loan or LDP is:

- approved, attach a copy of the option to purchase or sales contract, as applicable, to the applicable loan or LDP document signed by the producer
- **not** approved because of loss of beneficial interest:
 - send a letter of the determination to the producer and attach the letter to the option to purchase or sales contract, as applicable
 - do not provide the producer appeal rights, the beneficial interest requirement is not appealable.

***--Notes:** Use example letter in Exhibit 5, subparagraph K.--*

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

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

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

132 Eligible Quantity**A Determining Eligible Quantity**

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

B Using Crop Appraisals

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

C Exception for Using Crop Appraisals

COC's may determine maximum eligible quantity determinations according to subparagraph 536 D by using other methods when a crop appraisal is on file only if either of the following apply:

- the appraisal has been completed on units that differ from the FSA farm that the marketing assistance loan or LDP has been requested
- 1 appraisal has been completed on multiple farms and the documentation does not differentiate between farms.

Before COC can make a determination, the producer must provide applicable documentation to COC to support that the LDP production is not from the crop-appraised acreage.

Note: Producers are responsible for providing documentation, as applicable.

135 Loans Ineligible for Delivery or Forfeiture

A Ineligible for Delivery or Forfeiture

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

- a recourse loan

Note: See Part 4, Section 4.

- a nonrecourse loan and the:
 - producer is determined ineligible
 - commodity is determined ineligible.

B COC Notification to Producer

--Send the producer the notification letter in Exhibit 5, subparagraph M if COC determines:--

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

135 Loans Ineligible for Delivery or Forfeiture (Continued)

C Action for Nonpayment

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

IF the loan...	THEN...
<p>is recourse farm-stored or warehouse- stored</p>	<ul style="list-style-type: none"> • begin foreclosure proceedings according to paragraph 1043 and Part 10, Section 4 for provisions for: <ul style="list-style-type: none"> • selling warehouse receipts • completing a local sale • use the sales price as the value of the commodity • record the local sale settlement according to 12-PS, Part 9. <p>Note: The warehouse-stored loan must be transferred to a farm-stored loan to process the settlement by local sale.</p>
<p>is nonrecourse warehouse- stored</p>	<ul style="list-style-type: none"> • transfer the loan to a farm-stored loan, according to 12-PS, Part 5 <p>Note: See Part 10 for provisions for:</p> <ul style="list-style-type: none"> • selling warehouse receipts • completing a local sale. <ul style="list-style-type: none"> • determine the value of the commodity according to the schedules of premiums and discounts according to the applicable 2-LP • record the local sale settlement according to 12-PS, Part 9.

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 Exhibit 5, subparagraph F.--

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-677 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.

***--Note:** If the program technician accepts the MAL or eLDP/LDP request, then he/she will **not** initial as the second party reviewer.--*

* * *

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

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

137-299 (Reserved)

301 Requests for LDP's – CCC-633 EZ (Continued)**B Submitting CCC-633 EZ's**

While CCC-633 EZ, page 1 can be submitted to any County Office in which the producer has an interest, CCC-633 EZ, pages 2, 3, or 4 **must** be requested at the County Office where the farm records are kept for the farm on which the commodity was produced. Requests **must** be submitted:

- in person
- by mail
- by FAX
- through eForms.

Following submission and approval of CCC-633 EZ, page 1, eLDP requests can be submitted by eligible producers who have:

- a customer profile
- level 2 eAuthentication account access.

C Multi-County Producers

If the producer farms in more than 1 county, the County Office 1st contacted shall:

- accept the LDP request on page 2, 3, or 4
- contact the other County Offices when either of the following applies:
 - the request covers eligible production from more than 1 farm and the farm program records are kept in more than 1 County Office
 - LDP's were received from more than 1 County Office
- FAX LDP requests to the applicable administrative County Office for completion.

If a single CCC-633 EZ, page 2, 3, or 4 includes production from multiple farms that are located in a different county, the County Office that accepts the LDP request **must** indicate *--in item 87 that "multiple LDP's will be issued to cover the requested quantity according to--* this LDP request".

Note: The applicable administrative County Office must:

- verify the COC-established maximum yield for the eligible production in the applicable county
- *--document in item 87 where the verification of information was obtained.--*

301 Requests for LDP's – CCC-633 EZ (Continued)**D Commingled Commodities**

For LDP requests on commingled commodities, producers may request individual or joint LDP's. For joint LDP's, all producers whose share of the commodity is included **must** sign CCC-633 EZ, page 2, 3, or 4.

E Approvals and Payments

LDP requests must be:

- approved when all eligibility requirements are met
- date-stamped when CCC-633 EZ, pages 1, 2, 3, 4, and 5, if applicable, are received in the County Office to indicate the intention and the request date.

Note: If the FAX machine preprints the correct date time, when any of the CCC-633 EZ pages are received in the County Office or if the date is printed on an eForms submission, then the date stamp is not required.

Issue payments when:

- CCC-633 EZ, page 1 has been filed and pages 2, 3, or 4 have been approved
- all required production evidence, such as delivery documentation, has been received for LDP's on which beneficial interest has been lost
- CCC-770 LDP/eLDP has been completed and signed.--***

F Prompt Payment

See paragraph 16 for prompt payment due date.

G Canceling LDP Requests

LDP's requested CCC-633 EZ, page 2, 3, or 4 **cannot** be canceled at any time. Once producers sign CCC-633 EZ, page 2, 3, or 4, LDP is obligated to be paid by CCC to the producer.

H Deferred Payments

Payments **cannot** be deferred or delayed at any time. All payments **must** be made as soon as possible after the date of request.

301.5 CCC-633 EZ

A Page 1

The purpose of the CCC-633 EZ, page 1 is to:

- allow producers to indicate their intention to receive LDP benefits
- be completed 1 time per crop year to include all eligible commodities in which the producer maintains beneficial interest on the date page 1 is received in the applicable County Office
- cover all counties in which the producer or entity does business.

CCC-633 EZ, page 1:

- **must** be received in the County Office on or before subsequent CCC-633 EZ pages are submitted for payment

Note: DMA's and LSA's will obtain CCC-633 EZ from their customers.

- is crop year specific and does **not** apply for subsequent crop years
- *--may be submitted by the producer for the upcoming crop year, beginning October 1 of the preceding crop year, through the final loan availability date for the applicable commodity, as long as the producer still has beneficial interest in the commodity.

Example: The producer visits the FSA County Office for DCP signup on December 24, 2008, the FSA County Office may also accept a 2009 crop CCC-633 EZ, page 1 from the producer.--*

County Offices shall encourage producers to submit CCC-633 EZ, page 1 each crop year whether or not the producer plans to subsequently request a loan or LDP.

Because CCC-633 EZ, page 1 serves as the producer's **intention** to request and receive LDP benefits, the producer still maintains the ability to pledge the eligible commodity for MAL. The eligible commodity becomes ineligible for MAL, when page 2 or 4 has been submitted for payment of LDP benefits.

301.5 CCC-633 EZ (Continued)**A Page 1 (Continued)**

The County Office receiving the initial filing of CCC-633 EZ, page 1, will:

- complete Part D
- FAX or mail a copy to all County Offices, identified in item 5, in which the producer or entity has a farming interest

Note: If there are additional counties that the producer neglected to include in item 5, LDP benefits are not denied because that County Office did not receive CCC-633 EZ, page 1.

B Page 2

CCC-633 EZ, page 2 is for all harvested commodities, except cotton.

--For commodities harvested as other than grain, fed, or used for seed, CCC-633 EW must be completed before LDP can be issued according to paragraph 536. --

Producers may submit:

- multiple requests using the applicable CCC-633 EZ, page 2, 3, or 4 to cover all eligible quantities
- one CCC-633 EZ, page 2 to cover multiple commodities if the quantities are request on the same day, **except** cotton.

Example: Producer can submit CCC-633 EZ, page 2 on January 21, 2006, requesting LDP on corn and soybeans. Only one CCC-633 EZ, page 2 is necessary.

Note: Once CCC-633 EZ, page 2, 3, or 4 is submitted and approved for payment, **no** other changes can be made to the original request.

309 Notification of Denied LDP Benefits

A Denied LDP Notification

When the producer is denied LDP benefits, County Offices shall:

- immediately notify the producer in writing
- *--use the letter in Exhibit 5, subparagraph L about denial of loan or LDP benefits and--* include the following:
 - reason for denying LDP
 - appeal rights according to 1-APP.

Note: Rewrite the letter to reflect the reason for LDP denial, as applicable.

If LDP benefits are denied because of payment limitation or AGI, producers are afforded the opportunity to request a nonrecourse loan by the final availability date if all eligibility requirements are met. It is the producer's responsibility to keep track of requested benefits that are applicable to payment limitation.

310-319 (Reserved)

402 Denial Notification of Loan Benefits

A Notifying Producer

When the producer is denied loan benefits, County Offices shall:

- immediately notify the producer in writing
- *--use the letter in Exhibit 5, subparagraph L and include the following:--*
 - reasons for denial of the loan
 - right to appeal COC's decision
 - availability of warehouse-stored loan or recourse loan, as applicable.

* * *

403 Lien Searches**A General Information**

[7 CFR 1421.104] A lien search 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 Criteria for Conducting Lien Searches and Filing UCC-1--

County Offices shall conduct lien searches and file UCC-1 documents according to the following.

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 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.

482 Repledging Distress Loan Collateral**A Repledge for 9-Month Loan**

*--The County Office shall notify the producer using the notification letter provided in Exhibit 5, subparagraph E at **least** 30 calendar days before the loan maturity that the--* producer may move the commodity into **eligible** farm or warehouse storage and repledge the collateral:

- on or before loan maturity
- before the final loan availability date.

The collateral may be repledged for a:

- recourse loan according to Section 4
- nonrecourse loan, according to Sections 1 through 3.

B Repayment Before Repledge

If the collateral for the distress loan will be repledged, the producer must repay the distress loan by either of the following methods:

- with cash at principal, plus interest
- authorize offset for the amount needed to repay the distress loan from the proceeds of the repledged loan.

C Maturity Date of Repledged Distress Loan

The maturity date for the repledged distress loan shall be the last day of the 9th calendar month following approval of the original distress loan disbursement date.

483-489 (Reserved)

517 Completing Spot Checks**A Reviewing Documentation**

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

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

B Determining Quantity and Quality

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

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

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

C Verifying Loan and LDP Quantity

County Offices shall:

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

D Tolerance Level

The tolerance level for loans and LDP's is 10 percent.

For spot-check shortages **within** the tolerance level, CED's have the authority to determine whether a violation occurred according to Part 6.

518 Loan Quantity Determination and Action Required

A Outstanding Loans and No Market Gain Was Earned

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

IF the spot check reveals the...	THEN...
adjusted measured quantity is within tolerance and no violation has occurred	COC shall not take any action.
measured quantity is both of the following: <ul style="list-style-type: none"> • before adjustment, within tolerance • after adjustment, not within tolerance 	notify the producer, using the notification *--letter in Exhibit 5, subparagraph F, that--* repayment of the shortage at principal and charges plus interest is required. COC shall not consider the shortage incorrect certification. See Part 6 if another type of violation has occurred.
measured quantity is not within tolerance before or after adjustment	COC shall consider a violation has occurred. Follow Part 6 for notifying the producer of the violation.

518 Loan Quantity Determination and Action Required (Continued)

B Loans Repaid and Market Gain Was Earned

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

IF the quantity verified is...	THEN...
greater than the market gain quantity	a new loan or LDP may be requested for any overage provided the producer still has beneficial interest in the commodity and it is before the final loan availability date. Additional market gain payments to the original loan disbursement are not available.
determined based on spot-check measurements and the producer does not pay the measurement service fee	no action at this time is necessary if: <ul style="list-style-type: none"> • commodity is still stored on the farm • measurement service fee has not been paid • the quantity has not been sold • other production evidence has not been submitted.
<ul style="list-style-type: none"> • based on paid measurements, or any other type of production evidence • less than the quantity on which market gain was earned • within tolerance 	notify the producer, using the notification letter in *--Exhibit 5, subparagraph F, that repayment of--* the unearned market gain is required. Good faith determinations are not necessary.

518 Loan Quantity Determination and Action Required (Continued)

B Loans Repaid and Market Gain Was Earned (Continued)

IF the quantity verified is...	THEN...
<ul style="list-style-type: none"> • based on paid measurement or any other type of production evidence • less than the market gain quantity amount • not within tolerance 	<p>COC shall:</p> <ul style="list-style-type: none"> • consider a discrepancy has occurred • review discrepancies to determine whether a violation has occurred according to Part 6. <p>If the discrepancy is the result of a County Office error and the producer did not have reason to know a violation has occurred, the County Office shall:</p> <ul style="list-style-type: none"> • document in the COC minutes reasons why to the fullest extent possible • record the discrepancy as a shortage in APSS using the violations software • not assess liquidated damages • demand the shortage, plus interest, as applicable • not make good faith determinations • complete FSA-321 according to 7-CP. <p>For all other violations, COC shall determine any of the following according to Part 6:</p> <ul style="list-style-type: none"> • good faith • misrepresentation, scheme, or device.

When spot check verifications are complete, notify producers and record results according to paragraph 522.

518 Loan Quantity Determination and Action Required (Continued)

C Shortages of Commingled Commodities

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

519 LDP Quantity Determination and Action Required

A LDP Spot Checks

Handle spot-check verifications according to the following.

IF the quantity verified is...	THEN...
greater than the LDP quantity	<p>a new LDP with a new LDP rate or new loan may be requested for any overage provided the producer still has beneficial interest in the commodity and it is before the final loan availability date.</p> <p>Additional LDP payments to the original loan disbursement are no longer available.</p>
determined based on spot-check measurements and is less than the LDP amount and is within tolerance	<p>no further action is necessary at this time if:</p> <ul style="list-style-type: none"> • still stored on the farm • measurement service fee has not been paid • quantity has not been sold • other types of production evidence has not been submitted.
<ul style="list-style-type: none"> • based on measurements and the producer agrees and pays for the measurement service, or is based on any other type of production evidence submitted • less than the LDP quantity • within tolerance 	<p>record the shortage in APSS using the violation software. Do not assess liquidated damages and demand the shortage, as applicable, using the notification letter in *--Exhibit 5, subparagraph F.--*</p> <p>Good faith determinations are not necessary.</p>

520 Loan Collateral Storability Questioned

A Producer's Responsibility

The producer is responsible for any loss in quantity and quality of the commodity placed under farm-stored nonrecourse or recourse loan.

CCC shall not assume any loss in quantity or quality for any reason.

B Action When Collateral Storability Is Questioned

When it is reported or determined the nonrecourse or recourse loan collateral storability is questioned, the County Office shall, as applicable:

- immediately spot-check the commodity
- draw samples of the commodity to verify the condition
- notify the producer of **all** of the following:
 - *--of the condition of the collateral, using the letter in Exhibit 5, subparagraph M--*
 - if the condition of the collateral can be corrected, to correct the problem within 30 calendar days
 - if the condition of the collateral **cannot** be corrected, the loan shall be called.

* * *

520 Loan Collateral Storability Questioned (Continued)

C Action When Corrective Action Is Taken

Send the producer the following letter when **both** of the following apply:

- the County Office is notified by the producer that corrective action has been taken and the commodity is ready for a followup spot check
- the followup spot check confirms the collateral appears to be in storable condition.

(Date) _____, 20__

Dear _____:

A recent inspection of the collateral for your (year)-crop (commodity type) loan (number) was completed on (month, day, year) to determine the result of corrective actions you have taken to resolve the storability problems.

The current inspection shows the following results:

Storage Structure	Condition
_____	_____
_____	_____
_____	_____
_____	_____

The collateral now appears to be in a storable condition. Thank you for your prompt action in correcting the situation. You should, however, continue periodic checks to see that the collateral remains in good condition.

Sincerely,

County Executive Director,
 _____ County FSA Office

520 Loan Collateral Storability Questioned (Continued)

D Notification of Loan Call

For nonrecourse and recourse loans, the County Office shall send notification of loan call:

- *--using the applicable demand letter in Exhibit 5, subparagraphs G or H, when the--*
producer does **not**:
 - respond to the notification of the condition of collateral according to subparagraph B
 - correct the problem within 30 calendar days
- giving the producer 30 calendar days to respond.

E Calling Loans

The County Office shall immediately call the loan using the demand letter in Exhibit 5,
*--subparagraph O, if the producer does **not** respond to the notification of loan call issued--*
according to subparagraph D.

Follow subparagraph:

- F for nonrecourse loans
- G for recourse loans.

520 Loan Collateral Storability Questioned (Continued)**F Nonrecourse Loan Action**

When the nonrecourse loan has been called according to subparagraph E, the County Office shall:

- include delivery instructions on CCC-691, according to paragraph 1001, with the *--applicable demand letter in Exhibit 5, subparagraph G--*
- complete delivery according to this subparagraph and paragraph 1042
- when CCC is unable to accept delivery in a reasonable length of time:

- obtain a representative sample and submit to GIPSA for grade determination

Note: Quality determination fees shall be paid by CCC-184 according to 1-FI.

- redetermine quality when final delivery is made
- base the settlement on the **higher** of the following:
 - quality determined at final delivery
 - initial quality determination by GIPSA.

Note: When settlement is based on GIPSA's quality determination, enter the following on CCC-691:

- Section 2, according to paragraph 1016, the quantity delivered
- the rate for the quality on which settlement is based. See 12-PS, Part 9 for entering special settlement rate.

G Recourse Loan Action

Recourse loan collateral is ineligible for delivery to CCC. When the recourse loan has been called, according to subparagraph E, County Offices shall:

- *--issue the demand letter in Exhibit 5, subparagraph H--*
- complete the local sale, if applicable, according to Part 10, Section 4
- **not** issue CCC-691.

521 Producer Requests for Redetermination of Quantity or Quality

A Requests for Redetermination

A producer may request redetermination of quantity or quality if the producer disagrees with the:

- quantity determined
- quality determined.

B Producer Action

The producer shall:

- make a written request that a redetermination be made for:
 - quantity measured
 - test weight and moisture
- pay for the measurement service.

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 the following:
 - paragraph 520 for:
 - storability problem
 - storage structure damage
 - ~~*--Exhibit 5, subparagraph M for:--*~~
 - quantity shortages
 - other conditions, as applicable
- subparagraph 602 B for shortages resulting in loan or LDP **violation**

522 County Office Spot-Check Review (Continued)

A Reviewing Spot Check Results (Continued)

- *--record spot check results in the National Compliance Review Database at <http://www.agcounts.usda.gov> --*
- 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, subparagraph M, that the loan collateral is eligible **only** for--* an adjusted loan rate.

Note: Farm-stored commodities ineligible for a nonrecourse loan at the full loan rate include commodities with a test weight on the additional schedule of discounts, low quality (sample grade) commodities, contaminated commodities and commodities harvested as other than grain.

Within 30 calendar days, the producer shall do 1 of the following:

- agree to reduce the loan rate to 20 percent of the applicable county loan rate
- convert to recourse loan according to paragraph 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, subparagraph O.--*

538 Failure to Provide Acceptable Production Evidence

A Loan Provisions

County Offices shall follow the procedures in this table for market loan repayments when the producer receives a market gain and when:

- **no** acceptable production evidence is received in the County Office within 30 calendar days from date notified according to subparagraph 537 B
- the total loan quantity is determined ineligible.

See paragraph 536 if the producer reports the commodity was fed.

Step	Action
1	Record the entire loan quantity as a violation in APSS. An overdisbursement will be established. Liquidated damages may be waived if good faith has been determined.
2	Interest will begin to accrue: <ul style="list-style-type: none"> • at the interest rate in effect for loans for the month the loan was disbursed and subject to adjustment each January 1 • from the date the loan was disbursed to the earlier of the following: <ul style="list-style-type: none"> • date of repayment • date a claim is established.

538 Failure to Provide Acceptable Production Evidence (Continued)

A Loan Provisions (Continued)

Step	Action	
3	*--Send the producer the initial notification letter for the amount due according to Exhibit 5, subparagraph F.--*	
4	IF the repayment is...	THEN...
	<p>received during the 30-calendar-day notification</p> <p>not received during the 30-calendar-day notification</p>	<p>record the repayment of the overdisbursement according to 12-PS, Part 7, Section 6.</p> <p>*--send the applicable demand letter according to Exhibit 5, subparagraph I or J.--*</p> <ul style="list-style-type: none"> • If paid within 30 calendar days, record repayment according to 12-PS, Part 7, Section 6. • If not paid within 30 calendar days, establish a claim for the amount due according to 58-FI. <p>Exception: The interest start date for the claim is the 31st calendar day after the date of the demand letter.</p>

538 Failure to Provide Acceptable Production Evidence (Continued)

B LDP Provisions

County Offices shall follow the procedures in this table for **LDP's** when:

- **no** acceptable production evidence is received in the County Office within 30 calendar days from date notified according to subparagraph 537 B
- the total LDP quantity is determined ineligible.

See paragraph 536 if the producer reports the commodity was fed.

Step	Action
1	Record the entire LDP quantity as a violation in APSS and assess liquidated damages, as applicable. An overpayment will be established.
2	<p>The interest on the LDP overpayment amount will be calculated from the date LDP was made to the earlier of the following:</p> <ul style="list-style-type: none"> • date of refund • date a claim is established. <p>Notes: Interest will begin to accrue:</p> <ul style="list-style-type: none"> • at the interest rate applicable to CCC loans, excluding the additional 1 percent, for the month in which LDP was made • from the initial LDP date to the earlier of the following: <ul style="list-style-type: none"> • date of refund • date a claim is established. <p>Interest is not subject to adjustment each January 1.</p>

538 Failure to Provide Acceptable Production Evidence (Continued)

B LDP Provisions (Continued)

Step	Action	
3	*--Send the producer the initial notification letter for the amount due according to Exhibit 5, subparagraph F.--*	
4	IF the refund is...	THEN...
	<p>received during the 30-calendar-day notification</p> <p>not received during the 30-calendar-day notification</p>	<p>record the refund of the overpayment according to 12-PS.</p> <p>*--send the applicable demand letter according to Exhibit 5, subparagraph I or J.--*</p> <ul style="list-style-type: none"> • If paid within 30 calendar days, record refund according to 12-PS. • If not paid within 30 calendar days, establish a claim for the amount due according to 58-FI. <p>Exception: The interest start date for the claim is the 31st calendar day after the date of the demand letter.</p>

539 Insufficient Production Evidence

A Quantity Less Than Loan Quantity or Portion Determined Ineligible

Follow this table for market loan repayments when there is market gain earned if the quantity shown on the production evidence is **less than** the loan quantity or a portion of the loan quantity is determined ineligible.

Step	Action
1	<p>Record the shortage in APSS using the violation software. If the quantity shown on the production evidence provided by the producer is:</p> <ul style="list-style-type: none"> • less than the quantity repaid with market gain, and is: <ul style="list-style-type: none"> • within tolerance or not within tolerance and determined to be a discrepancy, enter the shortage and do not assess liquidated damages • not within tolerance, enter the violation and assess liquidated damages, as applicable • equal to or greater than the quantity repaid with market gain, no further action is necessary.
2	<p>The unearned market gain for the ineligible quantity will be established as an overdisbursement.</p> <p>Note: Interest will begin to accrue:</p> <ul style="list-style-type: none"> • at the interest rate in effect for loans for the month the loan was disbursed and subject to adjustment each January 1 • from the date the loan was disbursed to the earlier of the following: <ul style="list-style-type: none"> • date of repayment • date a claim is established.

539 Insufficient Production Evidence (Continued)

A Quantity Less Than Loan Quantity or Portion Determined Ineligible (Continued)

Step	Action	
3	*--Send the producer the initial notification letter for the amount due according to Exhibit 5, subparagraph F.--*	
4	IF the repayment is...	THEN...
	<p>received during the 30-calendar-day notification</p> <p>not received during the 30-calendar-day notification</p>	<p>record the repayment of the overdisbursement according to 12-PS, Part 7, Section 6.</p> <p>*--send the applicable demand letter according to Exhibit 5, subparagraph I or J.--*</p> <ul style="list-style-type: none"> • If paid within 30 calendar days, record repayment according to 12-PS, Part 7, Section 6. • If not paid within 30 calendar days, establish a claim for the amount due according to 58-FI. <p>Exception: The interest start date for the claim is the 31st calendar day after the date of the demand letter.</p>

539 Insufficient Production Evidence (Continued)

B Quantity Less Than LDP Quantity or Portion Determined Ineligible

Follow this table for **LDP's** if the quantity shown on the production evidence is **less than** the LDP quantity or a portion of the LDP quantity is determined ineligible.

Step	Action
1	<p>Record the shortage in APSS using the violation software. If the quantity shown on the production evidence provided by the producer is:</p> <ul style="list-style-type: none"> • less than the original LDP quantity and is: <ul style="list-style-type: none"> • within tolerance or not within tolerance and determined to be a discrepancy, enter the shortage and do not assess liquidated damages • not within tolerance and determined to be a violation, enter the violation and assess liquidated damages, as applicable • equal to the original LDP quantity, no further action is necessary.
2	<p>The unearned LDP for the ineligible quantity will be established as an overpayment.</p> <p>Notes: Interest will begin to accrue:</p> <ul style="list-style-type: none"> • at the interest rate applicable to CCC loans, excluding the additional 1 percent, for the month in which LDP was made • from the initial LDP date to the earlier of the following: <ul style="list-style-type: none"> • date of refund • date a claim is established. <p>Interest is not subject to adjustment each January 1.</p>

539 Insufficient Production Evidence (Continued)

B Quantity Less Than LDP Quantity or Portion Determined Ineligible (Continued)

Step	Action	
3	*--Send the producer the initial notification letter for the amount due according to Exhibit 5, subparagraph F.--*	
4	IF the refund is... received during the 30-calendar-day notification	THEN... record the refund of the overpayment according to 12-PS.
	not received during the 30-calendar-day notification	*--send the applicable demand letter according to Exhibit 5, subparagraph I or J.--* <ul style="list-style-type: none"> • If paid within 30 calendar days, record refund according to 12-PS. • If not paid within 30 calendar days, establish a claim for the amount due according to 58-FI. <p>Exception: The interest start date for the claim is the 31st calendar day after the date of the demand letter.</p>

Part 6 Violations**Section 1 General Provisions****601 Producer Liability****A Liability**

When a producer obtains a commodity loan or requests an LDP, the producer agrees to the *--terms and conditions, when signing CCC-633 EZ, CCC-666, CCC-677, or CCC-678, and--* that the producer will **not**:

- provide an incorrect certification of the quantity or make any fraudulent representation, including misrepresentation of the eligibility of a commodity, for loan or LDP
- remove or dispose of a quantity of a commodity pledged as collateral for a CCC commodity farm-stored loan without prior approval of COC.

See Exhibit 2 for definitions of violations, as applicable.

B Violating Terms and Conditions

Any producer determined to have discrepancies not within tolerance and COC determines a violation occurred or have violated the terms and conditions of the applicable forms, identified in subparagraph A, shall be subject to:

- assessment of liquidated damages and other administrative actions, and shall be liable for monetary amounts as specified in the applicable regulations and terms and conditions of the applicable forms
- criminal prosecution under Federal law.

In cases of illegal activity, such as fraud, see 9-AO.

602 Loan and LDP Violations

A List of Loan and LDP Violators

County Offices shall:

- maintain a list of producers who have been determined to have an LDP discrepancy not within tolerance and COC determines a violation occurred, or violated the terms and conditions of the applicable forms identified in subparagraph 601 A
- keep producer's name on the list for 24 months after the date the discrepancy, as applicable, or when the violation is discovered.

This list of violators is:

- not considered an administrative action
- a method of determining whether the producer has had previous violations.

B Notifying Producer

When a violation is discovered, County Office shall:

- assume good faith cannot be determined when notifying the producer of the violation and the actions to be taken
 - *--send the violation notification letter to the producer according to Exhibit 5, subparagraph N--*
- determine what actions are to be taken and the amounts due according to subparagraph 613 D.

If the violation involves a COC member, refer the case to STC for determination.

STC shall follow this part when determining violations and assessing liquidated damages for all COC members considered to be involved in violations of loan or LDP.

* * *

818 Transferring Loans From Warehouse Storage to Farm Storage (Continued)**C Quantity Limitations**

The farm-stored loan quantity **cannot exceed** the warehouse-stored loan quantity transferred, rounded to the next higher whole unit of measure.

See subparagraph E for measurement of the farm-stored collateral.

D Maturity Date

The loan maturity date for the farm-stored loan shall be the same date as the warehouse-stored loan maturity date.

E Measurement After Transfer

After the collateral has been moved to eligible farm storage:

- perform a measurement service at the producer's expense
- obtain a representative sample of the commodity and apply, as applicable, the combined test weight and pack factor, test weight, and moisture shrink
- use the warehouse receipt quantity if COC determines the weighed quantity on the warehouse receipt more accurately reflects the quantity in farm storage.

County Offices shall:

- review entries on CCC-677-1
- note any comments entered by the commodity inspector.

818 Transferring Loans From Warehouse Storage to Farm Storage (Continued)**F Completing Transfer**

Complete the warehouse-to-farm transfer through APSS:

- if data is complete and accurate
- entering measurements or weighed quantity, as applicable
- according to 12-PS, Part 5
- deducting loan service fees according to Part 4.

All producers who signed CCC-678 shall sign CCC-677 generated through APSS.

If a storage deduction was made from the warehouse-stored loan, the transfer process will generate an additional money only disbursement for the storage deduction.

G Overdisbursement Created

An overdisbursement will be created in the transfer process when the outstanding loan amount exceeds the loan value of the measured quantity.

--Use the notification and demand letters in Exhibit 5, subparagraph F to require repayment-- of the overdisbursement and interest.

H When Measured Quantity Is Less Than Transferred Quantity

If the measured quantity is:

- 90 percent or more of the transferred warehouse-stored loan quantity, take no action unless COC determines a loan violation occurred
- less than 90 percent of the transferred warehouse-stored loan quantity, COC shall determine whether a loan violation has occurred according to Part 6.

819-826 (Reserved)

902 Notice of Nonpayment or Dishonored Check Received From KCFO

A Action When Notified by KCFO

After receiving advice from KCFO that a check has been dishonored, County Offices shall immediately:

- take appropriate action according to 3-FI
- spot check the farm-stored commodity:
 - at the producer’s expense
 - to determine whether the commodity has been removed.

B Action Following Spot Check

After the spot check has been completed, determine the necessary action according to the following.

IF the commodity has...	THEN...	
been completely removed	*--use the notification letter in Exhibit 5, subparagraph F to--* notify the producer:	
	<ul style="list-style-type: none"> • of the nonpayment • of the reason a replacement check must be submitted • that a dishonored check fee is due • of the amount of measurement service fee that is due. 	
	IF the producer...	THEN...
	submits a replacement check within 30 calendar days	process remittance, including dishonored check fee and measurement service fee, according to 3-FI.
does not submit a replacement check within 30 calendar days	<ul style="list-style-type: none"> •*--send the applicable demand letter in Exhibit 5, subparagraph I or J--* • do not delete repayment through APSS. 	
does not repay the amount due by the 30 th calendar day after the date of the demand letter	establish a claim for the amount of the dishonored check and dishonored check fee according to 3-FI.	

902 Notice of Nonpayment or Dishonored Check Received From KCFO (Continued)

B Action Following Spot Check (Continued)

<p>IF the commodity has...</p>	<p>THEN...</p>	
<p>not been removed and the producer does not submit a replacement check</p>	<ul style="list-style-type: none"> • delete repayment according to 12-PS, Part 11 and 3-FI, paragraph 168 • follow 3-FI for processing CCC-257 correction entry • collect dishonored check fee and measurement service fee and deposit according to 3-FI. 	
<p>been partially removed</p>	<p>*--use the notification letter in Exhibit 5, subparagraph F to--*</p> <p>notify the producer:</p> <ul style="list-style-type: none"> • of the nonpayment • that a replacement check must be submitted for the quantity removed • that a dishonored check fee is due • of the amount of measurement service fee that is due. 	
	<p>IF the producer...</p>	<p>THEN...</p>
	<p>submits a replacement check within 30 calendar days</p>	<p>process remittance, including dishonored check fee and measurement service fee, according to 3-FI.</p>

902 Notice of Nonpayment or Dishonored Check Received From KCFO (Continued)

B Action Following Spot Check (Continued)

IF the commodity has...	THEN...	
been partially removed (Continued)	IF the producer...	THEN...
	does not submit a replacement check within 30 calendar days	*--send the applicable demand letter in Exhibit 5, subparagraph I or J for the--* quantity removed, the dishonored check fee, and the measurement service fee.
	does not repay the amount due by the 30 th calendar day after the date of the demand letter	<ul style="list-style-type: none"> • delete the repayment according to 12-PS, Part 11 and 3-FI • follow 3-FI for processing CCC-257 correction entry • record a transfer to claims for the quantity removed, according to 12-PS, Part 12, Section 4 • establish claims on the 31st calendar day according to 58-FI for the: <ul style="list-style-type: none"> • quantity removed • dishonored check fee • measurement service. <p>The interest start date for the claim is the 31st calendar day after the date of the demand letter.</p>

903 Releasing CCC-677 and CCC-678 After Repayment

A Action After Full Repayment

After full liquidation of the loan through repayment or redemption, return the original copy of CCC-677 or CCC-678, marked “**PAID**”, to the producer after 30 calendar days.

***--Note:** When a **guaranteed remittance** has been submitted for full liquidation of the loan and no other repayment using other than guaranteed remittances has been submitted within the last 30 days, the original copy of CCC-677 or CCC-678 may immediately be marked “**PAID**” and returned to the producer.--*

B Additional Action for Farm-Stored Loans

After CCC-677 is released to the producer, according to subparagraph A, prepare and file documents necessary to release financing statement, as applicable, at the producer’s:

- request
- expense.

904-913 (Reserved)

957 Repayment for Quantity Delivered on CCC-681-1 (Continued)

H Handling Producer’s Check Before Receiving Buyer’s Check

When producer provides repayment **before** the buyer’s check is received in the County Office, the County Office shall:

- question the producer to determine whether the repayment is for a quantity delivered to a buyer approved on the pending CCC-681-1
- process the repayment from the producer according to the following.

IF the repayment...	THEN...	
is both of the following:	<ul style="list-style-type: none"> • process the producer’s repayment in the normal manner • hold the buyer’s check, when received. 	
<ul style="list-style-type: none"> • for a quantity already delivered to a buyer • not a guaranteed remittance 	IF notification of insufficient funds is...	THEN...
	not received on or before the eighth calendar day following processing of the producer’s loan repayment	return the check to the buyer.
	received on or before the eighth calendar day following processing of the producer’s loan repayment Note: If notification of insufficient funds is received after buyer’s check is returned, see paragraph 902 and 3-FI for other provisions about insufficient fund checks.	<ul style="list-style-type: none"> • correct the repayment, according to 12-PS, Part 11, applicable for the producer’s check • using the buyer’s check, re-record the repayment according to 12-PS, Part 7: <ul style="list-style-type: none"> • as a manual repayment • using the date the buyer’s check was received in the County Office as the applicable repayment date • if applicable, notify the producer of receivable due, using the notification letter in *--Exhibit 5, subparagraph F.--*

957 Repayment for Quantity Delivered on CCC-681-1 (Continued)

H Handling Producer’s Check Before Receiving Buyer’s Check (Continued)

IF the repayment...	THEN...
is not for a quantity delivered under provisions of CCC-681-1	process the repayment in the normal manner. Note: See subparagraph E to determine the repayment amount.
is for the entire outstanding loan balance	the County Office shall provide the buyer notice of release of CCC’s security interest by sending the letter in subparagraph J, according to either of the following, as applicable: <ul style="list-style-type: none"> • immediately when repayment is by guaranteed remittance • on the ninth workday following the date of repayment by any other type of remittance.

I Quantity Delivered Not Loan Collateral

If the producer notifies the County Office that part of the quantity delivered to the buyer was **not** loan collateral **and** repayment has been processed, the County Office shall:

- make a farm visit, at the producer’s expense, to determine the quantity remaining in designated farm storage
- allow the producer to reinstate a portion of the liquidated loan quantity, limited to a quantity determined by measurement, that will protect CCC’s security interest
- correct and re-record the repayment in APSS, according to 12-PS, Parts 7 and 11
- refund any excess repayment amount to the buyer or producer, as applicable, according to subparagraph F.

After the repayment is corrected and re-recorded, the outstanding loan quantity shall not exceed the eligible measured quantity in farm storage.

957 Repayment for Quantity Delivered on CCC-681-1 (Continued)

J Notification to Buyer Releasing CCC's Security Interest

Send the following letter to the buyer, according to subparagraph H, when the **entire** outstanding loan balance has been repaid.

(Date) _____
Dear _____:
Based on a request by (producer's name), you were provided with CCC-681-1, Authorization for Delivery of Loan Collateral for Sale, which notified you of CCC's security interest in a quantity of (commodity type) for loan (number). This form provided instructions to you for submitting the proceeds of the sale of the commodity to CCC.
CCC no longer has an interest in that quantity of the (commodity type) because the entire loan has been repaid. Accordingly, you are no longer obligated to remit repayment for this loan to CCC.
If you have any questions, please contact this office.
Sincerely,
County Executive Director, _____ County FSA Office

958 Payment Not Timely Received

A Action When Payment Not Timely Received

When payment is **not** timely received for quantities delivered and sold, County Offices shall take applicable action according to this table.

In addition to sending the buyer a copy of the letter in subparagraph B, County Offices may contact the buyer directly if it is evident the clear title provisions have been violated by the buyer.

IF payment is not received...	THEN...	
on or before the expiration date of CCC-681-1	send the letter in subparagraph B to the producer with a copy to the applicable buyer. Note: This letter notifies the producer: <ul style="list-style-type: none"> • that the buyer has not made any payment for any quantity that may have been delivered • of the consequences if repayment is not received during the succeeding 15-calendar-day grace period • to immediately notify the County Office if no quantity has been delivered. 	
during the 15-calendar-day grace period	the County Office shall immediately perform a farm visit to verify the amount of loan collateral removed, if any.	
	IF the measured quantity is...	THEN...
	equal to or greater than the outstanding loan quantity	no additional action is required.
less than the loan quantity	notify the producer according to *--Exhibit 5, subparagraph N.--*	

Note: Take no additional action and continue to spot-check in the normal manner, if either of the following applies **before** the farm visit occurs:

- repayment is provided to the County Office
- the producer notifies the County Office that **no** loan collateral was removed during the authorized delivery period.

1001 Issuing CCC-691**A When to Issue CCC-691**

For **nonrecourse** loans, County Offices shall complete CCC-691 and prepare demand letter, *--according to Exhibit 5, subparagraph G, and issue CCC-691:

- the next workday after the loan maturity date
- when any of the following occurs **after** the producer receives the maturity notice in Exhibit 5, subparagraph B:--*
 - the producer notifies the County Office that the commodity will be delivered to CCC when the loan matures
 - the producer does **not** notify the County Office of the option that will be taken to settle the loan
 - the producer notifies the County Office that the loan will be repaid at maturity, but the producer has taken **no** action to settle the loan by the maturity date
 - the producer does **not** repay the loan by the maturity date.

For recourse loans after maturity, and repayment has not been received, see Section 4 for completing local sales.

1001 Issuing CCC-691 (Continued)

B Completing CCC-691

County Offices shall complete:

- a separate CCC-691 for each loan and for different delivery points
- the producer and loan identification items and Part A according to the following table and example.

Item	Instructions
1 through 6	Enter information applicable to the loan.
7 and 8	Leave blank.
9	Enter the outstanding loan quantity to be delivered.
10	Enter the outstanding loan amount applicable to the loan quantity.
11	Enter the disbursement date of the loan.
12	Check box, as applicable, for the commodity.
13	Enter maximum quantity for delivery according to paragraph 1013.
14	Enter name, warehouse code number, and location of shipping or storing warehouse. Note: For trackload, enter delivery point and railroad.
15	If location is same as item 14, ENTER "Same". Note: For trackload, enter scale location.
16	Allow sufficient time for delivery, depending on quantity involved. Note: Usually, this is not more than 15 calendar days.
17	Obtain appropriate signature for CCC approval and date.
18	Enter name and address of County Office.

1001 Issuing CCC-691 (Continued)

B Completing CCC-691 (Continued)

The following is an example of a completed CCC-691.

Form Approved - OMB No. 0560-0087					
CCC-691 (04-23-98)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation COMMODITY DELIVERY NOTICE			
1. Farm Number 253	2. Name and Mailing Address V. Paige Route 1 Anywhere, NE 68501	3. Crop Year 2002	4. Commodity Corn	5. ST. & CO. Code 36-013	6. Loan No. 1193
7. Weed Control Discount is Applicable <input type="checkbox"/>			8. Voluntary Early Delivery Subject to Storage Deduction <input type="checkbox"/>		
9. Outstanding Loan Quantity 10,000 Bu		10. Balance To Be Settled \$ 18,600.00	11. Disbursement Date 8-20-2002		
PART A DELIVERY INSTRUCTIONS					
If you have an outstanding CCC commodity loan, you must deliver to the storage point specified below, by the date specified below, a quantity of the eligible commodity specified above having a loan value equivalent to the amount specified above as "Balance to be Settled".					
12. Maximum Quantity for Delivery: <input type="checkbox"/> Pounds <input checked="" type="checkbox"/> Bushels <input type="checkbox"/> CWT <input type="checkbox"/> Bales <input type="checkbox"/> Other (specify):					13. Quantity 11,000 Bu
14. Deliver to (Name, code number, and location of warehouse or other approved storage) XYZ Warehouse 80129 Motown, NE 68501			15. Weighing Location Same	16. Final Date To Deliver 6-18-2003	
17. Commodity Credit Corporation		Date 6-8-2003	18. Name and Address of County FSA Office ABC County FSA Office Box C Wayside, NE 68501		
By: /s/ Polly Program Technician					

C Distributing Initial CCC-691

County Offices shall initially distribute CCC-691 as follows:

- send to the producer:
 - the original CCC-691
 - *--the demand letter, according to Exhibit 5, subparagraph G--*
- keep County Office pending copy in applicable loan folder
- send remaining copies of CCC-691 to:
 - warehouse, for warehouse storage and handling only deliveries
 - County Office representative at delivery point if for trackload or local sale.

Note: Warehouses shall return all copies of CCC-691, except warehouse file copy, to County Office with applicable warehouse receipts.

Section 3 Uncommon Liquidation Situations**1042 Loans Called Before Maturity****A Calling Loans Before Maturity**

COC may authorize and call farm-stored loans accelerating the maturity date on an individual basis **before** the established maturity date, when necessary, to protect CCC's interest or in emergency situations.

Examples: Insect infestation that cannot be controlled.

Danger of flood or fire.

Damage to the structure or other condition that makes it unsafe to continue storage on the farm.

Involuntary loss of control of the storage structure.

B Notifying Producer

--Notify producers using the notification letter, according to Exhibit 5, subparagraph O,-- that:

- the loan, or part of it, if applicable, is immediately due and payable because CCC's interest is not protected
- amounts due must be paid with cash on or before the accelerated maturity date
- commodities for nonrecourse loans may be delivered to CCC
- commodities for recourse loans, if not repaid, will be sold.

1042 Loans Called Before Maturity (Continued)**C Action When Producer Does Not Repay**

If the producer fails to make the requested repayment by the accelerated maturity date, the County Office shall, **immediately** after the accelerated maturity date, for a:

- nonrecourse loan:
 - authorize delivery on CCC-691 and issue demand letter according to paragraph 1001
 - handle delivery in the normal manner
 - deduct storage charges according to subparagraph D
 - record settlement according to 12-PS, Part 9
- recourse loan:
 - follow local sale procedures according to Part 10
 - issue announcement of sale according to paragraph 1058
 - record as local sale settlement according to 12-PS, Part 9.

D Deducting Storage Charges

When a nonrecourse loan is called before maturity, make a storage deduction as a separate item instead of reducing the settlement rate.

APSS will determine storage charges:

- through the loan maturity date
- when “Y” is entered in response to “Are storage charges for early delivery applicable?”
- from the appropriate offer shipping rate table.

Exception: County Offices shall **not** make a storage deduction when deliveries of farm-stored commodities are called by CCC under general acceleration of the loan maturity date for a particular geographic area.

E Additional Action

If the loan has not been liquidated by repayment or delivered by the specified final date, County Offices shall take steps to acquire the commodity by foreclosure according to paragraph 1043.

If the producer appeals the loan call, follow paragraph 20.

Part 11 Warehouse-Stored Loan Forfeitures

1100 Loan Forfeitures

A When to Process Forfeiture

Complete warehouse-stored loan forfeitures when producers do not repay warehouse-stored loans by the loan maturity date.

--County Offices must immediately process forfeiture of the warehouse-stored loan on the first day after the loan maturity date.--

* * *

B Verifying Documents

Before processing the forfeiture in APSS according to 12-PS, Part 10, County Offices shall:

- review the loan documents, each warehouse receipt, and, if applicable, KC-350 for accuracy of data

Note: If the review of loan documents and warehouse receipts reveals an overdisbursement of the loan, handle according to paragraph 23.

- ensure that warehouse receipts:
 - issued to the producer have been endorsed by the producer
 - contain proper approved warehouse code and crop year
- verify weights and bushels and check against quantity shown on CCC-678
- enter the following in the upper-right corner of the warehouse receipt:
 - State and county codes
 - loan number
 - CCC storage start date according to subparagraph D.

The quantity eligible for forfeiture to CCC under a warehouse-stored loan is limited to the loan quantity specified on the warehouse receipt.

1100 Loan Forfeitures

C Receipts Purchased by Warehouse Operator

The warehouse operator:

- must purchase the entire quantity shown on a forfeited warehouse receipt
- shall provide to the County Office:
 - the contract sales number for the corresponding warehouse receipt
 - payment to obtain the warehouse receipt, as applicable.

County Offices shall:

- deposit sales proceeds according to paragraph 1204
- complete loan forfeiture in the normal manner.

--Warehouse operators who issued the forfeited warehouse receipt have the first opportunity to purchase the commodity. Forfeited commodities are available to warehouse operators for immediate sale.--

1536 Requests for LDP's (Continued)**D Complete LDP Requests**

LDP requests are complete when a County Office receives, completed and signed, CCC-633 EZ, pages 1 and 4 for wool, mohair, and unshorn pelts.

LDP requests must be:

- approved when all eligibility requirements are met
- date-stamped when CCC-633 EZ, pages 1, 4, and 5, if applicable, are received in the County Office to indicate the intention and request dates.

Note: If, when any CCC-633 EZ pages are received in the County Office, the FAX machine preprints the correct date and time or the date is printed on an eForm submission, the date stamp is **not** required.

E Denying LDP Requests

When the producer is denied LDP benefits, County Offices shall proceed according to paragraph 402.

F Quantity Requested

Eligible producers may request LDP quantities by:

- certifying the quantity
- providing verifiable quantity evidence.

G Herd Characteristics

County Offices shall obtain the following herd characteristics from eligible producers *--requesting benefits and record the information in CCC-633 EZ, page 4, item 87:--*

- flock size
- date of shearing
- breed of animals in herd.

*--Producers **must** initial and date the information provided in CCC-633 EZ, page 4, item 87.--*
Additional blank pages may be used to record additional information, as necessary.

1536 Requests for LDP's (Continued)

***--H Completing CCC-633 Page 4 to Request LDP**

After CCC-633 EZ, page 1 has been submitted according to subparagraph 301.5 A, to receive LDP benefits for wool, mohair, or unshorn pelts, producers **must** complete and submit CCC-633 EZ, page 4 to the County Office where the farm records are maintained for the farm on whose production the LDP is requested. Producers who request an LDP benefit:

- and retain beneficial interest in the requested quantity, will receive an LDP based on the LDP rate in effect in the county where the commodity is stored on the date a completed CCC-633 EZ, page 4 is received in that County Office
- after beneficial interest is lost in the requested quantity, will receive an LDP based on the LDP rate in effect in the county where beneficial interest was lost

Note: CCC has the sole discretion for determining when beneficial interest is lost in the commodity as provided in subparagraph 129 G. Acceptable production evidence must be provided with CCC-633 EZ, page 4, if the producer no longer retains beneficial interest in the requested quantity.

- based on the date of delivery, will receive an LDP based on the LDP rate in effect in the county where the commodity was physically delivered on the date of delivery.

When production evidence is provided with CCC-633 EZ, page 4, LDP will **not** be subject to spot check. The source of the LDP quantity CCC-633 EZ, page 4, item 67 is:

- certified, subject to random spot check and producers are required to submit acceptable production evidence according to subparagraph 1558
- production evidence, producers are required to submit acceptable production evidence according to subparagraph 1558 with their LDP request
- quantity in excess of certified quantity, see subparagraph 1538 E.--*

Example of Letters

A Reference for Letters in Text

*--The examples of notification, demand for amounts due, denial of benefits, and violation letters are located within this exhibit. Use the following to determine the applicable letter to be sent and subparagraph reference for any additional remarks. County Offices shall refer to paragraph 20 for producer appeals and 1-APP for appropriate and current appeal language.

IF the type of letter is...	THEN...	When to Use	Paragraph Reference	Exhibit Subparagraph
<p>a loan maturity notification (farm-stored, warehouse-stored, recourse, and distress)</p> <p>Note: County Offices may process loan maturity letters using queries that select outstanding loans. See 12-PS, paragraph 1489.5.</p>	do not provide the right to appeal to COC since there is no adverse decision or action being carried out.	Mail not earlier than 60 calendar days and no later than 45 calendar days from the maturity date.	22, 482, 1001	B, C, D, E
<p>an initial notification from a COC employee for an amount due, such as:</p> <ul style="list-style-type: none"> • overpayment or overdisbursement • determination of a loan or LDP discrepancy • deficiency remaining after delivery • amount due for dishonored check • disposition or production evidence not provided • short disposition of production evidence • insufficient value, or excess sales price 	include language to appeal to COC.	Date of determination that an amount is due.	23, 135, 518, 519, 538, 539, 818, 902, 957	F
<p>a demand by a COC employee for a loan open after maturity for nonrecourse loans along with a CCC-691.</p>	include language to appeal to COC.	First day after the loan maturity date.	22, 23, 520, 1001	G
<p>a demand by a COC employee for a loan open after maturity for recourse loans.</p>			22, 23, 135, 520, 522, 1042	H

--*

Example of Letters (Continued)

A Reference for Letters in Text (Continued)

*--

IF the type of letter is...	THEN...	When to Use	Paragraph Reference	Exhibit Subparagraph
<p>a demand for an amount past due and the:</p> <ul style="list-style-type: none"> initial notification letter included appeal rights producer did not appeal the action 	do not provide additional appeal rights.	<p>Send demand letter the later of:</p> <ul style="list-style-type: none"> 31 calendar days after notification letter 	23, 538, 539, 902	I
<p>a subsequent demand for an amount past due and the:</p> <ul style="list-style-type: none"> initial notification letter included appeal rights producer appealed the action and is now being issued the appeal decision 	provide the right for appeal to STC, Alternative Dispute Resolution, and appeal to NAD according to 1-APP.	<ul style="list-style-type: none"> next workday after the loan maturity date. 		J
<p>a denial notification because loss of beneficial interest and the loss is not appealed or disputed</p> <p>Note: Producers may appeal the beneficial interest determination, but not the policy requiring denial of benefits if beneficial interest was lost.</p>	notify right of nonappealability review.	Date of determination.	131	K
a denial notification from a COC employee of loan or LDP benefits if producer or commodity is determined ineligible	include language to appeal to COC.	Date of determination.	309, 402	L
<p>a notification letter of a potential loan or LDP problem, that may result in calling the loan, refunding an LDP, or selling the collateral to the highest bidder for:</p> <ul style="list-style-type: none"> ineligible for delivery or forfeiture discrepancies found because of a spot check quantity shortages storability or quality problems storage structure damage other conditions, as applicable 	include no appeal or appealability review rights as no decision has yet been made.	Date of discovery.	135, 520, 522	M

--*

Example of Letters (Continued)

A Reference for Letters in Text (Continued)

*--

IF the type of letter is...	THEN...	When to Use	Paragraph Reference	Exhibit Subparagraph
<p>a notification letter from a COC employee for loan and LDP violations to be sent to a producer with discrepancies and/or the producer has violated the terms and conditions of the applicable forms, such as:</p> <ul style="list-style-type: none"> • quantity shortages exceeding tolerance • unauthorized removal or disposition • incorrect certification • fraudulent representations, including misrepresenting the eligibility of the commodity • other conditions, as applicable <p>Note: Refer cases involving COC members to STC for a determination.</p>	<p>COC must:</p> <ul style="list-style-type: none"> • initially assume lack of good faith in cases involving unauthorized disposition • assess liquidated damages and other administrative actions • include language to appeal to COC 	<p>Date of determination</p>	<p>601, 602, 613, 958</p>	<p>N</p>
<p>notification of a loan call or refund of entire LDP</p>	<p>include reconsideration, appeal to STC, ADR, and appeal to NAD</p>	<p>Date of determination</p>	<p>520, 522, 1042</p>	<p>O</p>
<p>a demand letter for loan call or refund of entire LDP</p>	<p>do not provide additional appeal rights.</p>	<p>30 days after the first demand or first call letter</p>	<p>520, 522</p>	<p>P</p>

--*

Example of Letters (Continued)

*--B Farm-Stored Nonrecourse Loan Maturity Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(Date)

Producer's Name
Address
City, State, ZIP Code

Dear (Producer's Name):

This is to notify you that your (crop year, commodity) farm –stored loan (loan number) will mature (maturity date).

You may repay the loan on or before the maturity date.

After the maturity date, title to the unredeemed collateral shall be transferred to CCC upon demand and the commodity shall be delivered to CCC.

The principal and charges, plus interest, are due and payable on or before (maturity date). Interest will continue to accrue until the amount due is repaid. Delivery instructions on CCC-691, Commodity Delivery Notice, will be issued on the day after maturity if a reply is not received from you by (maturity date).

The following apply if the principal and charges, plus interest, are not repaid by (maturity date) or delivery of the loan collateral is not completed by the expiration date or extended expiration date of CCC-691:

- foreclosure proceedings will begin
- the amount due will be recorded for offset from any FSA or CCC payment due you
- a claim will be established.

Please indicate your intentions on the enclosed sheet, and sign, date, and return to the address shown above on or before (maturity date).

Sincerely,

County Executive Director
_____ County FSA Office

USDA is an Equal Opportunity Provider and Employer

--*

Example of Letters (Continued)

***--B Farm-Stored Nonrecourse Loan Maturity Letter (Continued)**

Before mailing notification letter to producer:

- enter data specific to the loan
- remove options not applicable to the loan
- include the following data, modified as applicable, on a separate sheet and enclose with the maturity notification letter.

Producer's Name _____

Loan Number _____

Crop Year _____

Commodity _____

Maturity Date _____

I INTEND TO DO THE FOLLOWING WITH THE LOAN IDENTIFIED ABOVE (circle one):

1. REPAY WITH CASH.
2. DELIVER THE ELIGIBLE COMMODITY TO CCC. (Please specify preferred delivery location.)
3. REDEEM WITH COMMODITY CERTIFICATE EXCHANGE. IF APPLICABLE.

(Producer's Signature)

(Date)

Please return this intention by (maturity date).

**Mail to: (County Name) County FSA Office
(Mailing Address)
(City, State, ZIP Code)**

--*

Example of Letters (Continued)

*--C Warehouse-Stored Nonrecourse Loan Maturity Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(Date)

Producer's Name
Address
City, State, ZIP Code

Dear (Producer's Name):

This is to notify you that your (crop year, commodity) warehouse –stored loan (loan number) will mature (maturity date).

You may repay the loan on or before the maturity date.

The only option available after the maturity date is to forfeit the warehouse receipts for the commodity to CCC.

The principal and charges, plus interest, are due and payable on or before (maturity date). Interest will continue to accrue until the amount due is repaid.

Please indicate your intentions on the enclosed sheet, and sign, date, and return to the address shown above on or before (maturity date).

Sincerely,

County Executive Director
_____ County FSA Office

USDA is an Equal Opportunity Provider and Employer

--*

Example of Letters (Continued)

***--C Warehouse-Stored Nonrecourse Loan Maturity Letter (Continued)**

Before mailing notification letter to producer:

- enter data specific to the loan
- remove options not applicable to the loan
- include the following data, modified as applicable, on a separate sheet and enclose with the maturity notification letter.

Producer's Name _____

Loan Number _____

Crop Year _____

Commodity _____

Maturity Date _____

I INTEND TO DO THE FOLLOWING WITH THE LOAN IDENTIFIED ABOVE (circle one):

1. REPAY WITH CASH.
2. FORFEIT THE ELIGIBLE COMMODITY TO CCC
3. REDEEM WITH COMMODITY CERTIFICATE EXCHANGE. IF APPLICABLE.

(Producer's Signature) (Date)

Please return this intention by (maturity date).

Mail to: (County Name) County FSA Office
(Mailing Address)
(City, State, ZIP Code)

--*

Example of Letters (Continued)

*--D Recourse Loan Maturity Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(Date)

Producer's Name
Address
City, State, ZIP Code

Dear (Producer's Name):

Your (year) crop (commodity) recourse loan (loan number) will mature (maturity date). The only option available on or before the maturity date is to repay the principal and charges, plus interest, with cash.

Please indicate your intentions on the enclosed sheet, and sign, date, and return to the address shown above on or before (maturity date).

Interest will continue to accrue until the amount due is repaid. The following apply if the loan is not repaid by (maturity date):

- foreclosure proceedings will begin
- the collateral will be sold to the highest bidder
- the amount due will be recorded for offset from any FSA or CCC payment due you.

If you should need further assistance, please feel free to contact the FSA Service Center.

Sincerely,

County Executive Director
_____ County FSA Office

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--*

Example of Letters (Continued)

***--D Recourse Loan Maturity Letter (Continued)**

Before mailing notification letter to producer:

- enter data specific to the loan
- include the following data, modified as applicable, on a separate sheet and enclose with the maturity notification letter.

Producer's Name _____

Loan Number _____

Crop Year _____

Commodity _____

Maturity Date _____

I INTEND TO, ON OR BEFORE THE LOAN MATURITY DATE, FOR THE LOAN IDENTIFIED ABOVE, REPAY THE LOAN PRINCIPAL PLUS INTEREST WITH CASH.

(Producer's Signature) (Date)

Please return this intention by (maturity date).

**Mail to: (County Name) County FSA Office
(Mailing Address)
(City, State, ZIP Code)**

--*

Example of Letters (Continued)

*--E Distress Loan Maturity Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(Date)

Producer's Name
Address
City, State, ZIP Code

Dear (Producer's Name):

This is to notify you that your (crop year, commodity) distress crop loan (loan number) will mature (maturity date).

You must repay the loan on or before the maturity date.

Distressed loans that are repaid before the maturity date may be repledged for a 9-month recourse or non-recourse loan. If the collateral for the distress loan will be repledged, you must repay the distress loan by one of the following methods:

- with cash at principal plus interest
- authorize offset for the amount needed to repay the distress loan from the proceeds of the repledged loan

The following options are available after the maturity date:

- a claim will be established, and
- local sales proceeding may begin.

Please indicate your intentions on the enclosed sheet, and sign, date, and return to the address shown above on or before (maturity date).

The principal and charges, plus interest, are due and payable on or before (maturity date). Interest will continue to accrue until the amount due is repaid.

The following apply if the principal and charges, plus interest, are not repaid by (maturity date):

- foreclosure proceedings will begin
- the amount due will be recorded for offset from any FSA or CCC payment due you
- a claim will be established.

If you should need further assistance, please feel free to contact the FSA Service Center.

Sincerely,

County Executive Director
_____ County FSA Office

USDA is an Equal Opportunity Provider and Employer

--*

Example of Letters (Continued)

*--F Loan and LDP Overpayments, Overdisbursements, and Amounts Due Letter

County Offices shall send the following initial notification letter to the producer when a determination has been made that an amount is due CCC.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(Date)

Producer's Name
Address
City, State, ZIP Code

Dear (Producer's Name):

This is to notify you that the Farm Service Agency has determined that you have a debt arising from:

(Insert explanation and pertinent facts.)

The amount you owe consists of:

<u>Principal</u>	<u>Interest</u>	<u>Other Charges</u>	<u>Total</u>
------------------	-----------------	----------------------	--------------

Interest will continue to accrue at a rate of _____% until the total amount due is repaid. The amount shown above has been recorded for offset from any FSA, CCC or other Federal Agency payment, which may be due you.

We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments. If you have any questions regarding this matter, please do not hesitate to contact us.

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. (Insert COC address.)

You may contact the County Office to receive a copy of the documents related to this determination.

If you should need further assistance, please feel free to contact the FSA Service Center.

Sincerely,

County Executive Director
_____ County FSA Office

USDA is an Equal Opportunity Provider and Employer

--*

Example of Letters (Continued)

*--G Demand Letter for Nonrecourse Loans Open After Maturity

County Office shall send the following demand letter for loans open after maturity.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(Date)

Producer's Name
Address
City, State, ZIP Code

Dear (Producer's Name):

You were notified on **(date of loan maturity notification letter)** that your **(year)**-crop **(commodity type)** loan **(number)** was due and payable on or before **(maturity date)**. The loan has matured and the debt has not been repaid. The Commodity Delivery Notice, CCC-691, which includes delivery instructions, is enclosed. Delivery of the commodity must be completed by the final date to deliver as shown on the CCC-691. Contact this office if the delivery will be delayed. In limited circumstances, an extension of time may be approved. Interest will continue to accrue until the amount due is repaid.

The following apply if the principal and charges plus interest, \$_____ as of the date of this letter, are not repaid or delivery of the loan collateral is not completed on or before the 30th calendar day after the expiration or extended expiration date of the CCC-691:

- foreclosure proceedings will begin
- the amount due will be recorded for offset from any FSA or CCC payment due you
- a claim will be established.

If the value of the commodity delivered does not liquidate the outstanding balance, you will be expected to remit the deficiency promptly upon notification by CCC.

After the claim is established:

- the claim may be reported to other Federal Agencies for offset from any amounts that may be due you
- late payment interest, based on the rate established by the Department of the Treasury, will be applied to your debt on a daily basis from the date the claim is established until the debt is paid in full.

An additional 3 percent interest shall be assessed on the unpaid balance of the debt retroactively from the date the claim is established, if payment in full is not made within 60 calendar days after the date the claim is established.

If payment in full or arrangements to pay the debt in full are not made within 60 calendar days from the date of this letter, the debt will be referred to the Financial Services Center (FSC) in Kansas City for further handling. If the debt remains unresolved, FSC will refer the delinquent debt to the Department of Treasury for collection and inclusion in the Treasury Offset Program (TOP). The Department of Treasury will collect the debt by offset of any eligible Federal or State payments, including any income tax refund, to which you may be entitled.

--*

Example of Letters (Continued)

*--G Demand Letter for Nonrecourse Loans Open After Maturity (Continued)

Because this debt may be collected by offset of your federal income tax refunds, you may present evidence that all or part of the debt is not past due or legally enforceable. To do so, please submit to this office a written explanation within 60 calendar days of the date of this letter of your position that the debt or part of the debt is not past due or legally enforceable, and include documentation to support your position.

Under Federal law and regulations, the following additional actions may be taken by USDA and the Department of Treasury to collect delinquent debts:

- Assessment of interest, administrative costs, and penalties
- Administrative garnishment of wages
- Offset of CC and FSA payments
- Reporting the debt to consumer and commercial credit bureaus
- Referral of the debt to private collection agencies and Treasury-designated collection centers
- Referral of the debt to agency counsel or the Department of Justice for litigation
- Reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged.

Our records do not indicate that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify you local USDA Service Center as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

Please contact this office at (telephone number) if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If this debt is not resolved within 60 days from the date of this letter, the Kansas City Management Office will take additional collection action.

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. (**Insert COC address.**)

You may contact the County Office to receive a copy of the documents related to this determination.

Sincerely,

County Executive Director
_____ County FSA Office

USDA is an Equal Opportunity Provider and Employer

--*

Example of Letters (Continued)

*--H Demand Letter for Recourse Loans Open After Maturity

County Office shall send the following demand letter for recourse loans open after maturity.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(Date)

Producer's Name
Address
City, State, ZIP Code

Dear (Producer's Name):

You were notified on (date of loan maturity notification letter) that your (year)-crop (commodity type) loan (number) was due and payable on or before (maturity date). The loan has matured and the debt has not been repaid. The following apply if the principal and charges plus interest, \$ _____ as of the date of this letter, are not repaid on or before the 30th calendar day after the date of this letter:

- foreclosure proceedings will begin
- the amount due will be recorded for offset from any FSA or CCC payment due you
- a claim will be established.

After the claim is established:

- the claim may be reported to other Federal Agencies for offset from any amounts that may be due you
- late payment interest, based on the rate established by the Department of the Treasury, will be applied to your debt on a daily basis from the date the claim is established until the debt is paid in full.

An additional 3 percent interest shall be assessed on the unpaid balance of the debt retroactively from the date the claim is established, if payment in full is not made within 60 calendar days after the date the claim is established.

If payment in full or arrangements to pay the debt in full are not made within 60 calendar days from the date of this letter, the debt will be transferred to the Financial Services Center (FSC) in Kansas City for further handling. If the debt remains unresolved, FSC will refer the delinquent debt to the Department of Treasury for collection and inclusion in the Treasury Offset Program (TOP). The Department of Treasury will collect the debt by offset of any eligible Federal or State payments, including any income tax refund, to which you may be entitled.

Because this debt may be collected by offset of your federal income tax refunds, you may present evidence that all or part of the debt is not past due or legally enforceable. To do so, please submit to this office a written explanation within 60 calendar days of the date of this letter of your position that the debt or part of the debt is not past due or legally enforceable, and include documentation to support your position.

--*

Example of Letters (Continued)

*--H Demand Letter for Recourse Loans Open After Maturity (Continued)

Under Federal law and regulations, the following additional actions may be taken by USDA and the Department of Treasury to collect delinquent debts:

- Assessment of interest, administrative costs, and penalties
- Administrative garnishment of wages
- Offset of CC and FSA payments
- Reporting the debt to consumer and commercial credit bureaus
- Referral of the debt to private collection agencies and Treasury-designated collection centers
- Referral of the debt to agency counsel or the Department of Justice for litigation
- Reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged.

Our records do not indicate that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify your local USDA Service Center as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

Please contact this office at (telephone number) if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If this debt is not resolved within 60 days from the date of this letter, the Kansas City Management Office will take additional collection action.

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. **(Insert COC address.)**

You may contact the County Office to receive a copy of the documents related to this determination.

Sincerely,

County Executive Director
_____ County FSA Office

USDA is an Equal Opportunity Provider and Employer

--*

Example of Letters (Continued)

*--I Demand Letter (No Appeal)

County Office shall send the following demand letter for an amount past due when no appeal or reconsideration of the debt has been requested.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(Date)

Producer's Name
Address
City, State, ZIP Code

Dear (Producer's Name):

You were notified on (date of initial notification letter) FSA had determined that you owe \$_____, plus interest as applicable. See the attached Statement of Outstanding Debt. You did not appeal the debt determination. The debt is past-due. Late payment interest will accrue on your debt at the rate of ___% per annum starting on the 31st day from the date of this letter until the debt is paid or otherwise resolved. FSA/CCC will waive late payment interest on your debt (or any part of your debt) that is paid in the next 30 days. If payment in full is not made within 90 days of the date of this letter, an additional 3 percent interest will be assessed on the unpaid balance of the debt retroactively from the date of this letter.

If payment in full or arrangements to pay the debt in full are not made within 60 calendar days from the date of this letter, the debt will be transferred to the Financial Services Center (FSC) in Kansas City for further handling. If the debt remains unresolved, FSC will refer the delinquent debt to the Department of Treasury for collection and inclusion in the Treasury Offset Program (TOP). The Department of Treasury will collect the debt by offset of any eligible Federal or State payments, including any income tax refund, to which you may be entitled.

Because this debt may be collected by offset of your federal income tax refund you may present evidence that all or part of the debt is not past-due or legally enforceable. To do so, submit to this office a written explanation within 60 calendar days from the date of this letter of your position that the debt or part of the debt is not past-due or legally enforceable, and include documentation to support your position.

Under Federal law and regulations, the following additional actions may be taken by USDA and the Department of Treasury to collect delinquent debts:

- Assessment of interest, administrative costs, and penalties
- Administrative garnishment of wages
- Offset of CCC and FSA payments
- Reporting the debt to consumer and commercial credit bureaus
- Referral of the debt to private collection agencies and Treasury-designated collection centers
- Referral of the debt to Agency counsel or the Department of Justice for litigation
- Reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged.

--*

Example of Letters (Continued)

***--I Demand Letter (No Appeal) (Continued)**

Our records do not indicate that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify your local USDA Service Center as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

Please pay your debt now. Make your check payable to "Commodity Credit Corporation" and send it to this office at the above address. If you are unable to pay the debt in full now, you may arrange to establish a mutually acceptable repayment agreement and pay in installments. If payment in full or arrangements to pay the debt in full are not made within 60 days from the date of this letter, the debt will be sent to the Kansas City Management Office for referral to the Department of Treasury. The Department of Treasury will collect the debt by offset of qualified disbursements and refunds, including any federal income tax refund to which you may be entitled.

Please contact this office at **(insert phone number)** if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If this debt is not resolved within 60 days from the date of this letter, the Kansas City Management Office will take additional collection action.

Please disregard this letter if you have already paid this debt.

Sincerely,

County Executive Director
_____ County FSA Office

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--*

Example of Letters (Continued)

*--J Demand Letter (Appeal)

County Office shall send the following demand letter for an amount past due after the initial notification letter if the producer appealed the decision or the debt.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(Date)

Producer's Name
Address
City, State, ZIP Code

Dear (Producer's Name):

You were notified on (date of initial notification letter) that FSA determined you owe \$_____, plus interest as applicable. See the attached Statement of Outstanding Debt. You appealed. The County Committee has affirmed the initial adverse decision and the debt determination. The debt is now past-due. Late payment interest will accrue on your debt at the rate of ___% per annum starting on the 31st day from the date of this letter until the debt is paid or otherwise resolved. FSA/CCC will waive late payment interest on your debt (or any part of your debt) that is paid in the next 30 days. If payment in full is not made within 90 days of the date of this letter, an additional 3 percent interest will be assessed on the unpaid balance of the debt retroactively from the date of this letter.

If payment in full or arrangements to pay the debt in full are not made within 60 calendar days from the date of this letter, the debt will be referred to the Financial Services Center (FSC) in Kansas City for further handling. If the debt remains unresolved, FSC will refer the delinquent debt to the Department of Treasury for collection and inclusion in the Treasury Offset Program (TOP). The Department of Treasury will collect the debt by offset of any eligible Federal or State payments, including any income tax refund, to which you may be entitled.

Because this debt may be collected by offset of your federal income tax refund, you may present evidence that all or part of the debt is not past-due or legally enforceable. To do so, submit to this office a written explanation within 60 calendar days from the date of this letter of your position that the debt or part of the debt is not past-due or legally enforceable, and include documentation to support your position.

Under Federal law and regulations, the following additional actions may be taken by USDA and the Department of Treasury to collect delinquent debts:

- Assessment of interest, administrative costs, and penalties
- Administrative garnishment of wages
- Offset of CCC and FSA payments
- Reporting the debt to consumer and commercial credit bureaus
- Referral of the debt to private collection agencies and Treasury-designated collection centers
- Referral of the debt to Agency counsel or the Department of Justice for litigation
- Reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged.

--*

Example of Letters (Continued)

*--J Demand Letter (Appeal) (Continued)

Our records do not indicate that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify your local USDA Service Center as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

If you believe that the County Committee has erred in this determination, you have the following options:

Appeal to State Committee

You may appeal the County Committee's determination to the State Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the State Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you choose to appeal to the State Committee, you may later appeal the determination of the State Committee to National Appeals Division (NAD). If you appeal an initial decision of a County Committee to the State Committee, you waive your right to reconsideration by the County Committee of that decision. To appeal, write to the State Committee at the following address and explain why you believe this determination is wrong. **(Insert STC address.)**

Alternative Dispute Resolution (ADR)

Mediation is available as part of FSA's informal appeal process. Mediation may enable us to narrow the issues and resolve the matter by mutual agreement. You may have to pay all or part of the cost of mediation. If you request mediation, the clock restarts and you will have the balance of the days remaining in that period to file an appeal. To request mediation, you must submit your written request no later than 30 calendar days after you receive this notice. **(States without a certified mediation program shall use the following)** To request mediation, write to the FSA State Executive Director at the following address. **(Insert SED address.)**

(States with a certified mediation program shall use the following as the last line in the paragraph above) To request mediation, write to the **(insert State name)** State mediation program at the following address and provide a copy of your request for mediation to FSA. **(Insert mediation program address or other address as agreed upon by State certified mediation program and State FSA Office.)**

In the alternative, you may seek another form of ADR.

Appeal to Department of Agriculture NAD

You may appeal this determination to NAD by filing a written request no later than 30 calendar days after you receive this notice in accordance with the NAD appeal procedures found at 7 CFR Part 11. If you appeal to NAD, you have the right to a hearing which you or your representative may attend. Once a hearing with NAD begins, you waive any rights you might have to reconsideration, appeal to FSA, and mediation. To appeal, you must write to NAD at the following address, explain why you believe this determination is erroneous, and provide a copy to FSA. You must personally sign your written appeal to NAD and include a copy of this letter. **(Insert NAD address.)**

If you do not timely exercise one of the preceding options, this shall be the final administrative determination with respect to this matter in accordance with the regulations at 7 CFR Part 780 and 7 CFR Part 11.

--*

Example of Letters (Continued)

***--J Demand Letter (Appeal) (Continued)**

Please pay your debt now. Make your check payable to “Commodity Credit Corporation” and send it to this office at the above address. If you are unable to pay the debt in full now, you may arrange to establish a mutually acceptable repayment agreement and pay in installments. If payment in full or arrangements to pay the debt in full are not made within 60 days from the date of this letter, the debt will be sent to the Kansas City Management Office for referral to the Department of Treasury. The Department of Treasury will collect the debt by offset of qualified disbursements and refunds, including any federal income tax refund to which you may be entitled.

Please contact this office at **(insert telephone number)** if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If this debt is not resolved within 60 days from the date of this letter, the Kansas City Financial Service Center will take additional collection action.

Please disregard demand for payment in this letter if you have already paid this debt.

Sincerely,

County Executive Director
_____ County FSA Director

USDA is an Equal Opportunity Provider and Employer

--*

Example of Letters (Continued)

***--K Denial of Loan or LDP Benefits Letter – Loss of Beneficial Interest**

County Offices shall use the following letter to notify producers who are denied loan or LDP benefits because loss of beneficial interest and the loss of beneficial interest is not being appealed or disputed.

Note: If the participant challenges whether or not there was a loss of beneficial interest, do **not** use the following letter.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(Date)

Producer's Name
Address
City, State, ZIP Code

Dear (Producer's Name):

The Farm Service Agency (FSA) was unable to approve your request for a (year) crop (commodity)(loan/LDP) because (insert facts used to determine the producer had lost beneficial interest in the commodity)

The COC has determined that the issue is not appealable. You may seek a review of this determination by filing either the FSA State Executive Director or the NAD Director a written request no later than 30 calendar days after the date you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780 or the NAD appeal procedures found at 7 CFR Part 11. If you believe that this issue is appealable, you must write either the FSA State Executive Director or the NAD Director at the applicable address shown and explain why you believe this determination is appealable. If you choose to seek an appealability review of this determination with the FSA State Executive Director, you need not send the NAD Director any information. If you seek an appealability review with the NAD Director, provide FSA a copy of your request. In the event you request an appealability review by the State Executive Director and the State Executive Director determines that the issue is not appealable, you will be afforded the right to request an appealability review by the NAD Director. (Insert SED and NAD address.)

You may contact the County Office to receive a copy of the documents related to this determination.

Sincerely,

County Executive Director
_____ County FSA Office

USDA is an Equal Opportunity Provider and Employer

--*

Example of Letters (Continued)

***--L Denial of Loan or LDP Benefits Letter**

County Offices shall:

- use the following letter to notify producers who are denied loan or LDP benefits
- adjust the information to fit the applicable situation.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(Date)

Producer's Name
Address
City, State, ZIP Code

Dear **(Producer's Name)**:

FSA is unable to approve your request for a **(year)** crop **(commodity)**(**loan/LDP**) because

You may, during the loan availability period, request a:

- farm- or warehouse-stored recourse loan
- LDP (**do not include if LDP benefits were denied**).

Should you choose to move the commodity to a warehouse approved to store CCC loan collateral, you must provide a negotiable warehouse receipt for the commodity to the County Office with your loan request to obtain a loan.

(Include the following if LDP benefits are denied because of payment limitation or AGI.)

You may during the loan availability period, request a nonrecourse loan if all eligibility requirements are met.

You may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or the National Appeals Division. To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. **(Insert COC address.)**

--*

Example of Letters (Continued)

***--L Denial of Loan or LDP Benefits Letter (Continued)**

You may request that the **(insert COC, FLO, FLM, SED, or STC, as applicable)** reconsider this determination by filing a written request no later than 30 calendar days after you receive this notice according to FSA's appeal procedures found at 7 CFR Part 780. If you request reconsideration, you have the right to an informal hearing with **(insert COC, FLO, FLM, SED, or STC, as applicable)** that you or your representative may attend personally or by telephone. If you choose to seek reconsideration, you may later appeal the determination to **(insert STC or NAD, as applicable)**. To request reconsideration, write to **(insert COC, FLO, FLM, SED, or STC, as applicable)** at the following address and explain why you believe this determination is erroneous. **(Insert applicable address.)**
You may contact the County Office to receive a copy of the documents related to this determination.

Sincerely,

County Executive Director
_____ County FSA Office

USDA is an Equal Opportunity Provider and Employer

Example of Letters (Continued)

***--M Notification of Loan and LDP Problem**

County Office shall send the following letter to notify producers of potential loan or LDP problems.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(Date)

Producer's Name
Address
City, State, ZIP Code

Dear **(Producer's Name)**:

(Explain the problem/situation that may result in the acceleration of the loan maturity date or request for refund of the loan or LDP amount. Include the loan or LDP number and the amount due.):

The following must be provided within 30 calendar days from the date of this letter or your **(select the applicable: loan will be called, LDP must be refunded, or loan collateral will be sold)**:

(Select and insert the applicable information)

- Evidence for the missing quantity
- Repayment for the missing quantity
- Repayment for the ineligible quantity
- Disposition or production evidence for the quantity repaid on which an LDP was received
- Specify other conditions, as applicable.

The amount you owe consists of:

Principal	Interest	Other Charges	Total Amount Due

Interest will continue to accrue at a rate of _____% until the total amount due is repaid. The amount shown above has been recorded for offset from any FSA, CCC or other Federal Agency payment, which may be due you.

[Select and insert the applicable paragraph(s)]

For Loans:

- **(Nonrecourse loans, enter)**

--*

Example of Letters (Continued)

*--M Notification of Loan and LDP Problem (Continued)

You may (**deliver/forfeit**) the loan collateral remaining in storage, in accordance with the note and security agreement, if you choose not to repay the amount due. (**Delivery instructions on a CCC-691, Commodity Delivery Notice, will be issued/or the commodity will be forfeited**) on (**enter the 31st calendar day from the date of this letter**), if you fail to take the required action.

- (**Recourse loans and loans ineligible for delivery because of ineligibility of the producer or the commodity, enter**)

The loan collateral will be sold to the highest bidder, if you choose not to repay the amount due.

- (**LDPs, enter**)

The LDP amount must be refunded if you fail to take the required action.

During these 30 calendar days, you may also inspect and copy records at the above address that relate to this determination.

Our records do not indicate that you have filed for bankruptcy protection. If you filed for bankruptcy, please notify this office as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments. If you have any questions regarding this matter, please do not hesitate to contact us.

If you should need further assistance, please feel free to contact the FSA Service Center.

Sincerely,

County Executive Director
_____ County FSA Office

USDA is an Equal Opportunity Provider and Employer

--*

Example of Letters (Continued)

***--N Notification of Loan and LDP Violation**

County Office shall send the following letter to notify producers of a loan or LDP violation.

UNITED STATES DEPARTMENT OF AGRICULTURE
 FARM SERVICE AGENCY
 _____ COUNTY FSA OFFICE
 ADDRESS
 CITY, STATE, ZIP CODE

(Date)

Producer's Name
 Address
 City, State, ZIP Code

RE: (enter crop year, commodity, and loan or LDP number)

Dear **(Producer's Name)**:

(Describe the circumstances that appear to involve a loan violation.)

This is a violation of the loan note and security agreement or LDP provisions. The following actions are applicable to **(loan/LDP)** violations:

(Enter the items applicable to the loan or LDP violation)

- The maturity date of the loan is accelerated to **(enter 30th day from date of this letter)**
- LDP must be refunded, plus applicable interest
- Liquidated damage penalties are assessed on **(enter the violation quantity)**
- To deny future farm-stored loans and LDP's without production evidence for ___ months **(COC option)**
- **(enter the remaining loan quantity, if nonrecourse loan)** may be forfeited to CCC, however because the loan has been called, any repayment of the loan collateral must be at principal plus interest
- **(enter the remaining loan quantity, if recourse loan)** must be repaid at principal and charges plus interest.

The following amounts are due. **(enter the amounts as applicable)**

Principal or LDP Amount	Interest	Liquidated Damages (at 10 percent)	Market Gain	Other charges Paid by CCC	Total Amount

--*

Example of Letters (Continued)

*--N Notification of Loan and LDP Problem Letter (Continued)

Interest will continue to accrue at a rate of _____% until the total amount due is repaid. The amount shown above has been recorded for offset from any FSA, CCC or other Federal Agency payment, which may be due you.

We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments. If you have any questions regarding this matter, please do not hesitate to contact us.

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780.

If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. (**Insert COC address.**)

You may contact the County Office to receive a copy of the documents related to this determination.

If you should need further assistance, please feel free to contact the FSA Service Center.

Sincerely,

County Executive Director
_____ County FSA Office

USDA is an Equal Opportunity Provider and Employer

--*

Example of Letters (Continued)

*--O Notification Letter for Loan Call or Refund of Entire LDP

The following is an example of the notification letter for loan call or refund of entire LDP.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(Date)

Producer's Name
Address
City, State, ZIP Code

RE: (enter crop year, commodity, and loan or LDP number)

Dear (Producer's Name):

(Select and insert the pertinent facts and information for calling the loan.)

- (Nonrecourse loans or LDP's enter)

You were previously notified on **(date of the notification letter of a potential loan/LDP problem or violation)** of the problem or violation with respect to the **(select as applicable) loan/LDP**. Based upon **(enter pertinent facts considered by the COC)**, the County Committee has determined **(enter as applicable) to accelerate the maturity date of your loan/you must request a refund of the entire LDP amount**. The **(enter as applicable) accelerated maturity date is/LDP amount must be refunded by (30 days from the date of this letter)**. Because CCC's interest is not protected, the loan is due immediately and must be paid with cash on or before the accelerated maturity date, or deliver the loan commodity to CCC.

The principal and charges, plus interest, are due and payable on or before **(maturity date)**. Interest will continue to accrue until the amount due is repaid. Delivery instructions on CCC-691, Commodity Delivery Notice, will be issued on the day after maturity if a reply is not received from you by **(maturity date)**.

The following apply if the principal and charges, plus interest, are not repaid by **(maturity date)** or delivery of the loan collateral is not completed by the expiration date or extended expiration date of CCC-691:

- foreclosure proceedings will begin
- the amount due will be recorded for offset from any FSA or CCC payment due you
- a claim will be established.

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Example of Letters (Continued)

***--O Notification Letter for Loan Call or Refund of Entire LDP (Continued)**

• (Recourse loans)

You were previously notified on (**date of initial notification letter**) of a potential problem regarding your (**year**)-crop (**commodity type**) loan (**number**) and the possibility of accelerating the maturity date (**maturity date**). Based upon (**enter pertinent facts considered by the COC**), the County Committee has determined to accelerate the maturity date to (**30 days from the date of this letter.**) The only option available on or before the loan maturity date is to repay the principal and charges, plus interest, with cash.

Interest will continue to accrue until the amount due is repaid. The following apply if the loan is not repaid by (**maturity date**):

- foreclosure proceedings will begin
- the collateral will be sold to the highest bidder
- the amount due will be recorded for offset from any FSA or CCC payment due you.

Please indicate your intentions on the enclosed sheet, and sign, date, and return to the address shown above on or before (**maturity date**). (**Select the applicable indication response to be enclosed.**)

Make your check payable to “*Commodity Credit Corporation*” and send it to this office at the address shown above. If you are unable to pay the debt in full now, you may qualify to establish a mutually acceptable repayment agreement and pay in installments. To find out if you qualify for installment payments, submit a written request to this office and include information about your income, expenses, assets and liabilities.

Principal or LDP Amount	Interest	Liquidated Damages (at 10 percent)	Market Gain	Other charges Paid by CCC	Total Amount

The amount shown above has been recorded for offset from any FSA, CCC or other Federal Agency payment, which may be due you.

If a debt is not paid within the next 30 calendar days, the debt will be past due and a claim will be established on a debt record. Late payment interest will accrue on the debt at the rate of _____% per annum from the date of this letter until the debt is paid in full or otherwise resolved. FSA will waive late payment interest on the debt (or any part of the debt) that is paid in the next 30 calendar days. If the matter is not resolved within 90 calendar days from the date of this letter, an additional 3% interest will be assessed on the unpaid balance on the debt retroactively from the date of this letter.

If payment in full or arrangements to pay the debt in full are not made within 60 calendar days from the date of this letter, the debt will be transferred to the Financial Services Center (FSC) in Kansas City for further handling. If the debt remains unresolved, FSC will refer the delinquent debt to the Department of Treasury for collection and inclusion in the Treasury Offset Program (TOP). The Department of Treasury will collect the debt by offset of any eligible Federal or State payments, including any income tax refund, to which you may be entitled.

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Example of Letters (Continued)

*--O Notification Letter for Loan Call or Refund of Entire LDP (Continued)

Because this debt may be collected by offset of your Federal income tax refund, you may present evidence that all or part of the debt is not past due or legally enforceable. To do so, submit to this office within 60 calendar days from the date of this letter a written explanation of your position that the debt or part of the debt is not past due or legally enforceable, and include documentation to support your position. Also, if the debt is not resolved within the next 30 calendar days, information about this debt, including your name, address, taxpayer identification number, debt amount, date of delinquency, debt status, history of the debt, and the program under which the debt arose, may be disclosed to credit reporting agencies after 60 calendar days from the date of this letter.

Further actions may be taken by this Agency and the Department of Treasury to collect the delinquent debt if it is not resolved. The collection actions are authorized under Federal law and regulations, including the Debt Collection Improvement Act of 1996 (DCIA). Additional actions that may be taken to recover the debt include:

- Assessment of interest, administrative costs, and penalties
- Administrative garnishment of wages
- Referral of the debt to private collection agencies and Treasury-designated collection centers
- Referral of the debt to Agency counsel or Department of Justice for litigation
- Reporting the debt to Internal Revenue Service if the debt, or any portion of the debt, is discharged.

We are required under Federal law to refer the debt to the Department of Treasury for collection when the debt is 180 calendar days delinquent. However, the debt may be referred to the Department of Treasury sooner than 180 calendar days.

Our records do not indicate that you have filed for bankruptcy protection. If you filed for bankruptcy, please notify this office as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

(Insert the applicable appeal language for reconsideration to COC. Appeal to STC, ADR, and appeal to NAD according to 1-APP, paragraph 14.)

Please contact this office at the address shown above if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If your debt is paid or otherwise resolved quickly, it will not be referred to the Department of Treasury for collection, nor will it be reported to credit reporting agencies.

Sincerely,

County Executive Director
_____ County FSA Office

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Example of Letters (Continued)

***--O Notification Letter for Loan Call or Refund of Entire LDP (Continued)**

Before mailing the notification call letter for a **nonrecourse loan** to producer:

- enter data specific to the loan
- remove options not applicable to the loan
- include the following data, modified as applicable, on a separate sheet and enclose with the maturity notification letter.

Producer's Name _____

Loan Number _____

Crop Year _____

Commodity _____

Maturity Date _____

I INTEND TO DO THE FOLLOWING WITH THE LOAN IDENTIFIED ABOVE (circle one):

- REPAY WITH CASH.
- DELIVER THE ELIGIBLE COMMODITY TO CCC. (Please specify preferred delivery location.)

(Producer's Signature) (Date)

Please return this intention by (maturity date).

Mail to: (County Name) County FSA Office
(Mailing Address)
(City, State, ZIP Code)

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Example of Letters (Continued)

***--O Notification Letter for Loan Call or Refund of Entire LDP (Continued)**

Before mailing the notification call letter for a **recourse loan** to producer:

- enter data specific to the loan
- include the following data, modified as applicable, on a separate sheet and enclose with the maturity notification letter.

Producer's Name _____
Loan Number _____
Crop Year _____
Commodity _____
Maturity Date _____

I INTEND TO, ON OR BEFORE THE LOAN MATURITY DATE, FOR THE LOAN IDENTIFIED ABOVE, REPAY THE LOAN PRINCIPAL PLUS INTEREST WITH CASH.

_____	_____
(Producer's Signature)	(Date)

Please return this intention by (maturity date).

Mail to: **(County Name) County FSA Office**
 (Mailing Address)
 (City, State, ZIP Code)

Example of Letters (Continued)

***--P Demand Letter for Loan Call or Refund of Entire LDP**

The following is an example of the demand letter for loan call or refund of entire LDP.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
_____ COUNTY FSA OFFICE
ADDRESS
CITY, STATE, ZIP CODE

(Date)

Producer's Name
Address
City, State, ZIP Code

RE: **(enter crop year, commodity, and loan or LDP number)**

Dear **(Producer's Name)**:

(Select and insert the applicable information)

- **(Nonrecourse loans or LDP's enter)**

You were previously notified on **(date of the notification letter of a loan/LDP problem or violation)** that the situation with respect to the **(select as applicable) loan/LDP** requiring the **(enter as applicable) acceleration of the maturity date for your loan or refund of the entire LDP amount**. You were given the opportunity to appeal the administrative action if the loan was not repaid by maturity. Your administrative options are now concluded. Therefore, the loan has matured and the debt has not been repaid.

The CCC-691, Commodity Delivery Notice, which includes delivery instructions, is enclosed. Delivery of the commodity must be completed by the final date to deliver as shown on the CCC-691. Contact this office if the delivery will be delayed. In limited circumstances, an extension of time may be approved. Interest will continue to accrue until the amount due is repaid.

The following apply if the principal and charges plus interest, \$_____ as of the date of this letter, are not repaid or delivery of the loan collateral is not completed on or before the 30th calendar day after the expiration or extended expiration date of the CCC-691:

- foreclosure proceedings will begin
- the amount due will be recorded for offset from any FSA or CCC payment due you
- a claim will be established.

If the value of the commodity delivered does not liquidate the outstanding balance, you will be expected to remit the deficiency promptly upon notification by CCC.

--*

Example of Letters (Continued)

*--P Demand Letter for Loan Call or Refund of Entire LDP (Continued)

• (Recourse loans)

You were previously notified on **(date of initial notification letter)** that your **(year)**-crop **(commodity type)** loan **(number)** was due and payable on or before **(maturity date)**. You were advised that you owe \$_____, plus interest as applicable. You were given the opportunity to appeal the administrative action if the loan was not repaid by maturity. Your administrative options are now concluded. Therefore, the loan has matured and the debt has not been repaid. **(Select and insert the following applicable action:** Foreclosure proceedings will begin; **or** the loan collateral will be sold if the total amount of this debt is not paid timely.)

Make your check payable to “*Commodity Credit Corporation*” and send it to this office at the address shown above. If you are unable to pay the debt in full now, you may qualify to establish a mutually acceptable repayment agreement and pay in installments. To find out if you qualify for installment payments, submit a written request to this office and include information about your income, expenses, assets and liabilities.

Principal or LDP Amount	Interest	Liquidated Damages (at 10 percent)	Market Gain	Other charges Paid by CCC	Total Amount

The amount shown above has been recorded for offset from any FSA, CCC or other Federal Agency payment, which may be due you.

If a debt is not paid within the next 30 calendar days, the debt will be past due and a claim will be established on a debt record. Late payment interest will accrue on the debt at the rate of ____% per annum from the date of this letter until the debt is paid in full or otherwise resolved. FSA will waive late payment interest on the debt (or any part of the debt) that is paid in the next 30 calendar days. If the matter is not resolved within 90 calendar days from the date of this letter, an additional 3% interest will be assessed on the unpaid balance on the debt retroactively from the date of this letter.

If payment in full or arrangements to pay the debt in full are not made within 60 calendar days from the date of this letter, the debt will be referred to the Financial Services Center (FSC) in Kansas City for further handling. If the debt remains unresolved, FSC will refer the delinquent debt to the Department of Treasury for collection and inclusion in the Treasury Offset Program (TOP). The Department of Treasury will collect the debt by offset of any eligible Federal or State payments, including any income tax refund, to which you may be entitled.

Because this debt may be collected by offset of your Federal income tax refund, you may present evidence that all or part of the debt is not past due or legally enforceable. To do so, submit to this office a written explanation within 60 calendar days from the date of this letter of your position that the debt or part of the debt is not past due or legally enforceable, and include documentation to support your position.

Also, if the debt is not resolved within the next 30 calendar days, information about this debt, including your name, address, taxpayer identification number, debt amount, date of delinquency, debt status, history of the debt, and the program under which the debt arose, may be disclosed to credit reporting agencies after 60 calendar days from the date of this letter.

--*

Example of Letters (Continued)

***--P Demand Letter for Loan Call or Refund of Entire LDP (Continued)**

Further actions may be taken by this Agency and the Department of Treasury to collect the delinquent debt if it is not resolved. The collection actions are authorized under Federal law and regulations, including the Debt Collection Improvement Act of 1996 (DCIA). Additional actions that may be taken to recover the debt include:

- Assessment of interest, administrative costs, and penalties
- Administrative garnishment of wages
- Referral of the debt to private collection agencies and Treasury-designated collection centers
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Our records do not indicate that you have filed for bankruptcy protection. If you filed for bankruptcy, please notify this office as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

Please contact this office at the address shown above if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If your debt is paid or otherwise resolved quickly, it will not be referred to the Department of Treasury for collection, nor will it be reported to credit reporting agencies.

Sincerely,

County Executive Director
_____ County FSA Office

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