

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
Washington, DC 20250

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

**Amendment 2**

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**Approved:** Acting Deputy Administrator, Farm Programs



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**Amendment Transmittal**

**A Reasons for Revision**

Subparagraph 1 A has been amended to reference Exhibit 6 that contains questions and answers from the 8-LP (Rev. 2) training in October 2010.

Subparagraph 3 A has been amended to update the list of FSA handbooks.

Paragraph 23 has been amended to remove the subparagraph titled, "Handling CCC-770 LDP/eLDP's and CCC-770 MAL's" because of a policy change.

Subparagraph 28:

- B has been amended to clarify when CCC-674 or SF-LLL is needed
- F has been amended to provide additional guidance to County Offices about action for lobbying activity provisions.

Subparagraph 31 B has been amended to reference Exhibit 11 for amounts due CCC.

Subparagraph 36 A has been amended to update procedure for returning un-negotiated Treasury checks for loans and LDP's.

Subparagraph 37 A has been amended to correct the information needed on FSA-13A for requesting SORS access.

Subparagraph 202 F has been amended to correct the questions and answers numbering.

Subparagraph 225 H has been amended to provide an example of how the loan rate for a low quality nonrecourse MAL is computed.

Subparagraph 230 G has been amended to update procedure when the quantity offered for a loan or LDP exceeds COC maximum established yields.

Subparagraph 233 C has been is amended to update procedure for actions when a recourse loan is not repaid at maturity.

## **Amendment Transmittal (Continued)**

### **A Reasons for Revision (Continued)**

Subparagraphs 235 B and C have been added to provide examples of how the ACRE elected rate is determined for MAL's and LDP's.

Subparagraph 321 C has been amended to:

- reference the applicable letters in Exhibit 11
- update the procedure for transferring a recourse loan to NRRS.

Subparagraph 400 C, item 3 has been amended to update the paragraph reference.

Subparagraphs 504 A and D, 505 A, and 521 B have been amended to delete references to immediate commodity certificate exchanges at loan disbursement because commodity certificates exchanges are not applicable for 2010 through 2012 MAL's.

Subparagraphs 504 F and 505 A have been amended to include DMA's and LSA's, with CMA's, as responsible for ensuring that:

- MAL commodities are free of liens
- CCC-679's are obtained before MAL disbursement, when required.

Subparagraph 505 A has been amended to:

- add information on IRS Notice of Levy
- allow CCC-679's to be FAXed to County Offices.

Subparagraph 505 B has been amended to:

- add policy about CCC-679's and producers who farm in more than 1 county
- allow CCC-679's to be FAXed to County Offices.

Subparagraph 520 F has been amended to clarify the 30 percent ACRE reduction for low quality commodities.

Subparagraph 537 A has been amended to provide that the FAX number and e-mail address of a State-licensed warehouse requesting a CCC warehouse code is required to be provided.

Subparagraph 540:

- D has been amended to clarify that CCC will not adjust loan rates for warehouse-stored loans using premiums and discounts at loanmaking for any commodities except cotton and peanuts
- G has been amended to reference the storage paid through maturity date for peanut loans.

Subparagraph 700 E has been amended to update the list of handbooks containing procedure for preparing and depositing repayments.

## **Amendment Transmittal (Continued)**

### **A Reasons for Revision (Continued)**

Subparagraph 702:

- A has been amended to add the applicable reference in Exhibit 11
- B has been amended to add a note in the first item on the table referencing violations and liquidated damages.

Subparagraph 741 F has been amended to:

- reference the applicable letters in Exhibit 11
- delete the last 2 options in the table because loans are not moved to NRRS if loan collateral is still in storage that CCC will take into inventory.

Subparagraph 745 F has been amended to update handbook references for instructions on refunding excess money received from a buyer.

Subparagraph 784 B has been amended to clarify when terminal market rates will be announced.

Subparagraph 797 E has been amended to add:

- applicable reference in Exhibit 11 for establishing a receivable in NRRS for a recourse loan
- instructions for nonrecourse warehouse loans open after maturity.

Subparagraphs 803 B and C have been deleted because loans are not moved to NRRS if loan collateral is still in storage that CCC will take into inventory.

Subparagraph 823 A has been amended to update procedure to establish a receivable in NRRS when an amount is owed to CCC resulting from a loan settlement.

Subparagraph 861 D has been amended to update procedure for applying sales proceeds to a recourse loan.

Subparagraph 862 C has been amended to add applicable procedure following a local sale for both farm-stored nonrecourse and recourse loans.

Subparagraph 866 A has been amended to update the:

- date foreclosure letters shall be send
- applicable pages in Exhibit 11 after foreclosures for both nonrecourse and recourse loans.

Paragraph 867 has been deleted because loans are not moved to NRRS if loan collateral is still in storage that CCC will take into inventory.

Subparagraphs 900 A and C have been amended to add additional procedure and information on when to process forfeitures of warehouse loans.

Subparagraph 1009 A has been amended to add the applicable letters in Exhibit 11 to notify producers that LDP benefits have been denied.

## **Amendment Transmittal (Continued)**

### **A Reasons for Revision (Continued)**

Subparagraphs 1030 C and 1040 D have been amended to add that the LDP rate for commodities produced on ACRE-elected farms will be reduced by 30 percent.

Subparagraph 1201 B has been amended to add an example of how the loan rate is computed for recourse loan commodities stored in structures that cannot be measured.

Subparagraph 1210 D has been amended to add an example of how the loan rate is computed for HM corn and grain sorghum recourse loans that cannot be measured.

Subparagraph 1215 D has been amended to add examples of how the loan rate is computed for cracked, rolled or crimped corn recourse loans if the commodity can be and cannot be measured.

Subparagraph 1221 C has been amended to clarify how the maturity date of a repledged distress loan is determined.

Subparagraph 1510 B has been amended to add the updated version of CCC-631.

Subparagraph 1527 B has been amended to add the updated version of CCC-633WM.

Subparagraph 1551 B has been amended to add procedure if the production evidence for a certified mohair or wool LDP is determined to be short or in violation.

Subparagraph 1552 B has been amended to add additional instructions when submitting evidence for unshorn pelts.

Subparagraph 1557 A has been amended to instruct county offices to record eLDP shortages for wool, mohair and unshorn pelts according to 15-PS.

Subparagraph 1558 B has been amended to add policy on production evidence for unshorn pelts.

Paragraph 1559:

- D has been amended to provide procedure for determining reasonableness when establishing a wool LDP profile on the web
- G has been amended to add the breed, “Dorpher” with the breed Katahdin and revise the narrative in the table for these breeds.

Subparagraph 1575 L has been amended to provide the updated CCC-930 version.

Exhibit 2 has been amended to update the paragraph reference in HM commodities.

Exhibit 6 has been added to provide the questions and PSD’s answers that were received following the 8-LP (Rev. 2) Training in October 2010.

Exhibit 11, subparagraph A has been amended to update 64-FI reference and add subsequent actions for dishonored check fees.

**Amendment Transmittal (Continued)**

**A Reasons for Revision (Continued)**

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
5, 6 9, 10 13, 14	1-1 through 1-4 1-37 through 1-46 1-57, 1-58 1-63, 1-64 1-67 through 1-72 1-75 through 1-98 2-7 through 2-10 2-53, 2-54 2-77, 2-78 2-83 through 2-86 2-87 (add) 3-45, 3-46 4-1, 4-2 5-13 through 5-18 5-41 through 5-44 5-49, 5-50 5-55, 5-56 5-63, 5-64 5-77, 5-78 5-83 through 5-86 5-93, 5-94 7-3, 7-4 7-7, 7-8 7-83 through 7-86 7-101, 7-102 7-167, 7-168 7-209 8-5, 8-6 8-9, 8-10 8-55 through 8-70 8-143 through 8-152 8-153 8-154 (remove) 8-155 (remove) 9-1, 9-2 10-15, 10-16 10-39 through 10-60 10-81 through 10-124 12-3 through 12-22 12-33 through 12-44 12-47 15-19 through 15-32 15-65, 15-66 15-135 through 15-138 15-141 through 15-144 15-147, 15-148 15-151 through 15-180 15-207, 15-208	1, pages 1-4 2, pages 5, 6 6, pages 1-8 (add) 11, pages 1-10 12, pages 1, 2 15, pages 5, 6



## Table of Contents (Continued)

Page No.

### Part 5 Loanmaking Provisions (Continued)

#### Section 2 Farm-Stored Loans

520	Nonrecourse Loan Requests and Loan Rates.....	5-41
521	Filing UCC-1's.....	5-43
522	Eligible Storage Structures .....	5-46
523	Producer Certifications for Loans.....	5-47
524	Completing and Distributing CCC-666's .....	5-49
525	Measurement Service for Loans or LDP's.....	5-53
526	Additional Storage Structure Designation for Loans.....	5-60
527	Completing CCC-665's for Commingled Production .....	5-61
528	Quantity Determinations.....	5-63
529	Quality Determinations.....	5-65
530	Reducing Farm-Stored Loan Rates in Designated Areas .....	5-66
531-534	(Reserved)	

#### Section 3 Warehouse-Stored Loans

535	Warehouse-Stored Loan Storage .....	5-75
536	General Warehouse Policy.....	5-75
537	Obtaining CCC Warehouse Code in States With an Operating Warehouse Licensing Program.....	5-78
538, 539	(Reserved)	
540	Requesting Warehouse-Stored Loans .....	5-83
541	Quality Determinations.....	5-87
542	List of Authorized Warehouses and List of Warehouse Offer Rates.....	5-88
543	Storing Warehouse Operator's Responsibilities .....	5-89
544	When Warehouse Operator Is Producer .....	5-90
545	General Warehouse Receipt Requirements .....	5-91
546	KC-350, Warehouse Operator's Supplemental Certificate.....	5-93
547	Statement of Charges Attached to Warehouse Receipts.....	5-96
548	Examining Warehouse Receipts .....	5-98
549	Reporting Lost, Stolen, or Destroyed Warehouse Receipts.....	5-99
550-599	(Reserved)	

## Table of Contents (Continued)

Page No.

### Part 6 Relocating Loan Collateral

#### Section 1 Handling Farm-Stored Loans

600	Commingling and Commodity Movement on Farm.....	6-1
601-603	(Reserved)	
604	Converting Certified Loans to Measured Loans.....	6-11
605	Farm-Stored Loans Brought Under New or Existing Warehouse Storage.....	6-12
606-612	(Reserved)	

#### Section 2 Transfers

613	Transferring Commodities.....	6-21
614	Completing CCC-681's for Authorization to Move Loan Collateral for Transfer.....	6-22
615	Transferring Loans From Farm Storage to Warehouse Storage.....	6-25
616	Remaining Farm-Stored Loan Quantity After Partial Transfer.....	6-29
617	Transferring Loans From Warehouse Storage to Farm Storage.....	6-30
618-626	(Reserved)	

#### Section 3 Reconciling Warehouse-Stored Loans

627	Reconciling Loan Collateral.....	6-51
628	Completing CCC-699's.....	6-52
629	Releasing Warehouse Receipts.....	6-55
630	Replacement Warehouse Receipts.....	6-56
631	Selling Commodities During Reconciliation.....	6-57
632-699	(Reserved)	

### Part 7 Repayments, Releases, and Loan Maturity

#### Section 1 General Provisions

700	General Repayment Information.....	7-1
701	Personal or Corporate Checks Offered for Release of Collateral.....	7-7
702	Notice of Nonpayment or Dishonored Check Received From FSC.....	7-7
703	Releasing CCC-677 and CCC-678 After Repayment.....	7-10
704-713	(Reserved)	

## Table of Contents (Continued)

Page No.

### Part 8 Farm-Stored Loan Settlement (Continued)

#### Section 2 Completing Deliveries of Nonrecourse Loans (Continued)

826	Transmittal Control Documents.....	8-71
827-855	(Reserved)	

#### Section 3 Local Sales

856	Local Sale Eligibility .....	8-129
857	Authorization .....	8-131
858	Announcing Sales .....	8-133
859	Handling Bids .....	5-136
860	Accepting Final Bids.....	5-140
861	Completing Sales .....	8-143
862	Delivery for Local Sales .....	8-145
863-865	(Reserved)	

#### Section 4 Uncommon Liquidation Situations

866	Foreclosures .....	8-151
867	(Withdrawn--Am. 2)	
868	Abandonments .....	8-153
869-899	(Reserved)	

### Part 9 Warehouse-Stored Loan Forfeitures

900	Loan Forfeitures.....	9-1
901	Transmittal Control Documents.....	9-5
902-999	(Reserved)	

**Table of Contents (Continued)**

**Page No.**

**Part 10      LDP's**

**Section 1      General Provisions**

1000	Basic Provisions.....	10-1
1001	Requests for LDP's Documented on CCC-633 EZ .....	10-5
1002	CCC-633 EZ's .....	10-9
1003	FAXed CCC-633 EZ's.....	10-12
1004	LDP Rates .....	10-14
1005	Eligible Quantity.....	10-16
1006	LDP Types .....	10-19
1007	Completing CCC-633 EZ's.....	10-20
1008	Completing CCC-633 EZ for Measured Quantities.....	10-37
1009	Notification of Denied LDP Benefits .....	10-39
1010-1019 (Reserved)		

**Section 2      Commodities Harvested as Other Than Grain**

1020	Eligibility for LDP .....	10-61
1021-1029 (Reserved)		

**Section 3      Low Quality Commodities**

1030	Eligibility for LDP .....	10-81
1031-1039 (Reserved)		

**Section 4      Contaminated Commodities**

1040	Eligibility for LDP .....	10-101
1041-1049 (Reserved)		

**Section 5      Commodities Exceeding Maximum STC and 2-LP Standards for Moisture  
Commodities**

1050	HM Corn and Grain Sorghum and Excess Moisture Commodities for LDP .....	10-121
1051-1099 (Reserved)		

**Table of Contents (Continued)**

**Page No.**

**Part 15 Mohair, Unshorn Pelt, and Wool Provisions (Continued)**

**Section 4 LDP Provisions**

1535	LDP Requirements.....	15-87
1536	Requests for LDP's.....	15-90
1537	LDP Rates.....	15-93
1538	LDP's for Mohair and Wool .....	15-95
1539	(Reserved)	
1540	Unshorn Pelt LDP Provisions.....	15-99
1541	LDP Rates for Unshorn Pelts.....	15-101
1542	Additional Beneficial Interest Provisions for Unshorn Pelts.....	15-102
1543-1549	(Reserved)	

**Section 5 Compliance Provisions**

1550	Spot-Checking Farm-Stored Loans.....	15-131
1551	Spot-Checking Certified LDP's.....	15-134
1552	Spot Check Process.....	15-136
1553	On-Farm Visits.....	15-138
1554	Commodity Inspector Spot Check Review.....	15-139
1555	Completing Spot Check.....	15-139
1556	Loan Quantity Determination and Action Required.....	15-140
1557	LDP Quantity Determination and Action Required.....	15-142
1558	Production Evidence.....	15-144
1559	Maximum Eligible Quantity .....	15-147
1560-1569	(Reserved)	

**Section 6 Repayments**

1570	Principal Plus Interest Repayments .....	15-181
1571-1574	(Reserved)	
1575	Final Settlement Procedures .....	15-201
1576	Local Sales Preparation.....	15-209
1577	Completing CCC-691, Parts B and C .....	15-210

## Table of Contents (Continued)

### Exhibits

1	Reports, Forms, Abbreviations, and Redelegations of Authority
2	Definitions of Terms Used in This Handbook
3, 4	(Reserved)
5	Example of CCC-601
6	Questions and Answers From 8-LP (Rev. 2) Training in October 2010
7-10	(Reserved)
11	Example of Letters
12	Shrink Factors for Excess Moisture
13, 14	(Reserved)
15	CCC-677-1's
16	CCC-683's
17	Combined Test Weight and Pack Factors
18-25	(Reserved)
26	Test Weight Factor for Oilseeds, Except Soybeans
27-39	(Reserved)
40	Core Test Report Examples for Graded Wool
41-60	(Reserved)
61	Premiums and Discounts for the 2009 and Prior Crop Year Wool
62	2010 Crop Year Specific Schedule of Premiums and Discounts
63	Premiums and Discounts for 2010 and Subsequent Crop Year Wool
64, 65	(Reserved)
66	Wool Regions for 2009 and Prior Crop Years
67	Mohair and Wool Loan Rates
68, 69	(Reserved)
70	Premiums and Discounts for Mohair
71-74	(Reserved)
75	Test Weight and Pack Factor for Pulse Crops

**Part 1 General Information and Administrative Provisions****Section 1 Introduction and Purpose****1 Purpose and Authority****A Purpose**

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

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

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

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

\*--See Exhibit 6 for questions and answers from the 8-LP (Rev. 2) training in October 2010.--\*

**B Sources of Authority**

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

- Food, Conservation, and Energy Act of 2008
- Farm Security and Rural Investment Act of 2002
- 7 CFR Part 1421.

**C Loan and LDP Program Objectives**

The loan and LDP program objectives are to:

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

**2 Signatures, Authorizations, and Approvals**

**A Signatures**

County Offices shall:

- follow 1-CM for producer signature and authorization provisions
- see 1-CM for a list of forms for which FAX signatures are **not** acceptable.

**B Redelegation of Authority by COC or CED**

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

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

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

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

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

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

3 Related Handbooks and Web Sites

A FSA Handbooks

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

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

### 3 Related Handbooks and Web Sites (Continued)

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

Warehouse operator handbooks, letters, and notices to industry for authorized Federal and non-Federal warehouses are available at [www.fsa.usda.gov/daco/notices.htm](http://www.fsa.usda.gov/daco/notices.htm).

#### C Useful Web Sites

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

Web Site Content	Web Site Address
Accessing the National Compliance Review Database	<a href="http://www.agcounts.usda.gov">www.agcounts.usda.gov</a>
Authorized Storage Rates	<a href="http://erielake.sc.egov.usda.gov/whserates/grain/warehouse_rates.asp">http://erielake.sc.egov.usda.gov/whserates/grain/warehouse_rates.asp</a>
Authorized Warehouses (Including Federal)	<a href="https://saltlake.sc.egov.usda.gov/approved_whses/ugrsa/approved_ugrsa_whses.asp">https://saltlake.sc.egov.usda.gov/approved_whses/ugrsa/approved_ugrsa_whses.asp</a>
Cotton	<a href="http://www.fsa.usda.gov/Internet/FSA_File/cotton_rates.xls">www.fsa.usda.gov/Internet/FSA_File/cotton_rates.xls</a>
Dairy and Sweetener	<a href="http://www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=ecpa&amp;topic=dsa">www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=ecpa&amp;topic=dsa</a>
Economic and Policy Analysis	<a href="http://www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=ecpa&amp;topic=landing">www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=ecpa&amp;topic=landing</a>
Fact Sheets	<a href="http://www.fsa.usda.gov/FSA/newsReleases?area=newsroom&amp;subject=landing&amp;topic=pfs&amp;newstype=prfactsheet">www.fsa.usda.gov/FSA/newsReleases?area=newsroom&amp;subject=landing&amp;topic=pfs&amp;newstype=prfactsheet</a>
Federally Licensed Warehouses	<a href="https://saltlake.sc.egov.usda.gov/approved_whses/uswa/approved_whses_uswa.asp">https://saltlake.sc.egov.usda.gov/approved_whses/uswa/approved_whses_uswa.asp</a>
Forms	<a href="http://165.221.16.90/dam/ffasforms/forms.html">http://165.221.16.90/dam/ffasforms/forms.html</a>
FSA Home Page	<a href="http://www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=landing&amp;topic=landing">www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=landing&amp;topic=landing</a>
Handbooks	<a href="http://www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=lare&amp;topic=hbk">www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=lare&amp;topic=hbk</a>
Honey	<a href="http://www.fsa.usda.gov/Internet/FSA_File/honey_arr.doc">www.fsa.usda.gov/Internet/FSA_File/honey_arr.doc</a>

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

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B CCC-770 LDP/eLDP's

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

<b>This form is available electronically.</b>				
<b>CCC-770 LDP/eLDP</b> <small>(09-28-10)</small>  <b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation  <b>LOAN DEFICIENCY PAYMENT (LDP) AND eLDP</b> <b>PROGRAM REVIEW CHECKLIST</b>	1. Producer/Applicant Name		2. Date of Application <i>(MM-DD-YYYY)</i>	
	3. State Office Name		4. County Office Name	
	5. Crop Year		6. LDP or eLDP Number	
	7. Farm Number		8. Commodity/Class/Type	
NOTE: Properly completed forms mean completed according to the applicable procedure. This shall include proper signature, shares, ID numbers, addresses, date stamp, etc.				
<b>9. LDP Request/Application</b>				
	<b>Handbook or Other Applicable References</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
A. Is there a properly completed and signed CCC-633 EZ Page 1 on file? <i>Explain "NO" answer.</i>	8-LP, paragraph 1002 7-CN, subparagraph 261F, and paragraph 261.5			
B. Was the CCC-633 EZ Page 1 filed prior to loss of beneficial interest? <i>Explain "NO" answer.</i>	8-LP, paragraph 1002 7-CN, paragraph 261.5, 275.5			
C. Has the CCC-633 EZ, Page 1 been forwarded to other county offices, if applicable?	8-LP, paragraph 1002 7-CN, subparagraph 261G			
D. Was the completed CCC-633 EZ, Page 1 and applicable LDP benefit request page (page 2, 3 or 4) received in the county office on or before the final loan/LDP availability date?	8-LP, paragraph 226 7-CN, paragraph 263			
E. Are CCC-633 EZ, Page 1 and Pages 2, 3, or 4 date-stamped?	8-LP, subparagraph 1001E 7-CN, paragraph 263			
F. Did the producer answer the question, "Are you or any co-applicant delinquent on any Federal non-tax debt?"	8-LP, subparagraph 202A 7-CN, paragraph 100.5			
G. Has a second party reviewer verified and initiated the applicable LDP benefits page (CCC-633 EZ, Page 2, 3 or 4) to ensure the applicable LDP request was properly completed and ready for approval and processing?	8-LP, paragraph 234 7-CN, subparagraphs 271A and 274J			
<b>10. Producer/Commodity Eligibility (Continuation)</b>				
	<b>Handbook or Other Applicable References</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
A. Is there a properly completed and timely filed FSA-578 on file for the applicable crop year, with all cropland reported? <i>Explain "NO" answer.</i>	8-LP, paragraph 200 7-CN, subparagraph 100A 2-CP, paragraph 15			
B. Has producer eligibility been verified on the CCC-770 Eligibility Checklist?	8-LP, paragraph 200 7-CN, subparagraph 53A			
C. Is the quantity requested for LDP within the COC-established reasonable yield for the commodity? <b>NOTE:</b> County Office must run price support queries or determine reasonableness based on maximum eligible quantity as applicable.	8-LP, paragraph 230 7-CN, subparagraph 119B			
D. If the requested quantity exceeded COC established reasonable yield, did the COC determine the quantity was reasonable? <i>Explain "NO" answer.</i>	8-LP, paragraph 230 7-CN, subparagraph 119C			
E. Did the producer have risk of producing the crop?	8-LP, paragraph 100 7-CN, paragraph 100			
F. If LDP is based upon date beneficial interest is lost, was acceptable production evidence provided and was the LDP rate verified? <i>Explain "NO" answer.</i>	8-LP, paragraphs 227 and 1004 7-CN, paragraph 262			



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

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

CCC-770 LDP/eLDP (09-28-10)		Page 2		
10. Producer/Commodity Eligibility (Continuation)	Handbook or Other Applicable References	YES	NO	N/A
G. Is LDP rate correct for request date and county where marketed or stored, if beneficial interest is maintained? (N/A for cotton)	8-LP, paragraph 1004			
H. Is LDP rate correct for "dates of Delivery", if LDP requested based on date of delivery? (N/A for cotton)	8-LP, paragraph 1004			
<b>11. LDP Processing</b>				
A. Has form CCC-674 or SF-LLL been obtained, if applicable? (LDP greater than \$100,000)	8-LP, paragraph 28 7-CN, paragraph 37			
B. Has the Financial Services System been updated to reflect assignments, if applicable? <b>NOTE:</b> All assignments should be on file and recorded in Financial Services as "LDP" and "LDP Web", for e-mails. (Not applicable to CMA's)	63-FI, Parts 3 and 4			
<b>12. eLDP Processing</b>				
A. Has eLDP customer profile been established? (Not applicable to CMA's).	15-PS, paragraph 251 7-CN, subparagraph 282B			
B. Has eLDP application been submitted and printed?	15-PS, Part 3 7-CN, paragraph 285.2			
<b>13. Cotton – Specific LDP Processing</b>				
A. If request is for a module-lock-in LDP, is the request date after the beginning-of-harvest-date for the County?	7-CN, paragraph 261.5 and paragraph 274			
B. If request is for a module-lock-in LDP, does production evidence from the gin indicate that the bales were produced from the modules identified on the original application.	7-CN, subparagraph 275B			
C. Has CCC-Cotton AA-1 been printed, filed in LDP folder and given to producer?	7-CN, subparagraph 278C			
<b>14. Remarks</b>				
<p><i>Certification: I (we) the undersigned certify the above items have been verified or updated accordingly. I also certify that the applicable LDP documents will be filed in accordance with Handbook 25-AS and that the producer will receive the applicable LDP documentation according to policies and procedures found in Handbook 8-LP.</i></p>				
15A. Signature of Preparer(s)		15B. Date (MM-DD-YYYY)		
<b>16A. I concur/do not concur the above items have been verified or updated accordingly.</b> <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur				
16B. CED Signature for Spotcheck		16C. Date (MM-DD-YYYY)		
<b>17A. I concur/do not concur the above items have been verified or updated accordingly.</b> <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur				
17B. STC Designee Signature for Spotcheck		17C. Date (MM-DD-YYYY)		

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

C CCC-770 LDP/eLDP Instructions

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

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

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

C CCC-770 LDP/eLDP Instructions (Continued)

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

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

D CCC-770 MAL's

The following is an example CCC-770 MAL.

<b>CCC-770 MAL</b> U.S. DEPARTMENT OF AGRICULTURE (09-28-10) Commodity Credit Corporation						1. Name of Applicant				
<b>MARKETING ASSISTANCE LOAN (MAL) PROCESSING CHECKLIST</b>						2. Date of Application (MM-DD-YYYY)		3. Loan Type:		
								Warehouse	FS-Cert.	FS-Measured
						4. State Office Name		5. County Office, DMA or CMA Name		
6. Commodity		7. Class/Type	8. Crop Year	9. Farm Number	10. Warehouse	11. No. of Warehouse Receipts:				
						Paper:		EWR:		
<b>12. MAL Request/Application:</b>						<b>Handbook or Other Applicable References</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
A. Is the CCC-666 properly completed and signed for farm-stored loans?						8-LP, paragraph 500				
B. For warehouse-stored loans, has the warehouse receipt been properly endorsed?						8-LP, paragraph 545				
C. For measured loans, has the CCC-666, FSA-409 and the CCC-677-1 been completed and signed?						8-LP, Part 5				
D. Is the CCC-10 properly completed and on file?						8-LP, paragraph 502				
<b>13. Producer/Commodity Eligibility Verification:</b>										
A. Has the FSA-578 been properly completed and filed? <i>(Not applicable for CMA's).</i>						8-LP, paragraph 200				
B. Has the CCC-770 Eligibility checklist been completed and verified? <i>(Not applicable for CMA's).</i>						3-PL, paragraph 3				
C. Did the producer answer the question, "Are you or any co-applicant delinquent on any Federal non-tax debt?"						8-LP, paragraph 202				
D. Is the eligible loan commodity in existence and in storable condition?						8-LP, paragraph 225				
E. Has the loan been requested on or before the final loan availability date?						8-LP, paragraph 226				
F. Did the producer certify to maintaining beneficial interest in the crop? <i>County Offices shall review contracts, if provided.</i>						8-LP, paragraphs 227, 228, and 229				
G. Is the quantity requested within the COC-established reasonable yield for the commodity? <i>Note: County Office MUST run price support queries or determine reasonableness based on maximum eligible quantity as applicable.</i>						8-LP, paragraph 230				
H. Did the producer certify to having risk of producing the crop? <i>(Not applicable for CMA's).</i>						8-LP, paragraph 200				
I. Has a second party review been properly completed? <i>Ensure that the loan application was initiated by the reviewer.</i>						8-LP, paragraph 234				
<b>14. MAL Processing/Approval:</b>										
A. Has a lien search been performed, if applicable? <i>(Not applicable for CMA's).</i>						8-LP, paragraph 504				
B. Have lien waivers been obtained, if applicable?						8-LP, paragraph 505				
C. For DAFP authorized loan deductions, were the deductions submitted on a statement of charges signed by the producer?						8-LP, paragraph 505				
D. Were the deductions made according to lien-holder instructions on CCC-679?						8-LP, paragraph 505				
E. Has the UCC-1 been properly filed and verification of the filing was received? <i>(Not applicable for CMA's).</i>						8-LP, paragraph 521				
F. Were CCC-683, Commodity Loan Seals provided for farm stored MAL?						8-LP, paragraph 523				



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

**E CCC-770 MAL Instructions**

The following are FSA employee CCC-770 MAL instructions.

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

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

E CCC-770 MAL Instructions (Continued)

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

**24 Collecting Commodity Assessments and Other Fees****A Applicability**

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

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

**B Conditions for Collection**

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

- submit a written request for commodity assessment collection and a copy of the State legislation authorizing the commodity assessment to the applicable SED; the written request **must** indicate when the assessment is to be collected according to subparagraph A, and the name of the State entity director or official authorized to enter into an agreement with CCC
- provide a written opinion from the Office of the Attorney General that verifies the State director or authorized official has legal authority to enter into an agreement with CCC and that the State legislation authorizing commodity assessment collection is in compliance with Pub. L. 108-470
- have the director or authorized signing official of the State entity sign MOU agreeing to the terms and conditions as provided in MOU according to subparagraph C.

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

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

**26 Interest Rates and Calculations (Continued)****B Interest Applicable to Violations**

The interest rate for:

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

**C Manually Calculating Interest**

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

For regular loan repayments:

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

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

**D Total Aggregate Amount of \$500,000 or More**

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

- other than a wire transfer, shall be assessed interest beginning on the loan disbursement date **through the day after** the date of repayment
- wire transfer, shall **only** be assessed interest beginning on the loan disbursement date up to the **second day before** the date of repayment, even if the loan was disbursed through NPS.

27 **IRS Reporting**

**A Market Gains, LDP’s, and Forfeitures**

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

**Note:** Producers are responsible for reporting loan gains associated with commodity certificate exchanges according to the applicable IRS filing provisions.

28 **Lobbying Activity Provisions**

**A Applicability**

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

**B Filing Forms**

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

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

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

28 Lobbying Activity Provisions (Continued)

**F County Office Action**

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

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

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

**G Assistance**

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

## 29 Misaction/Misinformation and Finality Rule

### A Misaction/Misinformation Provisions

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

- errors
- misaction
- misinformation
- omissions.

### B Definition of Misaction/Misinformation

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

### C Applicability

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

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

### D Reason to Know

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

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

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

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

31 Overdisbursements, Overpayments, and Receivables

A Overdisbursements, Overpayments, and Receivables

A producer is personally liable for repaying:

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

B Notifying Producers

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

IF...	THEN...
the <b>overdisbursement</b> or <b>overpayment</b> is <b>not</b> because of a loan or LDP violation	collect the amount owed as follows: <ul style="list-style-type: none"> <li>• for loans, if the amount owed is \$25 or less and is discovered:                             <ul style="list-style-type: none"> <li>• before settlement, do <b>not</b> collect immediately; however, collect on the next repayment</li> <li>• after settlement, do <b>not</b> send the producer a demand letter; immediately write off the small balance according to 12-PS</li> </ul> </li> <li>•*-for LDP's processed through eLDP or APSS, if the amount--* owed is:                             <ul style="list-style-type: none"> <li>• \$25 or less, write off the small balance according to 12-PS</li> <li>• more than \$25, follow procedure in 58-FI for demanding payment.</li> </ul> </li> </ul>
a <b>receivable</b> is created because an amount remitted to CCC is less than the amount required	if the total amount outstanding is: <ul style="list-style-type: none"> <li>• \$25 or less, see 12-PS</li> <li>• more than \$25 with outstanding loan balance, collect on next repayment</li> <li>• more than \$25 with no outstanding loan balance, follow NRRS procedures.</li> </ul>

32, 33 (Reserved)



35 Prompt Payment Act (Continued)

B Payment Due Dates (Continued)

IF the program is for...	THEN the payment due date is 30 calendar days...
settlements	after County Office receives <b>all</b> of the following: <ul style="list-style-type: none"> <li>• properly completed warehouse receipt</li> <li>• if applicable, CCC-691 for the commodity subject to the settlement</li> <li>• documentation required to complete the transaction.</li> </ul>
payments that are the subject of an ongoing judicial action, including when the payee has filed for bankruptcy	after judicial action is completed.

C Paying Prompt Payment Interest

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

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

36 Returning Unnegotiated Treasury Checks

A Returning Unnegotiated Loan Treasury Checks

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

\*--

IF all unnegotiated Treasury checks for...	THEN...
a loan disbursement are returned to the County Office and no repayments have been made on the loan	cancel the loan as follows: <ul style="list-style-type: none"> <li>• use the correct a loan process, according to 12-PS, to remove the loan making transaction; a receivable will automatically be created in NRRS</li> <li>• send the Treasury check to Kansas City according to 1-FI and request a new check made payable to CCC</li> <li>• apply the check, made payable to CCC, to the receivable.</li> </ul> <p><b>Note:</b> LDP may be made on the quantity originally requested on the canceled loan, if eligibility requirements are met and requests are made within the applicable crop year final loan availability period.</p>
a loan disbursement are <b>not</b> returned to the County Office	<ul style="list-style-type: none"> <li>• use the correct a loan process, according to 12-PS, to remove the loan making transaction; a receivable will automatically be created in NRRS</li> <li>• NRRS will notify producer of the receivable amount owed CCC</li> <li>• when producer pays amount owed, apply to receivable</li> <li>• do <b>not</b> release <b>any</b> collateral until receivable is repaid.</li> </ul>

--\*

36 Returning Unnegotiated Treasury Checks (Continued)

A Returning Unnegotiated Loan Treasury Checks (Continued)

\*--

IF all unnegotiated Treasury checks for...	THEN...
LDP are returned to the County Office, processed through eLDP or APSS	<ul style="list-style-type: none"> <li>• use the correction process to cancel LDP; a receivable will automatically be created in NRRS</li> <li>• request a replacement check according to 1-FI and apply to the receivable in NRRS according to 64-FI.</li> </ul> <p><b>Notes:</b> The same LDP quantity may <b>not</b> be pledged as collateral for a loan; however, if the producer later requests another LDP for the same LDP quantity, an LDP would be made as follows:</p> <ul style="list-style-type: none"> <li>• is within the final loan availability period</li> <li>• for the original LDP quantity</li> <li>• at the same LDP rate in effect for the date the original LDP was requested.</li> </ul>
LDP, processed through eLDP or APSS, are <b>not</b> returned to the County Office	use the correction process to cancel LDP; a receivable will automatically be created in NRRS.

--\*

**37 State Office Reporting System (SORS)****A Individual Report Availability**

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

- LDP's
- MAL's.

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

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

**B Activity Reports**

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

**38, 39 (Reserved)**

**202 Delinquent Federal Nontax Debtor (Continued)****D Delinquency Resolution**

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

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

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

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

**202 Delinquent Federal Nontax Debtor (Continued)****E Additional Information About Delinquent Federal Nontax Debt**

This example represents a farm program delinquent debt.

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

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

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

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

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

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

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

## 202 Delinquent Federal Nontax Debtor (Continued)

## F DCIA Questions and Answers (Continued)

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

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

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

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

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

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

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

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

**203 Eligible Foreign Person**

**A Foreign Person Eligibility**

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

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

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

“For MAL and LDP purposes only.”

**B Handling Disbursements Involving an Ineligible Foreign Person**

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

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

**204 Eligible CMA’s**

**A Approved CMA’s**

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

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

**B Determining Producer Eligibility**

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

## 225 Eligible Commodities (Continued)

**D Established STC Maximum Acceptable Moisture Level**

STC shall:

- establish maximum acceptable moisture levels for all harvested commodities listed in paragraph 225 that are applicable for the State
- annually review the maximum acceptable moisture levels to assess CCC's risk.

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

**E Commodities Exceeding Maximum STC Moisture Levels**

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

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

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

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

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

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

**Note:** See paragraph 1210.

225 Eligible Commodities (Continued)

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

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

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

**H Low Quality Commodities**

Low quality commodities include:

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

Low quality commodities:

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

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

- must be repaid at principal plus interest
- that are delivered to CCC in settlement of a nonrecourse outstanding loan, have a settlement rate of zero.

**I Subsequent Crops**

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

## 230 Eligible Quantity (Continued)

**F Using Price Support Queries**

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

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

**G Questionable or Commingled Production**

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

•\*--up to 10 percent:

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

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

Denials will automatically be referred to COC.

• more than 10 percent:

- producer shall provide a statement of reasonableness considering for things, such as farming practices and prior year's production
- COC will make a determination to approve or deny the request based on comparable farm yields and farming practices in the area.

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

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

**230 Eligible Quantity (Continued)****G Questionable or Commingled Production (Continued)**

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

- for loans, in CCC-666, item 19 B, "Remarks" section
- for LDP's, on applicable CCC-633 EZ page as follows, in the "Additional Information" section:
  - page 2, item 32
  - page 3, item 56
  - page 4, item 86.--\*

**H Determining Ineligible Quantity**

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

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

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

**233 Loans Ineligible for Delivery or Forfeiture**

**A Ineligible for Delivery or Forfeiture**

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

- recourse loan

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

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

**B COC Notification to Producer**

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

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

233 Loans Ineligible for Delivery or Forfeiture (Continued)

C Action for Nonpayment

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

<b>IF the loan is...</b>	<b>THEN...</b>
<p><b>recourse</b> farm- or warehouse-stored</p>	<ul style="list-style-type: none"> <li>• begin foreclosure proceedings according to paragraph 866 and Part 8, Section 4 for provisions for:                             <ul style="list-style-type: none"> <li>• selling warehouse receipts</li> <li>• completing a local sale</li> </ul> </li> <li>• use the sales price as the value of the commodity</li> <li>•*--follow Exhibit 11, subparagraph A, “recourse loan”.--*</li> </ul>
<p><b>nonrecourse</b> warehouse-stored</p>	<ul style="list-style-type: none"> <li>• transfer the loan to a farm-stored loan according to 12-PS</li> </ul> <p><b>Note:</b> See Part 8 for provisions for:</p> <ul style="list-style-type: none"> <li>• selling warehouse receipts</li> <li>• completing a local sale.</li> </ul> <ul style="list-style-type: none"> <li>• determine the value of the commodity according to the schedules of premiums and discounts according to the applicable 2-LP</li> <li>• record the local sale settlement according to 12-PS.</li> </ul>

**233 Loans Ineligible for Delivery or Forfeiture (Continued)****D Insufficient Value or Excess Sales Price**

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

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

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

**234 Second Party Reviews****A Reviews**

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

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

**B Approving Reviews**

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

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

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

**235 Commodities From ACRE-Elected Farms****A Commodities Harvested from ACRE-Elected Farms**

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

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

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

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

Warehouse stored ACRE commodities require separate warehouse receipts.

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

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

**235 Commodities From ACRE-Elected Farms (Continued)****\*--B Examples of Determining ACRE-Elected Rate for MAL's**

MAL loan rate for county is \$6.

ACRE MAL loan rate is \$4.20 ( $\$6 \times 30 \text{ percent} = \$1.80$ ;  $\$6 - \$1.80 = \$4.20$ )

**Example 1:** Announced PCP is \$5.50 (never reduced).

Because the announced PCP (\$5.50) is greater than the ACRE MAL loan rate (\$4.20), there is no market gain payment allowed. Loan **must** be repaid with principal plus interest.

**Example 2:** Announced PCP is \$4 (never reduced).

Reduced ACRE MAL loan rate of \$4.20 - announced PCP of \$4 = \$.20 market gain.

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

MAL loan rate for county is \$6.

ACRE MAL loan rate is \$4.20 ( $\$6 \times 30 \text{ percent} = \$1.80$ ;  $\$6 - \$1.80 = \$4.20$ ).

**Example 1:** Announced PCP is \$4 (never reduced)

Effective ACRE LDP Rate is \$.20 ( $\$4.20 - \$4 = \$.20$ ).

LDP payment on 10,000 Bu. =  $10,000 \text{ Bu.} \times \$.20 = \$2,000$ .

**Example 2:** Announced PCP is \$4.50 (never reduced).

Effective ACRE LDP Rate is \$.20 ( $\$4.20 - \$4.50 = \$ 0$ ).

No LDP on ACRE-elected production.--\*

**236-299 (Reserved)**



**321 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
  - ~~issue demand letter according to Exhibit 11, subparagraph A, “farm-stored nonrecourse loan” and “warehouse nonrecourse loan”~~
  - handle delivery in the normal manner
  - record settlement according to 12-PS.
- recourse loan:
  - ~~follow local sale procedures according to Part 8 and Exhibit 11, subparagraph A, “recourse loan” and “distress loan”~~
  - transfer loan from APSS using the “Transfer to Claims” option in 12-PS
  - establish a receivable in NRRS according to 64-FI to match the amount on the Transfer to Claims Report
  - issue announcement of sale according to paragraph 858
  - apply sales proceeds to the NRRS-established receivable.

**D Deducting Storage Charges**

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

APSS will determine storage charges:

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

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

**321 Loans Called Before Maturity (Continued)****E Additional Action**

If the loan has not been liquidated by repayment or delivered by the specified final date, County Offices shall take steps to acquire the commodity by foreclosure according to paragraph 866.

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

**322 Loan Collateral Storability Questioned****A Producer's Responsibility**

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

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

**B Action When Collateral Storability Is Questioned**

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

- immediately spot-check the commodity
- draw samples of the commodity to verify the condition
- notify the producer of **all** of the following:
  - condition of the collateral, using the letter in Exhibit 11, subparagraph M
  - if the condition of the collateral can be corrected, to correct the problem within 30 calendar days
  - if the condition of the collateral **cannot** be corrected, the loan shall be called according to paragraph 321.

**Part 4 Violations****Section 1 General Provisions****400 Producer Liability****A Liability**

When a producer obtains a commodity loan or requests LDP, the producer agrees:

- to the terms and conditions, when signing CCC-633 EZ, CCC-666, CCC-677, or CCC-678
- **not** to do either of the following:
  - provide an incorrect certification of the quantity or make any fraudulent representation, including misrepresentation, of the eligibility of a commodity
  - remove or dispose of a quantity of a commodity pledged as collateral for CCC commodity farm-stored loan without prior COC approval.

See Exhibit 2 for definitions of types of violations, as applicable.

**B Violating Terms and Conditions**

Violation means the breach of any of the terms and conditions of the loan or LDP agreement, which includes the regulations by reference. Any discrepancy in the loan collateral whether or **not** within tolerance may be considered a violation.

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

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

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

See subparagraphs C and D for COC and County Office action.

400 Producer Liability (Continued)

C Guide for Handling Violations

Review Part 4, Section 2 about violations.

Item	Action
1	<p><b>Verifying Discrepancy:</b> Complete a second party review of the test weight and pack factors and the calculations on the CCC-677-1 according to Exhibit 15.</p> <p><b>Note:</b> It is important that spot checks are performed and required actions taken when a discrepancy is discovered.</p>
2	<p><b>Initial Notification:</b> If a violation is suspected or determined to have occurred, the county office must send the letter in Exhibit 11, subparagraph N, notifying the producer of the worst case scenario (no good faith, calling loan, liquidated damages, denial of farm-stored loans).</p> <p><b>Notes:</b> If the producer is in bankruptcy status, contact your State Office before sending letters.</p> <p>If the violation involves COC member, refer the case to STC.</p>
3	<p><b>COC Determinations:</b> COC shall determine the type of violation the earlier of:</p> <ul style="list-style-type: none"> <li>• 30 calendar days after the notification letter or</li> <li>• after the producer responds.</li> </ul> <p>If COC determines the violation to be incorrect certification or unauthorized removal, they may determine whether:</p> <ul style="list-style-type: none"> <li>• the producer acted in good faith according to STC guidelines (paragraph 412)</li> <li>• liquidated damages should be reduced or waived (paragraphs 412 and 413)</li> <li>• future farm-stored loans should be denied and for how long (paragraph 414).</li> </ul> <p><b>Notes:</b> If the producer fed, sold or lost beneficial interest in the commodity, the violation shall be considered unauthorized disposition.</p> <p>If unauthorized disposition is determined, COC shall <b>not</b> make a determination of good faith/no good faith or take any other administrative action until</p> <p>*--authorized by the State Office. Follow subparagraph D and paragraph 413.--*</p>

**504 Lien Searches****A General Information**

[7 CFR 1421.104] Lien searches shall be performed in the appropriate recording official's office according to State law for:

- \*--all loan requests that meet the criteria in subparagraph B, **except** loans made to CMA's, DMA's, and LSA's, according to subparagraph D--\*
- warehouse-stored collateral transferred to farm storage.

**Note:** Lien searches are **not** required for Federal and State tax liens or judgments; however, if the office is notified of either, then a search for Federal and State tax liens is **required**.

For multi-county producers, the loanmaking County Office shall perform or obtain lien searches at the appropriate location according to State law.

Contact the regional attorney, through the State Office:

- when assistance or advice is needed
- for assistance when any of the following conditions apply:
  - producer has farming operations in more than 1 State
  - commodity is stored in another State
  - commodity is moved to another State during the loan period.

504 Lien Searches (Continued)

**B Criteria for Performing Lien Searches and File UCC-1's**

County Offices shall perform lien searches and file UCC-1's according to the following.

Loan Amount / Loan Type	Perform Lien Searches		UCC-1 or Applicable Financing Statement	
	Yes	No	Yes	No
<b>&lt; \$50,000</b>				
Farm-Stored		X	X	
Warehouse-Stored		X		X
<b>= or &gt; \$50,000</b>				
Farm-Stored	X		X	
Warehouse-Stored	X			X

**Note:** If performing lien searches is a free service provided through the State, lien searches may be performed on all loans regardless of the dollar amount.

County Offices shall perform lien searches and perfect the security interest, regardless of the loan amount, if **any** of the following applies:

- producer is, at the time of the loan request, either of the following:
  - involved in a bankruptcy
  - under investigation by OIG
- producer committed a MAL/LDP violation in the current or preceding crop year
- CCC is notified by the producer, lending institution, or lienholder that a lien exists on the commodity
- aggregate loan principal for the crop year will equal or exceed \$50,000
- **STC required** additional search actions.

**Note:** County Offices shall file applicable UCC-1's required by State law, to protect CCC's security interest according to paragraph 521, regardless of MAL principal.

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

APSS was enhanced to **not** require filing dates of UCC-1's for loans less than \$50,000. County Offices are instructed to enter the date UCC-1 was filed in the "UCC-1 or Chattel Mortgage Filing Date" field on Screen PLA13005 for **all** loans.

**504 Lien Searches (Continued)****D When to Perform Lien Searches**

Lien searches shall be performed:

- **after** the loan request is filed and **before** the loan is approved and disbursed
- when collateral for a warehouse-stored loan is transferred to farm storage according to paragraph 617.

\* \* \*

Do **not** perform the lien searches **before** requests are filed.

Advise producers that loans **cannot** be disbursed until lien searches are completed and necessary CCC-679's are obtained according to paragraph 505.

**E Action After Lien Searches Are Performed**

When lien searches are completed, County Offices shall:

- file results of searches in applicable loan folders
- **before** loan disbursement, **require** producers to provide CCC-679's according to paragraph 505, for each lienholder discovered on lien search.

**\*--F CMA, DMA, and LSA Responsibilities**

CMA's, DMA's, and LSA's shall be reminded of their responsibility to pledge eligible commodities for CCC loan free of any liens based on their respective financial agreement.

If CMA, DMA, or LSA has pledged the commodity offered or to be offered for loan to obtain a line of credit, CMA, DMA, or LSA shall provide CCC-679 that is:--\*

- completed according to subparagraph 505 D
- signed by the applicable lending institution.

**G Paying Lien Search Fees**

Issue payment using the online payment web-based application for the lien search fees.

**504 Lien Searches (Continued)****H Lien Search and Filing Fees Paid by Producers**

Producers may pay for lien search and filing fees with a negotiable document made out to the applicable recording office using checks, cashier's checks, or money orders.

The producer is responsible for any charges resulting from insufficient funds for returned checks. If payment is made by cashier's check or money order, the producer is responsible for the applicable service fees. Producer-paid charges shall **not** be deducted from the loan proceeds.

**Note:** County Offices shall advise producers that paying the lien search and filing fees may decrease the lag time between a loan request and loan disbursement, but does not guarantee faster fund disbursement.

County Offices shall continue to process UCC-1's in the normal manner and attach the producer's check to UCC-1 when submitting UCC-1 for filing.

**505 CCC-679's****A Obtaining CCC-679's**

\*--CCC-679's shall be obtained by the producer or CMA, DMA, or LSA, as follows:--\*

- **before** loan disbursement
- if liens or encumbrances are recorded, include CCC-679's from FSA FLP representatives
- even if the liens or encumbrances will be satisfied from the loan proceeds

\* \* \*

- if **actual** notice is received from a lienholder
- for IRS Federal tax liens, if the producer certifies that the lien exists.

CCC-679's are **not** required for unrecorded liens **unless** the County Office has received actual notice of a lien from the lienholder.

\*--**Note:** Notice of Levy received from IRS is considered evidence of a lien; therefore, CCC-679 **must** be sent to IRS.

CCC-679 shall be obtained from CMA, DMA, or LSA, according to 1-CMA, when CMA, DMA, or LSA informs the County Office that a lien is present.

**Note:** Lienholder may sign CCC-679 and FAX to the County Office.--\*

505 CCC-679's (Continued)

**A Obtaining CCC-679's (Continued)**

\*--CCC-679's can be submitted by producers or CMA's, DMA's, and LSA's at the beginning--\* of a crop year. After CCC-679 is obtained for the first loan made for a specific crop year, the same CCC-679 may be used for all subsequent loans made for the specific crop, if CCC-679 is applicable for "all" the quantity on specified farms, including "all" farms. However, a lien search shall be performed for all loan requests according to paragraph 504.

**Note:** Producers are responsible to provide completed CCC-679's before loan disbursements. Under **no** circumstances should County Offices initiate the loan disbursement process without producers providing applicable CCC-679's or until County Office has completed the lien search according to this paragraph.

**B Completing CCC-679's for Producers**

County Offices shall complete:

- CCC-679 according to this table
- item 5, block (c), if applicable, according to subparagraph C.

Item	Instructions
1A-C	Enter county name, address, telephone, and FAX.  *--Notes: More than 1 County Office can be listed in item 1A.  If producer farms in more than 1 county, a county with a signed CCC-679 may, if requested, FAX CCC-679 to the other County Office to use, <b>if</b> the crop year and commodities listed in items 3 and 4 are correct. It is <b>not</b> necessary for the other County Office to obtain another CCC-679 from the lienholder if the crop year and commodities are correct.--*
2	Enter producer name and address. If lienholder has UCC-1 filed for both the borrower and spouse, enter both names.
3	Enter crop year.
4	Enter commodity. More than 1 commodity may be listed. Enter each commodity.  <b>Example:</b> Enter, "Corn, Soybeans, Wheat" or "All".
5	Lienholder <b>must</b> indicate how the monetary proceeds are to be distributed by entering a check (✓) in 1 of the boxes provided. See subparagraph C to complete item 5, block (c).
6	Enter lienholder's or authorized agent's name and address.
7A-C	Lienholder identified in item 6 <b>must</b> sign and date CCC-679.

\*--Notes: Signed and dated CCC-679 may be faxed to the applicable County Office.

For producers who farm in more than 1 county, signed and dated CCC-679 may be FAXed to the other County Offices.--\*

505 CCC-679's (Continued)

B Completing CCC-679's for Producers (Continued)

The following is an example of CCC-679 for producers.

<p><b>This form is available electronically.</b></p> <p><b>CCC-679</b> U.S. DEPARTMENT OF AGRICULTURE (04-07-10) Commodity Credit Corporation</p> <p style="text-align: center;"><b>LIEN WAIVER</b></p>			<p>1A. County Name and Address (Including Zip Code) Any County FSA Office 900 Any RD Town, ST 99999-9999</p>
			<p>1B. County Office Telephone Number (Including Area Code) 999-999-9999</p>
			<p>1C. County Fax Number (Including Area Code) 999-999-9999</p>
<p>2. Name and Address of Producer (Including Zip Code)  Able Farmer 9999 Any RD Town, ST 99999-9999</p>	<p>3. Crop Year  2010</p>	<p>4. Commodity  Wheat</p>	
<p><b>NOTE:</b> The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1421, 7 CFR Part 1427, 7 CFR Part 1435, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to determine eligibility for program benefits. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for program benefits.</p> <p>The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. <b>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</b></p>			
<p>5. The undersigned is the holder of a lien on the commodity identified above. In order for the producer identified above to pledge such commodity as collateral for a Commodity Credit Corporation ("CCC") loan, with respect to CCC only, the undersigned waives all interest in, and title to, such commodity. The undersigned agrees that the proceeds of the loan shall be disbursed (lienholder must check one of the following):</p> <p>(a) <input checked="" type="checkbox"/> To the producer.</p> <p>(b) <input type="checkbox"/> Jointly to the producer and the undersigned lienholder.</p> <p>(c) <input type="checkbox"/> Jointly to the producer and the undersigned lienholder, less (1) \$ _____ administrative offset as of (2) _____ (Date) and charges due (3) _____.</p>			
<p>6. Name and Address of Lienholder or Authorized Agent  Farmer Credit 100 Any RD Town, ST 99999-9999</p>			
<p>7A. Lienholder Signature (By)  /s/ I.M. Banker</p>	<p>7B. Title/Relationship (of the Individual Signing in the Representative Capacity) Vice President</p>	<p>7C. Date 10-10-20XX</p>	
<p>7A. Lienholder Signature (By)</p>	<p>7B. Title/Relationship (of the Individual Signing in the Representative Capacity)</p>	<p>7C. Date</p>	
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).</small></p> <p><small>To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.</small></p>			

## Section 2 Farm-Stored Loans

## 520 Nonrecourse Loan Requests and Loan Rates

## A Requesting Farm-Stored Loans

[7 CFR 1421.105] When requesting farm-stored loans, producers shall:

- for certified loans, certify the quantity in farm storage on CCC-666 according to paragraph 524
- for measured loans:
  - complete CCC-666 according to paragraph 524
  - request measurement service according to paragraph 525 and Exhibit 15.

## B Loan Rates

Use the loan rate for the county where the commodity is stored to calculate the loan amount for certified or measured farm-stored loans according to paragraph 506.

## C Adjusting Loan Rate

Adjust the base county loan rate for the following:

- commodities harvested as other than grain, **except** silage and hay (subparagraph D)
- contaminated commodities (subparagraph E)
- low quality or sample grade commodities (subparagraph F).

**Note:** The loan rate for commodities harvested from ACRE-elected farms **must** be adjusted according to Part 2, Section 2.

## D Loan Rate for Commodities Harvested as Other Than Grain

For certified or measured farm-stored loans on commodities harvested as other than grain, the loan rate shall be 30 percent of the loan rate for the county where the commodity is stored to calculate the loan amount. Silage and hay are **not** eligible for a MAL.

**520 Nonrecourse Loan Requests and Loan Rates (Continued)****E Contaminated Commodities**

For contaminated commodities, the loan rate shall be 10 percent of the loan rate for the county where the commodity is stored to calculate the loan amount for certified or measured farm-stored loans exceeding acceptable contaminate levels according to paragraph 231.

**F Low Quality Commodities**

For low quality commodities, including commodities with a test weight falling on the additional schedule of discounts in 2-LP Grain and Oilseeds, the loan rate is 20 percent of the applicable base county loan rate; no other discounts will be applied to the nonrecourse loan \*--disbursed at the reduced loan rate except for the 30 percent acre reduction, if applicable.--\*

**G Premiums and Discounts**

For 2009 through 2012 crop years, premiums and discounts will **not** apply for all eligible \*--commodities at loan disbursement, **except** for peanut and cotton MAL's; however,--\* premiums and discounts will apply if the eligible loan commodities are forfeited and delivered to CCC and any deficiency **must** be repaid to CCC.

**H Adjustments to Loan Rate After Forfeiture or Settlement**

\*--Except for peanuts and cotton, loan rates will be adjusted to reflect applicable premiums--\* and discounts and/or storage charges owed to CCC at the time of recording the forfeiture or settlement.

## 521 Filing UCC-1's

### A UCC Article 9 Revision

All States have adopted the revision to UCC Article 9. One of the key changes included centralizing the electronic filing of most security interests for States without a pre-existing centralized filing system. However, as States transition to a centralized, electronic UCC filing and recording system, the means by which UCC-1's are filed and paid for may vary from State to State. State Offices shall:

- continue to follow the regional attorney's advice
- request, from PSD, isolated exceptions to policy in this paragraph based on the following:
  - written direction or recommendations from the regional attorney
  - PSD concurrence.

**Example:** The regional attorney advises that filing UCC-1 without a loan applicant's signature negates the double jeopardy protection afforded secured lenders by certain State laws according to Pub. L. 99-198, Section 1324. In this case, upon PSD concurrence, the State Office may direct County Offices to continue **requiring** that a loan applicant sign UCC-1, as advised by the regional attorney.

### B Applicability

County Offices shall file applicable UCC-1's required by State law to protect CCC's security interest after CCC-10 is obtained:

- for all farm-stored loans \* \* \*
- for warehouse-stored loan collateral transferred to farm storage
- immediately after the lien search and **before** loan disbursement so there can be no intervening security interests filed; obtain CCC-679 to ensure CCC's first lien position.

**Note:** If UCC-1 has previously been filed, ensure UCC-1 will **not** lapse **before** loan maturity.

521 Filing UCC-1's (Continued)

C Where to File UCC-1's

Generally, UCC-1's are filed in the State where, in the case of an:

- individual, the individual resides
- organization or entity, the organization or entity is registered.

**Note:** See paragraph 502 to determine the UCC filing location based on CCC-10 data.

UCC-1 filing location is **not** based on the location of the commodity, as shown in this table.

<b>IF...</b>	<b>THEN, unless otherwise advised by the regional attorney...</b>
commodity is stored in: <ul style="list-style-type: none"> <li>• multiple counties within the same State</li> <li>• a State different from the producer's principle residence</li> </ul>	file UCC-1 in the State having jurisdiction according to the current CCC-10.
farm-stored loan collateral is moved to another State for storage after perfecting the lien	no additional UCC-1 is filed because the lien is still perfected.

524 Completing and Distributing CCC-666's

A Completing CCC-666's

Complete CCC-666 according to this table.

Item	Instructions
1	Enter County Office's name, address, and telephone number.
2	Enter applicable information. For joint loans, enter all producers' names and addresses.
3	Enter location or legal description where commodity is stored.
4	Enter crop year of commodity.
5	Enter commodity.
6	Enter type of loan collateral, if applicable. Indicate if corn is cracked, rolled, or crimped.
7	Enter State and county codes and loan number applicable to the County Office disbursing the loan.
8	Ask producer if there are liens on the commodity. If there are: <ul style="list-style-type: none"> <li>• lienholders, enter lienholder's name and address for each producer</li> <li>• <b>no</b> lienholders, producer shall ENTER "<b>none</b>" and initial the entry.</li> </ul>
9	Enter farm number or numbers where the commodity for the loan was produced.
10	If designated by producer, enter other payee information, including amounts.
11	Enter County-Office assigned seal numbers for each storage structure containing loan collateral. <p><b>Note:</b> Producer-assigned bin numbers may be used instead of County Office-assigned seal numbers. Record the applicable producer or County Office-assigned bin/seal numbers on CCC-683.</p>

524 Completing and Distributing CCC-666's (Continued)

A Completing CCC-666's (Continued)

Item	Instructions
12	Enter description of structure and location.  <b>Example:</b> "Round steel bin next to barn."
13	Enter class, variety, or type of commodity.
14	Enter basis for producer's quantity determination, such as producer measurements, scale tickets, FSA measured loan requested, etc.  <b>Notes:</b> County Offices <b>must</b> be satisfied that the producer's basis for quantity determined is acceptable.  Do <b>not</b> accept manufacturer's rated capacity of the structure as a determination of certified quantity.  County Offices shall complete measured loan requests according to paragraph 525.
15	Enter producer's certification of quantity in structure, as determined from entries in item 14. Enter total of entries at bottom of column.
16	Enter quantity in structure that is eligible for loan. Entry shall <b>not</b> exceed quantity in item 15. Enter total of entries at bottom of column.  <b>Note:</b> For measured loans. in item 19 B, County Offices shall ENTER, "See FSA-409 and CCC-677-1".
17	Enter quantity for loan (paragraph 528). Enter total of entries at bottom of column.  *--Enter moisture content certified by the producer for excess moisture or HM--* commodities in item 19 B.

525 Measurement Service for Loans or LDP's (Continued)

**D Commodity Inspector Responsibilities**

Commodity inspectors shall follow the steps in this table when measurement service has been requested.

Step	Action
1	<p>Measure commodity stored in all structures that may be safely accessed that will be included in the disbursement.</p> <p>To ensure accurate measurements, if the commodity is not level:</p> <ul style="list-style-type: none"> <li>• record depth of commodity from several places in the storage structure</li> <li>• use the average measurements for entries on CCC-677-1.</li> </ul> <p>Commodity inspectors shall <b>not</b> measure any commodity stored in a structure that is not safe to measure.</p>
2	<p>Check the commodity and structures, as applicable, for any of the following conditions:</p> <ul style="list-style-type: none"> <li>• insect infestation</li> <li>•*--heating because of excess moisture--*</li> <li>• rodent or other animal or bird damages</li> <li>• structural damage.</li> </ul> <p>Record on CCC-677-1, "Remarks" section, any factors that could affect storability or quality of the commodity.</p>
3	<p>Draw a representative sample, using the method according to 5-LP, with a standard grain probe from varying depths of the commodity throughout all storage structures that will be included in the disbursement.</p> <p><b>Note:</b> Do <b>not</b> obtain sample solely from the surface of the stored commodity.</p>

525 Measurement Service for Loans or LDP's (Continued)

D Commodity Inspector Responsibilities (Continued)

Step	Action
4	Use sample to determine whether the commodity is eligible for recourse or nonrecourse loan or for LDP.  <b>Note:</b> Quality determinations shall be made for the following: <ul style="list-style-type: none"> <li>• grade, based on test weight</li> <li>• test weight</li> <li>• moisture when moisture level is greater than STC level.</li> </ul>
5	Complete CCC-677-1 according to Exhibit 15.

E County Office Responsibilities

Before disbursing loans or LDP's, County Offices shall follow these steps after measurement service has been completed.

Step	Action
1	Review all entries and calculations of quantity on CCC-677-1 and notate any comments entered by the commodity inspector.  Refer loan or LDP application information to COC for review if there: <ul style="list-style-type: none"> <li>• are comments from the commodity inspector about the adequacy of the storage structure or storability of the commodity</li> <li>• is reason to question quantity eligibility.</li> </ul>
2	Enter measurements through APSS according to 12-PS. The quantity in the storage structure will be calculated by APSS from the measurements entered.  Manual calculations are required before entry into APSS for the following: <ul style="list-style-type: none"> <li>• inverted cone when a pit measurement</li> <li>• pit calculation when a peak measurement</li> <li>• quality factors to determine the applicable loan rate for recourse warehouse-stored grain processed as farm-stored loans in APSS.</li> </ul>

**528 Quantity Determinations****A Maximum Quantity**

The loan quantity for certified or measured farm-stored loans shall **not** exceed 100 percent of the eligible quantity certified by the producer.

For maximum quantity limitations for:

- distress loans, see paragraph 1220
- acquired commodities applicable to recourse loans for commodities exceeding the maximum STC moisture levels, see paragraph 1121.

The quantity for measured loans may be based on either of the following:

- measured quantity determined according to paragraph 525
- a quantity that was previously determined by measurement for other program purposes, such as disaster determinations, when COC:
  - has no reason to believe any commodity has been removed
  - determines the commodity is in storable condition
  - documents these facts in the COC minutes.

The mortgaged quantity shall be the loan quantity.

528 Quantity Determinations (Continued)

**B When to Conduct Moisture Tests**

Conduct moisture tests according to the following.

IF...	THEN...
there is reason to believe the moisture exceeds the standard level applicable to the commodity	field representatives shall draw samples for moisture testing when completing: <ul style="list-style-type: none"> <li>• spot checks on farm-stored commodities</li> <li>• measurement service.</li> </ul>
moisture problems are known to exist	<ul style="list-style-type: none"> <li>• COC's may direct field representatives to draw samples for moisture testing</li> <li>• STC's may direct COC's to require moisture testing in 1 or more counties.</li> </ul>
	County Offices shall determine the moisture content for: <ul style="list-style-type: none"> <li>• certified loan and LDP requests made in designated areas</li> <li>• measurement service requests</li> <li>• all spot checks.</li> </ul>

**\*--C Applying Shrink Factor for Excess Moisture--\***

When moisture level is determined, adjust the certified or measured quantity as follows:

- for oilseeds, **except** soybeans, 1.1 times each percent or fraction thereof over the standard moisture percentage in 2-LP Grains and Oilseeds
- for all other commodities, including soybeans, 1.3 times each percent or fraction thereof over the standard moisture percentage in the applicable 2-LP.

See shrink factors in Exhibit 12, as applicable. The factors in Exhibit 12, page 1, are the factors for APSS.

## 536 General Warehouse Policy (Continued)

**C UGRSA Required for States Without an Operating Warehouse Licensing Program**

For MAL loanmaking purposes, non-Federally licensed warehouse operators in the following States that do **not** have an operating warehouse licensing program, who are interested in providing storage services for commodities with CCC's interest, are **required** to execute UGRSA with CCC for MAL purposes:

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

**537 Obtaining CCC Warehouse Code in States With an Operating Warehouse Licensing Program**

**A County Office Responsibilities**

For States listed in subparagraph 536 B, County Offices shall do the following:

- determine licensing status of all warehouses used by producers in the county by accessing [https://saltlake.sc.egov.usda.gov/approved\\_whses/ugrsa/approved\\_ugrsa\\_whses.asp](https://saltlake.sc.egov.usda.gov/approved_whses/ugrsa/approved_ugrsa_whses.asp)

<b>IF the warehouse...</b>	<b>THEN...</b>
has a State license and an assigned CCC warehouse code	State Office determines whether the warehouse is in good standing and if good standing is confirmed, proceed as normal
is <b>not</b> listed on the web site in this subparagraph	obtain the following from the warehouse and provide to WLED, SCB, through the State Office: <ul style="list-style-type: none"> <li>• warehouse name</li> <li>• location</li> <li>• point of contact</li> <li>• phone number</li> <li>• State licensing number</li> <li>• capacity</li> <li>•*--FAX number</li> <li>• e-mail address.--*</li> </ul>

- verify that no duplication of loan benefits occurs, when the warehouse is also a producer, on the same commodity that may already be erroneously under farm-stored loan.

**B State Office or Designee Responsibilities**

State Office shall develop, establish, and implement Statewide policy by working with the State licensing authority to assist County Offices to do the following:

- determine good standing status of warehouses
- identify warehouse structures approved under the State licensing authority
- identify when a warehouse changes name and/or ownership
- obtain KC-350 (Grain) or KC-350 (Oilseed), if applicable.

**Note:** See subparagraph 536 B.

**540 Requesting Warehouse-Stored Loans**

**A Warehouse Receipts**

[7 CFR 1421.106] When requesting warehouse-stored loans, producers shall present acceptable warehouse receipts from an authorized warehouse, as specified in subparagraph 535 B.

See 2-LP Grains and Oilseeds for commodity specific warehouse receipt requirements.

**B Warehouse-Stored Quantity**

Warehouse-stored loans stored in an approved warehouse will be limited to 100 percent of the eligible net weight specified on the warehouse receipt or, if applicable, KC-350 (Grain) or KC-350 (Oilseed).

If the quantity on the receipt represents eligible and ineligible quantities, require the producer to obtain a receipt representing only the eligible quantity.

Any cost for replacement receipts shall be at the producer's expense.

**C Commodity Loan Eligibility**

To be eligible for CCC commodity loan, the quantity and quality of grain represented by a warehouse receipt must reflect the commodity produced and delivered by the producer.

540 Requesting Warehouse-Stored Loans (Continued)

**D Loan Rates**

\*--CCC will **not** adjust loan rates for warehouse-stored loans using premiums and discounts at loanmaking for any commodities **except** cotton and peanuts. Follow PS directives, 7-CN, and 12-PS for applicable software instructions.--\*

Use the loan rate for the county where the commodity is stored **except** for situations covered in this table.

<b>IF the commodity is warehouse-stored and...</b>	<b>THEN use the loan rate...</b>
stored in a warehouse operating under a merged code agreement	for the location to which the producer delivered the commodity.  The warehouse receipt issued under merged warehouse code agreements <b>must</b> show the location and county to which the commodity was delivered.
represented by a warehouse receipt indicating the “grain covered by this receipt has been redeposited”	where the receipt is issued.  The commodity is considered stored at the original point of delivery.
physically moved to the warehouse location indicated on the warehouse receipt	where the receipt is issued.  The commodity is eligible because the commodity was physically moved to the location on the warehouse receipt.

The loan rate shall be adjusted according to subparagraphs 520 C through H.

**540 Requesting Warehouse-Stored Loans (Continued)****E Handling Charges**

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

- a warehouse-stored loan will be disbursed for the commodity
- recording a settlement of a forfeited farm-stored loan.

Acceptable documentation includes either of the following:

- prepaid in-handling charges recorded directly on the warehouse receipt
- certification signed by the warehouse operator with the following language:

“Arrangements for the payment of all in-handling charges have been made by the depositor of the commodity covered by the receipts numbers (*insert receipt numbers*). No lien will be asserted by the warehouse operator against Commodity Credit Corporation or any subsequent holder of the warehouse receipt for in-handling charges.”

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

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

Other references for offsets are found in paragraphs 30, 547, and 548.

**F Storage Charges**

Do not require producers to prepay storage charges. However, the producer must make arrangements for storage charges through the maturity date of the warehouse-stored loan.

Keep proof of prepaid storage in the producer's loan folder.

## 540 Requesting Warehouse-Stored Loans (Continued)

**G Storage Not Paid Through Maturity of Loan**

If the warehouse receipt does **not** show the storage has been paid through maturity of the loan, the warehouse operator shall provide either of the following:

- an endorsement prepared and signed by the warehouse operator on the warehouse receipt or applicable KC-350 (Grain) or KC-350 (Oilseed) indicating storage charges have been prepaid through maturity
- an attached statement cross-referenced to the warehouse receipt.

**Example:** “Storage arrangements have been made by the depositor of the grain covered by this receipt through (date through which storage has been provided). No lien will be asserted by the warehouse operator against CCC or any subsequent holder of the warehouse receipt for the storage charges that **\*--accrued before the date forfeited to CCC.\*--\***”

**Note:** Do **not** disburse the loan if the warehouse operator fails to provide an endorsement **or** a statement.

The County Office shall reduce the loan rate to reflect storage through maturity date of the loan, **only** if the loan is forfeited and storage charges had not been prepaid through maturity.

**Note:** County loan rates will no longer be reduced at loanmaking to account for unpaid storage charges through maturity.

If a reduction is made, the reduction is computed through APSS by multiplying the daily storage rate times the number of days; round the result to the nearest tenth of a cent.

The number of days is determined by the later of the following dates through the maturity date:

- date the commodity was received in the warehouse
- date storage charges started
- date from which storage was provided.

**\*--Note:** For policy on peanuts, see applicable LP and PS notices.--\*

**546 KC-350, Warehouse Operator's Supplemental Certificate**

**A Attaching KC-350 to Warehouse Receipt**

A warehouse receipt requiring KC-350 shall have the applicable KC-350 attached to the warehouse receipt.

Entries on KC-350 (Grain) or KC-350 (Oilseed) supersede entries on the warehouse receipt.

See Warehouseman's Handbook for example of KC-350.

546 KC-350, Warehouse Operator’s Supplemental Certificate (Continued)

**\*--B Receipts Showing Infested or Excess Moisture--\***

Applicable KC-350 **must** show the following information when the warehouse receipt shows that the commodity is infested or contains moisture over the acceptable limit for the commodity.

<b>IF the warehouse receipt shows that the commodity...</b>	<b>THEN applicable KC-350 must show the...</b>
is infested	<ul style="list-style-type: none"> <li>• same grade without the “infested” designation</li> <li>• same grading factors and quantity shown on the warehouse receipt.</li> </ul>
has more moisture than the acceptable limit for the commodity	<ul style="list-style-type: none"> <li>• grade, grading factors, and quantity after drying or blending</li> <li>• quantity to reflect a minimum shrinkage in the receiving weight, or receiving weight excluding dockage, as applicable, of the applicable shrink factor times the difference in the following:                             <ul style="list-style-type: none"> <li>• moisture content when received</li> <li>• acceptable limit for the commodity.</li> </ul> </li> </ul> <p>The receiving weight:</p> <ul style="list-style-type: none"> <li>• applies to corn and oats</li> <li>• excluding dockage applies to the following:                             <ul style="list-style-type: none"> <li>• barley</li> <li>• grain sorghum</li> <li>• oilseeds</li> <li>• wheat.</li> </ul> </li> </ul> <p>The moisture shrink factor is:</p> <ul style="list-style-type: none"> <li>• 1.1 percent for oilseeds, except soybeans</li> <li>• 1.3 percent for all other commodities, including soybeans.</li> </ul>

700 General Repayment Information (Continued)

**D Repayment Date**

The repayment date shall be the date the repayment is received in the County Office that disbursed the loan.

**E Recording Repayments**

Record repayments according to 12-PS.

**Note:** Before recording market loan repayments on warehouse-stored loans, make additional disbursements, if applicable, according to paragraph 511.

CCC-500 will be generated by APSS. County Office shall:

- sign and date CCC-500
- provide the producer the original CCC-500 as a receipt for the repayment
- keep a copy in the loan folder.

**Note:** Do **not** send CCC-500 to FRB.

\*--Prepare and deposit collections according to 3-FI and 64-FI.--\*

700 General Repayment Information (Continued)

F CCC-500 Explanation and Action

This table provides explanations and actions required for CCC-500's.

Item	Explanation/Action
1-6	Self explanatory.
7	Total amount of received from borrower.
8	Information for this repayment, as follows:  A total number of bu/cwt./lbs redeemed B principal liquidated C interest paid D cost to the borrower on a per bu./cwt./lb. basis.
9	Information on the outstanding balance after repayment, as follows:  A number of bu/cwt./lbs remaining under loan B loan principal remaining on the loan.
10	Details on the repayment, as follows:  A seal number or warehouse receipt number identifying where the grain is stored B total number of bu/cwt./lbs redeemed C date loan was disbursed D date loan was repaid E amount the borrower repaid, including principal and interest F number of bu/cwt./lbs remaining under loan after the repayment G loan principal outstanding on the loan after the repayment.  <b>Note:</b> If all bins or receipts do <b>not</b> fit on CCC-500, CCC-500-1 will print in APSS.
11	Reserve storage and other charges, as follows:  A no longer applicable  B no longer applicable  C if the loan was loaded in the violation software, lists the liquidated damages paid by this repayment.
12	Notice to borrower of dishonored check provisions.
13	Amount of waived interest will be listed if a marketing loan repayment was processed.
14	County Office shall sign and date.

**701 Personal or Corporate Checks Offered for Release of Collateral**

**A Receiving Uncertified Checks**

If an uncertified, personal, or corporate check is offered for release of loan collateral and repayment of the loan, CED or designee shall use prudent judgment in releasing loan collateral.

**B Restrictions**

County Offices shall **not accept any checks that:**

- **are** postdated
- do not conform to proper business practice
- contain restrictive endorsements on the back of the check
- contain restrictive inscriptions on the front of the check.

If a check is received that contains restrictive language, the County Office shall contact the remitter of the check and follow 3-FI.

Interest will continue to accrue on the loan until an acceptable check is presented.

**702 Notice of Nonpayment or Dishonored Check Received From FSC**

**A Action When Notified by FSC**

After receiving notification from FSC or the bank that a check has been dishonored, County Offices shall immediately:

- notify the State Office Price Support Section

702 Notice of Nonpayment or Dishonored Check Received From FSC (Continued)

**A Action When Notified by FSC (Continued)**

- \*--take appropriate action according to 3-FI and Exhibit 11, subparagraph A for the following:
  - “dishonored check fee”
  - “amount due for dishonored check”--\*
- spot check the farm-stored commodity, as follows:
  - charge the producer for the expense of the spot check
  - 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.

<b>IF the commodity has...</b>	<b>THEN...</b>
been completely removed	immediately establish a receivable in NRRS. Notification letter will be generated through NRRS and should include the following: <ul style="list-style-type: none"> <li>• notification of the nonpayment</li> <li>• the reason a replacement check must be submitted</li> <li>• that a dishonored check fee is due</li> <li>• the amount of measurement service fee that is due.</li> </ul> <p style="text-align: center;">*--<b>Note:</b> If the commodity has been entirely removed, a violation has occurred and liquidated damages are applicable.--*</p>
<b>not</b> been removed and the producer does <b>not</b> submit a replacement check	<ul style="list-style-type: none"> <li>• delete repayment according to 12-PS and current FI procedure</li> <li>• collect dishonored check fee and measurement service fee and deposit according to current FI procedure.</li> </ul>

**741 Requesting Release of Farm-Stored Commodity Before Repayment (Continued)****C Requesting CCC-681-1 (Continued)**

- the producer is allowed to request repayment checks made payable solely to CCC
- the producer shall obtain another CCC-681-1, according to paragraph 744, when they **cannot** complete delivery by the expiration date of the existing CCC-681-1
- the producer may be subject to administrative actions, according to Part 4, if any loan quantity is delivered to the buyer **after** CCC-681-1 expires.

If the producer does **not** deliver any quantity during the delivery period, CCC-681-1 expires on the date specified on CCC-681-1.

**D Delivery Period**

The producer is responsible for choosing the requested delivery period for each applicable CCC-681-1. The delivery period:

- may be either of the following:
  - 15 calendar days
  - 30 calendar days
- begins on the date CCC-681-1 is approved and continues for the selected number of calendar days (15 or 30)
- may be extended according to subparagraph G.

If CCC-681-1 expiration date falls on a nonworkday, the expiration date shall be the next workday.

The **entire** outstanding loan quantity shall be released for each CCC-681-1 requested.

If a delivery period does **not** expire until after loan maturity, advise the producer that any quantity delivered after loan maturity **must** be repaid at principal plus applicable interest or may be delivered to CCC.

741 Requesting Release of Farm-Stored Commodity Before Repayment (Continued)

**E Different Buyers**

Only one CCC-681-1 may be approved for the **same** loan to the **same** buyer for the same delivery period.

Two or more CCC-681-1's may be approved for the **same** loan to **different** buyers during the **same** delivery period. The **entire** outstanding loan quantity shall be released on **each** valid CCC-681-1 approved.

If the delivery period of the original CCC-681-1 has **not** expired and quantities have been delivered, an extension may be granted according to subparagraph G.

**F CCC-681-1 Expiring or Requested After Maturity**

County Offices shall use this table for applicable action for **either** of the following situations:

- CCC-681-1's with **grace** periods that expire **after** the loan maturity date
- CCC-681-1's requested **after** the loan maturity date.

<b>IF CCC-681-1...</b>	<b>THEN...</b>
or grace period expires <b>after</b> the loan maturity date	issue CCC-691 the day after loan maturity for the outstanding quantity, regardless of whether CCC-681-1 is *--still in effect, with the applicable demand letter (Exhibit 11, subparagraph G or H).--*
is requested <b>after</b> the loan maturity date	repayment shall be made at <b>principal and charges, plus interest.</b>

**741 Requesting Release of Farm-Stored Commodity Before Repayment (Continued)**

\* \* \*

**G CCC-681-1 Extensions**

Producers may request a 1-time, 15-day CCC-681-1 extension. COC's may determine to extend expiring CCC-681-1's **not** to exceed 45 calendar days **including** the original release period, to complete the delivery of the applicable commodity. CCC-681-1's can **only** be extended if deliveries are not completed with the 15 or 30 calendar day initial delivery period.

When CCC-681-1 extensions are approved by COC, County Offices shall:

- line through the expiration date on CCC-681-1, item 12 and enter the new expiration date
- initial and date the change
- extend the grace period for repayment to be 15 calendar days after the revised CCC-681-1 expiration date for all quantity delivered
- provide the producer and the buyer a revised copy of CCC-681-1.

**Note:** CCC-681-1 extensions are **only** authorized if the producer has begun delivery of the quantity to the buyer. Extensions shall not be approved if the producer is intentionally delaying delivery to avoid payment to CCC.



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

**E Delivery Evidence Not Provided With Repayment**

County Offices shall follow this table when **both** of the following apply:

- 1 or more CCC-681-1's are in effect
- delivery evidence is **not** provided with the repayment according to paragraph 742.

<b>IF delivery evidence is not provided with the repayment by the buyer or producer...</b>	<b>THEN the...</b>
for quantities delivered	<p>County Office <b>shall</b>:</p> <ul style="list-style-type: none"> <li>• contact the applicable buyer to obtain by FAX a copy of acceptable delivery evidence verifying:                             <ul style="list-style-type: none"> <li>• quantity delivered</li> <li>• dates of delivery</li> </ul> </li> <li>• based on the information provided, determine the repayment amount:                             <ul style="list-style-type: none"> <li>• according to subparagraph C</li> <li>• for the quantity delivered</li> </ul> </li> <li>• file delivery evidence in the producer's loan folder.</li> </ul>
<b>and no</b> quantities have been delivered	<p>repayment for:</p> <ul style="list-style-type: none"> <li>• unexpired CCC-697's shall be the locked-in rate on the oldest outstanding CCC-697, as applicable</li> <li>• expired CCC-697's shall be the lesser of the following:                             <ul style="list-style-type: none"> <li>• principal plus interest</li> <li>• market repayment rate in effect on the date the repayment is received.</li> </ul> </li> </ul>

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

**F Refunding Excess Money Received From Buyer**

If the repayment amount exceeds the amount needed to repay the quantity delivered to the buyer, the excess amount received from the buyer may be subject to additional liens.

Refund the excess amount received according to this table.

<b>IF...</b>	<b>THEN the excess...</b>
the repayment check was made payable solely to CCC according to producer’s request on CCC-681-1	shall be refunded to the applicable buyer. County Offices shall verify and timely process “REFREP” in NPS.
the producer obtained endorsements of all other lienholders listed on a multiparty check <b>both</b> of the following apply: <ul style="list-style-type: none"> <li>• producer did <b>not</b> request a repayment check be made solely to CCC</li> <li>• buyer submitted the check payable solely to CCC</li> </ul> <b>Note:</b> CCC’s indemnification provision is <b>not</b> applicable to buyers under these circumstances.	must be refunded to the producer. County Offices shall timely process “REFREP” in NPS.

County Offices shall immediately refund, as applicable, excess money received from buyers **unless** there is reason to believe CCC’s interests are not protected. If CCC’s interests are not protected, follow 3-FI.

\*--Follow 64-FI, subparagraph 65 K and current FI procedure for refunding excess money received from buyer.--\*

## Section 6 Calculating Market Loan Repayment Rates

## 783 General Information

## A CCC-Determined Value

CCC-determined value is the lesser of the following:

- 30-calendar-day PCP
- alternative PCP
- announced rates, as applicable to other commodities.

CCC-determined value is the amount used to determine the following:

- LDP rates
- market loan repayment rates.

**Note:** CCC-determined value shall **not** be adjusted for ACRE.

## B LDP Rate

The LDP rate is determined by the amount the applicable commodity loan rate exceeds the CCC-determined value according to paragraph 1004.

## C Market Loan Repayment Rate

The market loan repayment rate is the lesser of the following:

- loan rate plus interest
- the 30-day-calendar method, as explained in subparagraph 785 B
- the alternative method, as explained in subparagraph 785 C that is either of the following:
  - 5-calendar-day method for wheat, feed grains, soybeans, canola, flaxseed, and oil and nonoil sunflower seed

**Note:** The repayment rate for **nonoil** sunflowers (confectionary type) will occur at the lesser of the following:

- loan rate plus interest
- the oil sunflower seed repayment rate.
- alternative repayment method for pulse crops and other oilseeds, peanuts, wool, and mohair.

**Notes:** The repayment rates are **not** crop year specific and, as an example, apply to all outstanding 2008 crop MAL's and 2009 MAL's and LDP's.

Complete market loan repayments according to paragraph 715 and Section 4.

## 784 Terminal Market Rates and County Differentials

### A Terminal Market Rates

County Offices are assigned 1 or 2 terminal markets for each commodity by KCCO. The terminal market rates are used to determine the CCC-determined value.

### B Rate Announcement

\*--Terminal market rates are announced to the extent practicable:

- daily, for canola, feed grains, flaxseed, soybeans, sun flowers, and wheat
- Friday, for oilseeds **except** canola, flaxseed, soybeans, and sun flowers.

Market rates are announced to the extent practicable:

- Friday, for pulse crops--\*
- Tuesday, effective at 12:01 a.m. Wednesday, for peanuts, wool, and mohair.

All terminal market rates and market rates are in effect until the next rate change is announced.

**Example:** The rate announced on Friday for wheat will be used for all nonworkdays until the next announcement of the rates on the first workday, as applicable.

### C Daily Market Rates

The terminal market rates are downloaded from KCCO and posted to [www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=rpt](http://www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=rpt); scroll down and CLICK “Market Prices”.

KCCO maintains and archives market prices for public use at [www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=rpt](http://www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=rpt); scroll down and CLICK “Archived Market Prices”.

The “Daily Market Rates” display all of the following:

- date of posting
- individual terminal market price closings from previous day
- commodity
- footnotes for adjusting terminal market prices for certain commodities.

797 Maturity Notification to Producers (Continued)

**D Options Available for Loans**

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

<b>IF the loan is...</b>	<b>THEN the option available...</b>
nonrecourse farm-stored or warehouse-stored	<b>only</b> through the loan maturity date is repaying with cash.  <b>Note:</b> Redemption with commodity certificate exchange is applicable for 2009 crop <b>only</b> .
nonrecourse farm-stored	<b>after</b> the loan maturity date is delivery of the loan collateral to CCC.
nonrecourse warehouse-stored	<b>after</b> the loan maturity date is forfeiting the warehouse receipts, representing the loan collateral, to CCC.
recourse	<b>only</b> through the loan maturity date is repaying the outstanding loan principal and charges plus interest.

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

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

**E Loans Open After Maturity**

County Offices shall, for:

- nonrecourse farm-stored loans, send the applicable demand letter in Exhibit 11 along with CCC-691 on the first day after maturity
- \*--nonrecourse warehouse-stored loans, forfeit commodity receipt to CCC on the first day after maturity
- recourse loans, establish a receivable through NRRS, according to Exhibit 11, subparagraph A, “recourse loan” and “distress loan”.--\*

If the commodity has **not** been delivered by the established time period, foreclosure proceedings will begin according to paragraph 866.

798, 799 (Reserved)



**801 Issuing CCC-691's****A When to Issue CCC-691's**

For **nonrecourse** loans, County Offices shall complete CCC-691, prepare demand letter, according to Exhibit 11, subparagraph G, and issue CCC-691:

- the next workday after the loan maturity date regardless whether CCC-681-1 is outstanding
- when any of the following occurs **after** the producer receives the maturity notice in Exhibit 11, subparagraph B:
  - producer notifies the County Office that the commodity will be delivered to CCC when the loan matures
  - producer does **not** notify the County Office of the option that will be taken to settle the loan
  - producer notifies the County Office that the loan will be repaid at maturity, but the producer has taken **no** action to settle the loan by the maturity date
  - producer does **not** repay the loan by the maturity date.

\*--For recourse loans after maturity, and repayment has **not** been received, do **not** issue--\* CCC-691.

See Section 3 for completing local sales.

801 Issuing CCC-691's (Continued)

**B Completing CCC-691's Through Part A**

County Offices shall complete:

- separate CCC-691's for each loan and for different delivery points for the entire quantity
- producer and loan identification items and Part A according to this table and example.

Item	Instructions
1-6	Enter information applicable to the loan.
7 and 8	Leave blank.
9	Enter outstanding loan quantity to be delivered.
10	Enter outstanding loan amount applicable to the loan quantity.
11	Enter disbursement date of the loan.
12	Check (✓) box, as applicable, for the commodity.
13	Enter maximum quantity for delivery according to paragraph 813.
14	Enter name, warehouse code number, and location of shipping or storing warehouse.  <b>Note:</b> For trackload, enter delivery point and railroad.
15	If location is same as item 14, ENTER " <b>Same</b> ".  <b>Note:</b> For trackload, enter scale location.
16	Allow sufficient time for delivery, depending on quantity involved.  <b>Note:</b> 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.

**803 Nondelivery of Loan Collateral**

**A Nondelivery by Expiration Date**

If the loan collateral is **not** delivered by the 30th calendar day after the CCC-691 expiration or extended expiration date, County Offices shall, on the 31st calendar day after the CCC-691 expiration or extended expiration date:

- spot check the loan
- initiate foreclosure proceedings according to paragraph 866

Handle loan deficiencies resulting from foreclosure proceedings according to paragraph 823.

\* \* \*

**804 Deliveries to Authorized Warehouses**

**A Delivery for Storage**

For deliveries to authorized warehouse for storage, County Offices shall schedule deliveries as rapidly as the warehouse can receive the commodity.

**B Delivery for Handling Only**

For deliveries to authorized warehouse for handling **only**, complete CCC-643 according to paragraph 806.

**Reminder:** Shipping instructions must be available **before** warehouse operator begins to receive the commodity.

For deliveries on an identity preserved basis, a County Office representative shall:

- supervise the delivery
- take a representative sample and submit for a grade determination for use in settling with the producer.

**822 Completing Settlements (Continued)****D Submitting Documents to KCCO**

County Offices shall submit, according to paragraph 826, the following documents to KCCO:

- copy of CCC-691
- warehouse receipt, if applicable
- supplemental certificates, if applicable
- copy of CCC-692
- any additional documents necessary to support the settlement.

**E Releasing CCC-677's After Settlement**

**After** the commodity has been delivered, settlement completed, and documents transmitted to KCCO, County Offices shall:

- mark the original CCC-677, "**Delivered**"
- return CCC-677 to the producer.

If **either** of the following applies, do **not** release CCC-677 to the producer:

- loan deficiency exists and has not been satisfied
- loan amount has been transferred to receivables and has not been paid.

**823 Loan Deficiencies****A Notifying Producers**

When there is a deficiency owed to CCC resulting from a loan settlement, County Offices shall:

- \*--transfer the amount due CCC from APSS using the “Transfer to Claims” option
- immediately establish receivable in NRRS according to 64-FI and Exhibit 11, subparagraph A for a “deficiency after delivery”

**Note:** NRRS will notify the producer requesting repayment of the amount due on CCC-692, item 22.

- send copies of CCC-691 and CCC-692 to the producer.--\*

**B Applying Repayments**

Record receivable repayments in NRRS.

**C Excessive Loan Deficiency**

If an excessive loan deficiency occurs because of a settlement, COC shall:

- review the applicable loan folder and documents for possible program violation
- document results of the review in COC minutes
- if applicable:
  - submit information to OIG, through the State Office
  - take administrative actions according to Part 4.

**824, 825 (Reserved)**

**861 Completing Sales**

**A Making Payment for Sales**

Payment for the sale of the commodity must be:

- made before or at the time of delivery
- in cash or by money order, certified check, or cashiers check; if approved by CED, an uncertified personal or business check may be accepted
- received in the County Office within 15 calendar days after notification of the successful bid.

**B Applicable Charges**

The producer is responsible for applicable charges incurred, as necessary, to complete the sale of loan collateral.

**Examples:** Weighing, sampling, grading.

Document all charges for:

- nonrecourse loans on CCC-691, Part C
- recourse loans in the loan folder.

These charges shall be recorded as “other charges” when processing the local sale settlement in APSS.

**C Restrictive Use Certification**

For commodities that do not meet sanitation requirements or that contain poisonous substances, the purchaser must sign a restrictive use certification that:

- is the same as was stated in the announcement
- will restrict the use of the commodity according to Federal or State laws governing the particular condition of the commodity.

861 Completing Sales (Continued)

**D Applying Sales Proceeds**

Sales proceeds:

- from **nonrecourse** loans shall be for the account of CCC

**Notes:** Settlement with producer shall be based on premiums and discounts applicable to the commodity sold.

Do **not** apply the sales proceeds to the loan principal plus interest.

- shall be deposited according to 3-FI, using program code “COMMLOSA”
- \*--from **recourse** loans shall be applied to the receivable established in NRRS, according to Exhibit 11, subparagraph A, “recourse loan” and “distress loan”.--\*

**Note:** Any excess amount shall be paid to the producer.

See subparagraph 862 C for amounts, if any, due after completing local sale settlement.

**862 Delivery for Local Sales**

**A Scheduling Delivery to Purchaser**

Delivery to the purchaser should be scheduled after the sale has been completed according to this part.

For **nonrecourse** loans, issue CCC-691 to the **borrower**, directing delivery to the **purchaser** F.O.B. purchaser’s conveyance at the storage location.

**Reminder:** CCC-691 shall **not** be issued for **recourse** loans.

**B Supervising Delivery**

County Office representative shall supervise the delivery, including weighing and sampling, when applicable.

Handle nonrecourse and recourse loans according to this table.

<b>IF a...</b>	<b>THEN...</b>
farm-stored <b>nonrecourse</b> loan	draw a representative sample for initial grade determination.  <b>Note:</b> A licensed grading laboratory shall make the initial grade determination to: <ul style="list-style-type: none"> <li>• be used in case of appeal according to paragraph 812</li> <li>• issue payment, as applicable.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>recourse</b> loan</li> <li>• loan determined ineligible according to paragraph 225</li> </ul>	<ul style="list-style-type: none"> <li>• do <b>not</b> draw a sample</li> <li>• issue payment, as applicable.</li> </ul>

862 Delivery for Local Sale (Continued)

C Completing Local Sale Processing

County Offices shall process local sale settlements through APSS according to 12-PS.

Handle nonrecourse and recourse loans according to this table.

IF a...	THEN...
farm-stored <b>nonrecourse</b> loan	<ul style="list-style-type: none"> <li>• enter weight and grade information on CCC-691, Part B according to paragraph 816</li> <li>• record local sales information, as applicable, on CCC-691, items 31 through 35 according to paragraph 817</li> <li>• follow paragraphs 819 and 822, and complete settlement with the producer, as follows:                             <ul style="list-style-type: none"> <li>• based on weights and grades delivered</li> <li>• <b>without</b> regard to the sales price received from the buyer</li> </ul> </li> </ul> <p><b>Note:</b> Sales proceeds shall be retained by CCC.</p> <ul style="list-style-type: none"> <li>• if premiums and discounts, according to the applicable 2-LP, applied during the settlement result in the commodity having a settlement rate of zero or less than zero, the settlement rate shall be zero when CCC-692 is completed</li> <li>• immediately establish a receivable through NRRS for <b>only</b> the *--deficiency resulting from the settlement to the producer according to Exhibit 11, subparagraph A, "farm-stored nonrecourse loan".--*</li> </ul> <p><b>Note:</b> The receivable amount is equal to the principle plus interest up to the date the receivable is created.</p> <p><b>Reminder:</b> Do <b>not</b> do <b>either</b> of the following:</p> <ul style="list-style-type: none"> <li>• reduce the settlement rate to less than zero</li> <li>• use the sales proceeds as the settlement value of the commodity.</li> </ul>

862 Delivery for Local Sale (Continued)

C Completing Local Sale Processing (Continued)

\*--

IF the loan is a...	THEN...
<ul style="list-style-type: none"> <li>• <b>recourse</b> loan</li>   <li>• loan determined ineligible according to paragraph 225</li> </ul>	<ul style="list-style-type: none"> <li>• entire outstanding loan amount shall be transferred from APSS using the “transfer to claims” option and a receivable established in NRRS, according to 64-FI and Exhibit 11, subparagraph A, “recourse loan” and “distress loan”</li>   <li>• <b>total</b> amount of the sales proceeds shall be applied to the receivable in NRRS</li>   <li>• for any amount owed the producer, issue the excess amount through NPS in the normal manner.</li> </ul>

--\*

D Local Sale Documents

County Offices shall maintain local sale documentation in the applicable loan folder. Local sale documentation shall not be submitted to KCCO.

863-865 (Reserved)



## Section 4 Uncommon Liquidation Situations

## 866 Foreclosures

## A Nonrecourse Loans

In cases where no repayment, delivery, or liquidation is made by the producer by the \*--expiration, or extended expiration, date of CCC-691, COC shall on the day **after** CCC-691 expiration, or extended expiration date, and notify the producer using the letter in--\* subparagraph C, that:

- CCC may, to the extent permitted by law, repossess the collateral by:
  - entering the premises
  - removing the entire loan quantity

**Note:** CED shall obtain a court order from regional attorney, through the State Office, if necessary.

- the producer shall bear all expenses incurred for the delivery.

When the delivery has been completed, handle CCC-691 in the normal manner according to \*--Section 2 and Exhibit 11, subparagraph A, “farm-stored nonrecourse loan”.--\*

**Notes:** Enter the expenses, incurred by the County Office in the delivery of the commodity, on CCC-691, Part C.

The producer’s signature is **not** required.

## B Recourse Loans

Farm-stored recourse loan foreclosure shall be handled as a local sale, according to Section 3, \*--on the 31st calendar day after the date of the demand letter. See Exhibit 11, subparagraph A, “recourse loan” and “distress loan”.--\*

The producer shall bear all expenses incurred for the sale.

## 866 Foreclosures (Continued)

**C Notifying Producer of Removal**

Use the following letter to notify the producer, according to subparagraph A, when collateral will be removed from the farm.

**Note:** County Office shall notify the producer of all the applicable appeal options available as determined by the decision-making authority.

*(Date)*

Dear *(name)*:

This concerns *(year)* crop *(commodity)* loan which matured on *(date)*. You have not liquidated this loan by repayment or delivery of the collateral as instructed in our letter to you dated *(date of letter)*.

Because settlement has not been completed, Commodity Credit Corporation (CCC) will start foreclosure action. CCC may, to the extent permitted by law, enter your farm premises and remove the entire loan quantity. We will arrange for trucks to haul the grain. The settlement will be based on the loan rate adjusted for premiums and discounts, not the market value of the commodity. You will be charged for all expenses associated with the taking possession of and delivery of the commodity.

If you do not settle the loan promptly, you may also be jeopardizing your right to future farm stored loans.

Please contact this office immediately for the current repayment amount.

If we do not hear from you within 15 calendar days of the date of this letter, a receivable will be established and you will owe the debt to CCC.

Sincerely,

County Executive Director,  
 \_\_\_\_\_ County FSA Office

**866 Foreclosures (Continued)**

**D Missing Loan Collateral**

If foreclosure action is taken according to subparagraph A or B, and all or part of the commodity is **not** in the designated storage structures indicated on the loan documents, follow this table for additional action.

<b>IF the missing quantity of loan collateral is...</b>	<b>THEN...</b>
still owned and in the possession of the producer	follow Part 4 for: <ul style="list-style-type: none"> <li>• determining whether a violation occurred</li> <li>• applying administrative actions, if applicable.</li> </ul>
either of the following: <ul style="list-style-type: none"> <li>• no longer owned</li> <li>• no longer in the producer's possession</li> </ul>	<ul style="list-style-type: none"> <li>• apply applicable administrative actions according to Part 4</li> <li>• establish the receivable according to 64-FI, as applicable.</li> </ul> <p><b>Note:</b> The receivable amount is equal to the principal plus interest as of the date the demand letter.</p>

**867 (Withdrawn--Am. 2)**

**868 Abandonments**

**A Action When Collateral Abandoned**

If the commodity securing a farm-stored loan is abandoned, call the loan immediately.

If collateral is acquired in satisfaction of the loan, handle the delivery or local sale, as applicable.

**B Expenses Incurred**

The expenses incurred by the County Office in the delivery of the commodity shall be charged against the loan settlement on CCC-691 or the local sale, as applicable.

**869-899 (Reserved)**



## Part 9 Warehouse-Stored Loan Forfeitures

### 900 Loan Forfeitures

#### A When to Process Forfeiture

Complete warehouse-stored loan forfeitures when producers do not repay warehouse-stored \*--loans by the loan maturity date according to PS directives and 12-PS, applying premiums and discounts.--\*

County Offices **must** immediately:

- before processing loan or forfeitures in APPS, contact the storing warehouse operator to obtain applicable storage or public tariff rates for Federally licensed warehouses and for warehouses in States listed in subparagraph 536 B
- process storage deductions, if applicable, using the offer shipping rate table for UGRSA warehouses in States listed in subparagraph 536 C; updated warehouse offer shipping rates for States listed in subparagraph 536 C are available at [http://erielake.sc.egov.usda.gov/whserates/grain/warehouse\\_rates.asp](http://erielake.sc.egov.usda.gov/whserates/grain/warehouse_rates.asp)
- \*--process loan reversal in APSS according to PS directives and 12-PS
- reenter loan applying premiums, discounts, and other applicable charges according to PS directives and 12-PS
- process warehouse-stored loan forfeiture on the first day **after** the loan maturity date
- follow Exhibit 11, subparagraph A, “warehouse nonrecourse loan” to establish a receivable in NRRS, if an amount is due CCC--\*
- mail the forfeited warehouse receipt to KCCO on the same day transmittal control documents are generated according to subparagraph 901 A.

\*--**Note:** For EWR’s, select “Release Code/Reason”, “**9-Forfeiture**” to transfer EWR to KCCO.--\*

#### B Verifying Documents

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

- review the loan documents, each warehouse receipt, and if applicable, KC-350 (Grain) or KC-350 (Oilseed) for data accuracy

**Note:** If the review of loan documents and warehouse receipts reveals an overdisbursement of the loan, handle according to paragraph 31.

900 Loan Forfeitures (Continued)

**B Verifying Documents (Continued)**

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

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

**C Determining CCC Storage Start Date**

Determine the storage start date for CCC according to this table.

**\*--Note:** When the forfeiture process in subparagraph A is followed, APSS should determine the storage start date for CCC automatically.--\*

<b>IF...</b>	<b>THEN...</b>
storage was paid or provided for through the maturity date	the storage start date for CCC is the day following the loan maturity date.
<b>either</b> of the following applies: <ul style="list-style-type: none"> <li>• warehouse-stored loan is called <b>before</b> maturity and storage is refunded according to subparagraph E</li> <li>• storage was prepaid <b>beyond</b> loan maturity</li> </ul>	the storage start date for CCC is the day following the date through which storage had been prepaid or provided.
storage charges through the maturity date were <b>not</b> paid or provided for at loanmaking	<ul style="list-style-type: none"> <li>• create a receivable through NRRS</li> <li>• process new loan adjusting loan rate.</li> </ul>

**1004 LDP Rates (Continued)****C Determine LDP Rates for ACRE-Elected Farms (Continued)**

For eligible commodities stored out of the U.S., base the LDP rate on the county where LDP is requested. The effective ACRE payment rates are displayed by State and county at [www.fsa.usda.gov/FSA/displayLDPRates?area=home&subject=prsu&topic=ldp-ldp](http://www.fsa.usda.gov/FSA/displayLDPRates?area=home&subject=prsu&topic=ldp-ldp) in the “Effective ACRE LDP Rate” column.

**D LDP Rate for Multiple Deliveries**

The LDP rate for multiple deliveries of production covered under CCC-633 EZ is based on the first consecutive quantity delivered, unless otherwise designated on CCC-633 EZ.

Selecting a specific delivery date to obtain LDP rate for all quantity delivered is **not** permitted.

If multiple deliveries occur for production delivered under CCC-633 EZ and:

- multiple LDP’s will be made, LDP rate is based on the date of delivery for the quantity being paid under LDP, as applicable
- a single LDP will be made, the weighted average LDP rate for the total quantity will be determined based on the eligible LDP rate for the dates eligible quantity was delivered.

**E Determining LDP Amounts**

LDP amounts are calculated by multiplying the applicable LDP rate times the LDP quantity requested.

**F LDP Rate for FAXed CCC-633 EZ page 2, 3, or 4**

For FAXed CCC-633 EZ page 2, 3, or 4, the LDP rate is the applicable rate in effect when CCC-633 EZ page 2, 3, or 4 is received in the County Office, if LDP request is completed according to this paragraph.

**Example:** If the rate is announced at 7 a.m. e.t. and the FAXed CCC-633 EZ is received at 5 a.m. e.t., LDP rate is the rate in effect on the previous workday.

**G Fed or Processed Commodities**

Commodities stored on the farm that were harvested as feed or later processed may be requested on CCC-633 EZ page 2 after harvest ends. For commodities fed during harvest, LDP’s shall be requested on CCC-633 EZ page 2. If feeding dates are within reason, LDP rate is based on the date the producer certifies that the commodity was fed. **Questionable cases may be reviewed by the COC for reasonableness.**

**1005 Eligible Quantity**

**A Commodity Eligibility Requirements**

To be eligible for LDP, the quantity of commodity **must**:

- meet eligibility requirements in Part 2, including beneficial interest requirements
- have been produced by an eligible producer

**Note:** Producers found ineligible after submitting CCC-633 EZ page 1, and are later able to reestablish eligibility **before** the final loan/LDP availability day, are eligible to request LDP payment on CCC-633 EZ page 2 or 4 based on the day of LDP request or day beneficial interest was lost.

- not have been previously pledged as collateral for a loan and repaid with cash at a rate less than the principal plus interest
- not have been previously requested or paid for LDP.

**Note:** Producers **must** submit a valid CCC-633 EZ page 1 **before** losing beneficial interest.

<b>IF...</b>	<b>THEN...</b>
producer maintains beneficial interest and has submitted CCC-633 EZ page 2 before submitting CCC-633 EZ page 1	the LDP rate would be based on the date a correctly signed and completed CCC-633 EZ page 1 is received in the County Office.
beneficial interest has been lost and CCC-633 EZ page 2 is submitted before CCC-633 EZ page 1 is received in the County Office	that quantity is ineligible for LDP.

The following are eligible for LDP:

- a quantity of a commodity eligible to be repledged for a nonrecourse loan
- silage and hay derived from an eligible loan commodity.

**Note:** Silage, hay, and roasted commodities are **not** eligible for MAL.

For LDP's on:

- commodities harvested as other than grain, see Section 2
- low quality commodities, see Section 3
- contaminated commodities, see Section 4
- \*--HM or excess moisture commodities, see Section 5.--\*

**1009 Notification of Denied LDP Benefits**

**A Denied LDP Notification**

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

- immediately notify the producer in writing
- \*--use the applicable letter in Exhibit 11, subparagraph K or L about denial of loan or--\* LDP benefits and include the following:
  - reason for denying LDP
  - appeal rights according to 1-APP.

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

\*--See Exhibit 11, subparagraph A, “Miscellaneous Notification Letters for Loans and LDP’s”.

If LDP benefits are denied because of AGI, producers are afforded the opportunity to request a nonrecourse loan by the final availability date if all other eligibility requirements are met.--\*

**1010-1019 (Reserved)**



## Section 3 Low Quality Commodities

**1030 Eligibility for LDP****A Eligible Low Quality Commodities**

Commodities with quality factors falling to the additional schedule of discounts in the applicable 2-LP handbook are considered “low quality” and are eligible for LDP.

**B LDP Request**

Request LDP’s on CCC-633 EZ page 2, 3, or 4, as applicable, **after** page 1 has been submitted.

**C LDP Rate**

Use the LDP rate applicable to the date of:

- request for basic LDP’s
- delivery
- feeding for commodities fed during harvest
- loss of beneficial interest, **only** if CCC-633 EZ page 1 was filed timely.

\*--LDP rate for commodities produced on ACRE-elected farms will be reduced by 30 percent.--\*

**D Production Evidence**

Production evidence is **required** according to Part 3, Section 3, when producers are selected for spot check.

**1031-1039 (Reserved)**



## Section 4 Contaminated Commodities

**1040 Eligibility for LDP****A Eligible Contaminated Commodities**

Contaminated commodities are commodities that contain any of the following:

- mercurial compounds
- toxin producing molds, such as aflatoxin
- other substances poisonous to humans or animals
- any contamination in food commodities.

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

**B Eligible Commodities**

Contaminated commodities are eligible for nonrecourse loans, but only at 10 percent of the loan rate, according to Part 5, Section 2. Any contaminated commodity must be merchantable to be eligible. Any commodity eligible for nonrecourse loan is eligible for LDP under this section.

Contaminant testing is **not** required for LDP.

**C LDP Request**

Request LDP's on CCC-633 EZ page 2, 3, or 4, as applicable, **after** page 1 has been submitted.

**1040 Eligibility for LDP (Continued)**

**D LDP Rate**

Use the LDP rate applicable to the date of:

- request for LDP's
- delivery
- harvest for commodities immediately fed during harvest
- loss of beneficial interest, **only** if CCC-633 EZ page 1 was filed timely.

\*--LDP rate for commodities produced on ACRE-elected farms will be reduced by 30 percent.--\*

**E Production Evidence**

Production evidence is **required** according to Part 3, Section 3, when producers are selected for spot check.

**1041-1049 (Reserved)**

**Section 5 Commodities Exceeding Maximum STC and 2-LP Standards for Moisture Commodities**

**\*--1050 HM Corn and Grain Sorghum and Excess Moisture Commodities for LDP**

**A Availability**

LDP's are available to eligible producers who harvest:

- HM corn or grain sorghum
- excess moisture commodities according to subparagraph 225 F.

LDP's are **not** available for commodities exceeding the maximum moisture level determined by STC.

**Note:** Moisture levels shall be reviewed by STC on an annual basis.

**B Requesting HM Corn and Grain Sorghum or Excess Moisture Commodities for LDP's**

LDP's may be requested on HM corn and grain sorghum or excess moisture commodities:

- in farm storage
- delivered immediately at harvest
- harvested as commodities and immediately fed during harvest.

Requests for farm-stored HM corn and grain sorghum or excess moisture commodities:--\*

- must be physically in existence at the time of the LDP request
- that will be used for feed shall be supported by acceptable production evidence determined as maximum eligible quantity when selected for spot check.

This table illustrates when nonrecourse and recourse loan provisions are applicable because of moisture levels **only**.

<b>IF the moisture level...</b>	<b>AND commodity...</b>	<b>AND is for...</b>	<b>THEN the commodity is eligible for...</b>
exceeds the maximum STC-established moisture levels		all harvested loan commodities	recourse loan, but <b>ineligible</b> for LDP.
exceeds the 2-LP standard	does <b>not</b> exceed the maximum STC-established moisture levels	corn or grain sorghum	recourse HM loan.
		all harvested loan commodities, including corn and grain sorghum	*--excess moisture--* nonrecourse loan and LDP.
is at or below the 2-LP standard		all harvested loan commodities	nonrecourse loan and LDP.

**\*--1050 HM Corn and Grain Sorghum and Excess Moisture Commodities for LDP--\***  
**(Continued)**

**C Determining Quantity**

The quantity shall be 100 percent of:

- certified quantity adjusted for moisture
- adjusted measured quantity, if stored in a structure that can be measured
- adjusted net quantity, if LDP is requested with production evidence that has not been adjusted for moisture
- quantity determined according to paragraph 336, for quantity stored in unmeasurable structures.

**D Setting Moisture Levels**

STC's shall set moisture levels according to paragraph 225.

**\*--1050 HM Corn and Grain Sorghum and Excess Moisture Commodities for LDP--\***  
(Continued)

**E Moisture Adjustment**

Moisture adjustments are required when the:

- LDP is:
  - certified and the producer certified to HM level
  - based on measured quantities
  - certified and the producer provides production evidence showing moisture levels and the net quantity have not been adjusted for moisture
- moisture level is:
  - greater than the maximum eligible level for the commodity
  - equal to or less than the moisture set by STC, but higher than the standard moisture levels according to 2-LP Grains and Oilseeds.

**F Adjusting Quantity for Moisture**

The quantity determined by:

- certification shall be adjusted for moisture:
  - by using the average factor when moisture percent is not available according to subparagraph G
  - to the maximum eligible level for the commodity when moisture percent is available according to Exhibit 12
- measurement shall be adjusted for moisture:
  - determined at time of measurement
  - according to Exhibit 12
  - to the maximum eligible level for the commodity
- production evidence shall be adjusted for moisture if:
  - moisture levels are indicated
  - the net quantity has not been adjusted, as applicable.

**\*--1050 HM Corn and Grain Sorghum and Excess Moisture Commodities for LDP--\***  
**(Continued)**

**G Using Average Factor When Moisture Percent Is Not Available**

The certified quantity must be adjusted for moisture using an average factor, applicable to the \*--HM corn and grain sorghum or excess moisture commodities, when a moisture percent is not available.

The average factor is determined using 27.0 percent as the average moisture for the HM corn and grain sorghum or excess moisture commodity.--\*

**Example:** The average factor for corn is determined by subtracting the corn moisture of 15.5 percent from 27.0 percent and multiplying the difference times 1.3 percent. This calculates to an average factor for corn of 15.0 percent.

Calculate the shrink reduction to determine the adjusted LDP quantity as follows:

Quantity certified for LDP is 9,586 bu. of corn.

- Multiply 15.0 percent times 9,586 bu. to equal 1,438 bu.
- Subtract 1,438 from 9,586 to equal 8,148 bu.
- The quantity eligible for loan or LDP is 8,148 bu.

**H Production Evidence**

Producers are required to submit production evidence only if LDP's are selected for spot check.

Adjustment to moisture should be completed **only** when net quantities have not been adjusted for moisture or production evidence is a measurement.

See Part 3, Section 3 for additional information for production evidence.

**1051-1099 (Reserved)**

**1201 Loan Rates****A Final Date to Request Loan**

The producer must request the loan by the final availability date for the commodity according to subparagraph 226 C.

**B Loan Rate**

The loan rate shall be, for commodities stored in structures that:

- can be measured, 100 percent of the base county loan rate if the quantity is:
  - measured and the structure may or may not be sealed after being measured
  - certified and the structure will **not** be sealed
- **cannot** be measured, 75 percent of the base county loan rate.

\*--**Example:** \$2 base county loan rate x 75 percent = \$1.50 applicable loan rate.--\*

Structures that are sealed shall be considered structures that “cannot be measured”.

The loan rate for commodities produced on ACRE-elected farms will be further reduced by 30 percent.

**C Moisture Determination**

The moisture determination may be determined by any of the following:

- local warehouse or State inspection facilities at producer’s expense
- FSA employee
- producer’s certification of moisture, when the commodity is in a structure that **cannot** be measured.

Do **not**:

- obtain sample or certification for test weight
- adjust for test weight and pack factors.

**D Determining Farm-Stored Loan Quantity**

When excess moisture is determined according to subparagraph 528 C, apply the applicable moisture shrink factor, according to Exhibit 12, to the determined loan quantity.

Do **not** apply a discount for excess moisture.

**1201 Loan Rates (Continued)**

**E Loan Quantity Adjusted for Moisture**

The loan quantity shall be:

- either of the following:
  - 100 percent of the certified or measured quantity
  - 75 percent if **not** able to measure
- adjusted for the applicable moisture shrink factor, according to Exhibit 12, to reflect the quantity at the 2-LP standard moisture level.

**Example:** Grain sorghum is 14.0 percent and corn is 15.5 percent.

**F Establishing Repayment Schedule**

If commodity will be fed, County Offices shall establish a loan repayment schedule with each producer:

- at loan disbursement
- to ensure that the loan is repaid before:
  - the commodity is removed for feed
  - loan maturity.

County Offices shall establish a system to periodically monitor the repayment schedule.

**1202-1209 (Reserved)**

## Section 2 Corn and Grain Sorghum HM Recourse Loans

## 1210 Commodity Recourse Loans

## A Availability

To provide the maximum benefits to producers who normally harvest and store all or a portion of their corn or grain sorghum at moisture levels exceeding 2-LP standards, but **not** the maximum STC-established level, producers may obtain a recourse loan for:

- HM corn or grain sorghum stored in structures capable of storing ensilage

**Example:** Grain stored in Harvestore, pit silo, or oxygen limiting structures.

- an acquired quantity to replace HM corn and grain sorghum according to paragraph 1211.

## B Eligibility

HM corn and grain sorghum **must** meet the definition for the applicable commodity according to the U.S. Standards for Grain that, in part, require 50 percent or more whole kernels and a moisture level higher than the 2-LP standard, but lower than the maximum STC-established moisture level for HM corn and grain sorghum.

In **all** cases, HM corn and grain sorghum **must** be harvested as grain.

**1210 Commodity Recourse Loans (Continued)****C Final Date to Request Loan**

The producer **must** request the loan by the final availability date for the commodity according to subparagraph 226 C. See paragraph 1211 for the final request date on acquired grain.

**D Loan Rate**

The loan rate shall be, for commodities stored in structures that:

- can be measured, 100 percent of the base county loan rate if the quantity is:
  - measured and the structure may or may not be sealed after being measured
  - certified and the structure will **not** be sealed
- **cannot** be measured, 75 percent of the base county loan rate.

**\*--Example:** \$2 base county loan rate x 75 percent = \$1.50 applicable loan rate.--\*

Structures that are sealed shall be considered structures that “**cannot** be measured”.

The loan rate for commodities produced on ACRE-elected farms will be further reduced by 30 percent.

**E Moisture Determination**

The moisture determination may be determined by any of the following:

- local warehouse or State inspection facilities at producer’s expense
- FSA employee
- producer’s certification of moisture, when the commodity is in a structure that **cannot** be measured.

Do **not**:

- obtain sample or certification for test weight
- adjust for test weight and pack factors.

**Section 3 Cracked, Rolled, or Crimped Shelled or Ear Corn Recourse Loans****1215 Cracked, Rolled, or Crimped Corn Recourse Loans****A Availability**

Farm-stored recourse loans are available to eligible producers of shelled or ear corn that has been cracked, rolled, or crimped.

If LDP was paid on the corn, it is ineligible for loan.

**B Acceptable Cracked, Rolled, or Crimped Ear Corn**

Acceptable cracked, rolled, or crimped **ear** corn may contain:

- broken kernels and cob reduced to pieces sufficiently large enough to identify by observation that the material is kernel and cob
- only minimal stalk, leaves, husk, and other additives
- less than 50 percent of whole kernels.

**C Limitations**

The authority to make loans on cracked, rolled, or crimped corn is limited to shelled or ear corn placed in eligible farm storage. This authority shall **not** be extended to any other variations of processed corn, including but **not** limited to the following:

- earlage
- ground corn
- silage.

**1215 Cracked, Rolled, or Crimped Corn Recourse Loans (Continued)****D Loan Rate**

The loan rate, including HM cracked, rolled, or crimped corn, shall be:

- 70 percent of the county loan rate if the commodity can be measured

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

- 52.5 percent of the county loan rate if the commodity **cannot** be measured.

\*--**Example:** \$2 base county loan rate x 52.5 percent = \$1.05 applicable loan rate.--\*

The loan rate for commodities produced on ACRE-elected farms will be further reduced by 30 percent.

**E Maximum Loan Quantity**

The loan quantity shall be:

- limited to 100 percent of the quantity certified by the producer or measured by the County Office
- adjusted for moisture according to subparagraph G.

County Offices shall:

- document on CCC-666 or CCC-677-1 that the corn is:
  - cracked, rolled, or crimped
  - ear or shelled
- ENTER “**RCK**” on Screen PLB10000 in the “Class/Variety” field when recording the loan in APSS.

**1215 Cracked, Rolled, or Crimped Corn Recourse Loans (Continued)****F Test Weight and Pack Factor**

County Offices shall **not**:

- determine test weight at the time of measurement or spot check
- adjust cracked, rolled, or crimped corn quantities for test weight and pack.

**Notes:** When recording a measured loan in APSS, the County Office shall enter quantity from CCC-677-1 as the “Weighed Quantity” on Screen PLB12000.

Use the 0.4 conversion factor for cracked, rolled, or crimped **ear** corn.

**G Moisture Adjustment**

County Offices shall apply the applicable shrink factor, according to Exhibit 12, for moisture that exceeds 15.5 percent for:

- cracked, rolled, or crimped corn other than HM, for moisture tests conducted according to subparagraph 528 B
- HM cracked, rolled, or crimped corn, for moisture determined according to subparagraph 1210 E.

**\*--Note:** Do **not** apply a discount for excess moisture.--\*

**H Establishing Repayment Schedule**

If the corn will be fed to the producer’s own livestock, the County Office shall establish a repayment schedule with the producer to ensure repayment **before**:

- the producer removes the commodity for feed
- loan maturity.

**1216-1219 (Reserved)**



**1221 Repledging Distress Loan Collateral**

**A Repledge for 9-Month Loan**

The County Office shall notify the producer using the notification letter provided in Exhibit 11, 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 1
- nonrecourse loan according to Part 5, Sections 1 through 3.

The loan rate for commodities produced on ACRE-elected farms will be further reduced by 30 percent.

**B Repayment Before Repledge**

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

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

**C Maturity Date of Repledged Distress Loan**

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

**Part 13 (Reserved)**

**1300-1399 (Reserved)**

**Part 14 (Reserved)**

**1400-1499 (Reserved)**



1510 CCC-631, CCC Wool Testing Facility Certification and Application

A Completing CCC-631

Fiber testing laboratories or facilities of graded wool who want to be considered for CCC approval shall complete CCC-631 to:

- certify to CCC requirements for approved facilities according to subparagraph 1509 C
- request consideration from CCC to become an approved facility for purposes of grading wool and providing test results for graded wool loans and LDP’s.

Complete CCC-631 according to the following.

Item	Instructions
1	Enter name, address, and telephone number of the wool testing facility or laboratory.
2	Enter name and telephone number of a person that may be contacted for additional information if necessary.
3	Enter title of the contact person.
4	Enter check (✓) in the appropriate box in response to the question, “Is your testing facility/laboratory licensed by the International Wool Textile Organization (IWTO) to issue IWTO test certificates?”.  <b>Note:</b> If yes, a sample copy of the IWTO test certificate is required with the application.
5	Enter check (✓) in the appropriate box in response to the question, “Does your facility/laboratory employ sampling officers or core testing agents located in the U.S., to core sample lots of U.S., produced wool in accordance with IWTO requirements?”.
6A	Enter names of U.S. sampling officers or core testing agents who core sample lots of wool produced in the U.S.
6B	Enter address of the U.S. warehouse the U.S. sampling officer or core testing agent is affiliated.
6C	Enter telephone number of the U.S. warehouse the U.S. sampling officer or core testing agent is affiliated.
7	Applicants <b>must</b> read the certification statement.
8A through 8C	After reading the certification statement, enter signature and title of the authorized representative of the testing facility/laboratory, and the date of signature.
9	CCC representative shall sign for CCC if the application request is approved.
10	CCC representative shall sign for CCC if the application request is disapproved.
11	CCC representative shall enter the date of approval or disapproval.
12	CCC representative shall enter any remarks and reasons for disapproval, if applicable.

1510 CCC-631, CCC Wool Testing Facility Certification and Application

B Example of CCC-631

The following is an example of CCC-631.

\*--

<b>This form is available electronically.</b>		<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation	
<b>CCC-631</b> (02-04-11)		<b>CCC WOOL TESTING FACILITY CERTIFICATION AND APPLICATION</b>	
<p><b>NOTE:</b> The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1421, Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to determine eligibility request approval from CCC to become an approved testing facility under the nonrecourse loan and loan deficiency payment programs. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility.</p> <p>This information collection is exempted from the Paperwork Reduction Act as it is required for the administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F-Administration). The provisions of appropriate criminal and civil fraud, privacy and other statutes may be applicable to the information provided. <b>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</b></p>			
<b>PART A – GENERAL INFORMATION</b>			
1A. Name and Address of Wool Testing Facility/Laboratory		2A. Name of Contact Person	
Acme Testing Labs, Inc. 123 Main Street Anytown, CO		John B. Tester	
1B. Telephone No. of Facility (Include Area Code):		2B. Telephone No. of Contact Person (Include Area Code): (012) 345-6789	
		3. Title of Contact Person Lab Supervisor	
<b>PART B – TEST FACILITY INFORMATION</b>			
		YES	NO
4. Is your testing facility/laboratory licensed by the International Wool Textile Organization (IWTO) to issue IWTO test certificates? (If "YES", a sample copy of the IWTO test certificate your facility issues to customers is required with application).		<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Does your facility/laboratory employ sampling officers or core testing agents located in the U.S., to core sample lots of U.S. produced wool in accordance to IWTO requirements?		<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Indicate the names(s) of U.S. sampling officers or core testing agents who core sample lots or wool produced in the U.S. and the name and address of their associated U.S. warehouse:			
A.	B.	C.	
Sampling Officer/Core Testing Agent	Name and Address of Associated U.S. Warehouse	Telephone Number (Include Area Code)	
Fred Smith	ABC Wool Warehouse 567 Elm Street, Anytown, TX	(917) 123-4567	
<b>PART C – TEST FACILITY CERTIFICATION</b>			
7. The undersigned person, on behalf of the facility identified in Item 1A, hereby makes application to become a CCC approved testing facility to grade wool and issue core test reports or test certificates containing the graded wool's fiber diameter (micron) and yield to eligible producers of wool participating in the nonrecourse marketing assistance loan and loan deficiency payment programs for graded wool. The undersigned person also certifies on behalf of the above named facility indicate in Item 1A that all information entered on this form is true and correct.			
8A. Signature of Facility/Laboratory Representative <i>/s/ John B. Tester</i>		8B. Title Lab Supervisor	8C. Date (MM-DD-YYYY) 08-05-2011
<b>PART D – CCC'S DETERMINATION</b>			
9. Approved for CCC by:		12. Remarks and Reasons for Disapproval, as applicable :	
10. Disapproved for CCC by:			
11. Date (MM-DD-YYYY)			
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.</small></p>			

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1511-1514 (Reserved)

3-4-11

8-LP (Rev. 2) Amend. 2

Page 15-20  
(through 15-32)

1527 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet (Continued)

A Completing CCC-633WM (Continued)

Item	Instructions
21	Enter date the lien search was completed as indicated on documentation in the County Office.
22	Enter date the County Office forwarded UCC-1 or UCC-1F to the applicable recording official to be recorded.
23A	County Office shall sign for CCC.
23B	County Office shall date for CCC.
24	Enter the following: <ul style="list-style-type: none"> <li>• farm number or numbers where the commodity for the loan was produced</li> <li>• additional information from other items if necessary.</li> </ul>

B Example of CCC-633WM

The following is an example of CCC-633WM.

\*--

This form is available electronically. CCC-633WM (02-04-11)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation				1. COUNTY FSA OFFICE NAME AND ADDRESS Telephone No. (Area Code):							
<b>WOOL AND MOHAIR LOAN QUANTITY CERTIFICATION AND WORKSHEET</b>													
2. NAME AND MAILING ADDRESS OF PRODUCER Telephone No. (Area Code):		3. STORING FACILITY NAME AND ADDRESS OR LOCATION OF FARM WHERE STORED		4. CROP YEAR 5. COMMODITY (If Wool grade is checked, complete Item 11)		6. ST. & CO. CODE & LOAN NO. (FOR FSA USE ONLY)		7. LIENHOLDERS (If no item, enter "NONE" and initial)		8. CURRENT HERD SIZE			
9. LOT NUMBER	10. YEAR SHORN	11. TYPE (For Wool grade only, enter the micron and yield obtained from the core test result)	12. NUMBER OF HEAD SHORN	13. NUMBER OF BAGS	14. TOTAL QUALITY FOR LOAN (LBS.)	9. LOT NUMBER	10. YEAR SHORN	11. TYPE (For Wool grade only, enter the micron and yield obtained from the core test result)	12. NUMBER OF HEAD SHORN	13. NUMBER OF BAGS	14. TOTAL QUALITY FOR LOAN (LBS.)		
15. GRAND TOTAL QUANTITY:													
<b>16. PRODUCER'S CERTIFICATION</b> The undersigned producer(s) ("producer") requests a farm stored Commodity Credit Corporation ("CCC") loan on the commodity identified in Item 5 with respect to the quantity specified in Item 14. The Producer certifies that: (1) the Producer has beneficial interest in the quantity of the commodity shown in Item 14; (2) the commodity is eligible to be pledged as collateral for a CCC loan; (3) the Producer has retained control of the commodity at all times; (4) the quantity of the commodity shown in Item 14 above was produced and shorn in the year indicated on Item 10; (5) the quantity of the commodity shown in Item 14 above is in existence and is stored as noted in Item 3 above; (6) the commodity is in storable condition and such condition will be maintained; (7) the structure will safely store the commodity through the loan period; and (8) the commodity on which the loan is requested or which serves as collateral for a loan made to the producer is free and clear of all liens, security interest, and encumbrances, except as shown above. The Producer further agrees that upon request from CCC, to supply CCC with a list of all wool and mohair in which the producer has an interest and where it is currently located. The Producer further agrees to (1) maintain the identity of any wool and mohair which serves as collateral for the loan; and (2) not move or commingle any wool or mohair which serves as collateral for the loan with any other quantity without prior written approval of CCC; and (3) provide a core test to CCC from a CCC approved testing facility for a loan on graded wool. Additionally I certify this commodity (1) is not purchased wool or mohair; and (2) was produced and sheared from live sheep and goats of domestic origin in the United States for a period of not less than 30 days prior to shearing. Are you or any co-applicant delinquent on any federal non tax debt? (If "YES", provide details in the remarks on Page 2). <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO													
17A. PRODUCER'S SIGNATURE (BY) /s/ John Smith				17B. Title/Relationship (Individual Signing in the representative capacity)				17C. DATE (MM-DD-YYYY)					
17D. PRODUCER'S SIGNATURE (BY)				17E. Title/Relationship (Individual Signing in the representative capacity)				17F. DATE (MM-DD-YYYY)					
<b>18. STORING FACILITY CERTIFICATION</b> The undersigned, commissioned agent or representative of the storing facility certifies that: (1) the above listed commodity is stored on behalf of the producer requesting the loan; (2) the commodity is in a storable condition and such condition shall be maintained; (3) the structure will safely store the commodity through the loan period. The storing facility representative further understands that before the commodity is sold to a buyer, approval must be obtained from CCC.													
19A. PRODUCER'S SIGNATURE /s/ Jerry Parker				19B. DATE (MM-DD-YYYY) 8/3/2011		20A. PRODUCER'S SIGNATURE				20B. DATE (MM-DD-YYYY)			
<b>FOR OFFICIAL USE ONLY</b>													
21. LIEN SEARCH DATE (MM-DD-YYYY)				22. DATE UCC-1/UCC-1F FILE (MM-DD-YYYY)				23A. APPROVED FOR CCC BY				23B. DATE (MM-DD-YYYY)	

\*--

1527 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet (Continued)

B Example of CCC-633WM (Continued)

\*--

CCC-633WM (02-04-11)	Page 2
24. Remarks	
<p><b>NOTE:</b> The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1421, Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to determine eligibility in accordance with the regulatory requirements for applicants requesting wool and mohair marketing assistance loans. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to request a wool and mohair marketing assistance loan.</p> <p>This information collection is exempted from the Paperwork Reduction Act as it is required for the administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F-Administration). The provisions of appropriate criminal and civil fraud, privacy and other statutes may be applicable to the information provided. <b>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</b></p> <p>The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).</p> <p>To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.</p>	

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**1551 Spot-Checking Certified LDP's (Continued)****B On-Farm Spot Check Process for Certified LDP's (Continued)**

If the mohair or wool has been sold, request delivery, sales, or other types of production evidence to verify the quantity and delivery dates of certified LDP's.

Require the producer to submit evidence on commodities sold within 15 calendar days from \*-the date of request. If the production evidence has not been submitted by the due date and it is determined that a shortage or violation occurred, County Offices shall continue to record the shortage or violation according to 12-PS and 15-PS.--\*

**Note:** If the producer refuses to permit entry, contact the State Office for guidance.

**C Spot Check Process for Certified LDP's Stored With a Commissioned Agent**

If the production for a certified mohair or wool LDP is stored in the facility of a commissioned agent, require the producer to provide a scale ticket or weight certificate from the facility that verifies the quantity of the LDP request. This will serve as final production evidence and no further documentation will be required.

**D Recording Spot Check Results**

The spot check results shall be recorded in the National Compliance Review Database at [www.agcounts.usda.gov](http://www.agcounts.usda.gov).

**1552 Spot Check Process**

**A Contacting Producers**

When a producer has been selected by the national selection process or has been added as an additional spot check, County Offices shall:

- notify the contact producer by telephone or memorandum, as applicable
- inquire if the mohair or wool has:
  - been sold
  - is still at the farm-stored location.

**B Initiating Loans and LDP’s Selected for Spot Check**

Determine how to proceed with the spot check according to the following.

<b>IF the mohair or wool...</b>	<b>THEN...</b>
is still on the farm and a spot check has not been performed	complete a farm visit according to paragraph 1553. If the visual inspection reveals discrepancies in the certified quantity, request the producer to provide production evidence by the earlier of the following: <ul style="list-style-type: none"> <li>• 15 calendar days after the commodity has been sold</li> <li>• 30 calendar days after notification by the County Office.</li> </ul> If the visual inspection reveals no discrepancies in the certified quantity, no further production evidence is required.  If production evidence has not been submitted by the due date the producer must refund the market gain or LDP amount.

1552 Spot Check Process (Continued)

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

IF the mohair or wool...	THEN...
has been previously spot checked and the producer requests to use the spot checked quantity for production evidence	no farm visit is required except for outstanding loans, as applicable.
has been sold	request delivery, sales, or other types of production evidence to verify the quantity and delivery dates of: <ul style="list-style-type: none"> <li>• certified LDP's</li> <li>• loan repayments when market gain was earned.</li> </ul> Review the loan for a violation according to Part 4 if loan is not repaid.  Determine maximum eligible quantity if necessary.

**Note:** If unshorn lambs have been slaughtered for personal use in the case of unshorn pelts, request production evidence to the satisfaction of COC to verify the quantity of certified LDP's. Acceptable evidence includes, but is not limited to, feed records/receipts, normal business practices, and general COC knowledge.

Require the producer to submit evidence on mohair or wool sold within 15 calendar days  
 \*--from date of request and indicate the use of unshorn pelts.--\*

**1553 On-Farm Visits**

**A When to Complete On-Site Visits**

Complete on-site visits if the mohair or wool is still stored at the farm-storage location for:

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

**Note:** If the mohair or wool is stored at the facility of a commissioned agent, proceed according to subparagraph 1551 C, and no visit is necessary. Commissioned agents may also be contacted by telephone to verify quantities.

**B Spot Check Process**

At the storage site, commodity inspectors shall complete the spot check by visually inspecting the farm-stored quantities and performing maximum eligibility determinations for all loans and LDP’s selected by the national selection process according to the following.

**Note:** Measurement service is not available.

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

Step	Process	Action
1	Check CCC-683 for loans.	If applicable, replace CCC-683 if missing or incorrect loan data is shown. See Exhibit 16.
2	Inspect storage structure and determine commodity storability.	Annotate any structure, storability, or other noticeable problems on reverse side of applicable LDP request form.
3	Visually inspect all applicable structures that can be safely accessed, if not stored with a commissioned agent.	Complete the “Additional Information” section of applicable LDP request form with required information according to subparagraph 1551 B for LDP’s and subparagraph 1550 D for loans.

**C Reducing On-Farm Visits for LDP’s**

Excluding any references to providing measurement services to producers, County Offices shall reduce on-farm visits for LDP’s according to subparagraph 316 C.

1556 Loan Quantity Determination and Action Required

B Loans Repaid and Market Gain Was Earned (Continued)

IF the quantity verified is...	THEN...
<ul style="list-style-type: none"> <li>• based on production evidence</li> <li>• less than the market gain quantity amount</li> <li>• <b>not</b> within tolerance</li> </ul>	<p>COC shall:</p> <ul style="list-style-type: none"> <li>• consider a discrepancy has occurred</li> <li>• review discrepancies to determine whether a violation has occurred according to Part 4.</li> </ul> <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"> <li>• document the reasons why to the fullest extent possible in the COC minutes</li> <li>• record the discrepancy as a shortage in APSS using the violations software</li> <li>• not assess liquidated damages</li> <li>• demand the shortage, plus interest, as applicable</li> <li>• not make good faith determinations</li> <li>• complete FSA-321 according to 7-CP.</li> </ul> <p>For all other violations, COC shall determine any of the following according to Part 4:</p> <ul style="list-style-type: none"> <li>• good faith</li> <li>• misrepresentation, scheme, or device.</li> </ul>

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

1557 LDP Quantity Determination and Action Required

A LDP Spot Checks

Spot-check verifications shall be completed according to the following.

IF the quantity verified is...	THEN...
greater than the LDP quantity	a new LDP with a new LDP rate or new loan may be requested for any overage provided the producer still has beneficial interest in the commodity and it is before the final availability date.
determined reasonable and within tolerance and there is no reason to believe there is a quantity shortage	no action at this time is necessary if: <ul style="list-style-type: none"> <li>• commodity is still stored at the farm location</li> <li>• the quantity has not been sold</li> <li>• other production evidence has not been submitted.</li> </ul>
<b>not</b> determined reasonable and is <b>not</b> within tolerance or there is reason to believe there is a quantity shortage	require the producer to provide acceptable production evidence.
<ul style="list-style-type: none"> <li>• based on production evidence submitted</li> <li>• less than the LDP quantity</li> <li>• within tolerance</li> </ul>	*--if processed in APSS, record the shortage in APSS using the violation software or if eLDP, correct quantity according to 15-PS. Do <b>not</b> assess liquidated--* damages and demand the shortage, as applicable, using the notification letter in Exhibit 11, subparagraph M.  Good faith determinations are not necessary.

1557 LDP Quantity Determination and Action Required (Continued)

A LDP Spot Checks (Continued)

IF the quantity verified is...	THEN...
<ul style="list-style-type: none"> <li>• based on production evidence</li> <li>• less than the LDP quantity</li> <li>• not within tolerance</li> <li>• delivered on a date other than the delivery date certified</li> </ul>	<p>COC shall:</p> <ul style="list-style-type: none"> <li>• consider a discrepancy has occurred</li> <li>• review discrepancies to determine whether a violation has occurred according to Part 4.</li> </ul> <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"> <li>• document the reasons why to the fullest extent possible in the COC minutes</li> <li>• record the discrepancy as a shortage in APSS using the violation software</li> <li>• not assess liquidated damages</li> <li>• demand the shortage, plus interest, as applicable</li> <li>• not make good faith determinations</li> <li>• complete FSA-321 according to 7-CP.</li> </ul> <p>For all other violations, COC shall determine any of the following according to Part 4:</p> <ul style="list-style-type: none"> <li>• good faith</li> <li>• misrepresentation, scheme, or device.</li> </ul>

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

1558 Production Evidence

A Requirements

See paragraph 335 for all other production evidence requirements.

B Acceptable Types of Evidence

Determine acceptable of evidence according to the following.

Types of Evidence	Requirement
<p>Acceptable evidence shall be any 1 of the following:</p> <ul style="list-style-type: none"> <li>• copies of sales documents that include the name and address of the processor, buyer, or broker who is purchasing the mohair, unshorn lambs, or wool</li> <li>• weight or scale tickets from a commissioned agent or CCC-approved third party</li> <li>• delivery evidence</li> <li>• core test reports or certificates</li> <li>• settlement sheets</li> <li>• invoices or kill sheets from the lamb slaughter company for unshorn pelt LDP's.</li> </ul>	<p>The documentation <b>must</b> include enough information to provide County Offices with the following:</p> <ul style="list-style-type: none"> <li>• an accurate record of eligible quantity of mohair, unshorn pelts, or wool</li> <li>• net quantity</li> <li>• date of sales transaction, if sold</li> <li>• proof of payment from buyer, if commodity was sold</li> <li>• price received for quantity marketed</li> <li>• commodity</li> <li>• producer's name</li> <li>• crop year may be certified or provided by the producer</li> <li>• immediate slaughter of unshorn lambs may be certified by the producer and is generally assumed when production evidence indicates sale to a lamb slaughter company or an order buyer representing a slaughter lamb company at an auction sale.</li> </ul> <p><b>Note:</b> In the case of unshorn pelts, the production evidence must indicate that the lambs were unshorn at the time *--of sale/purchase. In cases where the seller does not know if the lamb is being sold as a feeder lamb or as a slaughter lamb, the invoices should provide lamb weights that can be used to determine the lambs that are at an acceptable slaughter weight and lambs that are not and need to be further fed, based on COC knowledge. COC may establish the acceptable weight requirement.--*</p>

## 1559 Maximum Eligible Quantity

### A Determining Reasonableness

County Offices shall verify all loan and LDP quantities for reasonableness before disbursement. Determining reasonableness shall be based on maximum eligible quantities provided in subparagraph G. The average grease fleece weights of pounds produced used to determine maximum eligible quantities are based on the following characteristics of the animals in the herd:

- quantity
- breed
- gender type
- mature body weight
- shearing date.

Benefits will **not** be disbursed on quantities **not** determined reasonable **unless** supporting evidence is provided to substantiate the quantity.

### B STC and COC Responsibilities

STC's shall play an active role in providing guidance to COC's to ensure that responsible and equitable determinations are made. COC may use their own discretion to determine a reasonable quantity based on various known conditions that may have affected the commodities production levels during the crop year. STC's and COC's are in the best position to know what production levels or practices are reasonable for their area. Any loan or LDP quantities verified by the County Office according to subparagraph A, that are determined to be unreasonable or exceed the acceptable production ranges in subparagraph G, shall be referred to COC.

This responsibility is being entrusted to STC's and COC's to deliver the program in the most feasible, reasonable, and reliable manner possible. Therefore, COC has the authority to adjust the average production ranges of the applicable breeds provided in subparagraph G based on the following:

- personal knowledge of the producers operation
- mature animal body weights of the applicable breed in excess of the average.

Production levels exceeding the weight ranges in subparagraph G shall be documented accordingly in COC minutes. If the producer is not satisfied with the maximum quantity determination by COC, provide producer appeal rights to COC.

**1559 Maximum Eligible Quantity (Continued)****C Reasonable Quantities**

Reasonableness for certified farm-stored loan or LDP quantities shall be determined by multiplying the total number of head in the producer's current herd or flock times the applicable average grease weight fleece pounds produced for each breed, as provided in subparagraph G that will determine:

- a production range applicable to the breeds certified
- maximum eligible quantity.

COC shall exercise judgment and rely on their knowledge of practices and applicable conditions when determining reasonableness for loan or LDP quantities exceeding the production ranges provided in subparagraph G.

**D Example of Determining Reasonableness**

Producer has 10 Dorset ewes that produce an average of 5 to 8 pounds of grease weight fleece pounds. The producer requests LDP on 60 pounds of wool. Multiplying 10 times 5 to 8 pounds of average production a maximum eligible quantity for this breed averages 50 to 80 pounds. The midpoint average pounds produced would be 50 to 65 pounds for ewes and 65 to 80 pounds for rams. The quantity of the producers LDP request is reasonable and a maximum eligible quantity has been determined by COC. The loan or LDP request may be approved if all other eligibility criteria have been met.

**\*--Note:** Producer may need to be contacted or asked information, such as the number of head or sheep breeds, to determine whether the quantity is reasonable and to establish a customer profile in eLDP.--\*

## 1559 Maximum Eligible Quantity (Continued)

## G Breed Specific Production Averages for Mohair and Wool (Continued)

Breed	Type	Mature Body Weight	Average Grease Weight Fleece Lbs. Produced
Debouillet	ram	220 - 275 lbs.	9-14
	ewe	125 - 150 lbs.	
Delaine-Merino	ram	190-240 lbs.	9-14
	ewe	125-160 lbs.	
Dorset	ram	225-275 lbs.	5-8
	ewe	150-200 lbs.	
East Friesian	ram	225-270 lbs.	9-12
	ewe	160-180 lbs.	
Finnsheep	ram	160-220 lbs.	4-8
	ewe	120-160 lbs.	
Gulf Coast Native	ram	145-180 lbs.	4-6
	ewe	85-115 lbs.	
Hampshire	ram	250-350 lbs.	6-10
	ewe	175-250 lbs.	
Icelandic	ram	180-220 lbs.	4-5
	ewe	130-150 lbs.	
Jacob	ram	140-190 lbs.	3-6
	ewe	90-130 lbs.	
Karakul	ram	175-225 lbs.	5-10
	ewe	100-150 lbs.	
*--Katahdin and Dorpher	The Katahdin breed is a woolless, meat type sheep that is <b>not</b> : <ul style="list-style-type: none"> <li>• marketable</li> <li>• eligible for wool MAL or LDP</li> <li>• eligible for an unshorn pelt LDP.--*</li> </ul>		
Lincoln	ram	240-300 lbs.	12-16
	ewe	200-250 lbs.	
Montadale	ram	200-275 lbs.	7-11
	ewe	160-180 lbs.	
Navajo-Churro	ram	120-175 lbs.	4-8
	ewe	85-120 lbs.	
North Country Cheviot	ram	200-300 lbs.	5-10
	ewe	130-180 lbs.	

## 1559 Maximum Eligible Quantity (Continued)

## G Breed Specific Production Averages for Mohair and Wool (Continued)

Breed	Type	Mature Body Weight	Average Grease Weight Fleece Lbs. Produced
Oxford	ram	225-325 lbs.	7-10
	ewe	150-200 lbs.	
Panama	ram	250-280 lbs.	13-15
	ewe	180-210 lbs.	
Perendale	ram	220-260 lbs.	8
	ewe	120-150 lbs.	
Polypay	ram	190-250 lbs.	7-10
	ewe	140-180 lbs.	
Rambouillet	ram	200-300 lbs.	10-15
	ewe	140-180 lbs.	
Romanov	ram	175-240 lbs.	6-13
	ewe	135-160 lbs.	
Romney	ram	200-275 lbs.	10-18
	ewe	150-200 lbs.	
Scottish Blackface	ram	150-175 lbs	5-6
	ewe	115-130 lbs	
Shetland	ram	90-125 lbs	2-4
	ewe	75-100 lbs	
Shropshire	ram	225-290 lbs.	6-10
	ewe	170-200 lbs.	
Southdown	ram	180-230 lbs.	5-8
	ewe	120-180 lbs.	
Suffolk	ram	275-400 lbs.	4-8
	ewe	200-300 lbs.	
Targhee	ram	200-300 lbs.	10-14
	ewe	140-200 lbs.	
Texel	ram	190-240 lbs.	7-10
	ewe	140-185 lbs.	
Tunis	ram	175-225 lbs.	8-12
	ewe	130-160 lbs.	

1560-1569 (Reserved)

**1575 Final Settlement Procedures (Continued)**

**K AMS Action**

For all mohair and wool loans that will be settled by local sale and inspected by AMS, the AMS representative shall:

- immediately contact the appropriate producer to schedule date and time of inspection
- notify the National Office of scheduled inspection day and time complete CCC-930 according to inspection of quality factors.

Upon inspection of the commodity by the AMS inspector or representative, AMS will return completed CCC-930 to the applicable County Office within 30 calendar days which will display the official AMS results.

1575 Final Settlement Procedures (Continued)

L Example of CCC-930, AMS Inspection Certificate of Quality Factors for Wool and Mohair

The following is an example of CCC-930.

\*--

This form is available electronically. <b>CCC-930</b> U.S. DEPARTMENT OF AGRICULTURE (02-04-11) Commodity Credit Corporation		1. Inspection Number xxxxxx	
<b>AMS INSPECTION CERTIFICATE OF QUALITY                  FACTORS FOR WOOL AND MOHAIR</b>		2A. Date of Inspection 05-01-20xx	2B. Time of Inspection 9:00 am
		3. Producer Name Able Farmer	
<b>PART A - COMMODITY INFORMATION</b>			
4. Region (Check One Only): <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3		5. Farm Storage Address (Including Zip Code) 9999 Any Rd Town, ST 99999-9999	
6. Commodity Type (Check One Only)  <input type="checkbox"/> Graded Wool <input type="checkbox"/> Ungraded Wool <input checked="" type="checkbox"/> Mohair		7. No. of Bags 5	8. No. of Bags Inspected 5
<b>PART B - GRADED WOOL QUALITY FACTORS</b>			
9. FACTOR/DESCRIPTION Bellies Pieces Locks/Tags Damaged Stained Wet		YES      NO      9. FACTOR/DESCRIPTION Crutchings Blackface Black Wool Muddy Non-merchantable Polypropylene Contamination	YES      NO      10. LENGTH (for fleece wool ONLY) <input type="checkbox"/> 2.76 - 2.99 inches <input type="checkbox"/> 2.51 - 2.75 inches <input type="checkbox"/> 2.00 - 2.50 inches <input type="checkbox"/> Under 2.00 inches
<b>PREPARATION FACTOR (for fleece wool ONLY, not applicable to offsorts)</b>			
11. BOU/classed/not skirted		YES NO	13. BIU/unclassified/not skirted  YES NO
12. BOU/unclassified/not skirted		14. No preparation/tied	
<b>PART C - UNGRADED WOOL QUALITY FACTORS</b>			
15. FACTOR/DESCRIPTION Bellies Pieces Locks/Tags Non-merchantable		YES    NO    15. FACTOR/DESCRIPTION Crutchings Blackface Black Wool Polypropylene Contamination	YES    NO    16. LENGTH (for fleece wool ONLY) <input type="checkbox"/> 2.76 - 2.99 inches <input type="checkbox"/> 2.51 - 2.75 inches <input type="checkbox"/> 2.00 - 2.50 inches <input type="checkbox"/> Under 2.00 inches
<b>PART D - MOHAIR QUALITY FACTORS</b>			
17. MOHAIR TYPE: <input type="checkbox"/> FK <input type="checkbox"/> GK <input checked="" type="checkbox"/> AK <input type="checkbox"/> FYG <input type="checkbox"/> AYG <input type="checkbox"/> FA <input type="checkbox"/> AA			
18. LENGTH: <input type="checkbox"/> Under 3 inches <input checked="" type="checkbox"/> 3.00 - 3.99 inches <input type="checkbox"/> 4.00 - 6.00 inches <input type="checkbox"/> Over 6 inches			
<b>PART E - AMS CERTIFICATION</b>			
19. Signature of AMS Inspector  /s/ i. M. Inspector		20. Date (MM-DD-YYYY)  05-01-20xx	
21. Remarks			
22. County FSA Office Name and Address (Including Zip Code) Any County FSA Office 999 Any RD, Town, ST 99999-9999		23. County FSA Office Telephone No. (Include Area Code)  999-999-9999	
<small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.</small>			

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## Reports, Forms, Abbreviations, and Delegations of Authority

### Reports

None

### Forms

This table lists the forms referenced in this handbook.

<b>Number</b>	<b>Title</b>	<b>Display Reference</b>	<b>Reference</b>
AD-1026	Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification		35, 200
CCC-10	Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents	502	521, 617
CCC-25	Uniform Grain and Rice Storage Agreement (UGRSA)		318, 702, 771
CCC-39	Request for Issuance of Duplicate Warehouse Receipt(s)	549	
CCC-156	Loading Order, Trust Order and Invoice for Charges		816
CCC-257	Schedule of Deposit		318, 702, 771
CCC-258	Wire Transfer of Funds	720	
CCC-491	Beneficial Interest Certification Sheet	228	
CCC-500	Loan Payment Receipt	700	416, 718-720, 791,792
CCC-500-1	Loan Payment Receipt Continuation Sheet		700
CCC-502	Farm Operating Plan for Payment Eligibility Review		32, 35, 200
CCC-526	2008 Payment Eligibility Average Adjusted Gross Income Certification		32, 35, 200

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

## Forms (Continued)

Number	Title	Display Reference	Reference
CCC-601	Commodity Credit Corporation Note and Security Agreement Terms and Conditions	Ex. 5	10, 410, 510
CCC-631	CCC Wool Testing Facility Certification and Application	1510	1509
CCC-633EW	Loan and LDP Eligibility Worksheet Commodities Harvested as Other Than Grain Determining Maximum Eligible Quantity	336	
CCC-633 EZ	Loan Deficiency Payment (LDP) Agreement and Request	1007	Text
CCC-633 GRAZING	Grazing Payment Program Application	1105	1102-1104
CCC-633WM	Wool and Mohair Loan Quantity Certification and Worksheet	1527	234
CCC-638	Confirmation of Sale	860	857
CCC-639	Competitive Bid Pricing Worksheet	859	858, 860
CCC-643	Request for Shipping Instructions	806	804
CCC-665	Agreement to Permit Assumption of a CCC Loan	527	600
CCC-666	Commodity Loan Request	524	Text
CCC-674	Certification for Contract, Grants, Loans, and Cooperative Agreements	28	1000
CCC-676	LDP and Loan Number Register		791
CCC-677	Farm Storage Note and Security Agreement		Text
CCC-677-1	Farm Storage Loan Worksheet	Ex. 15	Text
CCC-678	Warehouse Storage Note and Security Agreement		Text
CCC-679	Lien Waiver	505	30, 504, 510, 547, 607, 754
CCC-681	Authorization to Move Loan Collateral for Rotation or Transfer	614	613, 615, 619
CCC-681-1	Authorization for Delivery of Loan Collateral for Sale	743	Text
CCC-681-1 A	CCC-681-1 Continuation Sheet	743	
CCC-683	Commodity Loan Seal	Ex. 16	316, 523, 524
CCC-685	Authorization to Release Warehouse Receipts	770	793
CCC-686	Application for Loan or LDP by Heirs (On a Commodity Produced by a Person Who Has Died)	205	200

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

## Forms (Continued)

Number	Title	Display Reference	Reference
CCC-687-1	Approval to Commingle or Move Loan Collateral	600	317, 526
CCC-691	Commodity Delivery Notice	801, 816, 817	Text
CCC-692	Settlement Statement		822, 862
CCC-694-1	CCC-Determined Value Worksheet	791	791, 793, 794
CCC-694-2	Acknowledgment of Commodity Certificate Purchase	792	791, 793, 794
CCC-697	Request to Lock In a Market Loan Repayment Rate	717	Text
CCC-699	Reconcentration Agreement and Trust Receipt	628	627, 629-631
CCC-770 LDP/eLDP	Loan Deficiency Payment (LDP) and eLDP Program Review Checklist	23	234
CCC-770 MAL	Marketing Assistance Loan (MAL) Processing Checklist	23	234, 501, 510
CCC-902	Farm Operating Plan		35, 200, 203
CCC-926	Average Adjusted Gross Income (AGI) Statement		35, 200, 1000
CCC-930	AMS Inspection Certificate of Quality Factors for Wool and Mohair	1575	
CCC-1099-A	Report of Loan, Forfeiture, Settlement, and Abandonment to Producer		27
CCC-1099-A-2	Important Information About IRS Form 1099-A		27
CCC-1099-G	Report Payments to Producers (Reported to IRS)		27
CCC-1099-MISC	20XX Miscellaneous Income		27
FSA-211	Power of Attorney		227, 770, 792
FSA-321	Finality Rule and Misaction/Misinformation		318
FSA-409	Measurement Service Record		500, 524, 1002, 1005, 1008
FSA-578	Report of Acreage		201, 336, 1102, 1103, 1105

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

Forms (Continued)

Number	Title	Display Reference	Reference
KC-232	Notice of Approval or Change in Status of Storage Agreement or Contract	40	542
KC-350 (Grain)	Warehouse Operator’s Supplemental Certificate		Text
KC-350 (Oilseed)	Warehouse Operator’s Supplemental Certificate		Text
KC-385	Merger of Locations Under a Single CCC Code Number		537
SF-LLL	Disclosure of Lobbying Activities	28	
SF-LLL-A	Disclosure of Lobbying Activities Continuation Sheet	28	
UCC-1	Financing Statement		502, 504, 521, 524
UCC-1F	Effective Financing Statement		524
WA-302	Examination Report		544

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
F.O.B.	freight on board	228, 858, 859, 860, 862
HM	high moisture	225, 524, 1005, 1050, 1200, 1210, 1211, 1215, Ex. 2, 15
MB	Merchandising Branch	40, 605, 817, 826, 901
PCP	posted county price	3, 235, 720, 785, 786
PD	Procurement Division	41, 605, 817, 826, 901
RCP	regionally calculated price	235, 785, 786
SCB	Storage Commodities Branch	537, 800
SORS	State Office Reporting System	3, 37, 40
USWA	U.S. Warehouse Act	3, 522, 535, Ex, 2
WLED	Warehouse Licensing and Examination Division	40, 537, 800

Re delegations of Authority

Redelegation of authority is provided in paragraph 2.

## Definitions of Terms Used in This Handbook (Continued)

### Eligible Producer

Eligible producer means a person or legal entity that:

- has complied with annual program requirements including:
    - reporting acreage for applicable crops according to 2-CP
    - completing AD-1026 according to 6-CP
    - completing CCC-502 according to 1-PL for 2008 only
    - completing CCC-526 according to 1-PL for 2008 only
    - completing a CCC-926 according to 4-PL for 2009-2012 crop
- Note:** CCC-926 is not needed on file at loan disbursement.
- completing applicable CCC-902 if repaying a loan with a market gain or requesting LDP payment according to subparagraph 203 A.
  - has a beneficial interest in the eligible commodity for which a loan or LDP is requested
  - shares in the risk of producing the applicable commodity.

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

- landowner
- landlord or waterlord
- tenant
- sharecropper.

### \*--Excess Moisture Commodities

Excess moisture commodities mean loan commodities, listed in subparagraph 225 C, with--\* moisture levels that exceed the applicable standard moisture levels, according to 2-LP Grains and Oilseeds, and are at or below the STC-established maximum moisture level for the applicable loan commodity.

## Definitions of Terms Used in This Handbook (Continued)

### High Moisture (HM) Commodities

HM commodities mean corn and grain sorghum with moisture levels exceeding the STC-established maximum moisture levels that are only eligible for recourse loans (see \*--paragraph 1210 for HM recourse loans for corn and grain sorghum).--\*

### Incorrect Certification

Incorrect certification means either of the following and is considered a violation:

- certifying a quantity of a commodity for the purpose of obtaining a farm-stored or warehouse-stored commodity loan or LDP exceeding the quantity eligible for loan or LDP
- making any fraudulent representation with respect to obtaining loans or LDP's.

### Inspect

Inspect means to visually examine the commodity and storage structure to determine the suitability of the structure and storability of the commodity.

### Intentional Removal or Disposition

Intentional removal or disposition means the deliberate removal or disposition of loan collateral.

### \*--Isolated Farm-Stored Lot

Isolated farm-stored lot means a remote structure storing a nonrecourse MAL where a UGRSA warehouse to accept delivery to CCC at maturity is a great distance away and it is not cost effective to pay excess haul.--\*

### LDP

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

### LDP Amount

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

### Legal Entity

Legal entity means the entity either:

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

**\*--Questions and Answers From 8-LP (Rev. 2) Training in October 2010**

The following provides questions that were asked at the training and the responses.

**Q1: Will the provisions in Notice LP-2145 regarding the CCC-674 be incorporated into paragraph 28?**

A1: The provisions from Notice LP-2145 were included in amendment 2. As a reminder, CCC-674 is still required for all LDP's exceeding \$100,000.

**EQ: Subparagraph 36 A addresses returned unnegotiated checks and instructs the County Office to cancel LDP and request a replacement check to apply to the receivable. Which handbook and paragraph are followed for requesting the replacement check?**

A2: For requesting a replacement check, follow 1-FI, subparagraph 131 F.

**Q3: Subparagraph 37 A provides instructions for obtaining SORS authority. What is the correct access authority code? Is the authorization request still for State Office employees with County Offices automatically having SORS access authority?**

A3: The access authority code to request SORS authorization on FSA-13A is "app.fsa.sors.readonly". Amendment 2 corrected the access authorization code in subparagraph 37 A. Any FSA employee authorized to request SORS access can use FSA-13A to request such access.

**Q4: What is the procedure when a producer's request for a loan or LDP exceeds COC maximum established yield? Are COC's allowed to use comparable farm yields from other producer's farms?**

A4: Subparagraph 230 G has been amended to clarify that for loans or LDP's that are within 10 percent of COC maximum established yield, the producer shall provide documentation on farming practices and CED will approve or deny the request based on his/her knowledge of current farm yields in the area. Loans or LDP's that exceed COC maximum yield by more than 10 percent must request COC to approve or deny the request. COC is permitted to use documented yields from the producer's own farms. Using yields from other producer's farms is not permitted.--\*

\*--Questions and Answers From 8-LP (Rev. 2) Training in October 2010 (Continued)

**Q5: Describe how the ACRE reduction applies to the nonrecourse low quality commodity loan rate.**

A5: For low quality commodities, the loan rate for a nonrecourse loan is 20 percent of the applicable base county loan rate. The ACRE reduction is applied **after** the loan rate is determined.

**Example:** \$2 base county loan rate for corn x 20 percent = \$.40 loan rate for low quality corn.

\$.40 loan rate x 30 percent ACRE reduction = \$.12.

\$.40 - \$.12 = \$.28 nonrecourse low quality loan rate on ACRE elected farm.

**Q6: Is there a report that would allow State Offices to check to see if County Offices are clicking the radio button for ACRE farms in the eLDP system?**

A6: Currently, there is no report available to determine if County Offices are accurately indicating if the quantity for LDP is from an ACRE-elected farm in eLDP. A future SORS enhancement will include a report indicating if an eLDP was reduced because of ACRE.

**Q7: How are loan shortages recorded in APSS? While entering a loan shortage, the question is asked, "Is this the recording of a shortage as a result of a spot check?" If users enter "Y" to record a shortage and press "Enter", the following error message is display, "This loan is not eligible for loan quantity shortage processing".**

A7: Shortages shall be recorded in APSS using the violation software. Respond "N" to the question and proceed according to 12-PS. Waive liquidated damages, as applicable. 12-PS is being updated to reflect the change in procedure.

**Q8: Subparagraph 521 B states, "County Offices shall file applicable UCC-1's immediately after the lien search and before loan disbursement so there can be no intervening security interests filed". In some States, UCC-1 is filed and it takes between 3 and 10 workdays to show on a lien search. If procedure is followed, there would always be the 3 to 10 workday window where an intervening security interest could be filed. In these States, the only way to be sure there are no intervening security interest filed is to file UCC-1 then wait to complete the search until FSA's UCC-1 shows on the search. Should County Offices be instructed to file UCC-1 first and wait to complete the lien search?**

A8: The procedure for filing UCC-1's, and the time period before the filing appears on the lien search, is different in every State. As long as the County Office has the results of the requested lien search, documentation (filing date and number) that UCC-1 has been filed, and necessary lien waivers, the loan can be disbursed.--\*

\*--Questions and Answers From 8-LP (Rev. 2) Training in October 2010 (Continued)

**Q9: How is the nonrecourse loan rate for a contaminated commodity determined?**

A9: The loan rate for a nonrecourse loan on a contaminated commodity is 10 percent of the applicable base county loan rate, **not a 10 percent reduction in the county loan rate.**

**Example:** \$2 base county loan rate for corn x 10 percent = \$.20 loan rate for contaminated corn.

**Q10: Explain the low quality loans and the zero settlement rate. If a producer delivers a low quality commodity to CCC in settlement of a nonrecourse loan that was disbursed at the regular loan rate, my understanding was that the zero settlement meant that the producer would have a debt to CCC for the entire original loan amount. Is this correct?**

A10: Yes. The settlement loan value for all loans delivered to CCC is determined based on the quality factors of the quantity delivered to CCC. The loan rate for a low quality commodity is 20 percent of the applicable base county loan rate. For example, a \$2 base county loan rate would have a \$.40 low quality loan rate. Because this is a low quality commodity, if the applicable discounts calculate a settlement rate below the \$.40 loan rate, the settlement rate is the difference between the \$.40 loan rate and the discounts. Therefore if the total discounts are greater than the \$.40 loan rate, the settlement rate is zero. If the producer elects to have a nonrecourse loan, he/she agrees to have a zero settlement value, if applicable.

**Q11: If farm-stored loans are only authorized for delivery to a UGRSA warehouse, why are warehouse loans stored at non-UGRSA warehouses allowed to be forfeited to CCC.**

A11: Presently, CCC receives very few MAL forfeitures. Therefore, it was determined to accept into CCC inventory, warehouse-stored MAL's at non-UGRSA warehouses. Note that the warehouse receipts at the non-UGRSA warehouses forfeited to CCC must meet all the requirements in paragraph 545.

**Q12: Notice LP-2143 allowed warehouses operating in a State with an operating warehouse licensing program to no longer require a UGRSA; however, a warehouse code would be assigned by KCCO if they want to participate in Price Support programs. Notice LP-2143, Exhibit 1 stated, "a CCC storage agreement may be required if commodities are forfeited to CCC". Based on the training, these warehouses without a UGRSA in a State with a licensing program with an assigned KCCO warehouse code, if a producer wants to deliver their farm-stored non-recourse loan to their location, the warehouse would be required to enter into a UGRSA. Is this the policy intent in 8-LP?**

A12: Yes. While CCC will allow warehouse-stored MAL's to be put under loan in a non-UGRSA warehouse and forfeited to CCC in that non-UGRSA warehouse, deliveries of farm-stored commodities to CCC can only be made to warehouses with a UGRSA agreement. See Q11 and A11 for additional information.--\*

\*--Questions and Answers From 8-LP (Rev. 2) Training in October 2010 (Continued)

**Q13: What are the maximum days allowed under the extended delivery period for CCC-681-1 and CCC-691?**

A13: Because of the number of questions PSD has had on this, we will be reviewing our policy on both CCC-681-1 and CCC-691 delivery periods. The field will be notified of any clarifications and/or policy changes made.

Subparagraph 741 G states that producers may request a 1-time, 15 calendar day, CCC-681-1 extension, not to exceed 45 calendar days **including** the original release period.

CCC-681-1 extensions are only authorized if the producer has begun delivery of the quantity to the buyer. Extensions shall not be approved if the producer is intentionally delaying delivery to avoid payment to CCC.

Subparagraph 801 B, item 16 states that sufficient time must be allowed for delivery to CCC under CCC-691, depending on the quantity involved. Unless there is a large quantity to deliver, 15 calendar days should initially be sufficient. If additional time is requested, the County Office shall first spot check the commodity still in storage to ensure that there is enough collateral to cover the loan. An additional 15 calendar day extension may be given to complete delivery.

**Q14: Producers are limited to one 15 calendar day extension to their CCC-681-1, not to exceed 45 calendar days including the original release. Is the intent that if a producer with an original CCC-681-1 for 15 calendar days requests an extension, CCC-681-1 could not exceed 30 calendar days?**

A14: Yes, that is correct. They are limited to one 15 calendar day extension to their CCC-681-1.

**Q15: If the remittance check for a MAL repayment is made solely to CCC, how are the County Offices to enter repayments in NRRS, particularly when there is a refund due? Is a "jointly issued check" supposed to be selected for the "Remittance Type" even if the check is paid solely to CCC?**

A15: County Offices are to follow 64-FI, subparagraph 65 K to issue the refund.

**Q16: Define and give an example of isolated farm-stored lots.**

A16: Isolated farm-stored lot means a remote structure storing a nonrecourse MAL where a UGRSA warehouse to accept delivery to CCC at maturity is a great distance away and it is not cost effective to pay excess haul.--\*

\*--Questions and Answers From 8-LP (Rev. 2) Training in October 2010 (Continued)

**Q17: MAL should not be transferred to a receivable if the grain is still on the farm; however, paragraphs 741, 803, and 867 have procedure about deliveries after the receivable is established. Will 8-LP be amended to agree with the information presented in the training?**

A17: These paragraphs have been amended to follow Exhibit 11 and the training. Recourse and distress loans where CCC will not accept delivery are the only mature loans that will be transferred from APSS and a receivable established on the 31st day after maturity.

**Q18: We can understand the policy change in subparagraph 741 F to issue CCC-691 the day after maturity, regardless whether CCC-681-1 is in effect. However, subparagraph 802 B references issuing another CCC-691 for remaining loan quantity after expiration of the CCC-681-1 grace period. Why delay issuing the CCC-691 until after the grace period?**

A18: CCC-691 is **always** issued on the day after maturity for the current outstanding loan quantity. After a partial delivery and repayment under CCC-681-1, a new CCC-691 will be issued for the remaining loan quantity. The remaining loan quantity will not be known until the quantity delivered is repaid.

**Q19: In such cases, when an original CCC-691 has been issued, on the 31st day after expiration, a receivable must be established in NRRS and foreclosure proceedings begin. Paragraph 867 allows the producer to deliver after a receivable is established in NRRS.**

A19: Paragraph 867 has been deleted. Only recourse and distress loans, where CCC will not accept delivery of the commodity, are transferred from APSS and a receivable established on the 31<sup>st</sup> day after maturity. If the loan quantity is still available and CCC will accept delivery, the loan must **not** be transferred from APSS and a receivable must **not** be established in NRRS. The foreclosure letter for nonrecourse loans is sent the day after CCC-691 expires, notifying the borrower that CCC will arrange for delivery of the commodity to CCC, and that the borrower is responsible for any expenses incurred in the delivery. If the loan quantity is available, the loan remains in APSS until the settlement has been processed through APSS.

**Q20: Revision 1, Part 12 allowed the receiving warehouses the opportunity to purchase the delivered commodity from KCCO; however, revision 2, makes no reference to elevator purchases from KCCO. Are elevator purchases from KCCO for farm-stored deliveries no longer authorized?**

A20: Elevator purchases from KCCO for farm-stored deliveries are **no** longer authorized.--\*

\*--Questions and Answers From 8-LP (Rev. 2) Training in October 2010 (Continued)

**Q21: When a receivable is manually established in NRRS, is the interest separate from principal or is it entered as 1 receivable amount?**

A21: If an entire loan is transferred off APSS and a receivable established in NRRS, the amounts owed for the principal amount due and regular loan interest are combined and entered as the “Program Amount” in NRRS. This information is on the “Transfer to Claims Report” that prints when an amount is transferred from APSS. Follow 64-FI, Part 3 to establish the receivable.

**Q22: It is understood that nonrecourse loan balances are not to be transferred to NRRS until the collateral has been liquidated. Before liquidating the loan, a notification letter, demand letter, and possibly a foreclosure letter will be sent to the producer. Each of these letters has specific language as follows:**

- **Notification Letter (Exhibit 11, subparagraph B), “If this debt is not resolved, this Agency reserves the right to use all additional actions available to recover the debt. The debt may be collected by internal administrative offset from any CCC or FSA payments that may be due to you.....”**
- **Demand Letter (Exhibit 11, subparagraph G), has three bullets. The second bullet states, “the amount due will be recorded for offset from any FSA or CCC payments due you.....”, then later states, “After the receivable is established... the receivable may be reported to other Federal Agencies for offset from any amounts that may be due you.”**
- **Foreclosure Letter (paragraph 866), “If we do not hear from you within 15 calendar days of the date of this letter, a receivable will be established and you will owe the debt to CCC.”**

**Each of these letters has language that would allow the Agency to take offset before the collateral is sold. To do that, the “Other Agency” flag may have to be used if a receivable has not been established. Explain why offsets would not be taken and/or the “Other Agency” flag would not be used for a “debt” that is now due.**

A22: If the commodity is still in storage and eligible to be delivered to CCC, the borrower is given due process and an opportunity to repay or deliver the commodity. In the situation just described, a receivable is **not** established. The “Other Agency” flag can still be set to remind County Office personnel that an amount may be owed. It may be possible to delay issuing the producer any other payments to encourage and impress on them the importance of settling their MAL. The language in the letters is similar to what NRRS uses in letters they send. PSD will review the language in each letter and modify, if necessary. See 58-FI, Part 6, Section 2.--\*

**\*--Questions and Answers From 8-LP (Rev. 2) Training in October 2010 (Continued)**

**Q23: Generally speaking, is foreclosure to begin the day after CCC-691 expires, as indicated in Exhibit 11, or 31 calendar days after CCC-691 expires, as indicated in paragraph 803?**

A23: Foreclosure action is to begin the day after CCC-691 expires. Paragraph 803 has been amended.

**Q24: When do foreclosure proceedings begin on a loan that is/was under marketing authorization?**

**Example: MAL matures October 31. The producer requested a 30-calendar-day CCC-681-1 on October 15. The County Office sends CCC-691 and demand letter (Exhibit 11, subparagraph G) on November 1 with 30 calendar days to deliver. Producer delivers a portion of the commodity under loan on CCC-681-1 and does not request a CCC-681-1 extension. When should foreclosure proceedings begin?**

A24: According to subparagraph 802 B, a new CCC-691 for any loan quantity remaining after the expiration of CCC-681-1 grace period (November 29) should be issued on November 30. In this situation, CCC-691 should probably be given a 15-day final date to deliver or until December 14. Foreclosure proceedings shall begin on the day after CCC-691 expires or December 15.

PSD will clarify these dates in a future amendment, but the date foreclosure proceedings begin somewhat depends on the situation. COC needs to take into account the reason for the delay in delivering the commodity. If nothing has been delivered to the buyer, foreclosure proceedings would be the later of, the day after CCC-691 expired or the day after the CCC-681-1 expired. If nothing was delivered during the authorized delivery period, the 15-day grace period is not applicable.

**Q25: How, if at all, would the previous situation described in Q24 differ if the individual had not delivered anything on CCC-681-1?**

A25: If the producer has not delivered anything under CCC-681-1, and the first demand letter and CCC-691 were issued on the day after maturity, the foreclosure letter would be sent on the day after CCC-691 expired or December 1.--\*

\*--Questions and Answers From 8-LP (Rev. 2) Training in October 2010 (Continued)

**Q26: If a producer wants to have 1 of his payments offset to pay off an outstanding MAL, can the County Office establish a receivable in NRRS without going through foreclosure/local sales?**

A26: The producer must request, in writing, that he/she would like the County Office to offset specific payments to pay off an outstanding MAL. In this situation, and if the commodity is still in storage, the payment shall be made payable to CCC and applied to the outstanding **loan** as a lump sum repayment

The County Office must **not** establish a receivable in NRRS to offset a payment, but **must** use the “Other Agency Claim Flag” option in Financial Services to send the payment to the local County Office.--\*

**Example Letters**

**A References for Example Letters**

This exhibit provides examples of notification, demand for amounts due, denial of benefits, and violation letters. Use this table to determine the applicable letter to be sent and subparagraph reference for any additional remarks. See paragraph 20 for producer appeals and 1-APP for appropriate and current appeal language.

<b>Action for Maturing MAL's</b>				
<b>IF type of loan is...</b>	<b>THEN 45 calendar days before maturity County Office sends the notification letter in...</b>	<b>AND on the day after maturity County Office shall...</b>	<b>AND the subsequent action is...</b>	<b>Paragraph Reference</b>
farm-stored nonrecourse loan	subparagraph B	<p>if a warehouse to accept delivery is:</p> <ul style="list-style-type: none"> <li>available, send letter in subparagraph G with CCC-691</li> <li>not available, proceed with local sale according to paragraphs 856 through 862</li> </ul> <p><b>Note:</b> For both options, in APSS:</p> <ul style="list-style-type: none"> <li>compute the total principal and interest on the day after maturity</li> <li>screen print the total amount due and retain in the loan folder.</li> </ul>	<ul style="list-style-type: none"> <li>if <b>delivered</b> by expiration date of CCC-691, County Offices shall: <ul style="list-style-type: none"> <li>complete settlement in APSS</li> <li>transfer any balance due CCC through APSS using the "Transfer to Claims" option according to 12-PS</li> <li>establish a receivable in NRRS according to * * * 64-FI to match amount on the "Transfer to Claims Report"</li> </ul> </li> </ul> <p><b>Notes:</b> Applicable letters for amounts due CCC will be generated through NRRS and offsets will be taken from any payments due the producer.</p> <p>County Office shall deposit any collections to receivable in NRRS.</p>	797, 800, 801

Example Letters (Continued)

A References for Example Letters (Continued)

Action for Maturing MAL's (Continued)				
IF type of loan is...	THEN 45 calendar days before maturity County Office sends the notification letter in...	AND on the day after maturity County Office shall...	AND the subsequent action is...	Paragraph Reference
farm-stored nonrecourse loan (Cntd)	subparagraph B (Cntd)	<p>if a warehouse to accept delivery is:</p> <ul style="list-style-type: none"> <li>available, send letter in subparagraph G with CCC-691</li> <li>not available, proceed with local sale according to paragraphs 856 through 862</li> </ul> <p><b>Note:</b> For both options, in APSS:</p> <ul style="list-style-type: none"> <li>compute the total principal and interest on the day after maturity</li> <li>screen print the total amount due and retain in the loan folder. (Cntd)</li> </ul>	<ul style="list-style-type: none"> <li>if <b>not delivered</b> by expiration date of CCC-691, County Offices shall: <ul style="list-style-type: none"> <li>send foreclosure letter in subparagraph 866 C and begin foreclosure action</li> <li>complete settlement in APSS including expenses incurred during delivery following foreclosure action</li> <li>transfer any balance due CCC through APSS using the "Transfer to Claims" option according to 12-PS</li> <li>establish a receivable in NRRS according to * * * 64-FI to match to * * * amount on the "Transfer to Claims Report"</li> </ul> </li> </ul> <p><b>Notes:</b> Applicable letters for amounts due CCC will be generated through NRRS and offsets will be taken from any payments due the producer.</p> <p>County Office shall deposit any collections to receivable in NRRS.</p>	797, 801, 866

Example Letters (Continued)

A References for Example Letters (Continued)

Action for Maturing MAL's (Continued)				
IF type of loan is...	THEN 45 calendar days before maturity County Office sends the notification letter in...	AND on the day after maturity County Office shall...	AND the subsequent action is...	Paragraph Reference
farm-stored nonrecourse loan (Cntd)	subparagraph B (Cntd)	<p>if a warehouse to accept delivery is:</p> <ul style="list-style-type: none"> <li>available, send letter in subparagraph G with CCC-691</li> <li>not available, proceed with local sale according to paragraphs 856 through 862</li> </ul> <p><b>Note:</b> For both options, in APSS:</p> <ul style="list-style-type: none"> <li>compute the total principal and interest on the day after maturity</li> <li>screen print the total amount due and retain in the loan folder. (Cntd)</li> </ul>	<ul style="list-style-type: none"> <li>for loans being settled as a local sale, County Offices shall: <ul style="list-style-type: none"> <li>complete settlement in APSS according to paragraph 862</li> <li>transfer any balance due CCC through APSS using the "Transfer to Claims" option according to 12-PS</li> <li>establish a receivable in NRRS according to * * * 64-FI to match amount on the "Transfer to Claims Report".</li> </ul> </li> </ul> <p><b>Notes:</b> Applicable letters for amounts due CCC will be generated through NRRS and offsets will be taken from any payments due the producer.</p> <p>County Office shall deposit any collections to receivable in NRRS.</p>	797, 800, 856-862

**Example Letters (Continued)**

**A References for Example Letters (Continued)**

<b>Action for Maturing MAL's (Continued)</b>				
<b>IF type of loan is...</b>	<b>THEN 45 calendar days before maturity County Office sends the notification letter in...</b>	<b>AND on the day after maturity County Office shall...</b>	<b>AND the subsequent action is...</b>	<b>Paragraph Reference</b>
warehouse nonrecourse loan	subparagraph C	forfeit to CCC according to 12-PS	<p>County Offices shall:</p> <ul style="list-style-type: none"> <li>transfer any balance due CCC through APSS using the "Transfer to Claims" option in 12-PS</li> <li>establish a receivable in NRRS according to * * * 64-FI to match the amount on the "Transfer to Claims Report"</li> <li>deposit any collections to receivable in NRRS.</li> </ul> <p>Applicable letters for amounts due CCC will be generated through NRRS and offsets will be taken from any payments due the producer.</p>	797, 900
recourse loan	subparagraph D	send letter in subparagraph H	<p>if not repaid by the 31<sup>st</sup> day after maturity:</p> <ul style="list-style-type: none"> <li>begin foreclosure action by sending foreclosure letter in subparagraph 866 C, handling as a local sale according to paragraphs 856 through 862</li> <li>transfer loan from APSS using the "Transfer to Claims" option in 12-PS</li> <li>establish a receivable in NRRS according to * * * 64-FI to match the amount on the "Transfer to Claims Report".</li> </ul> <p>When local sale is completed:</p> <ul style="list-style-type: none"> <li>either adjust the established receivable or establish a new receivable to include expenses CCC incurred during the foreclosure action</li> <li>apply sales proceeds to the established receivables according to paragraph 856.</li> </ul> <p>Applicable letters for amounts due CCC will be generated through NRRS and offsets will be taken from any payments due the producer.</p>	797, 856-862, 866

**Example Letters (Continued)**

**A References for Example Letters (Continued)**

<b>Action for Maturing MAL's (Continued)</b>				
<b>IF type of loan is...</b>	<b>THEN 45 calendar days before maturity County Office sends the notification letter in...</b>	<b>AND on the day after maturity County Office shall...</b>	<b>AND the subsequent action is...</b>	<b>Paragraph Reference</b>
distress loan	subparagraph E	send letter in subparagraph H	<p>if not repaid by the 31<sup>st</sup> day after maturity:</p> <ul style="list-style-type: none"> <li>• begin foreclosure action by sending foreclosure letter in subparagraph 866 C, handling as a local sale according to paragraphs 856 through 862</li> <li>• transfer loan from APSS using the "Transfer to Claims" option in 12-PS</li> <li>• establish a receivable in NRRS according to * * * 64-FI to match the amount on the "Transfer to Claims Report".</li> </ul> <p>When local sale is completed:</p> <ul style="list-style-type: none"> <li>• either adjust the established receivable or establish a new receivable to include expenses CCC incurred during the foreclosure action</li> <li>• apply sales proceeds to the established receivables according to paragraph 856.</li> </ul> <p>Applicable letters for amounts due CCC will be generated through NRRS and offsets will be taken from any payments due the producer.</p>	856-862, 866, 1221

Example Letters (Continued)

A References for Example Letters (Continued)

Actions for Loan and LDP Problems or Violations			
Type of Letter	Notification Letter	Subsequent Actions	Paragraph Reference
<p><b>Notification</b> of a potential loan or LDP <b>problem</b>, 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"> <li>• ineligible for delivery or forfeiture</li> <li>• discrepancies found because of spot check</li> <li>• quantity shortages within tolerance</li> <li>• storability or quality problems</li> <li>• storage structure damage</li> <li>• other conditions, as applicable.</li> </ul>	<p>On the date of discovery * * *, County Office shall:</p> <ul style="list-style-type: none"> <li>• send letter in subparagraph M</li> <li>• do not include *--appeal rights because no adverse decision has yet been made.--*</li> </ul>	<p>On date of COC determination, send letter in subparagraph F that includes appeal rights.</p> <p>If the amount owed is not repaid in 30 calendar days from the date of the letter, County Office shall:</p> <ul style="list-style-type: none"> <li>• transfer amount due CCC through APSS using the “Transfer to Claims” option according to 12-PS</li> <li>• establish a receivable in NRRS according to * * * 64-FI</li> <li>• *--if appealed, change the status of the receivable to “Open - Appeal” so that subsequent letters will not be sent from NRRS.</li> </ul> <p><b>Note:</b> Change status back to “Open” when appeal concluded.--*</p> <p>Applicable letter for amount due CCC will be generated through NRRS and offsets will be taken from any payments due the producer.</p>	<p>203, 225, 233, 318, 319, 322, 323, 337, 401, 410, 617</p>

Example Letters (Continued)

A References for Example Letters (Continued)

Actions for Loan and LDP Problems or Violations (Continued)			
Type of Letter	Notification Letter	Subsequent Actions	Paragraph Reference
<p><b>Notification</b> from a COC employee for loan and LDP <b>violations</b> 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"> <li>•*-quantity shortages--* exceeding tolerance</li> <li>• unauthorized removal or disposition</li> <li>• incorrect certification</li> <li>• fraudulent representations, including misrepresenting the eligibility of the commodity.</li> </ul> <p><b>Note:</b> Refer cases involving COC members to STC for a determination.</p>	<p>On the date of discovery * * *, County Office shall send letter in subparagraph N.</p> <p><b>COC must:</b></p> <ul style="list-style-type: none"> <li>• initially assume lack of good faith in cases involving unauthorized disposition</li> <li>• assess liquidated damages and other administrative actions</li> <li>• include language to appeal to COC.</li> </ul>	<p>If no response from producer within 30 calendar days, follow paragraph 410, sending letter in subparagraph 410 G.</p> <p>If the producer responds within 30 calendar days, but does <b>not</b> appeal, and COC determines:</p> <ul style="list-style-type: none"> <li>• good faith, follow subparagraph 410 B and send letter in subparagraph 410 E</li> <li>• lack of good faith, follow subparagraph 410 C and send the applicable letter from subparagraphs 410 F, 410 G, 410 H, or 410 I.</li> </ul> <p>If appealed, follow paragraph 20.</p> <p>If the amount owed is <b>not</b> repaid in 30 calendar days from the date of the letter, County Office shall:</p> <ul style="list-style-type: none"> <li>• transfer amount due CCC through APSS using the “Transfer to Claims” option according to 12-PS</li> <li>• establish a receivable in NRRS according to * * * 64-FI</li> <li>• if appealed, flag the receivable as “Open - Appeal” so that subsequent letter will <b>not</b> be sent from NRRS.</li> </ul> <p><b>Note:</b> Release flag when appeal concluded.</p> <p>Applicable letter for amount due CCC will be generated through NRRS and offsets will be taken from any payments due the producer.</p>	<p>400, 401, 410, 746</p>

Example Letters (Continued)

A References for Example Letters (Continued)

Actions for Loan and LDP Problems or Violations (Continued)			
Type of Letter	Notification Letter	Subsequent Actions	Paragraph Reference
Notification of loan call or refund of entire LDP.	On the date of COC determination, County Office shall send letter in subparagraph O.	See actions for demand letter of loan call or refund of entire LDP in the following “Demand” table row.	321, 323
Demand for loan call or refund of entire LDP.	<p>For a loan call, if the producer has <b>not</b> repaid the loan by the revised maturity date, County Office shall send letter in *--subparagraph P on the day after the revised maturity date, as follows:--*</p> <ul style="list-style-type: none"> <li>• if being delivered to CCC with CCC-691</li> <li>• if a local sale, recourse, or distress loan, proceed with a local sale according to paragraphs 856 through 862.</li> </ul> <p>For both options, in APSS:</p> <ul style="list-style-type: none"> <li>• compute the total principal and *--interest on the day after the maturity date--*</li> <li>• screen print the total amount due and retain in the loan folder.</li> </ul> <p>For refund of entire LDP, send letter in subparagraph P, 30 calendar days after letter in subparagraph O was sent.</p>	<p>For a loan call, follow “Subsequent Actions” under the applicable loan type in the “Action for Maturing MAL’s” table, by either the expiration date of CCC-691 or 30 calendar days after the letter in subparagraph P was sent.</p> <p>For refund of entire LDP, if <b>not</b> paid in full by 30 calendar days after letter in subparagraph P was sent, County Office shall cancel the original eLDP according to 15-PS, where a receivable will be established in NRRS.</p> <p>Applicable letter for amount due CCC will be generated through NRRS and offsets will be taken from any payments due the producer.</p>	322, 323, 400, 410

Example Letters (Continued)

A References for Example Letters (Continued)

Action for Miscellaneous Loan Related Amounts Due CCC			
IF type of amount due is...	THEN...	AND subsequent action is...	Paragraph Reference
deficiency after delivery	<p>after completion of settlement in APSS, County Offices shall:</p> <ul style="list-style-type: none"> <li>transfer any balance due CCC through APSS using the "Transfer to Claims" option according to 12-PS</li> <li>establish a receivable in NRRS according to * * * 64-FI to match amount on the "Transfer to Claims Report".</li> </ul> <p>Applicable letters for amount due CCC will be generated through NRRS and offsets will be taken from any payment due the producer.</p>	County Office shall deposit any collection to receivable in NRRS.	823
dishonored check fee	when notified from FSC or bank that a check has been dishonored, County Offices shall follow table in subparagraph 702 B for applicable action	County Offices shall establish a receivable in NRRS applicable to the amount owed, including the dishonored check fee and *--measurement service fee if any loan collateral has been removed.--*	702
<p>for the following:</p> <ul style="list-style-type: none"> <li>overpayment or overdisbursement</li> <li>determination of a loan or LDP discrepancy</li> <li>disposition or production evidence not provided</li> <li>short disposition or production evidence</li> <li>insufficient value or excess sales price</li> <li>amount due for dishonored check.</li> </ul>	on the date of determination, County Offices shall send letter in subparagraph F that includes appeal rights	<p>County Office shall, 30 calendar days after letter in subparagraph F is sent:</p> <ul style="list-style-type: none"> <li>transfer amount due CCC through APSS using the "Transfer to Claims" option according to 12-PS</li> <li>establish a receivable in NRRS according to * * * 64-FI</li> <li>if appealed, flag the receivable as "Open - Appeal", so that subsequent letters will not be sent from NRRS.</li> </ul> <p><b>Note:</b> Release flag when appeal concluded.</p> <p>Applicable letters for amount due CCC will be generated through NRRS and offsets will be taken from any payments due the producer.</p>	338, 339, 617, 702

**Example Letters (Continued)**

**A References for Example Letters (Continued)**

<b>Miscellaneous Notification Letters for Loans and LDP's</b>		
<b>IF denial notification letters is...</b>	<b>THEN on date of determination County Office shall send letter in...</b>	<b>Paragraph Reference</b>
because loss of beneficial interest and the loss is <b>not</b> appealed or disputed  <b>Note:</b> Producers may appeal the beneficial interest determination, but not the policy requiring denial of benefits if beneficial interest was lost.	subparagraph K.	228
from a COC employee of loan or LDP benefits, if producer of commodity is determined ineligible	subparagraph L.	503, 1009

**\*--Shrink Factors for Excess Moisture**

**A Shrink Factors for Excess Moisture of 1.3 Percent**

Use the following chart for determining the excess moisture shrink factor adjustment for all--\* commodities including soybeans. See factor formula of .011 (subparagraph B) for oilseeds other than soybeans.

	<b>0.0</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>0.8</b>	<b>0.9</b>
<b>0</b>	0.0000	0.9987	0.9974	0.9961	0.9948	0.9935	0.9922	0.9909	0.9896	0.9883
<b>1</b>	0.9870	0.9857	0.9844	0.9831	0.9818	0.9805	0.9792	0.9779	0.9766	0.9753
<b>2</b>	0.9740	0.9727	0.9714	0.9701	0.9688	0.9675	0.9662	0.9649	0.9636	0.9623
<b>3</b>	0.9610	0.9597	0.9584	0.9571	0.9558	0.9545	0.9532	0.9519	0.9506	0.9493
<b>4</b>	0.9480	0.9467	0.9454	0.9441	0.9428	0.9415	0.9402	0.9389	0.9376	0.9363
<b>5</b>	0.9350	0.9337	0.9324	0.9311	0.9298	0.9285	0.9272	0.9259	0.9246	0.9233
<b>6</b>	0.9220	0.9207	0.9194	0.9181	0.9168	0.9155	0.9142	0.9129	0.9116	0.9103
<b>7</b>	0.9090	0.9077	0.9064	0.9051	0.9038	0.9025	0.9012	0.8999	0.8986	0.8973
<b>8</b>	0.8960	0.8947	0.8934	0.8921	0.8908	0.8895	0.8882	0.8869	0.8856	0.8843
<b>9</b>	0.8830	0.8817	0.8804	0.8791	0.8778	0.8765	0.8752	0.8739	0.8726	0.8713
<b>10</b>	0.8700	0.8687	0.8674	0.8661	0.8648	0.8635	0.8622	0.8609	0.8596	0.8583
<b>11</b>	0.8570	0.8557	0.8544	0.8531	0.8518	0.8505	0.8492	0.8479	0.8466	0.8453
<b>12</b>	0.8440	0.8427	0.8414	0.8401	0.8388	0.8375	0.8362	0.8349	0.8336	0.8323
<b>13</b>	0.8310	0.8297	0.8284	0.8271	0.8258	0.8245	0.8232	0.8219	0.8206	0.8193
<b>14</b>	0.8180	0.8167	0.8154	0.8141	0.8128	0.8115	0.8102	0.8089	0.8076	0.8063
<b>15</b>	0.8050	0.8037	0.8024	0.8011	0.7998	0.7985	0.7972	0.7959	0.7946	0.7933
<b>16</b>	0.7920	0.7907	0.7894	0.7881	0.7868	0.7855	0.7842	0.7829	0.7816	0.7803
<b>17</b>	0.7790	0.7777	0.7764	0.7751	0.7738	0.7725	0.7712	0.7699	0.7686	0.7673
<b>18</b>	0.7660	0.7647	0.7634	0.7621	0.7608	0.7595	0.7582	0.7569	0.7556	0.7543
<b>19</b>	0.7530	0.7517	0.7504	0.7491	0.7478	0.7465	0.7452	0.7439	0.7426	0.7413
<b>20</b>	0.7400	0.7387	0.7374	0.7361	0.7348	0.7335	0.7322	0.7309	0.7296	0.7283
<b>21</b>	0.7270	0.7257	0.7244	0.7231	0.7218	0.7205	0.7192	0.7179	0.7166	0.7153
<b>22</b>	0.7140	0.7127	0.7114	0.7101	0.7088	0.7075	0.7062	0.7049	0.7036	0.7023
<b>23</b>	0.7010	0.6997	0.6984	0.6971	0.6958	0.6945	0.6932	0.6919	0.6906	0.6893
<b>24</b>	0.6880	0.6867	0.6854	0.6841	0.6828	0.6815	0.6802	0.6789	0.6776	0.6763

**Example:** 1,000 bu. of corn, 17.3% determined moisture:

\*--17.3% - 15.5% (standard moisture level - corn) = 1.8% excess moisture  
 1.8% excess moisture = .9766 in the chart above **or--\***  
 (Look at “1” on left side of chart, then “0.8” at the top to arrive at “.9766”)  
 1,000 bu. x .9766 = 976.60 bu. after shrink.

**\*--Shrink Factors for Excess Moisture (Continued)**

**B Factor Formula of .011**

Use the following chart for determining the excess moisture shrink factor adjustment for--\*  
oilseeds other than soybeans.

	<b>0.0</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>0.8</b>	<b>0.9</b>
<b>0</b>	0.0000	0.9989	0.9978	0.9967	0.9956	0.9945	0.9934	0.9923	0.9912	0.9901
<b>1</b>	0.9890	0.9879	0.9868	0.9857	0.9846	0.9835	0.9824	0.9813	0.9802	0.9791
<b>2</b>	0.9780	0.9769	0.9758	0.9747	0.9736	0.9725	0.9714	0.9703	0.9692	0.9681
<b>3</b>	0.9670	0.9659	0.9648	0.9637	0.9626	0.9615	0.9604	0.9593	0.9582	0.9571
<b>4</b>	0.9560	0.9549	0.9538	0.9527	0.9516	0.9505	0.9494	0.9483	0.9472	0.9461
<b>5</b>	0.9450	0.9439	0.9428	0.9417	0.9406	0.9395	0.9384	0.9373	0.9362	0.9351
<b>6</b>	0.9340	0.9329	0.9318	0.9307	0.9296	0.9285	0.9274	0.9263	0.9252	0.9241
<b>7</b>	0.9230	0.9219	0.9208	0.9197	0.9186	0.9175	0.9164	0.9153	0.9142	0.9131
<b>8</b>	0.9120	0.9109	0.9098	0.9087	0.9076	0.9065	0.9054	0.9043	0.9032	0.9021
<b>9</b>	0.9010	0.8999	0.8988	0.8977	0.8966	0.8955	0.8944	0.8933	0.8922	0.8911
<b>10</b>	0.8900	0.8889	0.8878	0.8867	0.8856	0.8845	0.8834	0.8823	0.8812	0.8801
<b>11</b>	0.8790	0.8779	0.8768	0.8757	0.8746	0.8735	0.8724	0.8713	0.8702	0.8691
<b>12</b>	0.8680	0.8669	0.8658	0.8647	0.8636	0.8625	0.8614	0.8603	0.8592	0.8581
<b>13</b>	0.8570	0.8559	0.8548	0.8537	0.8526	0.8515	0.8504	0.8493	0.8482	0.8471
<b>14</b>	0.8460	0.8449	0.8438	0.8427	0.8416	0.8405	0.8394	0.8383	0.8372	0.8361
<b>15</b>	0.8350	0.8339	0.8328	0.8317	0.8306	0.8295	0.8284	0.8273	0.8262	0.8251
<b>16</b>	0.8240	0.8229	0.8218	0.8207	0.8196	0.8185	0.8174	0.8163	0.8152	0.8141
<b>17</b>	0.8130	0.8119	0.8108	0.8097	0.8086	0.8075	0.8064	0.8053	0.8042	0.8031
<b>18</b>	0.8020	0.8009	0.7998	0.7987	0.7976	0.7965	0.7954	0.7943	0.7932	0.7921
<b>19</b>	0.7910	0.7899	0.7888	0.7877	0.7866	0.7855	0.7844	0.7833	0.7822	0.7811
<b>20</b>	0.7800	0.7789	0.7778	0.7767	0.7756	0.7745	0.7734	0.7723	0.7712	0.7701
<b>21</b>	0.7690	0.7679	0.7668	0.7657	0.7646	0.7635	0.7624	0.7613	0.7602	0.7591
<b>22</b>	0.7580	0.7569	0.7558	0.7547	0.7536	0.7525	0.7514	0.7503	0.7492	0.7481
<b>23</b>	0.7470	0.7459	0.7448	0.7437	0.7426	0.7415	0.7404	0.7393	0.7382	0.7371
<b>24</b>	0.7360	0.7349	0.7338	0.7327	0.7316	0.7305	0.7294	0.7283	0.7272	0.7261

**Example:** 1,000 cwt. of safflower, 12.1% determined moisture:

\*--12.1% - 10% (standard moisture level - safflower) = 2.1% excess moisture  
 2.1% excess moisture = .9769 in the chart above **or--\***  
 (Look at “2” on left side of chart, then “0.1” at the top to arrive at “.9769”)  
 1,000 cwt. x .9769 = 976.90 cwt. after shrink.

(Par. 300, 304, 316, 317, 335, 400, 501, 520, 524, 525, 617, 742, 1000, 1005, 1008, 1215, 1554)  
 CCC-677-1's (Continued)

C Completing CCC-677-1's (Continued)

Item	Instructions
25	Enter the calculation of item 22 times the bu. or cwt. conversion factor, applicable to the commodity, as shown in item 36.
26	Commodity inspector shall enter the <b>actual</b> test weight applicable to the commodity, except for HM commodities and cracked, rolled, or crimped corn.
27	Enter pack and test weight factors applicable to the commodity from Exhibit 17. For oilseeds, except soybeans, enter the test weight factor from Exhibit 26.
28	If applicable, enter the percent of moisture content determined from the sample of the commodity for applicable storage structure.
29	*--If applicable, enter the excess moisture shrink factor adjustment according to Exhibit 12 or--* calculated according to subparagraph 430 C.
30	Enter the result of item 25 times item 27, and adjust, if applicable, for the moisture shrink factor determined in item 29, to determine the loan or LDP quantity.
31	Producer shall initial and date after verifying the measurements of the structures.
32	Producer shall initial and date within 30 calendar days of completing the measurement service, if the measurements will be used for production evidence for the requested loan or LDP.
33	For <b>spot check</b> , enter the total outstanding loan quantity as shown in the loan record, or for LDP, enter quantity on which LDP was made.
34	For <b>spot check</b> , enter 90 percent of <b>total</b> outstanding loan quantity or the total quantity for LDP.
35	<p>If the quantity calculated in item 30 is equal to or more than the quantity calculated in item 34, there is no deficiency. Determine the quantity deficient, if any, by calculating the difference between the total adjusted measured quantity in item 30 and the loan quantity in item 33.</p> <p><b>Note:</b> If COC determines a violation for a deficient loan or LDP quantity, enter COC action in "Remarks" section and follow Part 6 for loan and LDP violation provisions.</p>
36	<p>Use these factors for conversion of net cubic feet to bu. or cwt. Use:</p> <ul style="list-style-type: none"> <li>• .201 as the conversion factor for crambe</li> <li>• .480 as the conversion factor for dry peas and lentils</li> <li>• .484 as the conversion factor for chickpeas.</li> </ul> <p><b>Notes:</b> See Exhibit 75.</p> <p>County Offices may use APSS to complete calculation of measurement service and attach all screen prints, as applicable, to CCC-677-1. The quantity must be entered in item 30.</p>

(Par. 300, 304, 316, 317, 335, 400, 501, 520, 524, 525, 617, 742, 1000, 1005, 1008, 1215, 1554)  
 CCC-677-1's (Continued)

**C Completing CCC-677-1's (Continued)**

Item	Instructions
37 A	Commodity inspector shall enter comments when there is some condition that could affect the maximum quantity for loan, or other matter, that must be brought to the attention of the County Office, such as: <ul style="list-style-type: none"> <li>• additional information about the condition of the structure or the commodity</li> <li>• uneven filling</li> <li>• excess foreign material, dockage, or moisture</li> <li>• commodity is stored in a hazardous location.</li> </ul>
37 B	Commodity inspector shall sign and date upon completion of the measurement service or spot check.
38	<b>Review CCC-679</b> for disbursement requests and enter names and amounts for other payees and offsets, if applicable, in the space provided. In remarks, enter any special instructions applicable to this action.
39	Enter date County Office completes lien search, when required.
40	Enter date the financing statement is filed.
41	<b>After completion of CCC-677-1</b> , County Office employee shall sign and date for CCC.
42	<b>For spot checks</b> , commodity inspector shall complete for all structures entered in items 12 and 13. (A copy of the original measurement service CCC-677-1 may be used when spot-checking the collateral.) When a re-measurement is required or measurements have changed from previous measurements, the commodity inspector shall complete a new CCC-677-1.
42 Remarks	<b>For loan requests or spot checks</b> , the commodity inspector may use this space to provide a sketch of commodity in storage space and any additional information to use to determine the quantity of the commodity.

**D Distributing CCC-677-1**

File original in County Office after measurement service or spot check is complete.