

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 8**

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**Approved:** Deputy Administrator, Farm Programs



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**Amendment Transmittal**

**A Reasons for Amendment**

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

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

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

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

Paragraph 3 has been amended to update the following:

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

Paragraph 34 has been amended to update crop years.

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

## **Amendment Transmittal (Continued)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Paragraph 502 has been amended to:

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

## Amendment Transmittal (Continued)

### A Reasons for Amendment (Continued)

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

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

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

The subparagraph 524 A has been amended:

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

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

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

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

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

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

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

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

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

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

Subparagraph 743 A, items 15 through 18 have been amended to clarify the signatures required on CCC-681-1 when producer requests the repayment check be made payable solely to CCC.

## Amendment Transmittal (Continued)

### A Reasons for Amendment (Continued)

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

Paragraph 745 has been amended to clarify:

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

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

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

Paragraph 785 has been amended to update the:

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

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

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

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

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

Subparagraph 1000 B has been amended to:

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

## Amendment Transmittal (Continued)

### A Reasons for Amendment (Continued)

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

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

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

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

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

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

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

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

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

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

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

- Exhibit 61
- Exhibit 66.

**Amendment Transmittal (Continued)**

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## Part 1 General Information and Administrative Provisions

### Section 1 Introduction and Purpose

#### 1 Purpose and Authority

##### A Purpose

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

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

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

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

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

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

##### B Sources of Authority

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

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

**1 Purpose and Authority (Continued)**

**C Loan and LDP Program Objectives**

The loan and LDP program objectives are to:

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

**2 Signatures, Authorizations, and Approvals**

**A Signatures**

County Offices shall:

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

**B Redelelegation 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/FSA/webapp?area=home&subject=coop&topic=was](http://www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=was).

C Useful Web Sites

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

Web Site Content	Web Site Address
Accessing the National Compliance Review Database	To: <ul style="list-style-type: none"> <li>enter results of spotchecks, <a href="http://www.agcounts.usda.gov">www.agcounts.usda.gov</a></li> <li>access producer selection list, <a href="http://fsaintranet.sc.egov.usda.gov/ffas/farbill/ccc/default.htm">http://fsaintranet.sc.egov.usda.gov/ffas/farbill/ccc/default.htm</a>.*</li> </ul>
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	*--For: <ul style="list-style-type: none"> <li>employees, <a href="http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/forms.html">http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/forms.html</a></li> <li>public, <a href="http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home">http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home</a>.*</li> </ul>
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 LDP Rates	<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> . Scroll down and CLICK "Monthly CCC Honey 30-Day Repayment Rate".*--*

## 3 Related Handbooks and Web Sites (Continued)

## C Useful Web Sites (Continued)

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

## 4-9 (Reserved)



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

**A Payment Limitation for 2009-2013 Crops**

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

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

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

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

**35 Prompt Payment Act**

**A Applicability**

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

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

**B Payment Due Dates**

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

<b>IF the program is for...</b>	<b>THEN the payment due date is...</b>
loan agreements	30 calendar days after the County Office receives an application with <b>all</b> required documentation and signatures.  <b>*--Note:</b> County Offices shall make every effort to process loans expeditiously when all required documentation and signatures have been received.--*
manual loan repayments that result in overcollection	the eighth workday after the following: <ul style="list-style-type: none"> <li>• repayments are recorded through APSS</li> <li>• loans are determined to be overpaid.</li> </ul>

35 Prompt Payment Act (Continued)

B Payment Due Dates (Continued)

IF the program is for...	THEN the payment due date is...
LDP's	<p>30 calendar days from the date the producer provides all information needed to complete the LDP request. This information includes, but is <b>not</b> limited to, the following:</p> <ul style="list-style-type: none"> <li>• acreage certification</li> <li>• AD-1026's</li> </ul> <p><b>Note:</b> Includes farm plans.</p> <ul style="list-style-type: none"> <li>• all signatures, as applicable</li> <li>• CCC-902's for foreign person determinations (crop years 2009 *--through 2013) according to 4-PL</li> <li>• CCC-931 for 2009-2012 crop years--*</li> </ul> <p><b>Notes:</b> For the 2012 crop year, CCC-931 must <b>not</b> be a version dated before 12-7-11.</p> <p>A valid AGI certification is on file according to 4-PL, Part 6 for each applicable crop year.</p> <ul style="list-style-type: none"> <li>• *--CCC-931C or CCC-933 for 2013 crop year--*</li> <li>• certifies the quantity</li> </ul> <p><b>Notes:</b> For commodities harvested as other than grain and quantity is certified in acres, the prompt payment due date is 30 calendar days from the date COC determines the maximum eligible quantity according to paragraph 336.</p> <p>COC is <b>required</b> to establish the maximum eligible quantity within 30 calendar days from the date all required information is available.</p> <ul style="list-style-type: none"> <li>• delivery date, if the date of delivery is needed to determine the applicable LDP rate</li> <li>• requesting LDP on CCC-633 EZ page 1 and the applicable benefits page (page 2, 3, or 4).</li> </ul> <p><b>Notes:</b> County Offices <b>must</b> determine maximum quantity eligible <b>before</b> LDP payments can be made.</p> <p>*--Every effort must be made to process LDP's expeditiously as soon as all required information has been received.--*</p>

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

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

IF all unnegotiated Treasury checks for...	THEN...
LDP are returned to the County Office, processed through eLDP or APSS	<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 "Resources", CLICK--\* "FSA Applications", and under "Price Support", CLICK "SORS - State Office Reporting System".

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

## Section 4 Warehouse Status Notification

## 40 Notification of UGRSA Warehouse Status

## A Notification

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

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

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

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

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

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

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

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

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

40 Notification of UGRSA Warehouse Status (Continued)

C Example of KC-232

The following is an example of KC-232

\*--

<i>See reverse side for Privacy Act, Public Burden, and Nondiscrimination Statements.</i>		OMB Exempt					
<b>KC-232</b> (09-17-12)	U. S. DEPARTMENT OF AGRICULTURE Farm Service Agency Post Office Box 419205 Kansas City, Missouri 64141-6205	Agmt. Type <input type="checkbox"/> CSA <input type="checkbox"/> HSA <input type="checkbox"/> PCSA	<input type="checkbox"/> PSA <input type="checkbox"/> SSA <input type="checkbox"/> UGRSA AGREEMENT NO. _____ NOTICE DATE _____ WAREHOUSE CODE _____ FEDERAL LICENSE NO. _____ INITIATOR'S REFERENCE LINE _____ WAREHOUSE LOCATION (City, County, State) _____				
<b>NOTICE OF APPROVAL OR CHANGE IN STATUS OF STORAGE AGREEMENT/SCHEDULE OF WAREHOUSES</b>							
NAME AND ADDRESS OF WAREHOUSE OPERATOR							
<input type="checkbox"/> <b>APPROVED</b> <input type="checkbox"/> New Agreement <input type="checkbox"/> Addition - New Code <input type="checkbox"/> Capacity Change - From: _____ To: _____	Capacity	<input type="checkbox"/> <b>TERMINATED</b> The above Storage Agreement is being terminated as of this date, under conditions explained below, reserving to CCC and other interested parties all rights and privileges which may have accrued under the agreement.	<input type="checkbox"/> <b>DELETED</b> The above warehouse(s) is being deleted from the above Storage Agreement as of this date, under conditions explained below, reserving to CCC and other interested parties all rights and privileges which may have accrued under the agreement.				
<input type="checkbox"/> <b>OTHER</b> (See explanation below.) <input type="checkbox"/> <b>REMOVED FROM LIST</b> The warehouse(s) described above is being removed from CCC's List of Approved Warehouses as of this date for conditions explained below. Until further notice, no additional CCC-owned or loan commodities, or commodities delivered to CCC for purchase under a price support program subject to the terms of the above agreement can be stored or handled through this warehouse(s).		<input type="checkbox"/> <b>REINSTATED</b> The warehouse(s) described above is being reinstated to CCC's List of Approved Warehouses as of this date. CCC owned or loan commodities, or commodities delivered to CCC for purchase under a price support program subject to the terms of the above agreement can, until further notice be stored or handled through this warehouse(s).					
EXPLANATION OF CHANGE							
COMMODITY CREDIT CORPORATION: BY: _____		CONTRACTING OFFICER					
TO: SED, State FSA Office FROM: Director, Kansas City Commodity Office COPIES TO:	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><b>PUBLIC ANNOUNCEMENT</b></td> </tr> <tr> <td><input type="checkbox"/> Should be made (please notify interested counties)</td> </tr> <tr> <td><input type="checkbox"/> Should NOT be made</td> </tr> </table>			<b>PUBLIC ANNOUNCEMENT</b>	<input type="checkbox"/> Should be made (please notify interested counties)	<input type="checkbox"/> Should NOT be made	
<b>PUBLIC ANNOUNCEMENT</b>							
<input type="checkbox"/> Should be made (please notify interested counties)							
<input type="checkbox"/> Should NOT be made							
<b>DISTRIBUTION (Check all applicable designations)</b> <input type="checkbox"/> SED, State FSA Office <input type="checkbox"/> State Licensing Authority <input type="checkbox"/> Warehouse Licensing & Examination Division - EB and/or LB <input type="checkbox"/> Contract Reconciliation Division - FRB <input type="checkbox"/> Contract File Copy <input type="checkbox"/> Reading File Copy	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">KC-1117</td> </tr> <tr> <td>GIMS:</td> </tr> <tr> <td>PCIMS:</td> </tr> <tr> <td>Other:</td> </tr> </table>			KC-1117	GIMS:	PCIMS:	Other:
KC-1117							
GIMS:							
PCIMS:							
Other:							

--\*

## 40 Notification of UGRSA Warehouse Status (Continued)

## C Example of KC-232 (Continued)

\*--

KC-232 (REVERSE)

## PRIVACY ACT AND PUBLIC BURDEN STATEMENTS

The authority for entering the information identified on this form is 7 CFR Part 1423, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171). The information will be used to inform the storing warehouse operator of approval or if there is a change in the contract status. The information on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated).

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

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

## NONDISCRIMINATION STATEMENT

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

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

--\*

40 Notification of UGRSA Warehouse Status (Continued)

D Warehouse Status Changes

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

Step	Applicable Office	Action
1	KCCO	Inform the appropriate State Office when a particular warehouse has been newly approved, removed, terminated, or reinstated from the approved list and include the following information on the KC-232: <ul style="list-style-type: none"> <li>• reason for the approval, removal, termination, or reinstatement</li> <li>• whether a public notice should be made.</li> </ul>
2	State Office	Notify the appropriate County Offices of the following: <ul style="list-style-type: none"> <li>• the warehouse that has been removed from the approved list by sending a copy of KC-232 received from KCCO</li> <li>• based on the advice of KCCO, to post the public notice announcing the approval, removal, termination, or reinstatement.</li> </ul> <p><b>Note:</b> The state office may provide additional suggested wording for the public notice. Exercise caution in using reasons not fully investigated and established by KCCO.</p> Advise County Offices to refer inquiries on the reasons for removal to either of the following: <ul style="list-style-type: none"> <li>• KCCO</li> <li>• manager of the warehouse.</li> </ul>
3	County Office	Post a copy of KC-232 in the County Office, in a public place, for 30 calendar days.

## Part 2 Common Loan and LDP Provisions

### Section 1 Producer Eligibility

#### 200 Eligible Producers

##### A Definition of Eligible Producer

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

- has complied with annual program requirements including:
  - \*--reporting acreage for **all** cropland on the farms according to 2-CP

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

- completing AD-1026 according to 6-CP
- completing CCC-931 according to 4-PL and applicable PL directives for 2009 through 2012 crop years--\*

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

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

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

- \*--completing CCC-931C or CCC-933 for the 2013 crop year--\*
- completing applicable CCC-902 according to 4-PL

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

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

**200 Eligible Producers (Continued)****A Definition of Eligible Producer (Continued)**

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

- landowner
- landlord or waterlord
- tenant
- sharecropper.

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

Legal entity means the entity either:

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

**B Company or Other Legal Entity**

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

- equipment
- labor
- land
- water.

**C Estates and Trusts**

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

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

**200 Eligible Producers (Continued)****D Minors**

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

**E Heirs of Deceased Producer**

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

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

**F Hybrid Seed Contract Producer Eligibility**

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

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

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

**201 Ineligible Producers****A Ineligibility**

Ineligible producers are producers who:

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

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

- violate WC and HELC provisions according to 6-CP
- have **not** complied with applicable program requirements
- are convicted under Federal or State law of a controlled substance violation according to 1-CM
- have a delinquent nontax debt to the Federal Government according to paragraph 202
- violate FCIC provisions as determined by FCIC.

**205 Deceased Producers****A Notification to Heirs**

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

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

**B Application for Loan or LDP by Heirs**

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

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

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

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

**Notes:** County Offices shall:

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

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

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

See 1-CM for additional information on deceased individuals.

**205 Deceased Producers (Continued)**

**C Completing CCC-686**

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

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

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

**D Distributing CCC-686**

Distribute CCC-686 as follows:

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

## Section 2 Commodity Eligibility

### 225 Eligible Commodities

#### A Eligibility Requirements

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

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

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

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

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

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

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

#### B Substituted Commodities

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

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

## 225 Eligible Commodities (Continued)

**C Commodities Eligible for Loan or LDP**

The commodities eligible for a loan or LDP include:

- barley
- corn
- grain sorghum

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

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

- honey
- mohair

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

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

- oats
- oilseeds

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

- pulse crops

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

- rice

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

- wheat

225 Eligible Commodities (Continued)

C Commodities Eligible for Loan or LDP (Continued)

- wool

**Note:** Graded and nongraded.

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

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



## 225 Eligible Commodities (Continued)

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

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

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

225 Eligible Commodities (Continued)

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

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

**226 Loan and LDP Final Availability Dates**

**A Availability**

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

**B Requesting Loans and LDP's**

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

226 Loan and LDP Final Availability Dates (Continued)

**C Final Availability Date**

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

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

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

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

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

**D Final Disbursement Date**

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

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

**233 Loans Ineligible for Delivery or Forfeiture**

**A Ineligible for Delivery or Forfeiture**

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

- recourse loan

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

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

**B COC Notification to Producer**

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

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

233 Loans Ineligible for Delivery or Forfeiture (Continued)

C Action for Nonpayment

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

IF the loan is...	THEN...
<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:                             <ul style="list-style-type: none"> <li>•*-Exhibit 9, subparagraph A for “recourse loans”</li> <li>• Exhibit 10, subparagraph A for “distress loans”.--*</li> </ul> </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.

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

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

### B Approving Reviews

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

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

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

## 235 Commodities From ACRE-Elected Farms

### A Commodities Harvested from ACRE-Elected Farms

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

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

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

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

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

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

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

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

Warehouse stored ACRE commodities require separate warehouse receipts.

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

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

**Part 3 Spot-Checking and Production Evidence****Section 1 Spot-Check Policy****300 Compliance Reviews for MAL's and LDP's****A Spot-Check Selection Process Overview**

The compliance review/spot-check selection process will:

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

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

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

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

Early each calendar year, the National Office will post the list of producers selected for annual spot-check reviews on the Intranet at

**\*-<http://fsaintranet.sc.egov.usda.gov/ffas/farmbill/ccc/default.htm>.-\***

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

**300 Compliance Reviews for MAL's and LDP's (Continued)****B Handling Spot-Check Selection Process for MAL's and LDP's (Continued)**

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

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

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

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

County Offices are:

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

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

## 301 Outstanding Farm-Stored Loans

### A Basic Spot-Checking Policy

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

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

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

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

### \*--B Required Spot Checks

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

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

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

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

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

**301 Outstanding Farm-Stored Loans (Continued)****C Not Subject to Spot-Check**

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

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

**D Situations Requiring Spot-Checks**

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

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

**321 Loan Maturity Date Acceleration and Loans Called Before Maturity (Continued)****C Action When Producer Does Not Repay**

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

- \*--nonrecourse farm-stored loan:
  - authorize delivery on CCC-691
  - issue demand letter according to Exhibit 7, subparagraph A, “farm-stored--\* nonrecourse loan” \* \* \*
  - handle delivery in the normal manner
  - record settlement according to 12-PS
- \*--nonrecourse warehouse-stored loan shall be forfeited to CCC according to paragraph 900
- recourse loan:
  - follow local sale procedures according to Part 8 and Exhibit 9, subparagraph A, “recourse loan” and Exhibit 10, subparagraph A, “distress loan”--\*
  - transfer loan from APSS using the “Transfer to Claims” option in 12-PS
  - establish a receivable in NRRS according to 64-FI to match the amount on the Transfer to Claims Report
  - issue announcement of sale according to paragraph 858
  - apply sales proceeds to the NRRS-established receivable.

**D Deducting Storage Charges**

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

APSS will determine storage charges:

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

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

**\*--321 Loan Maturity Date Acceleration and Loans Called Before Maturity (Continued)--\*****E Additional Action**

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

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

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

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

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

**\*--Note:** This includes commodities under loan that are affected by flood waters. See note in subparagraph 231 A.--\*

**B Action When Collateral Storability Is Questioned**

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

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

322 Loan Collateral Storability Questioned (Continued)

C Action When Corrective Action Is Taken

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

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

*(Date)*

Dear \_\_\_\_\_:

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

The current inspection shows the following results:

<u>Storage Structure</u>	<u>Condition</u>

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

Sincerely,

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

## 322 Loan Collateral Storability Questioned (Continued)

**D Nonrecourse Loan Action**

When the nonrecourse loan has been called according to subparagraph B, County Offices shall:

- include delivery instructions on CCC-691, according to paragraph 801, with the \*-applicable demand letter in Exhibit 7, subparagraph F or G--\*
- complete delivery according to this subparagraph and Part 8
- when CCC is unable to accept delivery in a reasonable length of time:

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

**Note:** Quality determination fees shall be paid according to 1-FI.

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

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

- the quantity delivered according to paragraph 816
- rate for the quality on which settlement is based (see 12-PS for entering special settlement rate).

**E Recourse Loan Action**

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

- use the APSS "Transfer to Claims" option , according to 12-PS
- record receivables in NRRS according to 64-FI
- complete the local sale, if applicable, according to Part 8, Section 3
- **not** issue CCC-691.

400 Producer Liability (Continued)

D Unauthorized Dispositions (Continued)

Item	Action
3	*--State Office will forward the file to OIG. See 9-AO for the address of the applicable OIG Regional Office for Investigations. Once OIG receives the file they have--* 30 calendar days to advise FSA as to whether they will investigate the case. It is assumed that OIG will <b>not</b> investigate the case if they do <b>not</b> respond within 30 calendar days.
4	If the County Office receives additional information or documents (including repayment receipts) relating to the loan or the unauthorized disposition, the information or documents shall be immediately forwarded to OIG through the State Office.
5	State Office will advise the county office of OIG's decision.
6	If the case file has been accepted by OIG for investigation, any letters that would be sent to the producer regarding the violation must first be sent to the State Office for review by OIG. OIG wants to ensure that the content of the letter would not hinder any investigation that might take place.

**401 Loan and LDP Violations**

**A List of Loan and LDP Violators**

County Offices shall:

- maintain a list of producers who have been determined to have an loan or LDP discrepancy and COC determines a violation occurred, or who have violated the terms and conditions of the applicable forms identified in subparagraph 401 A
- keep producer's name on the list for 24 months after the date the discrepancy and/or when the violation is discovered
- notify all other counties in which the producer has an interest.

This list of violators is:

- not considered an administrative action and placement on the list is not appealable
- a method of determining whether the producer has had previous violations.

**B Notifying Producer**

When a discrepancy that is within tolerance is discovered, County Offices shall send the producer the notification letter according to Exhibit 11, subparagraph M.

When a discrepancy exceeding the tolerance violation is discovered, County Office shall:

- assume good faith **cannot** be determined for:
  - flagrant violations of loan and LDP agreement terms and conditions
  - incorrect certifications
  - unauthorized dispositions
  - unauthorized removals
- determine what administrative actions are to be taken according to subparagraph 410 A and the amounts due according to subparagraphs 410 D and 412 A
- notify the producer of the violation and the actions to be taken, send the violation notification letter to the producer according to Exhibit 11, subparagraph N

501 Requesting Loans (Continued)

D Suggested Loan Processing Table

The following is an example guide that may be used when processing loan applications and completing loan approvals and disbursements. Use is optional.

Step	Action
1	<p>Accept loan request by phone, in person or by FAX.</p> <ul style="list-style-type: none"> <li>• Ensure that:                             <ul style="list-style-type: none"> <li>• application, CCC-666, CCC-677-1, or FSA-409 is complete and signed by producer for farm-stored loan requests</li> <li>• FSA-211 is on file, if applicable.</li> </ul> </li> <li>• County Office may find it helpful to have the producer mark on a map or plat book page of a township the exact location of the storage structures for farm-stored loan requests.</li> <li>• See if producer has signed CCC-10 and, if not, obtain the required information to complete.</li> </ul>
2	<p>The following is needed for security documentation:</p> <ul style="list-style-type: none"> <li>• UCC-1 on file and active for farm-stored loan requests for the loan period as determined by the individual State</li> <li>• lien search, as determined by the individual State</li> <li>• obtain CCC-679's on all parties with a security interest in the producer's crop, as determined by the lien search, or notified by a lienholder.</li> </ul> <p><b>Note:</b> If necessary, obtain copies of non-standard filings, as determined by individual States, to determine if CCC-679 is needed.</p>
3	<p>Check the following eligibility for all producers on CCC-666, if applicable:</p> <ul style="list-style-type: none"> <li>• FSA-578 has been filed, as applicable</li> <li>• AD-1026 completed</li> <li>• CCC-902 E or I for foreign person determination completed according to 4-PL</li> <li>•*--CCC-931 completed for 2009 through 2012 crop years--*</li> </ul> <p><b>Notes:</b> CCC-931 is not required at disbursement but is required if loan is repaid with a marketing loan gain.</p> <p>For 2012 crop year, CCC-931 must <b>not</b> be a version dated before 12-7-11.</p> <p>A valid AGI certification is on file according to 4-PL, Part 6 for each applicable crop year.</p>

501 Requesting Loans (Continued)

D Suggested Loan Processing Table (Continued)

Step	Action
3 (Cntd)	<ul style="list-style-type: none"> <li>•*--CCC-931C or CCC-933 completed for 2013 crop year--*</li> <li>• commodity eligibility</li> <li>• DCIA compliance</li> <li>• storage eligibility.</li> </ul>
4	<p>A second party, according to paragraph 234, shall review and check:</p> <ul style="list-style-type: none"> <li>• Bu. calculations for:                             <ul style="list-style-type: none"> <li>• certified loans</li> <li>• measured loans</li> <li>• warehouse loans</li> </ul> </li> <li>• loan rate to ensure the correct rate, according to subparagraph 506 A, is used.</li> </ul> <p>Ensure that FSA-409, Part B is complete, if applicable.</p>
5	<p>Quantity eligibility according to paragraph 230.</p> <p>Ensure that quantity is within the COC set maximum yield for that commodity and crop year.</p> <p>If the County Office has a worksheet (from Price Support Query or their own query) showing eligible bu., subtract bu. on application from total eligible to keep tract of eligibility balance.</p>
6	<p>If applicable, ensure that CCC-665 is completed and on file <b>before</b> disbursing commingled loans.</p>
7	<p>Load and/or process loan requests in APSS according to 12-PS.</p> <p>If all required information is on file and producer is in the office to sign CCC-677 or CCC-678, then the loan can be completed in APSS.</p> <p>If CCC-677 or CCC-678 is to be mailed to the producer for signatures or the producer will be coming into the office at a later date to sign, then the loan can be printed and saved in APSS.</p>

502 Completing CCC-10's (Continued)

C CCC-10 Availability

CCC-10 is available for download by FSA employees from the FSA Intranet at **\*-<http://intranet.fsa.usda.gov/fsa>, CLICK "FFAS Employee Forms/Publications Site".--\***

D Instructions for Preparing CCC-10's

County Offices shall prepare CCC-10 according to the following.

Item	Instructions
Part B	Ensure that the producer understands the statements in part A.
1	<p>CHECK (✓) box for:</p> <ul style="list-style-type: none"> <li>• individual, if the producer conducts a farming operation as an individual</li> <li>• organization or entity, if the producer conducts a farming operation as an organization or entity.</li> </ul>
2	<p>If box in item 1 is checked for:</p> <ul style="list-style-type: none"> <li>• individual, enter the complete applicable SSN or TIN</li> <li>• organization or entity, enter the complete applicable TIN.</li> </ul>
3	<p>If box in item 1 is checked for:</p> <ul style="list-style-type: none"> <li>•*--individual, enter the individuals full legal name including first, middle, and last name and, if applicable, a suffix</li> <li>• organization or entity, enter the full legal name of the organization or entity as filed with the State and provided on the organization charter or legal documents establishing the entity.</li> </ul> <p><b>Notes:</b> An individual's full legal name should be the name that appears on their driver's license.</p> <p style="text-align: center;">This is the name that will be used on UCC forms.</p>
4	<p>If box in item 1 is checked for individual, enter the individuals full legal name, including the first, middle, and last name and, if applicable, a suffix for spouse.</p> <p><b>Notes:</b> This is the name that will be used on UCC forms for additional debtors.</p> <p style="text-align: center;">If spouse has an interest in the commodity, the spouse shall complete a separate CCC-10. --*</p>
5	<p>If box in item 1 is checked for individual, enter the name of the State and county of producer's primary residence. Unless otherwise advised by OGC, this is where to file UCC-1's and perform lien searches.</p>

## 502 Completing CCC-10's (Continued)

## D Instructions for Preparing CCC-10's (Continued)

Item	Instructions
6	<p>If box in item 1 is checked for organization or entity, enter the type of organization or entity. Acceptable types are corporations, general or limited partnerships, limited liability companies, and trusts. An informal joint operation or venture is <b>not</b> a legal entity.</p> <p><b>Note:</b> Members of informal joint operations or ventures are treated as individuals and must complete individual CCC-10's.</p>
7	<p>If organization or entity is registered, it <b>must</b> be organized under the law of a single State and <b>must</b> be displayed in a State public record as being organized. If the organization or entity is registered, enter the State in which the organization or entity was created and is registered. Unless otherwise advised by OGC, this is where to file UCC-1's and to perform lien searches.</p>
8	<p>If organization or entity is <b>not</b> registered, enter the State where the place of business is located or where the organization or entity conducts its affairs. Unless otherwise advised by OGC, this is where to file UCC-1's and to perform lien searches.</p>
Part C	Authorization To File
9	<p>Ensure that the producer understands the statement in item 9.</p> <p><b>Note:</b> Authorization to sign for another individual, organization, or entity <b>must</b> be on file in the FSA office for the signature to be valid.</p>
10A-10F	<p>If item 1, "individual" was checked (✓), the individual identified in item 3 shall sign their full and complete name and, if applicable, a suffix, in item 10A. An individual signing in a representative capacity shall also sign their name in item 10A, followed by their title/relationship in item 10B. The date of signature shall be entered in item 10C.</p> <p>The individual identified in item 4 shall sign their full and complete name, and if applicable, a suffix in item 10D. An individual signing in a representative capacity shall also sign their name in item 10D, followed by their title/relationship in item 10E. The date of signature shall be entered in item 10F.</p>
11A-11F	<p>If item 1, "organization or entity" was checked (✓), enter the legal name of the organization or entity in item 11A. The individual authorized to sign for the organization or entity shall also sign their name in item 11A, and include their title/relationship in item 11B. The date of signature shall be entered in item 11C.</p> <p><b>Example:</b> Item 11A, Hobbitt Farms, John H. Smith Item 11B, Partner"</p> <p>If an additional signature is required for an organization or entity, that additional individual shall sign in item 11D. Their title/relationship shall be entered in item 11E, and the date in item 11F.</p>

502 Completing CCC-10's (Continued)

E Example of CCC-10

The following is an example of a completed CCC-10.

\*--

This form is available electronically.		Form Approved – OMB No. 0560-0215
<p><b>CCC-10</b> (08-31-11)</p> <p align="center"><b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation Farm Service Agency</p> <p align="center"><b>REPRESENTATIONS FOR COMMODITY CREDIT CORPORATION OR FARM SERVICE AGENCY LOANS AND AUTHORIZATION TO FILE A FINANCING STATEMENT AND RELATED DOCUMENTS</b></p>		
<p><b>Note:</b> <i>The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 761, 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to provide CCC's or FSA's notice of intent to protect its security interest, identify debtor or entity, and authorize CCC or FSA to file financing statements before executing a security agreement. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in denial of loan benefits.</i></p> <p><i>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0215. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</i></p>		
<b>PART A – INTRODUCTION</b>		
<p>The undersigned is an applicant for a loan from the Commodity Credit Corporation (CCC) or the Farm Service Agency (FSA), or is currently indebted to CCC or FSA on account of loans previously made or will encumber, pledge or mortgage property to CCC or FSA to secure payment of a loan made or to be made by CCC or FSA. The undersigned understands that CCC or FSA will take or has taken a security interest in collateral to secure the payment of any loan made or to be made, that CCC or FSA will file or has filed a financing statement or an amended financing statement to perfect its security interest in such collateral, that the information provided in this instrument will affect the contents of the financing statement or any amended financing statement and where it will be filed and that CCC or FSA will rely upon this information provided by the undersigned. For warehouse-stored CCC marketing assistance loans, I understand that a financing statement will not be filed but this form is necessary to establish the jurisdiction in which a lien search will be conducted. Further, the undersigned understands that CCC or FSA will continue to use this information for any future loans to be made to the undersigned until the undersigned notifies CCC or FSA of any changes. The undersigned agrees to immediately notify CCC or FSA of any changes in this information.</p>		
<b>PART B – REPRESENTATION OF UNDERSIGNED</b>		
1. Type of Undersigned:	<input checked="" type="checkbox"/> Individual <input type="checkbox"/> Organization or Entity	2. Social Security Number or Tax Identification Number (9 Digits)  111-XX-79XX
3. Undersigned's Full Legal Name John Roscoe Smith, Jr.	4. Spouse's Full Legal Name Anita LuAnne Baxter Smith	
5. State and County of Primary Residence if Undersigned is an Individual New Jersey, Adams County	6. If Undersigned is an Organization or Entity, Specify the Type of Organization or Entity	
7. If undersigned's organization or entity is a registered organization or entity, specify the state in which the organization or entity was created.		
8. If undersigned's organization is a non-registered organization or entity, specify the state where the place of business is located or where the organization or entity conducts its affairs.		
<b>PART C – AUTHORIZATION TO FILE</b>		
<p>9. <i>The undersigned authorizes CCC or FSA to file a financing statement under the name of the undersigned for collateral to be described in the financing statement and security agreement at any time following the date that this instrument is signed. By signing below, I give CCC or FSA permission to file a financing statement prior to the execution of the security agreement, as well as to file amendments and continuations of the financing statement thereafter.</i></p> <p><i>I authorize CCC to enter on the financing statement a broader description of the collateral used to secure a CCC marketing assistance loan than the description on the applicable security agreement.</i></p>		
10A. Signature of Individual in Item 3 (By) /s/ John Roscoe Smith Jr.	10B. Title/Relationship of the Individual Signing in the Representative Capacity Self	10C. Date (MM-DD-YYYY) 07-18-20XX
10D. Signature of Individual in Item 4 (By) /s/ Anita LuAnne Baxter Smith	10E. Title/Relationship of the Individual Signing in the Representative Capacity Self	10F. Date (MM-DD-YYYY) 07-18-20XX
11A. Signature for Organization or Entity in Item 3 (By)	11B. Title/Relationship of the Individual Signing in the Representative Capacity	11C. Date (MM-DD-YYYY)
11D. Signature for Organization or Entity in Item 3 (By)	11E. Title/Relationship of the Individual Signing in the Representative Capacity	11F. Date (MM-DD-YYYY)
<p><i>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.</i></p>		

--\*

**503 Loan Benefits Denial Notification**

**A Notifying Producers**

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

- immediately notify the producer in writing
- use the letter in Exhibit 11, subparagraph L and include the following:
  - reasons for denying the loan
  - right to appeal COC's decision according to 1-APP
  - availability of warehouse-stored loan or recourse loan, as applicable.

**Section 2 Farm-Stored Loans**

**520 Nonrecourse Loan Requests and Loan Rates**

**A Requesting Farm-Stored Loans**

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

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

**B Loan Rates**

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

**C Adjusting Loan Rate**

Adjust the base county loan rate for the following:

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

**Note:** The loan rate for commodities harvested from ACRE-elected farms **must** be adjusted \*--according to subparagraph 235 A.--\*

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

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

The following illustrates how the commodity harvested as other than grain MAL rate is computed for ACRE-elected and non-ACRE-elected farms.

<b>Determining Commodities Harvested as Other Than Grain MAL Rate</b>			
<b>Line</b>	<b>Description</b>	<b>ACRE</b>	<b>Non-ACRE</b>
1	MAL Rate (County Rate for Corn))	\$2.00	\$2.00
2	ACRE Reduction: 30 Percent of MAL Rate (.30 x Line 1)	\$0.60	N/A
3	Effective MAL Rate (Adjusted for ACRE, if applicable)	\$1.40	\$2.00
4	Nonrecourse MAL Rate for Commodities Harvested as Other Than Grain: 30 Percent of Loan Rate (.30 x Line 3)	\$0.42	\$.60

520 Nonrecourse Loan Requests and Loan Rates (Continued)

**E Contaminated Commodities**

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

\*--The following table illustrates how the contaminated commodity MAL rate is computed for ACRE-elected and non-ACRE-elected farms.

<b>Determining Contaminated Commodity MAL Rate</b>			
<b>Line</b>	<b>Description</b>	<b>ACRE</b>	<b>Non-ACRE</b>
1	MAL Rate (County Rate for Corn))	\$2.00	\$2.00
2	ACRE Reduction: 30 Percent of MAL Rate (.30 x Line 1)	\$0.60	N/A
3	Effective MAL Rate (Adjusted for ACRE, if applicable)	\$1.40	\$2.00
4	Nonrecourse MAL Rate for Contaminated Commodities: 10 Percent of Loan Rate (.10 x Line 3)	\$0.14	\$.20

--\*

**F Low Quality Commodities**

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

\*--The following table illustrates how the low quality commodity MAL rate is computed for ACRE-elected and non-ACRE-elected farms.

<b>Determining Low Quality Commodity MAL Rate</b>			
<b>Line</b>	<b>Description</b>	<b>ACRE</b>	<b>Non-ACRE</b>
1	MAL Rate (County Rate for Corn))	\$2.00	\$2.00
2	ACRE Reduction: 30 Percent of MAL Rate (.30 x Line 1)	\$0.60	N/A
3	Effective MAL Rate (Adjusted for ACRE, if applicable)	\$1.40	\$2.00
4	Nonrecourse MAL Rate for Low Quality Commodities: 20 Percent of Loan Rate (.20 x Line 3)	\$0.28	\$.40

**Note:** Wheat that has falling numbers and grades 1-5 or does **not** have quality factors listed on the additional schedule of premiums and discounts, shall **not** be considered a low quality commodity. See subparagraph 225 H. For the falling number discounts for wheat, see 2-LP Grains and Oilseeds.--\*

## 520 Nonrecourse Loan Requests and Loan Rates (Continued)

### G Premiums and Discounts

\*--For 2009 through 2013 crop years, premiums and discounts will **not** apply for all eligible--\* commodities at loan disbursement, **except** for peanut and cotton MAL's; however, premiums and discounts will apply if the eligible loan commodities are forfeited and delivered to CCC and any deficiency **must** be repaid to CCC.

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

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

## 521 Filing UCC-1's

### A UCC Article 9 Revision

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

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

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

521 Filing UCC-1's (Continued)

**B Applicability**

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

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

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

\*--The procedure for filing UCC-1's, and the time period before the filing appears on the lien search, is different in every State. The loan can be disbursed provided the County Office has the results of the requested lien search, documentation showing the filing date and the reference number for the filed UCC-1, and the necessary lien waivers.--\*

**C Where to File UCC-1's**

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

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

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

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

<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.

521 Filing UCC-1's (Continued)

**D Describing Collateral on UCC-1's and Other Situations**

Describe collateral on UCC-1's according to the following.

<b>IF...</b>	<b>THEN...</b>
additional quantity is placed under loan	file another UCC-1 describing the collateral, if the quantity is <b>not</b> covered by a previously recorded UCC-1.
existing UCC-1 for that commodity covers all the current year production	it is <b>not</b> necessary to file additional UCC-1's.
producer requests a specific quantity	<b>only</b> that quantity needs to be described on UCC-1 before the loan is disbursed.
producer agrees to lien on quantity greater than the loan quantity requested that may also apply to more than 1 crop year or may be effective until UCC-1 expires	describe the collateral on UCC-1 as advised by OGC.

**\*--E Paying Filing Expenses and Termination Fee**

County Offices shall pay filing and termination fees according to the following.--\*

<b>IF the...</b>	<b>THEN...</b>
filing cost is for a financing statement, such as UCC-1	use the online payment web-based application. Special provisions allow the producer to pay the filing fee (subparagraph 504 H).
producer requests termination of CCC's security interest	*--prepare and file applicable UCC-1 <b>after</b> receiving the termination fee from the producer. State Offices may issue more detailed instructions on terminating UCC-1's applicable to their State.
termination fee was included in the initial filing fees	after producer requests termination of lien, prepare and file applicable UCC-1.--*
* * *	* * *

**Note:** Do **not** include **any** of these fees in the service fee for the loan.

**522 Eligible Storage Structures****A Approved Farm Storage**

[7 CFR 1421.103] Approved farm storage shall consist of storage structures:

- located on or off the farm, excluding unauthorized (commercial storage) warehouses as defined in Exhibit 2, that provide safe storage for the commodity through the maturity date for the loan
- adequate to maintain the quality and quantity as determined by the County Office
- designed so that the commodity can be:
  - measured, safely inspected, and sampled, if necessary
  - safely stored in oxygen-limiting structures, as applicable.

Commodities stored in all types of bags may be eligible for loan if **all** of the following apply:

- COC determines CCC's interests are not at risk and that the bags provide safe storage
- COC determines that storing in bags of a particular size is normal for the commodity in that county

**Note:** COC, with STC concurrence, may waive this requirement on a case-by-case basis.

- the commodity shall **not** be accepted in bags for delivery to CCC for a farm-stored loan settlement.

Commodities stored in pits or bunkers are **not** approved farm storage **unless** the grain is a commodity harvested as other than grain. The loan rate will be adjusted according to subparagraph 520 D.

**522 Eligible Storage Structures (Continued)****B Approved Warehouse Storage**

Warehouse-stored loans are available for commodities stored in authorized warehouses or at the time either of the following occurs:

- warehouse-stored loan is requested
- farm-stored loan collateral is transferred to warehouse storage.

Authorized warehouse storage, as defined in 7 CFR 1421.103(c)(1), consists of warehouses that:

- are Federally licensed under USWA
- if **not** Federally licensed:
  - are in compliance with State laws in a State with an operating warehouse licensing program and that issue warehouse receipts that meet the criteria for MAL's, as specified in 7 CFR 1421.107
  - or in a State without an operating warehouse licensing program, have entered into UGRSA with CCC.

**523 Producer Certifications for Loans****A Using CCC-666's**

Producers shall certify to the quantity and quality of a commodity and the eligibility for a certified farm-stored loan. County Offices shall accept the producer's certification on CCC-666.

Remind producers of the administrative actions applicable for incorrect certification.

COC shall **not** require that all loans based on the producer's certification be spot-checked or measured before or after disbursement.

## 523 Producer Certifications for Loans (Continued)

### B Signing CCC-666's

The producer shall sign CCC-666 certifying:

- to having beneficial interest in the commodity
- the quantity in the structures and how the determination was made
- the quantity on which to base the loan
- the storability of the commodity
- \*--to the quality of the commodity--\*
- the location of the commodity and, if applicable, additional designated storage structures
- that CCC-683 will be posted on the structures containing loan collateral as instructed when the loan is disbursed
- whether there are lienholders having an interest in the commodity that will secure the loan
- the class applicable to the commodity
- that the identity of the commodity securing the farm-stored loan will remain unchanged
- the commodity securing the farm-stored loan will **not** be moved or commingled with any other commodity without prior written approval of the County Office.

If producers designate additional storage structures according to paragraph 526, loan collateral may be moved without prior County Office approval.

Before signing CCC-666, the producer must ENTER “**yes**” or “**no**” to the question, “Are you or any co-applicant delinquent on any Federal non-tax debt?” If the producer answers “**yes**”, see subparagraph 202 B.

## 524 Completing and Distributing CCC-666's

## A Completing CCC-666's

Complete CCC-666 according to this table.

Item	Instructions
1	Enter County Office's name, address, and telephone number.
2	Enter applicable information. For joint loans, enter all producers' names and addresses.
3	Enter location or legal description where commodity is stored.
4	Enter crop year of commodity.
5	Enter commodity.
6	Enter type of loan collateral, if applicable. Indicate if corn is cracked, rolled, or crimped.
7	Enter State and county codes and loan number applicable to the County Office disbursing the loan.
8	Ask producer if there are liens on the commodity. If there are: <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.  <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.

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.  <b>If item 14 is not completed, the MAL will be considered an improper payment.</b>  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.  * * *

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

A Completing CCC-666's (Continued)

Item	Instructions
18	Producer shall sign and date the Producer Certification.  County Offices shall: <ul style="list-style-type: none"> <li>• ensure that all applicable CCC-666 items are completed</li> <li>• explain to the producer the administrative actions that may be taken if the certification is incorrect</li> <li>• ensure that the producer has read the Producer Certification statement <b>before</b> the producer signs the Producer Certification.</li> </ul>
19 A	Enter amount for offset and for other payees, if applicable, from item 8.
19 B	Do the following: <ul style="list-style-type: none"> <li>• enter additional structures designated by the producer</li> <li>•*--indicate moisture content certified by the producer for excess moisture or HM commodities--*</li> <li>• indicate whether the:                             <ul style="list-style-type: none"> <li>• commodity will be dried</li> <li>• structure can be measured.</li> </ul> </li> </ul>
20	Enter date the lien search was completed as indicated on documentation in the County Office.
21	Enter date the County Office forwarded UCC-1 or UCC-1F to the applicable recording official to be recorded.
22	County Office employee shall sign and date for CCC.

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

B Example of CCC-666

The following is an example of CCC-666.

\*--

This form is available electronically <b>CCC-666</b> (06-25-08)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation <b>FARM STORED LOAN QUANTITY CERTIFICATION</b>		1. COUNTY FSA OFFICE NAME AND ADDRESS Any County FSA Office 999 Any RD Town, ST 99999-9999  Telephone No. (area code), (999) 999-9999			
2. NAME AND MAILING ADDRESS OF PRODUCER  Able Farmer 9999 Any RD Town, ST 99999-9999		3. LOCATION OF FARM WHERE STORED 9999 Any RD Town, ST		4. CROP YEAR 20XX	5. COMMODITY Corn	6. TYPE <input type="checkbox"/> HM <input type="checkbox"/> EAR CORN <input type="checkbox"/> ATHM	
(See Page 2 for Privacy Act and Public Burden Statements)		7. ST. & CO. CODE & LOAN NO. 99-999-99999	8. LIENHOLDER(S)		9. FARM NUMBER(S) WHERE PRODUCED 9999		10. OTHER PAYEEES None
11. SEAL CN-YY- /xxx X-N	12. BIN IDENTIFICATION North Bin 1	13. CLASS VARIETY OR TYPE VC	14. BASIS FOR PRODUCER'S QUANTITY DETERMINATION North 36' Bin	15. QUANTITY IN BIN 15,000	16. ELIGIBLE QUANTITY IN BIN 15,000	17. TOTAL QUANTITY FOR LOAN 10,000	
				<b>TOTALS:</b>	15,000	15,000	10,000
18. PRODUCER'S CERTIFICATION The undersigned producer(s) ("Producer") requests a farm-stored Commodity Credit Corporation (CCC) loan on the commodity identified in Item 5 with respect to the quantity specified in Item 17. The Producer certifies that: (1) the Producer has beneficial interest in the quantity of the commodity shown in Item 16; (2) the commodity is eligible to be pledged as collateral for a CCC loan; (3) the Producer has retained control of the commodity at all times; (4) the quantity of the commodity shown in Item 15 above is in existence and is stored in the bin(s) noted; (5) the commodity is in storable condition and such condition will be maintained; (6) the structure will safely store the commodity through the loan period; and (7) the commodity on which the loan is requested is free and clear of all liens, security interest, and encumbrances, except as shown above. The Producer further agrees to (1) post CCC loan seals on bin(s) as instructed by CCC; (2) maintain the identity of the above identified commodity; and (3) not move or commingle the commodity with any other commodity without the prior written approval of CCC. Are you or any co-applicant delinquent on any federal non tax debt? (If "YES", provide details in the remarks) <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO							
18A. REMARKS				18B. PRODUCER'S SIGNATURE /s/ Able Farmer		18C. DATE (MM-DD-YYYY) 09-15-20XX	
19. FOR OFFICIAL USE ONLY							
A. OFFSETS    \$				20. LIEN SEARCH DATE (MM-DD-YYYY) 09-20-20XX		21. DATE UCC-1/UCC-1 F FILED (MM-DD-YYYY) 09-15-20XX	
B. REMARKS Producer Certified moisture at 14.0% and TWT of 56.0				22. FOR CCC BY: /s/ CED Signature		DATE (MM-DD-YYYY) 09-21-20XX	
<small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250 9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</small>							

**Note:** An entry in item 14 is required. Leaving item 14 blank will cause COR findings or Improper Payments Information Act of 2002 results.--\*

C Distributing CCC-666

File original in the producer's loan folder and provide a copy to the producer.

**540 Requesting Warehouse-Stored Loans (Continued)****\*--H EWR**

EWR means receipts authorized by DACO to be issued or transmitted under USWA as electronic documents. The use of EWR's has been approved for specified commodities if issued by a **DACO-approved EWR provider**.

DACO-approved EWR provider means a person or entity that is a disinterested third party authorized and approved by DACO to maintain a confidential and secure electronic EWR system.

EWR-approved commodities include the following:

- cotton (see 7-CN for additional information)
- peanuts (see LP directives for additional information)
- rice (see 2-LP Rice for additional information)
- the following commodities in specified States as part of a trial:
  - wheat
  - corn
  - soybeans
  - grain sorghum.

**Note:** States approved for the trial will be given the applicable EWR instructions.--\*



**541 Quality Determinations****A Basis for Quality Determinations**

The class, grade, grading factors, and all other quality factors shall be based on either of the following, as applicable:

- official United States Standards for Grain even if quality determinations are **not** made on the basis of an official inspection
- quality factors determined by CCC for commodities not listed in the official United States Standards for Grain.

The warehouse operator shall obtain official grade determinations when requested by the producer. However, CCC shall **not** pay for official grade determinations.

**B Upgraded Quality Ineligible**

Warehouse receipts that have been upgraded to reflect a better grain and quality than the quality that was delivered by the producer to the warehouse are ineligible for CCC loan whether or not the warehouse operator received monetary compensation.

**Note:** This is considered substitution and substitution is **not** authorized.

**542 List of Authorized Warehouses and List of Warehouse Offer Rates**

**A Authorized Warehouses**

A current list of authorized warehouses, including Federal, and subsequent updates is available at

[https://saltlake.sc.egov.usda.gov/approved\\_whses/ugrsa/approved\\_ugrsa\\_whses.asp](https://saltlake.sc.egov.usda.gov/approved_whses/ugrsa/approved_ugrsa_whses.asp).

A current list of authorized USWA warehouses is available at

\*--[https://saltlake.sc.egov.usda.gov/approved\\_whses/uswa/approved\\_whses\\_uswa.asp](https://saltlake.sc.egov.usda.gov/approved_whses/uswa/approved_whses_uswa.asp)--\*

Follow this table when changes occur with authorized warehouses.

<b>IF warehouse is...</b>	<b>THEN...</b>
Federally licensed	no action required.
in a State listed in subparagraph 536 B	FSA State Office will share identified changes with KCCO.
in a State listed in subparagraph 536 C	KCCO will provide the State Office with a courtesy copy of KC-232.

**B Authorized Storage Related Rates**

Authorized warehouse storage related rates shall be:

- posted in a prominent place in the County Office for public review
- annually updated in the APSS offer shipping rate table according to 12-PS before loan season; when notified of changes, update the offer shipping rate table.

**Note:** Authorized storage related rates are applicable **only** to Federally licensed warehouses and States listed in subparagraph 536 B.

**C Obtaining Storage Related Rates**

Storage related rates shall be obtained from

[http://erielake.sc.egov.usda.gov/whserates/grain/warehouse\\_rates.asp](http://erielake.sc.egov.usda.gov/whserates/grain/warehouse_rates.asp) if the warehouse is either of the following:

- not listed or is outside the local area
- a major storing warehouse serving several States.

**Note:** Storage related rates on this web site are applicable **only** to Federally licensed warehouses and States listed in subparagraph 536 B.

**544 When Warehouse Operator Is Producer (Continued)****C Verification for States Not Requiring UGRSA**

Through the State licensing authority, the State Office shall assist County Offices in identifying:

- structures that are approved under the applicable State licensing authority
- owner, partners, or officers associated with the warehouse.

County Offices shall verify that no duplication of loans is being made on the same commodity that may be erroneously under farm-stored loan.

**Note:** If there is a duplication of loans, erroneously made farm-stored loans shall be called.

If necessary, visit the storage location to determine whether there is:

- loan duplication
- sufficient commodity in proper storage space to cover loan obligations.

**545 General Warehouse Receipt Requirements****A General Requirements**

[7 CFR 1421.107] All warehouse receipts shall:

- represent eligible commodity actually stored in an authorized warehouse
- be negotiable
- be issued to the eligible producer or CCC, as applicable, or in the case of loans made to CMA's, the receipt should be issued to CMA
- be endorsed on the back by the producer
- show ownership, if commodity is owned by the warehouse operator, solely, jointly, or in common with others
- contain a statement that commodity is insured
- \*--be a paper receipt or an electronic receipt issued through a DACO-approved EWR provider.--\*

If the warehouse receipt is accompanied by applicable KC-350, KC-350 shall contain the insured statement if **not** stated as such on the warehouse receipt.

**545 General Warehouse Receipt Requirements (Continued)****A General Requirements (Continued)**

All warehouse receipts shall show **all** of the following:

- type of commodity
- name and location of storing warehouse
- CCC-assigned warehouse code
- warehouse receipt number
- date receipt was issued
- date commodity was deposited or received
- date to which storage has been paid according to subparagraph 540 G **or** storage start date
- whether commodity was received by rail, truck, or barge
- amount per bu. or cwt of prepaid in or out charges
- signature of the warehouse operator or authorized agent
- prepaid in handling charges (if **not** prepaid, a statement **must** be provided according to subparagraph 540 E.)

**Note:** Grading factors **must** substantiate the grade assigned by the warehouse operator.

**B Merged Warehouse Receipt Requirements**

Warehouse operators operating under a merged warehouse code agreement shall show, on warehouse receipts, the location and county to which the producer delivered the commodity.

**546 KC-350, Warehouse Operator's Supplemental Certificate (Continued)****C Example of Quantity Entries on KC-350 (Grain) for Corn**

If a warehouse receipt shows 33,600 net lbs. of corn with 17.5 percent moisture, the calculation would be as follows:

- 17.5 percent minus 15.5 percent equals 2.0 percent
- 2.0 percent times 1.3 equals 2.6 percent
- 2.6 percent of 33,600 lbs. is 874 lbs.

The quantity shown on KC-350 (Grain) must **not** exceed 33,600 lbs. minus 874 lbs., or 32,726 lbs.

**D Example of Quantity Entries on KC-350 (Oilseeds) for Soybeans**

If a warehouse receipt shows 60,000 net lbs. of soybeans with 2.2 percent foreign material, the calculation would be as follows:

- 2.2 percent minus 1 percent = 1.2 percent
- 100 percent minus 1.2 percent = 98.8 percent
- 60,000 net lbs. times 98.8 percent = 59,280 net lbs.

The quantity shown on KC-350 (Grain) must **not** exceed 59,280 net lbs.

## 547 Statement of Charges Attached to Warehouse Receipts

### A Applicability

[7 CFR 1421.107] A separate statement of charges or bill that is **not** part of the warehouse receipt, but is attached to or submitted with the warehouse receipt that indicates charges for other than handling the commodity represented by the warehouse receipt, shall:

- be considered an offset amount
- **not** be considered a lien.

To ensure that only the appropriate charges are being considered as an offset amount, each State Office must submit a list of charges that are normally associated with handling (other than handling) of the commodity to DAFP for concurrence.

\*--Written concurrence must be obtained from DAFP before any **new charges** on a statement--\* of charges or bill can be offset.

**Note:** See subparagraph 30 C.

### B Handling as an Offset

The amount of applicable charges shown on the statement of charges or bill shall be considered an offset. County Office shall record the applicable charges on CCC-679 by doing either of the following:

- adding the total dollar amount of the charges shown on the statement of charges or bill to any CCC, FSA, or other Government agency debt
- modify the sentence in CCC-679, item 5, block (c) to add language that state whose charges are being offset without specifying the type or amount of the charges.

If the loan is approved, the amount of applicable charges shown on the statement of charges or bill shall be handled as an offset for an alternate payee.

See paragraph 505 for an example of CCC-679.

**Part 6 Relocating Loan Collateral**

**Section 1 Handling Farm-Stored Loans**

**600 Commingling and Commodity Movement on Farm**

**A General Provisions**

Producers may, to efficiently use storage space and manage commodity inventory:

- move loan collateral from 1 farm storage structure to another
- commingle commodities according to subparagraph B.

**Note:** County Offices shall ensure that CCC's liens are perfected for farm-stored loan collateral moved to another county or State.

**B Commingled Commodities**

Commingled commodities may:

- be **any** of the following:
  - eligible or ineligible
  - same or different crop years
  - for same or different producers
  - collateral for nonrecourse or recourse loans
  - LDP quantities
  - different classes, except for wheat
  - different quality
- **not** be either of the following:
  - processed and unprocessed commodities
  - different commodities, such as wheat with corn.

**600 Commingling and Commodity Movement on Farm (Continued)****C Request to Move or Commingle Loan Collateral**

Producers who have **not** previously designated additional storage structures, according to paragraph 526, on CCC-677 or CCC-687-1 shall request COC approval **before**:

- moving loan collateral from 1 storage structure to another storage structure
- commingling loan collateral.

See subparagraph D for completing CCC-687-1 to document and approve producer's request to move or commingle commodities.

When the request to move loan collateral to a specific structure is approved on CCC-687-1, the structure shall be considered designated.

Record loan collateral movement as a bin-to-bin transfer in APSS according to 12-PS.

\*--Measurement before and after moving or commingling the commodity is **not** required unless an eligible commodity is commingled with an ineligible commodity. However, if the--\* producer requests measurement service to accurately determine the quantity before and after moving or commingling the commodity, the County Office shall charge the producer for services performed.

## 615 Transferring Loans From Farm Storage to Warehouse Storage (Continued)

**G Partial Transfer of the Loan Quantity**

When **part** of the loan quantity is transferred, the transferred loan quantity is the quantity delivered to the warehouse. Accordingly the:

- farm-stored loan quantity **after** the transfer is the difference between the following:
  - farm-stored loan quantity before the transfer
  - quantity delivered to the warehouse

**Note:** The remaining farm-stored loan quantity is subject to spot check. See subparagraph 317 D for tolerance levels when shortages are discovered after partial transfers were approved according to this subparagraph.

- \*--warehouse-stored loan will be the quantity delivered and will **not** result in an--\* additional disbursement for additional quantity.

**H Completing Transfer**

Complete the farm-to-warehouse transfer through APSS:

- according to 12-PS
- for the quantity and quality shown on the warehouse receipt and, if applicable, KC-350 (Grain) or KC-350 (Oilseed)
- deducting loan service fees according to subparagraph 507 B.

All producers who signed CCC-677 shall endorse the warehouse receipts and CCC-678 generated through APSS within 15 calendar days of the transfer, but **no** later than the loan maturity date.

## 615 Transferring Loans From Farm Storage to Warehouse Storage (Continued)

**I Commodity Transferred**

When the loan collateral is transferred to warehouse storage and the grading factors require using the additional schedule of discounts, notify the producer of the following choices:

- adjust the loan rate to 20 percent of the loan rate according to subparagraph 540 D to continue the nonrecourse loan
- **\*--Note:** For wheat, do **not** adjust the loan rate to 20 percent of the loan rate if the **only** discount on the additional schedule of discounts is for falling numbers. See information on falling number discounts for wheat in 2-LP Grains and Oilseeds.--  
\*
- notify the producer that the loan can be converted to a recourse loan within 30 calendar days.

Complete the conversion to a recourse loan according to Part 12 and the following:

- **\*--**use the Correct a Loan process, according to 12-PS
- a receivable will automatically be created in NRRS
- re-record as a manual recourse farm-stored measured loan according to 12-PS

**Note:** For corrections, assign the next 90,000 number from the CCC-676. A 90,000 number will denote a manual loan and allow users to enter the original disbursement date.

- NRRS will automatically apply the proceeds of the new loan to the receivable created when the nonrecourse loan was reversed
- any outstanding amount still owed will remain as an outstanding receivable and will be processed in the normal manner according to 64-FI.--\*

If forfeited, **only at forfeiture** adjust the loan rate for **all** the quality factors recorded on the warehouse receipt using the appropriate discounts in the applicable 2-LP.

**Note:** Do **not** adjust the loan rate for quality factors when disbursing the warehouse-stored loan.

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

**A Receiving Uncertified Checks**

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

**B Restrictions**

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

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

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

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

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

**A Action When Notified by FSC**

\*--When receiving notification from FSC or a bank that a check has been dishonored, County Offices shall immediately:

- notify the State Office Price Support section
- adjust the receivable according to 64-FI and the following table

Step	Action
1	According to 64-FI, in NRRS immediately adjust the dishonored receivable collection, marking it as a dishonored check. This will: <ul style="list-style-type: none"> <li>• reverse all collections associated with the check</li> <li>• reestablish the closed corresponding receivable for the amount of the dishonored check</li> <li>• automatically create a separate dishonored check fee receivable</li> <li>• send a notification letter to the producer of the amount owed.</li> </ul>
2	Deposit any remittances or a replacement check to the receivable.

--\*

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

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

\* \* \*

- spot check the farm-stored commodity, as follows:
  - charge the producer for the expense of the spot check
  - determine whether the commodity has been removed.

**Note:** The receivable shall be adjusted to include the measurement service fee according to 64-FI

719 Lump-Sum Repayments (Continued)

C Example of Manual Calculations (Continued)

Step	Instructions	Bin No.	Action	Result
3	Use lump-sum repayment to repay entire loan quantity in a bin.	3	Bin 3 was selected for repayment first. $\$4,500 - \$1,033.93 =$	Amount remaining \$3,466.07
		2	Bin 2 was selected for repayment $\$3,466.07 - \$2,067.86 =$	Amount remaining \$1,398.21
		1	The remaining lump-sum amount is insufficient to repay bin 1.	See step 4.
4	Divide amount remaining by the amount needed to repay the last bin to determine a liquidation factor. Round factor to 9 decimal places.	1	$\$1,398.21 \div \$2,067.86 =$	.676162796 (liquidation factor)
5	Multiply liquidation factor determined in step 4 by outstanding bin quantity to determine quantity to be repaid. If calculation results in a partial unit, round up to next whole unit.	1	Multiply calculated quantity to be repaid by the loan rate to determine the principal to be liquidated. Interest is the difference between the principal liquidated and the amount remaining to be applied.  Quantity to repay rounded to next whole unit: $1,000 \times .676162796 = 676.162796$ Principal to be repaid = $677 \times \$2.00 =$ Interest = $\$1,398.21 - \$1,354.00 =$ Total repayment =	677 bu \$1,354.00 <u>44.21</u> \$1,398.21

**720 Wire Transfer Repayments**

**A Background**

Wire transfer repayments are available through APSS. Producers or buyers may wire transfer repayments directly to CCC’s account at the U.S. Department of Treasury.

**Note:** Producers may **not** transfer repayments to the local Concentration Banking System office.

**B Processing Wire Transfer Repayments**

CCC-258 is provided to producers or buyers by County Offices to cross-reference loans redeemed by CCC-258.

County Offices can use their manual log of wire transfer numbers, maintained according to 3-FI, paragraph 39, to enter the loan numbers to which the wire transfer will apply.

The date the wire transfer receipt and CCC-258 are received in the County Office is the date of repayment. Use PCP in effect on the date the receipt of the wire transfer is received.

\*--Process loan redemptions made by wire transfer according to the following.

Step	Action
1	Upon request from a buyer or producer for a loan redemption by wire transfer, provide (by FAX, if requested) CCC-258 according to subparagraph C.--*  * * *
2	Advise the buyer or producer that the completed CCC-258 is to be: <ul style="list-style-type: none"> <li>• transmitted to the bank providing the wire transfer</li> <li>• FAXed by the bank or the buyer to the County Office <b>on the day of the wire transfer</b> with the bank’s receipt of the wire transfer.</li> </ul>
3	Accept the wire transfer receipt from the bank as confirmation of receipt of funds and record the repayment through APSS. The system will generate CCC-500 as a receipt for the wire transfer. The date the wire transfer receipt is received in the County Office is the date of repayment. Use CCC-determined value in effect on *--the date received. See 3-FI for additional information on how to record remittance.--*

720 Wire Transfer Repayments (Continued)

\*--C Completing CCC-258

County Offices shall follow complete CCC-258 according to the following and 1-FI.

Item	Instructions
1	This item is completed at the option of the bank and is not required by CCC.
2	No entry necessary. This item notifies the payer that interest is calculated to the date entered in item 3.
3	Enter repayment date requested by the payer. The wire transfer of funds must occur no later than the requested repayment date for the transfer of funds to be sufficient to repay the loan. If the date is not specified by the payer, the County Office will enter the date corresponding to the amount entered in item 8.
4	This item is preprinted and is the bank's routing number for the FSA account. No entry necessary.
5	This item is completed at the option of the bank for informational purposes, and is not required by CCC.
6	This item is completed by the bank.
7	This item is completed by the bank.
8	The County Office shall compute the repayment amount to the date entered in item 3 and enter the estimated payment amount required from the payer. Although this amount may be used for the transfer of funds, the final loan repayment amount applied is the amount determined by CCC.
9	This item is completed by the bank.
10	This item is preprinted. No entry is necessary.
11	<p>This item contains a preprinted alpha/numeric code. County Offices shall enter the following:</p> <ul style="list-style-type: none"> <li>• "1" to show the type of payment, followed by "/"</li> <li>• State and county code and check digit, followed by "/"</li> </ul> <p><b>Note:</b> County Offices shall contact their State Office for assistance, if needed.</p> <ul style="list-style-type: none"> <li>• "SCH#" and the 4-digit log number between "9001" and "9998", which is from the county log of wire transfer numbers maintained according to 3-FI, subparagraph 39 B, followed by "/"</li> </ul> <p><b>Example:</b> BNF = /AC -4994 OBI = CCC/1/SSCCX/SCH#XXXX/.</p>
12	Optional. The County Office may manually enter the name of the buyer or producer and the loan number or numbers for which payment will be wired.
13	Optional. The County Office may manually enter, "Fax receipt of the bank wire transfer to the County Office on the date of the wire transfer to the FAX number entered in item 14B", as additional instructions to the bank
14	Enter the telephone and FAX number for the County Office. This is the FAX number to which the wire transfer receipt shall be FAXed.
15	Signature of County Office representative.

--\*



**Section 3 Farm-Stored Loan Repayments**

**729 Farm-Stored Repayments**

**A Repaying Loan Quantity**

A producer may repay a farm-stored loan in full or in part by paying an amount representing the **quantity** redeemed.

**B Payment Before Movement**

A producer shall make repayment **before** the loan collateral is moved, **unless** prior authorization is approved by County Office on CCC-681-1.

**C Payment After Movement**

A producer may request release of loan collateral for sale to a buyer and provide payment **after** movement of the commodity according to CCC-681-1 provisions in Section 4.

**730 Repayment Schedules**

**A Repayment Schedules**

COC may review and determine that a repayment schedule is required for any MAL for which COC determines CCC's interest may be at risk.

**B Repayment Schedules for Feeding**

When the collateral will be fed to the producer's own livestock, COC shall establish a repayment schedule with the producer to ensure repayment **before**:

- removal of the commodity for feed
- loan maturity.

**C Loan Types**

Repayment schedules shall be established with the producer for the following loans:

- commodities described in subparagraph 225 E
- commodities harvested as other than grain\* \* \*.

\*--Note: Silage and hay are **not** eligible for loan.--\*

**731-740 (Reserved)**

**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 <b>*--the applicable demand letter (Exhibit 7, subparagraph F or G).--*</b>
is requested <b>after</b> the loan maturity date	repayment shall be made at <b>principal and charges, plus interest.</b>

See table in Exhibit 31 for an example of actions and applicable dates for a mature MAL and CCC-681-1.

743 Completing CCC-681-1's (Continued)

A Instructions for CCC-681-1's (Continued)

Item	Completed by APSS	Manual Instructions	
13	N	Check the box if CCC-697 has been completed.	
<b>Part B - Buyer's Instructions for Calculating Repayment Amount</b>			
14		No entry required.  Buyers will be contacting the County Office for correct repayment rates once the commodity has been delivered and purchased.	
<b>Part C - Producer's Request and Agreement</b>			
15-18	N	Obtain producer's signature and date, as applicable.	
		<b>IF...</b> authorization is requested by telephone or by FAX	<b>THEN...</b> <ul style="list-style-type: none"> <li>• only the producer requesting CCC-681-1 is required to sign</li> <li>• producer may sign CCC-681-1 <b>after</b> CCC approval date but prior to the expiration of the CCC-681-1.</li> </ul>
		producer requests repayment check be made payable *--solely to CCC (item 11)--* according to subparagraph 741 C	<b>all</b> producers who signed CCC-677 shall be required to sign CCC-681-1 <b>before</b> CCC approval.
19	N	If the request was received by telephone or by FAX, the County Office employee receiving the request shall enter the date of the request and initial. See subparagraph: <ul style="list-style-type: none"> <li>• F for requests approved <b>before</b> obtaining the producer's signature</li> <li>• G for distribution.</li> </ul>	
20	N	Obtain appropriate signature for CCC approval and date.	

743 Completing CCC-681-1's (Continued)

\*-B Example of CCC-681-1-\*

The following is an example of CCC-681-1.

<b>CCC-681-1</b> (09-17-99)	<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation	Form Approved – OMB No. 0560-0087
<b>AUTHORIZATION FOR DELIVERY OF LOAN COLLATERAL FOR SALE</b>		
<i>(Privacy Act and Public Burden Statement on Reverse)</i>		
<b>NOTIFICATION OF CCC'S SECURITY INTEREST</b>		
This notification is made pursuant to Section 1324 of the Food Security Act of 1985. Commodity Credit Corporation (CCC) has a perfected security interest in the entire quantity of the commodity specified in Part A, which has been pledged as collateral for the CCC loan number identified in Item 5. A copy of this loan agreement may be obtained at the address identified in Item 9. CCC's security interest has not lapsed and will not lapse until the earlier of the date specified in the financing statement executed by the producer or until written notification is given to the buyer by CCC that such interest has lapsed. CCC will waive its security interest with respect to the buyer identified in Item 10 only if such buyer remits payment payable to the "Commodity Credit Corporation" at the address indicated in Item 9 by the final date to repay as shown in Item 12. The amount of such payment is calculated by multiplying the repayment rate per unit by the quantity of commodity purchased not to exceed the quantity identified in Item 4. The repayment rate must be obtained from the County FSA Office indicated in Item 9. Any amount in excess of the amount required to repay the quantity of commodity actually purchased or in excess of the quantity shown in Item 4 will be refunded to buyer if Item 11 has been completed by the producer.		
CCC has previously obtained lien waivers from all major lienholders who claim an interest in the commodity identified in Part A which were superior to CCC. In the event that CCC has failed to obtain a lien waiver from a superior lienholder and the buyer is obligated to make a payment to such lienholder for the purchase of the commodity, CCC agrees to be subject to the actual dollar value of such lien if 1) payment was made solely to CCC because Item 11 is initialed and dated by one of the debtors; 2) the lien is established to be legally superior to CCC's interest; 3) the buyer fully cooperates with CCC's investigation of such other lien by supplying CCC with all requested information; and 4) the buyer lacks any affirmative defenses with respect to such lien. CCC will pay the actual dollar value of the lien, but not any collateral costs incurred by the buyer including, but not limited to, legal fees, court fees, interest, or penalties, unless otherwise authorized by law.		
<b>PART A – COLLATERAL IDENTIFICATION</b>		
1. NAME AND ADDRESS OF DEBTOR(S):		
A. CONTACT PRODUCER County Producer P.O. Box 72 Franklin, IA 50603	B. IDENTIFICATION NO. Last	C. PRODUCER
D. IDENTIFICATION NO.		
E. PRODUCER		
F. IDENTIFICATION NO.		
G. PRODUCER		
H. IDENTIFICATION NO.		
2. CROP YEAR 20XX	3. COMMODITY Corn	4. LOAN QUANTITY 10,000 Bu.
5. LOAN NO. 500	6. LOAN MATURITY 09-30-20XX	7. QUANTITY FOR WHICH EXCISE TAX, ASSESSMENT OR PROMOTION FEE PAID
8. STORAGE LOCATION NW1/4 NW1/4 Sec. 29 Grant TWP, #1 - West 30' Steel Bin #2 - East 30' Steel Bin		
9. NAME, ADDRESS, TELEPHONE AND FAX NUMBER OF SECURED PARTY COMMODITY CREDIT CORPORATION Butler County FSA Office 310 Allan St. Allison, IA 50602  Telephone No. (Include Area Code): (XXX) XXX-XXXX  Fax No. (Include Area Code):		
10. NAME AND ADDRESS OF BUYER Farmers Co-Op Elevator 18 Mane Road Drake, IA 50000		
11. MAKE CHECK PAYABLE SOLEY TO CCC, IF INITIALED.  A. INITIALS: C.P.      B. DATE (MM-DD-YYYY) 06-10-20XX		
12. THIS AUTHORIZATION EXPIRES ON: 06-25-20XX		
13. Form CCC-681-1A, provides additional debtor names, Identification numbers, and addressed. <input type="checkbox"/> Form CCC-697 indicates a lock-in repayment rate has been requested for this loan. <input checked="" type="checkbox"/>		

## 743 Completing CCC-681-1's (Continued)

**E Approving Request for Movement Initiated on Nonworkday**

For movement on loan collateral initiated on a nonworkday, according to subparagraph 741 B, County Offices shall:

- **not** backdate the approval date for this movement to match the date the producer began to move the collateral
- determine final dates for movement.

**Example:** A producer begins to move loan collateral for sale on Saturday, October 29, and requests approval on Monday, October 31. In this case, the:

- approval date of CCC-681-1 is October 31
- the delivery period is 15 or 30 calendar days, as applicable, from October 31.

**Notes:** All necessary signatures on CCC-681-1 must be obtained on October 31.

\*--Notate on CCC-681-1, under Part D, the following:

“Movement of loan collateral began on nonworkday but producer requested approval on next workday according to 8-LP, subparagraph 743 E.”--\*

**743 Completing CCC-681-1's (Continued)****F Handling Requests Approved Before Obtaining Signatures**

For requests approved **before** producer's signature is obtained, according to subparagraph D, County Offices shall:

- immediately, following CCC approval:
  - send a copy to the buyer
  - mail the original and a copy to the producer
- advise the producer to:
  - read Part C, **Producer's Request and Agreement**
  - sign and return CCC-681-1 and, if applicable, CCC-681-1A, as soon as possible, but no later than CCC-681-expiration date
- followup to ensure that a signed copy is returned to the County Office
- when signed copy is returned by the producer, provide the buyer a photocopy containing the producer's signature if requested by the grain buyer.

**745 Repayment for Quantity Delivered on CCC-681-1****A Repayment Due Date**

Although a new CCC-681-1 to the same buyer may be approved to give the producer additional time to deliver, the repayment for the quantity delivered during the authorized delivery period on a specific CCC-681-1 is **due** by the end of the 15-calendar-day grace period of the specific CCC-681-1.

The grace period allows County Offices to **accept any payment** on or before the 15th calendar day after CCC-681-1 expiration date.

**Note:** If the end of the 15-calendar-day grace period falls on a nonworkday, the expiration date shall be extended to the next workday.

**Example:** Producer requested CCC-681-1 on 5,000 bu. of corn. CCC-681-1 expired on May 31, 20XX. The producer delivered 4,000 bu. on May 28, 20XX. The producer requested a new CCC-681-1 on May 30, 20XX, to deliver the remaining 1,000 bu. The producer is responsible for repaying 4,000 bu. within the 15-calendar-day grace period after CCC-681-1 expiration date of May 31, 20XX. Repaying 4,000 bu. of corn would be required by June 15, 2009. If June 15, 20XX, is a nonworkday, the 15-calendar-day grace period shall be extended to the **next** workday.

**B Buyer's Responsibility**

The buyer shall:

- contact the County Office to obtain the applicable repayment amount
- provide repayment made payable as approved by the County Office and according to subparagraph 700 B
- provide **delivery evidence**, according to paragraph 742, with the repayment
- provide repayment checks in sufficient time for producers to obtain all required endorsements.

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

**C Determining Applicable Repayment Rate**

County Offices shall follow this table for determining applicable repayment rate when **all** of the following apply:

- quantity is **delivered**:
  - **during** the authorized delivery period
  - **by the** maturity date
- payment is accompanied with delivery evidence
- payment is made by either buyer or producer.

<b>IF the repayment is received...</b>	<b>AND the producer...</b>	<b>THEN the repayment rate is the...</b>
<ul style="list-style-type: none"> <li>• <b>during</b> the authorized delivery period</li> <li>• on or before the 15th calendar day after the CCC-681-1 expiration date</li> </ul>	does <b>not</b> have an unexpired locked-in repayment rate on CCC-697	<b>lesser</b> of the following: <ul style="list-style-type: none"> <li>• principal plus interest</li> <li>• the market repayment rate in effect on the date payment is received.</li> </ul> <p><b>*--Note:</b> For any quantity shown on delivery evidence as delivered after the loan maturity, repayment is at principal plus interest.--*</p>
	<b>has</b> an unexpired locked-in repayment rate on CCC-697	locked-in rate shown on the applicable CCC-697.
<b>after</b> the 15th calendar day <b>after</b> the expiration date	did or did <b>not</b> lock in a repayment rate	principal plus interest.

**D Repayment Rate for Quantities Delivered After Maturity**

Any quantity delivered **after** the loan maturity date, regardless of whether during an authorized delivery period or not, **must** be repaid at principal plus interest.

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

**E Delivery Evidence Not Provided With Repayment**

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

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

<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 the following.

<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 follow instructions in 64-FI for issuing the refund.--*
the producer obtained endorsements of all other lienholders listed on a multiparty check	must be refunded to the producer. *--County Offices shall follow instructions in 64-FI for issuing the refund.--*
<p><b>both</b> of the following apply:</p> <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> <p><b>Note:</b> CCC's indemnification provision is <b>not</b> applicable to buyers under these circumstances.</p>	

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. However, the loan rate used to determine the LDP rate is the result of the ACRE adjustment, as applicable.

## B LDP Rate

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

## C Market Loan Repayment Rate

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

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

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

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

**\*--Notes:** The repayment rates are **not** crop year specific and apply to all outstanding MAL's and to compute LDP's.--\*

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

## 784 Terminal Market Rates and County Differentials

### A Terminal Market Rates

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

### B Rate Announcement

Terminal market rates are announced to the extent possible:

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

Market rates are announced to the extent possible:

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

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

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

### C Daily Market Rates

The terminal market rates are downloaded from KCCO and posted to [www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=rpt](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 “\* \* \* **Market Prices**”.

\*--Market prices for the current year are displayed by date. For past years, select the applicable year near the top of the page and CLICK “**GO**”.--\*

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

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

**784 Terminal Market Rates and County Differentials (Continued)**

**D County Average Location Differentials**

KCCO shall:

- provide a terminal market price to State Offices showing:
  - terminal markets assigned to each county for each commodity
  - county differential for each terminal market per commodity
- determine the terminal market price for each commodity at each terminal market
- maintain the daily market rates to make terminal market prices available to State and County Offices
- by telephone, immediately advise State Offices of terminal or differential changes and the effective date as they occur.

See subparagraph 225 J or 785 L for abbreviations for commodity, class, and terminal markets.

State Offices shall:

- inform County Offices of:
  - the assigned terminal markets for each commodity
  - the county differential for each commodity
  - any changes KCCO makes to assigned terminals or differentials
- contact PSD:
  - for requests to changes in county differentials
  - questions about the “Daily Market Rates” downloaded each day.

785 **Loan Repayment Rates**

**A Determining Market Loan Repayment Rates**

See the following subparagraphs for examples on how to calculate repayment rates:

- subparagraphs F and G for **corn, grain sorghum, soybeans, barley, oats, canola, flaxseed, and oil and non-oil sunflower seed**
- subparagraphs H and I for **wheat**
- subparagraph J for **crambe, mustard seed, rapeseed, safflower, and sesame seed**
- subparagraph K for **pulse crops (lentils, dry peas, and small and large chickpeas).**

**B 30-Calendar-Day Method**

CCC determines market loan repayment rates based on average market prices during the preceding 30-calendar-day period.

For:

- **corn, grain sorghum, soybeans, barley, oats, canola, flaxseed, oil and non-oil sunflower seed, crambe, mustard seed, rapeseed, safflower, and sesame seed**, the 30-calendar-day method reflects a 30-calendar-day moving average of all terminal market prices for the crop, adjusted by the difference between the applicable national loan rate and county loan rate
- **wheat**, the 30-calendar-day method reflects a 30-calendar-day moving average of all terminal market prices for the specific class, adjusted by the difference between the applicable national average loan rate by class and county loan rate by class.

**\*--Notes:** The following displays the 2013 wheat national average loan rates by class.

<b>Wheat Class</b>	<b>2013 National Average Loan Rate (Per Bu)</b>
Durum	\$3.20
Hard Red Spring	\$3.25
Hard Red Winter (HRW)	\$2.96
Soft Red Winter	\$2.66
Soft White	\$2.62

--\*

See subparagraph L for a table of terminal markets by commodity.

## 785 Loan Repayment Rates (Continued)

**B 30-Calendar-Day Method (Continued)**

For:

- **pulse crops (lentils, dry peas, and small and large chickpeas)**, the 30-calendar-day method reflects a 30-calendar-day moving average of market prices for the crop, adjusted by the difference between the applicable national loan rate and applicable regional loan rate

**Note:** No adjustment is necessary for small and large chickpeas. There is **no** regional or county loan rate for small and large chickpeas.

- **wool and mohair**, CCC will determine and publish loan repayment rates based on average market prices during the preceding 30 calendar days, and include the alternative repayment rate announced weekly in the normal manner.

**C Alternative Method**

For:

- **wheat, corn, grain sorghum, soybeans, barley, oats, canola, flaxseed, and oil and non-oil sunflower seed**, CCC determines market loan repayment rates based on an alternative rate

**Note:** The 5-calendar-day alternative method reflects a 5-calendar-day moving average of applicable terminal market prices adjusted by the following:

- applicable county differential
  - 5-calendar-day average of applicable terminal market adjustments.
- **pulse crops (lentils, dry peas, and small and large chickpeas), crambe, mustard seed, rapeseed, safflower, sesame seed, wool, and mohair**, market loan repayment rates are determined based on a weekly rate, in the normal manner.

## 785 Loan Repayment Rates (Continued)

**D Publication Frequency of Market Loan Repayment Rates**

For:

- **wheat, corn, grain sorghum, soybeans, barley, oats, canola, flaxseed, and oil and non-oil sunflower seed**, the repayment rates are published daily, except on weekends, and are in effect until the next posting
- **pulse crops (lentils, dry peas, and small and large chickpeas), crambe, mustard seed, rapeseed, safflower, and sesame seed**, the repayment rates are published on Friday, except on weekends, and are in effect until the next posting
- **wool, mohair, and peanuts**, the repayment rates are published on Tuesday, effective at 12:01 a.m. on Wednesday, and are in effect until the next posting.

**E Loan Repayment Rate Web Sites**

\*--The market loan repayment rates are posted to the following web sites.

- For wheat, feed grains, soybeans, and other oilseeds,  
**[www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing](http://www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing)**. Under “I Want To...” on the right side of screen, CLICK “View Daily LDP Rates”. Select State, county, and crop year. CLICK “Enter”.
- For pulse crops,  
**[www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing](http://www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing)**. Under “I Want To...” on the right side of screen, CLICK “View Daily LDP Rates. Under “I Want To...” on the right side of screen, CLICK “View Pulse Crop LDP Rates”.
- For wool and mohair,  
**[www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing](http://www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing)**. Under “I Want To...” on the right side of screen, CLICK “View Daily LDP Rates. Under “I Want To...” on the right side of screen, CLICK “View Wool and Mohair LDP Rates”.--\*

**Note:** These web sites include links for archived rates.

## Section 8 Loan Maturity

## 797 Maturity Notification to Producers

## A Preparing Lists of Maturing Loans

County Offices shall print lists of maturing loans:

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

## B Preparing Maturity Notification Letters

County Offices shall:

- use the Price Support Query to print out loan maturity notification letters according to 12-PS
- \*--send the applicable notification letter, as printed and provided in Exhibits 7 through 10:
  - at least 45 calendar days, but **not** more than 60 calendar days, before maturity for farm and warehouse nonrecourse and recourse loans
  - at least 30 calendar days before maturity for distress loans--\*
  - to applicable producers advising of the loan maturity date and the applicable options available according to subparagraph D
  - inform producers of the additional maturity information according to subparagraph C
- for outstanding honey loans, see 2-LP Honey, paragraph 16.

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

## 797 Maturity Notification to Producers (Continued)

**C Additional Maturity Information**

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

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

- delivery instructions will be issued with a demand letter for **nonrecourse farm-stored** loans regardless of whether a CCC-681-1 has been issued

**\*--Note:** See Exhibit 7, subparagraph F.--\*

- warehouse receipts will be forfeited **immediately** to CCC for **nonrecourse warehouse-stored** loans
- for **farm- or warehouse-stored recourse** loans:
  - begin foreclosure proceedings according to paragraph 866 and Part 8, Section 3
  - **\*--establish** receivable through NRRS, if applicable, according to Exhibits 9 and 10, subparagraphs A--\*
  - the receivable amount is equal to the principal plus interest.

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

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

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

See paragraph 803 for **nonrecourse farm-stored** loans not delivered or repaid by expiration of CCC-691.

797 Maturity Notification to Producers (Continued)

**D Options Available for Loans**

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

<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.
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 7, subparagraph F, along with CCC-691 on the first day after maturity--\*
- nonrecourse warehouse-stored loans, forfeit commodity receipt to CCC on the first day after maturity
- \*--recourse loans, establish a receivable through NRRS, according to Exhibits 9 and 10, subparagraphs A, “recourse loan” and “distress loan”.

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

798, 799 (Reserved)



## 801 Issuing CCC-691's

## A When to Issue CCC-691's

For **nonrecourse** loans, County Offices shall complete CCC-691, prepare demand letter, \*--according to Exhibit 7, subparagraph F, and issue CCC-691:

- the next workday after the loan maturity date regardless whether CCC-681-1 is outstanding
- when any of the following occurs **after** the producer receives the maturity notice in Exhibit 7, subparagraph E:--\*
  - producer notifies the County Office that the commodity will be delivered to CCC when the loan matures
  - producer does **not** notify the County Office of the option that will be taken to settle the loan
  - producer notifies the County Office that the loan will be repaid at maturity, but the producer has taken **no** action to settle the loan by the maturity date
  - producer does **not** repay the loan by the maturity date.

\*--**Note:** NRRS receivables are **not** to be established on mature nonrecourse loans if the commodity is still in storage and eligible to be delivered to CCC. The borrower must be given due process and an opportunity to deliver the commodity to CCC or repay the loan. See Exhibit 7, subparagraph A for table of applicable actions.--\*

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

See Section 3 for completing local sales.

\* \* \*

801 Issuing CCC-691's (Continued)

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

County Offices shall complete:

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

Item	Instructions
1-6	Enter information applicable to the loan.
7 and 8	Leave blank.
9	Enter outstanding loan quantity to be delivered.
10	Enter outstanding loan amount applicable to the loan quantity.
11	Enter disbursement date of the loan.
12	Check (✓) box, as applicable, for the commodity.
13	Enter maximum quantity for delivery according to paragraph 813.
14	Enter name, warehouse code number, and location of shipping or storing warehouse.  <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	*--Initially allow 15 calendar days for delivery of loan collateral. Under extenuating circumstances, an additional 15 calendar days may be granted. All extensions <b>must</b> be documented in the loan folder.--*
17	Obtain appropriate signature for CCC approval and date.
18	Enter name and address of County Office.

801 Issuing CCC-691's (Continued)

**B Completing CCC-691's Through Part A (Continued)**

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

**C Distributing Initial CCC-691's**

County Offices shall initially distribute CCC-691 as follows.

(See Reverse for Privacy Act and Public Burden Statements.)						Form Approved - OMB No. 0560-0087							
<b>CCC-691</b> (04-23-98)		<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation <b>COMMODITY DELIVERY NOTICE</b>											
1. Farm Number 253	2. Name and Mailing Address V. Paige Route 3 Anywhere NE 68501-0002	3. Crop Year 2002	4. Commodity Corn	5. ST. & CO. Code 56-105	6. Loan No. 1193	7. Weed Control Discount Is Applicable <input type="checkbox"/>		8. Voluntary Early Delivery Subject to Storage Deduction <input type="checkbox"/>			9. Outstanding Loan Quantity 15,000 Bu	10. Balance To Be Settled \$ 18,600	11. Disbursement Date 8-20-2002
<b>PART A - DELIVERY INSTRUCTIONS</b>													
If you have an outstanding CCC commodity loan, you must deliver to the storage point specified below, by the date specified below, a quantity of the eligible commodity specified above having a loan value equivalent to the amount specified above as "Balance to be Settled".													
12. Maximum Quantity for Delivery:												13. Quantity	
<input type="checkbox"/> Pounds <input checked="" type="checkbox"/> Bushels <input type="checkbox"/> CWT <input type="checkbox"/> Bales <input type="checkbox"/> Other (specify):												11,000 Bu	
14. Deliver to (Name, code number, and location of warehouse or other approved storage)								15. Weighing Location		16. Final Date To Deliver			
XYZ Warehouse 80129 Motown NE 68501-0500								Same		6-18-2003			
17. Commodity Credit Corporation						Date		18. Name and Address of County FSA Office					
By: /s/ Polly Program Technician						6-3-2003		ABC County FSA Office Box C , Wayside NE 68501-0123					

- send to the producer the:
  - original CCC-691
  - \*-demand letter according to Exhibit 7, subparagraph F--\*
- keep County Office pending copy in applicable loan folder
- send remaining copies to:
  - warehouse, for warehouse storage and handling only deliveries
  - County Office representative at delivery point if for trackload or local sale.

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

**802 Issuing CCC-681-1's After CCC-691's Issued**

**A Issuing CCC-681-1's**

**After** CCC-691 has been issued, County Offices may:

- issue CCC-681-1, according to paragraph 741, if the settlement has **not** been processed through APSS
- accept repayment for principal and charges plus interest.

\*--See table in Exhibit 31 for an example of actions and applicable dates for a mature MAL where CCC-691 was issued the day after maturity and CCC-681-1 was issued shortly before maturity.

**B Remaining Loan Quantity**

County Offices shall make a pen and ink change to CCC-691 for any loan quantity remaining after expiration of the CCC-681-1 grace period. A revised copy shall be sent to the warehouse and the producer.--\*

**803 Nondelivery of Loan Collateral**

**A Nondelivery by Expiration Date**

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

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

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

**B Extension of Expiration Date**

The expiration date of CCC-691 may be extended, in 15-calendar-day increments, **only** in extenuating circumstances that are beyond the producer's control. The reasons for each extension **must** be documented in the loan folder.

If additional time is requested, the County Office shall first spot check the commodity still in storage to ensure that there is enough collateral in storage and already delivered to the warehouse to cover the loan.

**804 Deliveries to Authorized Warehouses**

**A Delivery for Storage**

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

**B Delivery for Handling Only**

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

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

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

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

**821 Determining Loan Settlement Values (Continued)****G Using the Additional Schedule of Discounts**

The additional schedules of discounts are:

- cumulative discounts
- not to be added to any discount if the same factor is listed in the specific crop year schedule of loan premiums and discounts.

Use the discount shown in the specific crop year schedule of loan premiums and discounts to determine the settlement rate **if** a factor or percentage of a factor, applicable to the commodity, is listed in **both** of the following:

- specific crop year schedule of loan premiums and discounts for the crop year of the commodity delivered
- additional schedule discounts.

**H Settlement Value of Zero or Less Than Zero**

Discounts applied during a settlement may result in the commodity having a value of zero or less than zero. If this situation occurs, use zero for the settlement value of the commodity.

\*--The settlement loan value for all loans delivered to CCC is determined on the quality factors of the quantity delivered. Discounts applied during a settlement may result in the commodity having a value of zero or less than zero. If this happens, use zero for the settlement value of the commodity.

**Note:** If a nonrecourse loan is disbursed at the regular loan rate, and the producer delivers low quality commodity to CCC in settlement of the loan, when all discounts are applied, it is possible that the entire original loan amount will be owed to CCC.--\*

**I Discount for Contaminated Grain**

Grain found to contain substances poisonous to human or animals, such as mercurial compounds and toxin-producing molds, will receive a discount equal to the settlement value determined after applying all other premiums and discounts. See the additional discount schedule applicable to the commodity.

**Exceptions:** For grain delivered to CCC with the warehouse receipt indicating a vomitoxin level of:

- 5 parts per million or less, determine the settlement rate in the normal manner
- more than 5 parts per million, the grain shall have a settlement value of **zero**.

**822 Completing Settlements****A Processing Settlements**

County Offices shall:

- organize their work so that settlements are processed promptly when delivery of the commodity is completed
- process settlements in APSS according to 12-PS
- close out the producer's loan promptly by paying amounts due or collecting any deficiencies.

**\*--Note:** Warehouse purchases from KCCO for farm-stored deliveries before completing the settlement and transfer of the commodity to CCC are **no** longer authorized.--\*

**B Handling National Soybean Assessment**

When processing farm-stored **soybean** loan settlements, the national soybean assessment equal to 0.5 percent of the settlement value will be charged.

**C Distributing CCC-692's**

County Offices shall distribute CCC-692's as follows:

- place the original in the producer's loan folder
- attach a copy to KCCO copy of CCC-691
- provide a copy to the producer.

**822 Completing Settlements (Continued)**

**D Submitting Documents to KCCO**

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

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

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

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

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

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

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

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

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

- transfer the amount due CCC from APSS using the “Transfer to Claims” option
- \*--immediately establish receivable in NRRS according to 64-FI and Exhibit 7,--\* subparagraph A for a “deficiency after delivery”

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

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

**B Applying Repayments**

Record receivable repayments in NRRS.

**C Excessive Loan Deficiency**

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

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

**824, 825 (Reserved)**

## Section 3 Local Sales

## 856 Local Sale Eligibility

## A Eligible Sales

Commodities eligible for local sale, according to this section, include:

- loan collateral that is required to be disposed of through local sales, including collateral for recourse loans and recourse loan foreclosure

**Examples:** Commodities exceeding the maximum STC-level for moisture.

Recourse loans for corn and sorghum that exceed the 2-LP standard for moisture.

Commodities under a distress loan.

- isolated farm-stored lots
- commodities ineligible, as applicable
- commodities ineligible because of sanitation requirements or containing poisonous substances
- damaged and salvaged collateral
- sample grade wheat because of insect-damaged kernels according to paragraph 815
- commodities for settlement of nonrecourse loans that are refused for storage by authorized warehouses located where it is practical to deliver commodities to be placed in CCC inventory

**Note:** Warehouse operators may refuse to accept and store commodities for any reason.

- commodities for settlement of farm-stored nonrecourse loans that producers refuse to deliver, including processing loan foreclosure
- commodities for settlement of farm-stored nonrecourse loans where it is not cost effective to pay excess haul.

**\*--Notes:** See Exhibits 9 and 10, subparagraph A for table of applicable actions for--\* recourse and distress loans.

For recourse loans open after maturity, do **not** issue CCC-691.

856 Local Sale Eligibility (Continued)

**B Ineligible Sales**

The following commodities are **ineligible** for disposal through local sales provisions:

- commodities not specified in subparagraph A
- any commodity that a warehouse operator:
  - accepted for CCC's account
  - placed in storage in the warehouse following delivery under CCC-691.

**861 Completing Sales****A Making Payment for Sales**

Payment for the sale of the commodity must be:

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

**B Applicable Charges**

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

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

Document all charges for:

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

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

**C Restrictive Use Certification**

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

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

**861 Completing Sales (Continued)****D Applying Sales Proceeds**

Sales proceeds:

- from **nonrecourse** loans shall be for the account of CCC and deposited in NRRS, according to 64-FI, using program code “XXCOMMLOSA”

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

\*--For nonrecourse loans, do **not** apply the sales proceeds to the loan principal plus interest.

- from **recourse** loans shall be applied to the receivables established in NRRS, according to:
  - Exhibit 9, subparagraph A, “recourse loans”
  - Exhibit 10, subparagraph A, “distress loan”.--\*

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

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

**862 Delivery for Local Sales**

**A Scheduling Delivery to Purchaser**

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

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

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

**B Supervising Delivery**

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

Handle nonrecourse and recourse loans according to this table.

<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 the following.

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 7, 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:                             <ul style="list-style-type: none"> <li>•*--Exhibit 9, subparagraph A, “recourse loans”</li> <li>• Exhibit 10, subparagraph A, “distress loan”.--*</li> </ul> </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, notify the producer using the letter in \*--Exhibit 7, subparagraph H, that:--\*

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

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

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

When the delivery has been completed, handle CCC-691 in the normal manner according to \*--Section 2 and Exhibit 7, subparagraph A, “farm-stored nonrecourse loan”.--\*

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

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

## B Recourse Loans

Farm-stored recourse loan foreclosure shall be handled as a local sale, according to Section 3, on the 31st calendar day after the date of the demand letter. See:

- \*--Exhibit 9, subparagraph A, “recourse loans”
- Exhibit 10, subparagraph A, “distress loan”.--\*

The producer shall bear all expenses incurred for the sale.

866 Foreclosures (Continued)

**C Notifying Producer of Removal**

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

- \*--nonrecourse loans, see Exhibit 7, subparagraph H
- recourse loans, see Exhibit 9, subparagraph E
- recourse/ distress loans, see Exhibit 10, subparagraph E.--\*

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

\* \* \*

## 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.gov.usda.gov/whserates/grain/warehouse\\_rates.asp](http://erielake.sc.gov.usda.gov/whserates/grain/warehouse_rates.asp)
- process loan reversal in APSS according to PS directives and 12-PS
- reenter loan applying premiums, discounts, and other applicable charges according to PS directives and 12-PS

**Note:** Apply premiums, discounts, and other applicable charges to the loan rate that was reduced for ACRE-elected farms.

- process warehouse-stored loan forfeiture on the first day **after** the loan maturity date
- \*--follow Exhibit 8, subparagraph A, “warehouse nonrecourse loan” to establish a--\* receivable in NRRS, if an amount is due CCC
- mail the forfeited warehouse receipt to KCCO on the same day transmittal control documents are generated according to subparagraph 901 A.

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

#### B Verifying Documents

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

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

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

900 Loan Forfeitures (Continued)

**B Verifying Documents (Continued)**

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

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

**C Determining CCC Storage Start Date**

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

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

<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>

Part 10 LDP's

Section 1 General Provisions

1000 Basic Provisions

A Definition of LDP's

[7 CFR 1421.200] LDP's are payments made to producers who, although eligible to obtain a CCC loan, agree to forgo the loan in return for a payment on the eligible commodity.

B General Provisions

LDP's:

- will be processed through eLDP web site by the County Office or producer
- \* \* \*
- will be issued by EFT or check, as applicable, subject to assignment
- are subject to administrative offset according to 58-FI
- shall be subject to AGI requirements

\*--Notes: The applicable AGI document is required before CCC-633 EZ, page 2, 3, and 4 are approved. The LDP rate is determined according to paragraph 1004. See current AGI policy for additional information.

CCC-931 is applicable for 2009 through 2012 crop years.

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

CCC-931C or CCC-933 is applicable for the 2013 crop year.

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

- **must** be approved when all eligibility requirements are met, but the LDP rate is determined according to paragraph 1004--\*
- **cannot** be canceled or repledged once a request has been made or disapproved

**Note:** LDP requests disapproved because the requested quantity exceeded the maximum eligible commodity may be approved if the producer provides acceptable production according to paragraph 230.

1000 Basic Provisions (Continued)

**B General Provisions (Continued)**

- **cannot** be repaid to request a subsequent loan or LDP on the same quantity
- are **not** subject to commodity assessments
- are subject to spot check according to Part 3
- will be paid when approved
- are subject to the 30 percent loan rate deduction when calculating the LDP rate for commodities produced from an ACRE-elected farm

**Notes:** The base loan rate **must** be reduced by 30 percent **before** applying PCP for any commodity produced on an ACRE-elected farm. See subparagraph 235 A for additional information on ACRE.--\*

Currently in the eLDP software, there is **not** a report available to determine if County Offices are accurately indicating if the quantity for LDP is from an ACRE-elected farm.

- exceeding \$100,000 requires the applicant to comply with lobbying disclosure requirements (paragraph 28).

Lien searches and lien waivers are **not** required.

**C Producer and CMA Eligibility Requirements**

Producers and approved CMA's for their members, applying for LDP, must:

- meet eligibility requirements in Part 2, as applicable
- agree to forgo obtaining a loan for the quantity on which LDP is requested.

**D Storage Requirements**

[7 CFR 1421.200] Approved storage requirements are waived for LDP's.

**E LDP Numbers**

LDP numbers will be assigned by \* \* \* the Web. The number assigned by eLDP will be provided from an external site for eLDP's processed by both County Offices and producers.

1000 Basic Provisions (Continued)

**F Filing LDP's**

LDP's shall be maintained in 1 of the following:

- a separate LDP file for **each** request received
- LDP file for **each** producer
- LDP file for **each** producer by commodity.

See subparagraph H for an example of a County Office checklist for determining eligibility and processing an LDP request.

**G LDP Amount Reported to IRS**

LDP amounts are reported to IRS; however, LDP's made to CMA's are **not** reported to IRS.

**H Suggested County Office Checklist for LDP's**

The following is an example checklist that can be used when completing LDP approvals and issuing payments.

Step	Action
1	Take CCC-633 EZ at counter or remove from FAX machine and do the following: <ul style="list-style-type: none"> <li>• date stamp application and supporting documentation, such as production evidence</li> <li>• ensure that:                             <ul style="list-style-type: none"> <li>• CCC-633 EZ is complete and signed by producer</li> <li>• CCC-633 EZ page 1 is on file, if producer is submitting pages 2, 3, or 4</li> <li>• FSA-211 is on file, if applicable</li> <li>• LDP rate is correct for date of request and county where stored.</li> </ul> </li> </ul>

1000 Basic Provisions (Continued)

H Suggested County Office Checklist for LDP's (Continued)

Step	Action
2	<p>Check the following eligibility for all producers on the applicable LDP request:</p> <ul style="list-style-type: none"> <li>• AD-1026 completed</li> <li>• beneficial interest, if applicable</li> <li>• CCC-902 I or E completed</li> <li>•*-completed AGI certification</li> </ul> <p><b>Notes:</b> CCC-931 is applicable for 2009 through 2012 crop years.</p> <p>For the 2012 crop year, CCC-931 must <b>not</b> be a version dated before "12-7-11".</p> <p>CCC-931C or CCC-933 is applicable for the 2013 crop year.</p> <p>A valid AGI certification is on file according to 4-PL, Part 6 for each applicable crop year.--*</p> <ul style="list-style-type: none"> <li>• commodity eligibility</li> <li>• crop acres certified, if applicable</li> <li>• DCIA compliance</li> <li>• ACRE program participant.</li> </ul>
3	<p>Quantity eligibility according to paragraph 230.</p> <p>Ensure that quantity is within COC set maximum yield for that specific commodity and crop year.</p> <p>Ensure that producer's profile is updated in eLDP with eligibility for current crop year.</p>

1000 Basic Provisions (Continued)

H Suggested County Office Checklist for LDP's (Continued)

Step	Action
4	<p>Process as an eLDP request according to 15-PS.</p> <ul style="list-style-type: none"> <li>• The original CCC-633 EZ and applicable pages 2, 3, or 4, shall be in the County Office folder.</li> </ul> <p><b>Note:</b> If a measured LDP, include the following:</p> <ul style="list-style-type: none"> <li>• original CCC-677-1</li> <li>• County Office copy of FSA-409.</li> </ul> <ul style="list-style-type: none"> <li>• The producer will receive a Producer's Disbursement Transaction Statement from KC.</li> </ul> <p><b>Note:</b> If measured, provide the producer with a copy of CCC-677-1 and producer's copy of FSA-409</p>
5	<p>File County Office copies and County Office will determine how to file LDP documents in a manner best suited to them according to subparagraph F.</p>

**Note:** If LDP proceeds exceed \$100,000, the County Office will need to have producer complete CCC-674 or SF-LLL. See paragraph 28.



**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.

**1221 Repledging Distress Loan Collateral**

**A Repledge for 9-Month Loan**

The County Office shall notify the producer using the notification letter provided in \*--Exhibit 10, subparagraph C at **least** 30 calendar days before the loan maturity that the--\* producer may move the commodity into **eligible** farm or warehouse storage and repledge the collateral:

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

The collateral may be repledged for a:

- recourse loan according to Section 1
- nonrecourse loan according to Part 5, Sections 1 through 3.

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

**B Repayment Before Repledge**

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

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

**C Maturity Date of Repledged Distress Loan**

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

**1222-1299 (Reserved)**

**Part 13 (Reserved)**

**1300-1399 (Reserved)**

**Part 14 (Reserved)**

**1400-1499 (Reserved)**



## Part 15 Mohair, Unshorn Pelt, and Wool Provisions

### 1500 General Information

#### A Purpose

This Part provides general instructions for administering loans and LDP's for the following commodities:

- mohair

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

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

This note is applicable throughout Part 15, and Exhibits 40, 67 and 70.

- unshorn pelts
- wool
  - graded
  - ungraded.

Use this Part with the existing policy in this handbook, as applicable.

#### B Applicable Crop Years

The legislative source of authority in subparagraph 1 B authorizes nonrecourse MAL's and LDP's for mohair, unshorn pelts, and wool be made available to eligible producers from the \*--2008 through the 2013 crop years.

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

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

**1500 General Information (Continued)**

**C Loan and LDP Common General Provisions References**

Except as otherwise noted in this Part, general MAL and LDP policies and requirements not specifically mentioned in this Part remain in effect according to provisions in this handbook.

**1501-1504 (Reserved)**

**1507 Commodity Eligibility****A Commodities Eligible for Loan and LDP**

The commodities eligible for loan and LDP under this Part are as follows:

- \*--mohair (net weight) (see subparagraph 1500 B)--\*
- wool (net weight)
  - graded
  - ungraded.

Unshorn pelts are **only** eligible for LDP.

**B Eligible Mohair and Wool**

To be eligible for a nonrecourse MAL or LDP, the mohair and wool must be:

- produced and sheared by the eligible producer
- in existence and in storable condition
- of merchantable quality suitable for loan
- produced and shorn in the U.S.
- produced and shorn from live animals of domestic origin and located in the U.S.
- unprocessed.

**C Eligible Offsorts**

The following offsorts from skirting fleece wool are eligible for loan or LDP at the ungraded rate:

- tags
- crutchings
- bellies
- pieces.

**Note:** Applicable ungraded wool CCC discounts for offsorts will apply to wool forfeited or settled to CCC, according to paragraph 1575 \* \* \* . For 2010 and subsequent crop years, see Exhibits 62 and 63.

**1507 Commodity Eligibility (Continued)**

**D Eligible Unshorn Pelts**

To be eligible for LDP, the unshorn pelts must:

- have been produced by an eligible producer according to subparagraph 1505 B
- be produced from a live unshorn lamb sold for immediate slaughter or slaughtered for personal use
- be produced from a live unshorn lamb of domestic origin in the U.S. at the time beneficial interest is lost.

**Section 2 General Provisions**

**1515 Basic Provisions**

**A Statutory Loan Rates**

The national statutory loan rates provided in the Food, Conservation, and Energy Act \*--of 2008 and extended by the American Taxpayer Relief Act of 2012, for mohair and wool produced during the 2008 through 2013 crop year are as follows.

Commodity	Loan Rate		
	2008	2009	2010 Through 2013
Graded Wool	\$1.00 per pound	\$1.00 per pound	\$1.15 per pound
Mohair	\$4.20 per pound	\$4.20 per pound	\$4.20 per pound
Ungraded Wool	\$0.40 per pound	\$0.40 per pound	\$0.40 per pound

**Notes:** Crop year specific loan rates will be announced each crop year by press release and an LP notice.

The Continuing Appropriations Resolution, 2013, suspended mohair MAL's and LDP's for the 2013 crop year.

Beginning with the 2010 crop year, loan rates, premiums, and discounts will be national rates. See Exhibit 67 for the most current crop year specific loan rates.--\*

\* \* \*

**B Final Availability Date**

The final availability date to request:

- a mohair or wool loan or LDP is **January 31** of the year following the year in which the applicable commodity is sheared
- an LDP for unshorn pelts is **January 31** of the year following the year in which the unshorn lamb is slaughtered.

**1515 Basic Provisions (Continued)**

**C Announcing Posted Prices**

\*--Prices for wool and mohair, if applicable, will be announced each Tuesday at --\*  
3:00 p.m., e.t. until further notice. The posted prices will become effective Wednesday at  
12:01 a.m. e.t.

\* \* \*

**Note:** In the event the posted prices are not announced as scheduled, the last posted prices announced will remain in effect until the next rate changes are announced. Therefore, a producer will receive the rate in effect on the day of the request.

**D Availability**

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

**E Requesting Loans and LDP's**

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

**F Final Disbursement Date**

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

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

**G Crop Year**

The crop year applicable to mohair, unshorn pelts, and wool is the calendar year beginning January 1 and ending December 31.

## 1516 Acreage Reports

### A Producers Associated With a Farm

To be eligible for a nonrecourse MAL or LDP producers who are associated with a farm that has cropland are required to complete and submit an acreage report of all those cropland acres on FSA-578 on applicable farms where the eligible commodity is produced according to 2-CP.

### B Producers Not Associated With a Farm

Eligible producers who are not associated with a farm and do not have cropland are **not** required to complete an acreage report on FSA-578.

### C Disbursing Benefits

Acreage report deadlines for different commodities vary throughout the crop year. Certain commodities are produced all year long and planting intentions may not be known for the cropland at the time of the loan or LDP request. Therefore, producers are not required to file an acreage report before a loan or LDP is approved and disbursed for the following:

- mohair
- unshorn pelts
- wool.

Producers are required to file an accurate acreage report for all their cropland acres with the appropriate County Office by the deadline dates applicable to the planted crop. Producers who do not accurately certify acreage according to 2-CP will be required to repay any market loan gain realized for mohair, unshorn pelts, or wool or refund any LDP received.

**Note:** County Offices must perform end-of-year file reviews on each producer to ensure that producers with cropland acres have filed acreage reports as required. For multi-county producers, the administrative county shall contact all other counties to ensure all applicable cropland has been reported.

**1517 Market Loan Gain and LDP Payment Limitation**

**A Market Loan Gain Provisions**

See paragraph 32 for market loan gain provisions.

**B Payment Limitation and AGI Provisions**

\*--For 2009 through 2013 payment limitation and AGI provisions, see paragraph 34.--\*

**1518 Beneficial Interest**

**A Applicability**

General beneficial interest provisions provided in paragraph 227 applies to the following:

- mohair
- unshorn pelts
- wool.

**Section 3 Basic Loanmaking**

**1525 Loan Provisions**

**A Availability of Loans**

Eligible producers may obtain loans by placing the eligible commodity in approved:

- farm storage, according to paragraph 1530, and obtaining a loan on the eligible quantity
- warehouse storage, according to paragraph 1531, and obtaining a loan on 100 percent of the net quantity shown on the warehouse receipt.

Eligible producers may obtain LDP's instead of a loan. See Section 4 for mohair and wool LDP provisions.

**B Obtaining Loans**

Eligible producers may obtain a loan only from either of the following:

- the County Office that keeps the farm records for the farm on which the mohair or wool was produced (the administrative county)
- an approved CMA according to the following:
  - subparagraph 500 C
  - 1-CMA, Exhibit 4.

Multi-county producers shall request loans according to subparagraph 501 A.

\* \* \*

**1525 Loan Provisions (Continued)****C Joint Loans and LDP's**

Loans and LDP's must be disbursed jointly if the mohair or wool is either of the following:

- jointly owned
- stored/commingled in the same bag or lot.

Producers with commingled production must all agree to take either the loan or LDP.

**Note:** Producers with production commingled in a lot may obtain a separate loan or LDP if the mohair or wool is individually bagged and identified.

**D Base Loan Rates**

\*--Base loan rates for farm-stored and warehouse-stored commodities will be National rates.--\*

**E Premiums and Discounts**

Loan rates will be adjusted for applicable premiums and discounts, according to the crop year specific schedule provided in Exhibits \* \* \* 62 and 70, at either of the following:

- settlement for farm-stored loans
- forfeiture for warehouse-stored loans.

**F Commodity Ineligible for Loan**

Nongraded wool in the form of unshorn pelts is **not** eligible for a nonrecourse MAL.

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

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

LDP requests must be:

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

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

**E Denying LDP Requests**

When the producer is denied LDP benefits, County Offices shall proceed according to \*--paragraph 1009.--\*

**F Quantity Requested**

Eligible producers may request LDP quantities by:

- certifying the quantity
- providing verifiable quantity evidence.

**G Herd Characteristics**

County Offices shall obtain the following herd characteristics from eligible producers requesting benefits and record the information in CCC-633 EZ page 4, item 86:

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

Producers **must** initial and date the information provided in CCC-633 EZ page 4, item 86. Additional blank pages may be used to record additional information, as necessary.

## 1536 Requests for LDP's (Continued)

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

After CCC-633 EZ page 1 has been submitted according to subparagraph 1001 A, to receive LDP benefits for wool, mohair, or unshorn pelts, producers **must** complete and submit CCC-633 EZ page 4 to the County Office where the farm records are maintained for the farm on whose production the LDP is requested. Producers who request an LDP benefit:

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

**Note:** CCC has the sole discretion for determining when beneficial interest is lost in the commodity as provided in subparagraph 227 G. Acceptable production evidence must be provided with CCC-633 EZ page 4, if the producer no longer retains beneficial interest in the requested quantity.

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

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

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

**Section 7 Basic Loan Settlements****1575 Final Settlement Procedures****A Basic Provisions**

Because there are no approved CCC warehouses for mohair or wool, all nonrecourse MAL's not repaid by the loan maturity date must be disposed through local sales at the farm storage location within a 60-calendar-day period after maturity at **no** storage expense to CCC.

County Offices shall try to have local sales completed with the 60-calendar-day period.

**B Premiums and Discounts**

See Exhibits \* \* \* 62 and 70 for the schedule of premiums and discounts applicable to mohair and wool applied in final settlement. The settlement value will be based on the following:

- for graded wool, according to applicable region:
  - micron range
  - offsorts
  - preparation (applicable to fleece wool only, not applicable to offsorts)
  - length (applicable to fleece wool only, not applicable to offsorts)
  - vegetable matter
  - damage/stain/mud/wet
  - non-merchantability
  - polypropylene contamination
  
- for ungraded wool, according to applicable region:
  - offsorts
  - length
  - polypropylene contamination
  - non-merchantability

**1575 Final Settlement Procedures (Continued)**

**B Premiums and Discounts (Continued)**

- for mohair:
  - micron range
  - length
  - vegetable matter
  - kemp.

**Note:** Producers who elect to settle the mohair loan collateral to CCC in satisfaction of the loan amount due will be required, at the producer's expense, to obtain a core test report indicating the applicable micron and yield of the quantity offered for settlement.

**C Mohair or Wool Inspection**

Applicable premiums and discounts will be applied at loan settlement and based on the following:

- inspection of the delivered commodity by an AMS agent or other CCC-approved representative
- core test report from a CCC-approved testing facility for mohair and graded wool.

**Note:** Mohair delivered for settlement of an outstanding CCC loan will require a core test (Exhibit 40), at the expense of the producer, to determine quality factors.

**1575 Final Settlement Procedures (Continued)**

**D Mohair Yield Adjustment**

The mohair loan rate must be adjusted for yield **after** all mohair discounts have been applied. The mohair yield must be calculated using the Schlumberger yield obtained from the core test report of a CCC-approved testing facility to determine the final loan settlement rate.

To calculate the mohair yield adjustment, apply all premiums and discounts to the loan rate to determine the adjusted loan rate. Divide the adjusted loan rate by .75 and then multiply the resulting figure times the Schlumberger yield from the core test report, moving the decimal in the Schlumberger yield 2 places to the left, to determine the final loan settlement rate per pound of mohair forfeited to CCC.

**E Mohair Yield Adjustment Example**

The following is an example of a yield adjustment for mohair.

Producer A received a loan of \$4,200 for 1,000 pounds of mohair that he forfeits to CCC. The core test results from the forfeited mohair indicate that the mohair was average adult with a 35 micron, 3.5 length, 1.0 percent vegetable matter, 5.62 percent medulated fibers, 0.50 percent kemp fibers, and a Schlumberger yield of 73.6 percent.

From the \$4.20 loan rate initially disbursed to Producer A, deduct the following based on the mohair discounts in this paragraph, -\$1.52 for type of mohair and micron, -\$0.54 for length, -\$0.27 for vegetable matter, -\$0.27 for medulated fibers, -\$0.27 for kemp fibers to come up with an adjusted loan rate of \$1.33.

$$\$1.33 / .75 = \$1.77$$

$$\$1.77 \times .736 = \$1.31$$

\$1.31 per pound is the final settlement rate  
x 1000 pounds of forfeited mohair  
 \$1,310

\$4,200 original loan disbursement  
- \$1,310 adjusted settlement value  
 \$2,890

The producer owes CCC \$2,890 for the forfeited mohair.

**1575 Final Settlement Procedures (Continued)****F Additional Expenses**

Any costs incurred by CCC to obtain quantity or quality grading factors to apply associated premiums and discounts for mohair and wool delivered to CCC shall be for the account of the producer and will be deducted from the loan settlement value, in addition to applicable deductions provided in subparagraph B. The producer is responsible for any loss in quantity or quality of the loan collateral.

**Note:** Producers are required, at their own expense, to have all mohair and wool loan quantities weighed and provide an acceptable weight receipt for mohair and wool loan quantities that will be settled with CCC through local sale.

AMS charges a fee of \$40.87 per hour for the required inspection of the mohair and wool loan collateral that will be settled by local sale.

**G Settlement Value**

Calculate the settlement value from the information on CCC-691, CCC-930, and the applicable crop year loan rate premiums and discounts in subparagraph B and Exhibit \* \* \* 70.

Complete settlements according to 12-PS, Part 9, **after** receiving all of the following:

- CCC-691
- core test report for mohair and graded wool
- CCC-930 from AMS inspector (subparagraph L).

Settlement shall be made by CCC on the basis of the base loan rate:

- for the applicable region for wool only
- adjusted for applicable specific crop year premiums and discounts.

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

## Forms (Continued)

Number	Title	Display Reference	Reference
CCC-687-1	Approval to Commingle or Move Loan Collateral	600	317, 526
CCC-691	Commodity Delivery Notice	801, 816, 817	Text
CCC-692	Settlement Statement		822, 862
CCC-697	Request to Lock In a Market Loan Repayment Rate	717	Text
CCC-699	Reconcentration Agreement and Trust Receipt	628	627, 629-631
CCC-770 LDP/eLDP	Loan Deficiency Payment (LDP) and eLDP Program Review Checklist	23	234
CCC-770 MAL	Marketing Assistance Loan (MAL) Processing Checklist	23	234, 501, 510
CCC-902	Farm Operating Plan		35, 200, 203
CCC-930	AMS Inspection Certificate of Quality Factors for Wool and Mohair	1575	
CCC-931	Average Adjusted Gross Income (AGI) Certification and Consent to Disclose Tax Information		35, 200, 501, 1000
CCC-931C	Average Adjusted Gross Income (AGI) Certification and Consent to Disclose Tax Information (For Successors to Conservation Program Contracts and Agreements Only)		35, 200, 501, 1000, Ex. 2
CCC-933	Average Adjusted Gross Income (AGI) Certification and Consent to Disclose Tax Information (for 2013)		35, 200, 501, 1000, Ex. 2
CCC-1099-A	Report of Loan, Forfeiture, Settlement, and Abandonment to Producer		27
CCC-1099-A-2	Important Information About IRS Form 1099-A		27
CCC-1099-G	Report Payments to Producers (Reported to IRS)		27
CCC-1099-MISC	20XX Miscellaneous Income		27
FSA-211	Power of Attorney		227, 770
FSA-321	Finality Rule and Misaction/Misinformation		318
FSA-409	Measurement Service Record		500, 524, 1002, 1005, 1008
FSA-578	Report of Acreage		201, 336, 501, 1102, 1103, 1105

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

Forms (Continued)

Number	Title	Display Reference	Reference
KC-232	Notice of Approval or Change in Status of Storage Agreement or Contract	40	542
KC-350 (Grain)	Warehouse Operator's Supplemental Certificate		Text
KC-350 (Oilseed)	Warehouse Operator's Supplemental Certificate		Text
KC-385	Merger of Locations Under a Single CCC Code Number		537
SF-LLL	Disclosure of Lobbying Activities	28	
SF-LLL-A	Disclosure of Lobbying Activities Continuation Sheet	28	
UCC-1	Financing Statement		502, 504, 521, 524
UCC-1F	Effective Financing Statement		524
WA-302	Examination Report		544

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
F.O.B.	freight on board	228, 858, 859, 860, 862
HM	high moisture	Text, Ex. 2, 15
MB	Merchandising Branch	40, 605, 817, 826, 901
PCP	posted county price	3, 235, 720, 785, 786
PD	Procurement Division	41, 605, 817, 826, 901
RCP	regionally calculated price	235, 785, 786
SCB	Storage Commodities Branch	537, 800
SORS	State Office Reporting System	3, 37, 40
USWA	U.S. Warehouse Act	3, 522, 535, Ex, 2
WLED	Warehouse Licensing and Examination Division	40, 537, 800

Re delegations of Authority

Redelegation of authority is provided in paragraph 2.

## Definitions of Terms Used in This Handbook

### Administrative Actions

Administrative actions mean punitive actions taken against a producer who incorrectly certifies a quantity or makes any fraudulent representation with respect to obtaining a loan or LDP, or removes or disposes of a farm-stored commodity pledged as collateral for a loan without authorization.

Administrative actions include:

- calling the loan
- requiring the producer to repay the outstanding loan principal and charges, plus accrued interest, with cash applicable to the loan quantity involved in the violation
- requiring repayment of LDP quantity involved in a violation
- requiring repayment of the entire LDP quantity
- assessing liquidated damages on the quantity involved in the violation
- denying the producer farm-stored loans, and LDP's without production evidence, up to 24 months after the violation is discovered
- assessing interest on storage payment refunds, if applicable.

### Alternate Bid

Alternate bid means a bid that provides for an amount to be added to or deducted from the stated bid amount.

### Authorized Commodities

Authorized commodities mean the following:

- barley
- corn
- grain sorghum, including dual purpose sorghum varieties as determined by CCC.
- honey

## Definitions of Terms Used in This Handbook (Continued)

### Authorized Commodities (Continued)

- mohair

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

Mohair MAL's and LDP's were previously suspended for FY 2011 effective April 14, 2011.

Suspended for FY 2012 mohair MAL's and LDP's, effective November 18, 2011.

- oats
- oilseeds, including canola, crambe, flaxseed, mustard seed, rapeseed, safflower seed, sesame seed, soybeans, and sunflower seeds
- pulse crops, including large and small chickpeas, dry peas, and lentils
- rice, long and medium grain (medium grain includes short grain according to 2-LP Rice)
- wheat
- wool, graded and nongraded
- any of the commodities listed in this definition, mechanically harvested as other than grain, **excluding** hay or silage (paragraph 520).

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

### Authorized Warehouse Storage

Authorized warehouse storage means warehouses that are either of the following:

- Federally licensed under USWA
- if **not** Federally licensed, are either of the following:
  - in compliance with State laws in a State with an operating warehouse licensing program and issues warehouse receipts that meet the criteria for MAL's as specified in paragraph 545
  - located in a State without an operating warehoused licensing program and have entered into UGRSA with CCC.

### Buyer

Buyer means the warehouse operator, broker, agent, or other person or entity the producer designates for issuing CCC-681-1.

## Definitions of Terms Used in This Handbook (Continued)

### Commodity Inspector

Commodity inspector means COC representative who does field work for the loan and LDP programs.

### Commodity Loan

Commodity loan means a loan that can be nonrecourse or recourse.

### Control of the Commodity

Control of the commodity means a producer keeps the ability to make all decisions affecting the commodity. For example:

- moving or right to sell or pass title to the commodity
- pledging the commodity for loan or requesting LDP.

### Conversion

Conversion means the borrower removing a commodity under loan for sale or other use, with or without authorization.

### Crop Year

Crop year means, for a commodity, the 12-month period that:

- begins on the first day of the eleventh calendar month before the month in which the final availability date for the applicable commodity falls
- ends on the final availability date for the applicable commodity.

### Customary Delivery Point

Customary delivery point means the shipping point, location, or warehouse (elevator), as determined by the County Office, where the producer would normally deliver the commodities if sold on the market.

**Note:** This does **not** apply to producer's farm or sales to neighbors, as applicable.

### \*--DACO-Approved EWR Provider

DACO-approved EWR provider means a person or entity that is a disinterested third party authorized and approved by DACO to maintain a confidential and secure electronic EWR system.--\*

### Deficiency

Deficiency means the amount owed CCC when the settlement value of a farm-stored loan is less than the outstanding loan value.

## Definitions of Terms Used in This Handbook (Continued)

### DCIA

DCIA means the provision for barring delinquent debtors from obtaining additional Federal loans or loan insurance or guarantees. Delinquent debtor is determined as follows:

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

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

### Delinquent Federal Nontax Debt

Delinquent federal nontax debt means a person owing a delinquent Federal nontax debt to the Federal Government.

According to DCIA, a person owing a delinquent Federal nontax debt to the Federal Government is ineligible for Federal financial assistance, including direct loans (other than disaster loans) or loan insurance or guarantees. DCIA defines delinquent Federal nontax debts as, but **not** limited to, the following:

- Federal:
  - unpaid loans, including educational loans
  - overpayments
  - duplicate payments made to Federal salary or benefit payment recipients
  - misused grant funds
  - unpaid fines, penalties, or fees assessed by Federal agencies
- child support.

**Note:** Producers owing **tax** debt to IRS are still eligible for an MAL or LDP as long as all other eligibility and program requirements are met.

### Denied Market Gain

Denied market gain means the amount of market loan repayment or LDP determined ineligible because:

- percent of cropland or permitted entity share factor is less than 1
- \*--AGI exceeded.--\*

## Definitions of Terms Used in This Handbook (Continued)

### Eligible Producer

Eligible producer means a person or legal entity that:

- has complied with annual program requirements including:
  - reporting acreage for applicable crops according to 2-CP
  - completing AD-1026 according to 6-CP
  - \*--completing CCC-931 according to 4-PL and applicable PL directives for 2009 through 2012 crop years--\*

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

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

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

- \*--CCC-931C or CCC-933 for 2013 crop year--\*

- completing applicable 902 according to 4-PL for both loans and LDP's

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

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

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

- landowner
- landlord or waterlord
- tenant
- sharecropper.

### Excess Moisture Commodities

Excess moisture commodities mean loan commodities, listed in subparagraph 225 C, with moisture levels that exceed the applicable standard moisture levels, according to 2-LP Grains and Oilseeds, and are at or below the STC-established maximum moisture level for the applicable loan commodity.

**Definitions of Terms Used in This Handbook (Continued)****\*--Electronic Warehouse Receipt (EWR)**

EWR's are receipts authorized by DACO to be issued or transmitted under USWA as electronic documents.--\*

**High Moisture (HM) Commodities**

HM commodities mean corn and grain sorghum with moisture levels exceeding the STC-established maximum moisture levels that are only eligible for recourse loans (see paragraph 1210 for HM recourse loans for corn and grain sorghum).

**Incorrect Certification**

Incorrect certification means either of the following and is considered a violation:

- certifying a quantity of a commodity for the purpose of obtaining a farm-stored or warehouse-stored commodity loan or LDP exceeding the quantity eligible for loan or LDP
- making any fraudulent representation with respect to obtaining loans or LDP's.

**Inspect**

Inspect means to visually examine the commodity and storage structure to determine the suitability of the structure and storability of the commodity.

**Intentional Removal or Disposition**

Intentional removal or disposition means the deliberate removal or disposition of loan collateral.

**Isolated Farm-Stored Lot**

Isolated farm-stored lot means a remote structure storing a nonrecourse MAL where a UGRSA warehouse to accept delivery to CCC at maturity is a great distance away and it is not cost effective to pay excess haul.

**LDP**

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

**LDP Amount**

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

**Definitions of Terms Used in This Handbook (Continued)****Legal Entity**

Legal entity means the entity either:

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

**Market Gain**

Market gain means the difference between the loan principal amount and CCC-determined value.

**Measure**

Measure means obtaining storage structure dimensions, test weight, and if applicable, moisture, during a spot check or measurement service request to determine quantity of a commodity in a storage structure.

**Measured Quantity**

Measured quantity means the measured volume of a commodity in a storage structure:

- converted to bu. or cwt
- adjusted by a test weight and pack factor or, for oilseeds except soybeans, test weight factor
- if applicable, adjusted for moisture shrink.

**Misaction/Misinformation**

[7 CFR 718.8] Misaction/misinformation means performance rendered in good faith based on action of, or information provided by, an authorized COC or STC representative.

**Nonrecourse Loan**

Nonrecourse loan means MAL for which the commodity offered as collateral for the loan meets the quality eligibility requirements, according to the applicable 2-LP and may; therefore, be delivered or forfeited to CCC, at loan maturity, in satisfaction of the loan indebtedness, or repaid at a rate less than principal plus interest, if applicable.

**Definitions of Terms Used in This Handbook (Continued)****Option to Purchase**

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

**Overdisbursement**

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

**Overpayment**

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

**Public Warehouse**

Public warehouse means any elevator, seed house, feed store, or other structure for which any of the following apply:

- under a storage agreement with CCC, such as UGRSA
- State or Federally licensed to warehouse agricultural commodities
- insures the commodity stored regardless of the commodity ownership
- receives compensation for storage based on the quantity stored, such as per bu., cwt, etc.

**Receivable**

Receivable means a dollar amount determined to be due and payable to CCC immediately upon demand.

**Reconcentration**

Reconcentration means moving warehouse-stored loan collateral from 1 warehouse storage point to another.

**\*--Nonrecourse Farm-Stored Loans**

**A Nonrecourse Farm-Stored Loans Nearing, At, or After Maturity**

The following provides actions for nonrecourse farm-stored loans nearing, at, or after maturity.

<b>IF the loan type is farm-stored nonrecourse, 45 calendar days before maturity, County Office shall...</b>	<b>THEN on the day after maturity for all loans still outstanding, County Office shall, if a warehouse to accept delivery is...</b>	<b>AND the subsequent action is...</b>	<b>Paragraph Reference</b>
<p>send the notification letter in subparagraph E to the producer according to paragraph 797</p>	<p><b>available</b>, prepare and send letter in subparagraph F and include CCC-691 for delivery regardless of whether CCC-681-1 has been issued</p> <p><b>Notes:</b> In APSS:</p> <ul style="list-style-type: none"> <li>• compute the total principal and interest due on the day after maturity</li> <li>• screen print the total amount due and retain in the loan folder.</li> </ul> <p>Apply any repayments received from the producer to the loan.</p>	<p><b>for warehouse delivery, if delivered</b> by the expiration date or extended expiration date of CCC-691, County Office shall:</p> <ul style="list-style-type: none"> <li>• complete settlement in APSS</li> <li>• immediately after settlement, transfer any balance due CCC from APSS using the “Transfer to Claims” option according to 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>• in NRRS, enter the following dates according to 64-FI:                             <ul style="list-style-type: none"> <li>• date of subparagraph E letter as initial notification letter</li> <li>• date of subparagraph F letter as first demand letter</li> </ul> </li> </ul> <p><b>Note:</b> All subsequent letters for amounts due CCC from this point forward will be generated through NRRS and offsets will be taken from any payments due the producer.</p> <ul style="list-style-type: none"> <li>• apply any collections from the producer to the receivable in NRRS.</li> </ul>	<p>797, 800, 801</p>

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\*--Nonrecourse Farm-Stored Loans (Continued)

A Nonrecourse Farm-Stored Loans Nearing, At, or After Maturity (Continued)

IF the loan type is farm-stored nonrecourse, 45 calendar days before maturity County Office shall ...	THEN on the day after maturity for all loans still outstanding, County Office shall, if a warehouse to accept delivery is ...	AND the subsequent action is...	Paragraph Reference
<p>send the notification letter in subparagraph E to the producer according to paragraph 797</p>	<p><b>available</b>, prepare and send letter in subparagraph F and include CCC-691 for delivery regardless of whether CCC-681-1 has been issued</p> <p><b>Notes:</b> In APSS:</p> <ul style="list-style-type: none"> <li>• compute the total principal and interest due on the day after maturity</li> <li>• screen print the total amount due and retain in the loan folder.</li> </ul> <p>Apply any repayments received from the producer to the loan.</p>	<p><b>for warehouse delivery, not</b> delivered by the expiration date or extended expiration date of CCC-691, County Office shall:</p> <ul style="list-style-type: none"> <li>• prepare and send foreclosure letter in subparagraph H</li> <li>• begin foreclosure action 15 calendar days after the date foreclosure letter in subparagraph H is sent by arranging for trucks to haul the grain to the warehouse for delivery to CCC</li> <li>• complete settlement in APSS including expenses incurred during delivery following foreclosure action</li> <li>• after settlement, transfer any balance due CCC from APSS using the “Transfer to Claims” option according to 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>• in NRRS, enter the following dates according to 64-FI: <ul style="list-style-type: none"> <li>• date of subparagraph E letter as initial notification letter</li> <li>• date of subparagraph F letter as first demand letter</li> </ul> </li> </ul> <p><b>Note:</b> All subsequent letters for amounts due CCC from this point forward will be generated through NRRS and offsets will be taken from any payments due the producer.</p> <ul style="list-style-type: none"> <li>• deposit any collections from the producer to the receivable in NRRS.</li> </ul> <p><b>Note:</b> On the 31st day from date when letter in subparagraph F is sent even though CCC-691 has not expired, the County Office shall prepare and send producer the 2nd demand letter according to 58-FI.</p>	<p>797, 801, 866</p>

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\*--Nonrecourse Farm-Stored Loans (Continued)

A Nonrecourse Farm-Stored Loans Nearing, At, or After Maturity (Continued)

<p><b>IF the loan type is farm-stored nonrecourse, 45 calendar days before maturity County Office shall ...</b></p>	<p><b>THEN on the day after maturity for all loans still outstanding, County Office shall...</b></p>	<p><b>AND the subsequent action is...</b></p>	<p><b>Paragraph Reference</b></p>
<p>send the notification letter in subparagraph E to the producer according to paragraph 797</p>	<ul style="list-style-type: none"> <li>• if a warehouse to accept delivery is <b>not available</b> or conditions in subparagraph 856 A are applicable:</li> <li>• proceed with local sale following procedure in paragraphs 856 through 862</li> <li>• prepare and send letter in subparagraph G</li> <li>• in APSS:                             <ul style="list-style-type: none"> <li>• compute the total principal and interest due on the day after maturity</li> <li>• screen print the total amount due and retain in the loan folder</li> </ul> </li> <li>• apply any repayments received from the producer to the loan.</li> </ul>	<p>for loans being settled as a local sale, County Office shall:</p> <ul style="list-style-type: none"> <li>• proceed according to paragraphs 856 through 862</li> <li>• deposit sales proceeds in NRRS according to 64-FI using program code "XXCOMMLOSA"</li> <li>• complete settlement in APSS according to subparagraph 862 C using weight and grade information on CCC-691 adding any CCC incurred sales expenses.</li> </ul> <p>When settlement has been completed in APSS, if a balance is owed CCC:</p> <ul style="list-style-type: none"> <li>• transfer any balance due CCC from APSS using the "Transfer to Claims" option according to 12-PS</li> <li>• establish a receivable in NRRS according to 64-FI to match the amount on the "Transfer to Claims Report"                             <ul style="list-style-type: none"> <li>• date of subparagraph E letter as initial notification letter</li> <li>• date of subparagraph G letter as first demand letter</li> </ul> </li> </ul> <p><b>Note:</b> All subsequent letters for amounts due CCC from this point forward will be generated through NRRS and offsets will be taken from any payments due the producer.</p> <ul style="list-style-type: none"> <li>• apply any collections from the producer to the receivable in NRRS.</li> </ul> <p><b>Note:</b> On the 31st day from date when letter in subparagraph G is sent even though the bid process for the local sale has not concluded, the County Office shall prepare and send 2nd demand letter according to 58-FI.</p>	<p>797, 800, 856-862</p>

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**\*--Nonrecourse Farm-Stored Loans (Continued)**

**B Example 1, Warehouse is Available to Take Delivery**

Nonrecourse loan for 1,000 bu. of corn matures on August 31, 20xx.

The following is an example of the steps to be followed for nonrecourse farm-stored loans nearing, at, or after maturity.

Step	Date	Action
1	July 16, 20xx	County Office shall prepare and send the 45 calendar day notification letter in subparagraph E to producer.
2	August 31, 20xx	Loan matures.
3	September 1, 20xx	<p>Day after loan maturity and loan is outstanding.</p> <p>County Office shall prepare and send demand letter in subparagraph F with CCC-691, regardless of whether CCC-681-1 has been issued and has not expired, giving producer 15 calendar days to deliver commodity.</p> <p>In APSS, County Office shall:</p> <ul style="list-style-type: none"> <li>• compute the total principal and interest due on the day after maturity</li> <li>• screen print the total amount due and retain in the loan folder.</li> </ul>
4	September 14, 20xx	<p>County Office will:</p> <ul style="list-style-type: none"> <li>• receive CCC-691 from warehouse with delivery information and warehouse receipt</li> <li>• complete settlement in APSS according to procedure and 12-PS, including issuance of additional payment, if applicable</li> <li>• transfer any balances due CCC from APSS using the “Transfer to Claims” option according to 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><b>Note:</b> All applicable demand letters from this point forward will be generated through NRRS and offsets will be taken from any payments due the producer.</p> <ul style="list-style-type: none"> <li>• enter, according to 64-FI, the dates of letter in subparagraph E as initial notification letter and letter in subparagraph F as first demand letter</li> <li>• apply any collections for amount s owed from the producer to the receivable in NRRS.</li> </ul>

--\*

**\*--Nonrecourse Farm-Stored Loans (Continued)**

**C Example 2, Warehouse Available to Take Delivery but Not Delivered by Expiration Date**

Nonrecourse loan for 1,000 bu. of corn matures on August 31, 20xx.

The following is an example of the steps to be followed for nonrecourse farm-stored loans nearing, at or after maturity.

Step	Date	Action
1	July 16, 20xx	County Office shall prepare and send 45 calendar day notification letter in subparagraph E to producer.
2	August 31, 20xx	Loan matures.
3	September 1, 20xx	Day after loan maturity and loan is outstanding.  County Office shall prepare and send demand letter in subparagraph F with CCC-691, regardless of whether CCC-681-1 has been issued and has not expired, giving 15 calendar days to deliver commodity.  In APSS, County Office shall: <ul style="list-style-type: none"> <li>• compute the total principal and interest due on the day after maturity</li> <li>• screen print the total amount due and retain in the loan folder.</li> </ul>
4	September 16, 20xx	Producer requests in writing additional time to deliver commodity to warehouse. He is hauling commodity in himself, has 1 load delivered and is having equipment problems. The expiration date of CCC-691 is extended another 15 calendar days to October 1, 20xx.
5	October 1, 20xx	Extended expiration date of CCC-691.
6	October 2, 20xx	County Office shall: <ul style="list-style-type: none"> <li>• contact warehouse and inquires to status of delivery and is told that producer has only delivered the one load or 400 bu.</li> <li>• contact producer and is told that he just has not had time to finish delivery</li> <li>• prepare and send:                             <ul style="list-style-type: none"> <li>• foreclosure letter in subparagraph H giving producer 15 calendar days to repay or complete delivery</li> <li>• 2nd demand letter according to 58-FI.</li> </ul> </li> </ul>

--\*

\*--Nonrecourse Farm-Stored Loans (Continued)

C Example 2, Warehouse Available to Take Delivery but Not Delivered by Expiration Date.  
(Continued)

Step	Date	Action
7	October 17, 20xx	Loan is outstanding and no additional delivery has occurred.  County Office will make arrangements to haul remaining commodity from the farm to warehouse for delivery to CCC.
8	October 27, 20xx	Commodity hauled to warehouse by CCC arranged trucks.
9	November 2, 20xx	County Office will: <ul style="list-style-type: none"> <li>• receive CCC-691 from warehouse with delivery information and warehouse receipt</li> <li>• receive bill for trucking</li> <li>• complete settlement in APSS according to procedure and 12-PS and includes trucking expense</li> <li>• transfer any balances due CCC from APSS using the “Transfer to Claims” option according to 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><b>Note:</b> All applicable demand letters from this point forward will be generated through NRRS and offsets will be taken from any payments due the producer.</p> <ul style="list-style-type: none"> <li>• enter, according to 64-FI, the dates of letter E as initial notification letter and letter F as first demand letter</li> <li>• apply any collections from the producer to the receivable in NRRS.</li> </ul>

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**\*--Nonrecourse Farm-Stored Loans (Continued)**

**D Example 3, CCC is Unable to Find a Warehouse to Take Commodity as Delivery to CCC or Conditions in Subparagraph 856 A are Applicable**

Nonrecourse loan for 1,000 bu. of corn matures on August 31, 20xx.

The following is an example of the steps to be followed for nonrecourse farm-stored loans nearing, at, or after maturity.

Step	Date	Action
1	July 16, 20xx	County Office shall prepare and send the 45 calendar day notification letter in subparagraph E to producer.
2	August 31, 20xx	Loan matures.
3	September 1, 20xx	Day after loan maturity and loan is outstanding. CCC is unable to find a local warehouse willing to take the commodity as a delivery to CCC and it is not cost effective to pay excess haul. Loan must be settled through local sales if not repaid by producer.  After receiving authorization from the State Office to settle loan as a local sale, County Office shall prepare and send demand letter in subparagraph G giving producer 15 calendar days to repay before announcing the local sale.  In APSS, County Office shall: <ul style="list-style-type: none"> <li>• compute the total principal and interest due on the first day after maturity</li> <li>• screen print the total amount due and retain in the loan folder.</li> </ul>
4	September 16, 20xx	Loan is outstanding.  County Office shall announce the sale of the commodity and give bidders 15 calendar days to submit their bids.
5	October 1, 20xx	Fifteen day bid acceptance period ends at COB.
6	October 2, 20xx	Loan is outstanding.  County Office shall: <ul style="list-style-type: none"> <li>• open bids and record on CCC-639</li> <li>• request and receive verbal State Office approval of final bid</li> </ul> <p><b>Note:</b> State Office shall follow-up with written approval of final bid within 3 calendar days after verbal approval is given.</p> <ul style="list-style-type: none"> <li>• notify successful bidder of bid acceptance and give 15 calendar days to pay for commodity and remove per sales announcement</li> <li>• issue CCC-691 to borrower directing delivery to the purchaser F.O.B., purchaser's conveyance at the storage location.</li> </ul>

--\*

\*--Nonrecourse Farm-Stored Loans (Continued)

**D Example 3, CCC is Unable to Find a Warehouse to Take Commodity as Delivery to CCC or Conditions in Subparagraph 856 A are Applicable (Continued)**

Step	Date	Action
7	October 14, 20xx	<p>County Office shall:</p> <ul style="list-style-type: none"> <li>• make arrangements with producer and buyer for the transfer of the commodity</li> <li>• supervise the delivery</li> <li>• make arrangements for the commodity to be weighed as hauled to determine exact quantity</li> <li>• draw a representative sample for initial grade determination by a licensed grading laboratory.</li> </ul> <p>Successful buyer shall pay for the commodity:</p> <ul style="list-style-type: none"> <li>• immediately after commodity is moved and weighed but within 15 calendar days after notification of successful bid</li> <li>• by check, certified check, or money order; other methods may be approved by CED.</li> </ul> <p>County Office shall deposit buyers check in NRRS using program code "XXCOMMLOSA" according to 64-FI.</p> <p><b>Note:</b> Do <b>not</b> apply the sales proceeds to the loan principal. Settlement is completed without regard to the sales proceeds received from the buyer.</p>

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\*--Nonrecourse Farm-Stored Loans (Continued)

**D Example 3, CCC is Unable to Find a Warehouse to Take Commodity as Delivery to CCC or Conditions in Subparagraph 856 A are Applicable (Continued)**

Step	Date	Action
8	October 18, 20xx	<p>County Office shall:</p> <ul style="list-style-type: none"> <li>• enter the weight, grade, and local sales information on CCC-691, Part B</li> <li>• enter all CCC incurred sales expenses associated with the local sale</li> <li>• complete settlement in APSS based on weights and grading factors and <b>not</b> sales proceeds received from the buyer</li> <li>• transfer any balance due CCC from APSS using the “Transfer to Claims” option according to 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><b>Note:</b> All applicable demand letters from this point forward will be generated through NRRS and offsets will be taken from any payments due the producer.</p> <ul style="list-style-type: none"> <li>• enter, according to 64-FI, the dates of letter E as initial notification letter and letter G as first demand letter according to 64-FI</li> <li>• apply any collections from the producer to the receivable in NRRS.</li> </ul>

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\*--Nonrecourse Farm-Stored Loans (Continued)

**E Farm-Stored Nonrecourse Loan 45 Calendar Day Maturity Notification Letter**

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

**(Date)**

Producer's Name  
 Address  
 City, State, Zip Code

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

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

You may repay the loan on or before the loan maturity date. The principal and charges, plus interest, are due and payable on or before **(maturity date)** with check, certified check or money order. Interest will continue to accrue until the amount due is repaid. If applicable, posted county price repayments are only allowed on collateral either repaid by maturity or delivered to buyer under an approved marketing authorization by the loan maturity date.

On the day after maturity, title to the unredeemed collateral shall be transferred to Commodity Credit Corporation (CCC) upon demand and the commodity shall be delivered to CCC. Delivery instructions on CCC-691, Commodity Delivery Notice, will be issued on the first day after loan maturity if the loan is not repaid by the maturity date. If after delivery of the commodity to CCC there is an amount due, a receivable will be established.

CCC will initiate foreclosure proceedings if:

- principal and charges, plus interest, are not repaid within 30 calendar days after maturity
- delivery of the loan collateral to CCC is not completed by the expiration date or extended expiration of CCC-691 sent the day after maturity

If this debt is not resolved, this agency reserves the right to use all additional collection actions available to recover the debt. The debt may be collected by internal administrative offset from any CCC or Farm Service Agency payments that may be due you. Additional action that may be taken to recover the debt include the assessment of late payment interest, administrative costs, and penalties; administrative wage garnishment; collecting the debt by offset of any eligible federal and state payments, including any income tax refunds; referring the debt for litigation (if collection administratively is unsuccessful); and reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged. Once your debt is more than 180 days delinquent, we are required to refer the debt to the Department of Treasury for collection.

You may contact this office to review records related to this debt or to receive an explanation of the debt. You may also obtain a copy of records, subject to a copying charge.

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**\*--Nonrecourse Farm-Stored Loans (Continued)**

**E Farm-Stored Nonrecourse Loan 45 Calendar Day Maturity Notification Letter (Continued)**

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

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

Sincerely,

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

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**Producers Name** \_\_\_\_\_

**Loan Number** \_\_\_\_\_

**Crop Year** \_\_\_\_\_

**Commodity** \_\_\_\_\_

**Maturity Date** \_\_\_\_\_

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

1. REPAY WITH CHECK, CERTIFIED CHECK OR MONEY ORDER
2. DELIVER THE ELIGIBLE COMMODITY TO CCC AFTER MATURITY

\_\_\_\_\_  
 (Producer's Signature) (Date)

**Please return this intention by (Maturity date).**

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

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## \*--Nonrecourse Farm-Stored Loans (Continued)

F Farm-Stored Nonrecourse Loan 1<sup>st</sup> Demand Letter With Delivery to CCC

UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY _____ COUNTY FSA OFFICE ADDRESS CITY, STATE, ZIP CODE TELEPHONE
<p><b>(Date)</b></p> <p>Producer's Name          Address          City, State, Zip Code</p> <p>Dear <b>(Producer's Name)</b>:</p> <p>You were notified on <b>(date of loan maturity notification letter)</b> that your <b>(year)</b>-crop <b>(commodity type)</b> loan <b>(number)</b> would be due and payable on or before <b>(maturity date)</b>. The loan has matured and the debt has not been repaid. Commodity Delivery Notice, CCC-691, which includes delivery instructions, is enclosed. Delivery of the commodity <b>must be completed</b> by the final date to deliver as shown on the enclosed CCC-691. You should immediately contact this office if the delivery will be delayed. Interest will continue to accrue until the amount due is repaid.</p> <p>The following apply if the principal and charges plus interest, \$_____ as of the date of this letter, are not repaid within 30 calendar days from the date of this letter <b>or</b> delivery of the loan collateral to Commodity Credit Corporation (CCC) is not completed by the expiration date or extended expiration date of the enclosed CCC-691:</p> <ul style="list-style-type: none"> <li>• foreclosure proceedings will begin and CCC will take actions to remove the entire loan quantity. You will be responsible for any expenses incurred by CCC in the delivery of the commodity</li> <li>• the amount due will be recorded for offset from any Farm Service Agency (FSA) or CCC payments due you</li> <li>• the amount due may be reported to other Federal Agencies for offset from any amounts due you.</li> </ul> <p>If you chose to deliver your commodity to CCC instead of repaying the loan amount due, after delivery to CCC has been completed under the enclosed CCC-691:</p> <ul style="list-style-type: none"> <li>• the loan will be settled based on the loan rate and adjusted for any applicable premiums and discounts</li> <li>• any amounts owed CCC will be transferred to FSA's receivable system, payment will be requested, and may also be reported to other Federal Agencies for offset from any amounts that may be due you</li> <li>• late payment interest, based on the rate established by the Department of Treasury, will be applied to your receivable on a daily basis from the date of this letter until the receivable is paid in full. FSA/CCC will waive late payment interest on your receivable that is paid in the next 30 calendar days.</li> </ul> <p>If payment in full is not made within 90 calendar days from the date of this letter, an additional 3 percent interest shall be assessed on the unpaid balance of the receivable retroactively from the date of this letter.</p> <p>Because this receivable may be collected by offset of your federal income tax refunds, you may present, within 60 calendar days from the date of this letter, evidence that all or part of the receivable is not past due or legally enforceable. To do so, please submit to this office a written explanation of your position that the receivable or part of the receivable is not past due or legally enforceable, and include documentation to support your position.</p>

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\*--Nonrecourse Farm-Stored Loans (Continued)

**F Farm-Stored Nonrecourse Loan 1<sup>st</sup> Demand Letter With Delivery to CCC (Continued)**

Under Federal law and regulations, the following additional actions may be taken by the United States Department of Agriculture and the Department of the Treasury to collect delinquent receivables:

- assessment of interest, administrative costs, and penalties
- administrative garnishment of wages
- offset of CCC and FSA payments
- referral of the receivable to Treasury for offset from any Federal payments after 180 days
- reporting of the receivable to credit reporting agencies
- reporting the receivable to private collection agencies by Treasury designated collection centers
- referral of the receivable to agency counsel or the Department of Justice for litigation
- reporting of the receivable to the Internal Revenue Service if any part of the debt is discharged.

If this receivable is not resolved, you may be ineligible for additional financial assistance in the form of loans, loan guarantees, or mortgage insurance through USDA's Rural Development.

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

You may contact this office to review records related to this debt or to receive an explanation of the debt. You may obtain a copy of the records, subject to a copying charge.

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

Please contact this office at (**telephone number**) if you have any questions. We want to work with you to resolve this debt.

Sincerely,

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

USDA is an Equal Opportunity Provider and Employer

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\*--Nonrecourse Farm-Stored Loans (Continued)

**G Farm-Stored Nonrecourse Loan 1st Demand Letter - Local Sale**

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

**(Date)**

Producer's Name  
 Address  
 City, State, Zip Code

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

You were notified on **(date of loan maturity notification letter)** that your **(year)**-crop **(commodity type)** loan **(number)** would be due and payable on or before **(maturity date)**. The loan has matured and has not been repaid.

Commodity Credit Corporation (CCC) has been unable to find a warehouse authorized to accept your **(commodity)** as a delivery to CCC. Because of this, CCC will settle your loan through our local sales provisions.

You may still repay your loan in full at principal and charges plus interest, \$\_\_\_\_\_ as of the date of this letter, at any time before CCC accepts the highest bid offered under the local sale.

Under local sales provisions, CCC will:

- in 15 calendar days, announce the sale of your commodity on an "as is where is" basis where the buyer takes control of the commodity at the storage location and is responsible for all handling and transport to remove the commodity from the storage facility
- accept sealed bids at the County Office for 15 calendar days after the sale is announced
- accept the highest bid.

The highest bidder must:

- remove the commodity at their own expense
- have the commodity weighed
- pay CCC the agreed upon price within 15 workdays after the date of sale or immediately after removal.

CCC shall obtain an official grade determination on the commodity from a licensed grading laboratory to use in settling the loan.

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**\*--Nonrecourse Farm-Stored Loans (Continued)****G Farm-Stored Nonrecourse Loan 1st Demand Letter - Local Sale (Continued)**

After the local sale has been completed:

- CCC will settle your loan based on the loan rate, adjusted for premiums and discounts from the official grade and the quantity determined from the weight. The sales proceeds will not be a factor in the loan settlement.
- any amounts you owe CCC will be transferred to Farm Service Agency's (FSA) receivable system, and payment will be requested. Also, any amounts not paid may be reported to other Federal Agencies for offset from any other program amounts that may be due you
- late payment interest, based on the rate established by the Department of Treasury, will be applied to your receivable on a daily basis from the date of this letter until the receivable is paid in full. FSA/CCC will waive late payment interest on your receivable that is paid in the next 30 calendar days.

If payment in full is not made within 90 calendar days from the date of this letter, an additional 3 percent interest shall be assessed on the unpaid balance of the receivable retroactively from the date of this letter.

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

Under Federal law and regulations, the following additional actions may be taken by the United States Department of Agriculture and the Department of the Treasury to collect delinquent receivables:

- assessment of interest, administrative costs, and penalties
- administrative garnishment of wages
- offset of CCC and FSA payments
- referral of the receivable to Treasury for offset from any Federal payments after 180 days
- reporting of the receivable to credit reporting agencies
- reporting the receivable to private collection agencies by Treasury designated collection centers
- referral of the receivable to agency counsel or the Department of Justice for litigation
- reporting of the receivable to the Internal Revenue Service if any part of the debt is discharged.

If this debt is not resolved, you may be ineligible for additional financial assistance in the form of loans, loan guarantees, or mortgage insurance through USDA's Rural Development.

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

You may contact this office to review records related to this debt or to receive an explanation of the debt. You may obtain a copy of the records, subject to a copying charge.

--\*

**\*--Nonrecourse Farm-Stored Loans (Continued)**

**G Farm-Stored Nonrecourse Loan 1st Demand Letter - Local Sale (Continued)**

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

Please contact this office at (**telephone number**) if you have any questions. We want to work with you to resolve this debt.

Sincerely,

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

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\*--Nonrecourse Farm-Stored Loans (Continued)

H Farm-Stored Nonrecourse Loan Foreclosure Letter

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

**(Date)**

Producer's Name  
 Address  
 City, State, Zip Code

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

This concerns **(year)** crop **(commodity)** loan which matured on **(date)**. You have not liquidated this loan by repayment or delivery of the collateral as advised in our letter to you dated **(date of 1<sup>st</sup> demand letter)**.

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

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

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

You may contact this office to review records related to this debt or to receive an explanation of the debt. You may obtain a copy of the records, subject to a copying charge.

Please contact this office immediately for the current repayment amount or questions regarding this debt.

If your loan is not repaid within 15 calendar days of the date of this letter, CCC will begin arranging for trucks to deliver your commodity to CCC.

Sincerely,

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

USDA is an Equal Opportunity Provider and Employer

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**\*--Nonrecourse Warehouse-Stored Loans**

**A Nonrecourse Warehouse-Stored Loans Nearing, At, or After Maturity**

The following provides actions for nonrecourse warehouse-stored loans nearing, at, or after maturity.

<b>IF the loan type is warehouse, 45 calendar days before maturity, County Office shall send the notification letter...</b>	<b>THEN on the first day after maturity for loans still outstanding, County Office shall...</b>	<b>AND the subsequent action is...</b>	<b>Paragraph Reference</b>
subparagraph C of this exhibit according to paragraph 797	forfeit to CCC the warehouse receipts securing the loan according to 12-PS and PS directives	<p>County Offices shall immediately, if an amount is due CCC:</p> <ul style="list-style-type: none"> <li>• transfer any balance due CCC 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> <li>• enter the dates of the letter in subparagraph C as initial notification letter according to 64-FI</li> <li>• apply any repayments from the producer to the receivable in NRRS.</li> </ul> <p><b>Note:</b> NRRS will send all applicable demand letters for amount due CCC and offsets will be taken from any payments due the producer and applied to the receivable.</p>	797, 900

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**\*--Nonrecourse Warehouse-Stored Loans (Continued)**

**B Example of Nonrecourse Warehouse-Stored Loans at Maturity**

Nonrecourse warehouse-stored loan for 1,000 bu. of corn matures on August 31, 20xx.

The following is an example of the steps County Offices must follow for nonrecourse warehouse-stored loans nearing, at, and after maturity.

Step	Date	Action
1	July 16, 20xx	County Office shall send 45 calendar day notification letter in subparagraph C to producer.
2	August 31, 20xx	Loan matures.
3	September 1, 20xx	Day after loan maturity and loan is outstanding.  County Office shall process forfeiture according to 12-PS and current PS directives.  If CCC is owed, County Office shall: <ul style="list-style-type: none"> <li>• transfer loan from APSS using “Transfer to Claims” option according to 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>• follow 64-FI to enter the date letter in subparagraph C, the initial notification letter, was sent.</li> </ul>
4		NRRS shall: <ul style="list-style-type: none"> <li>• send all subsequent demand letters for amount due CCC</li> <li>• automatically offset any payments due the producer and apply to receivable</li> <li>• continue to service the receivable until paid in full</li> <li>• refer debt to TOP when 180 calendar days delinquent.</li> </ul> <p><b>Note:</b> County Office shall apply any payments from the producer to the receivable established in NRRS.</p>

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\*--Nonrecourse Warehouse-Stored Loans (Continued)

C Warehouse-Stored Nonrecourse Loan Maturity Letter

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

**(Date)**

Producer's Name  
Address  
City, State, Zip Code

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

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

You may repay the loan on or before the maturity date with a check, certified check or money order. The loan principal and charges plus interest as of the date of this letter equals \$\_\_\_\_\_. Interest will continue to accrue on a daily basis until the amount due is repaid. Contact this office for the exact repayment amount computed to the repayment date if you plan to mail us your check.

On the day after maturity you will no longer be eligible to repay the loan principal and interest, and any outstanding warehouse receipts securing this loan will be forfeited to Commodity Credit Corporation (CCC). At forfeiture, CCC will adjust loan rates for warehouse-stored loans using the premiums and discounts applicable to the commodity. You will be responsible for repaying any shortages from the original loan principal and the forfeited loan principal.

You may contact this office to review records related to this debt or to receive an explanation of the debt. You may also obtain a copy of records, subject to a copying charge.

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

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

Sincerely,

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

USDA is an Equal Opportunity Provider and Employer

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**\*--Nonrecourse Warehouse-Stored Loans (Continued)**

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

**Producers Name** \_\_\_\_\_

**Loan Number** \_\_\_\_\_

**Crop Year** \_\_\_\_\_

**Commodity** \_\_\_\_\_

**Maturity Date** \_\_\_\_\_

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

3. REPAY WITH CHECK, CERTIFIED CHECK OR MONEY ORDER ON OR BEFORE THE LOAN MATURITY DATE
4. FORFEIT THE ELIGIBLE COMMODITY TO CCC THE DAY AFTER MATURITY

\_\_\_\_\_  
(Producer's Signature)

\_\_\_\_\_  
(Date)

**Please return this intention by (Maturity date).**

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

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**\*--Recourse Loans**

**A Recourse Loans Nearing, At, or After Maturity**

The following provides actions for recourse loans nearing, at, or after maturity.

<b>IF the loan type is recourse, 45 calendar days before maturity County Office shall send the notification letter in...</b>	<b>THEN on the first day after maturity for loans still outstanding, County Office shall...</b>	<b>AND the subsequent action is...</b>	<b>Paragraph Reference</b>
<p>subparagraph C according to paragraph 797</p>	<p>send letter in subparagraph D and:</p> <ul style="list-style-type: none"> <li>• transfer loan from APSS using the “Transfer to Claims” option according to 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><b>Note:</b> In NRRS, enter the following dates according to 64-FI:</p> <ul style="list-style-type: none"> <li>• subparagraph C letter as initial notification letter</li> <li>• subparagraph D letter as first demand letter.</li> </ul> <ul style="list-style-type: none"> <li>• apply any repayments received from the producer to the receivable.</li> </ul>	<p>if the receivable is <b>not repaid</b> by the 15 calendar day after maturity:</p> <ul style="list-style-type: none"> <li>• continue to accept and apply any repayments from the producer to the receivable</li> <li>• begin foreclosure action by sending foreclosure letter in subparagraph E to inform the producer that the loan will be settled through a local sale according to paragraphs 856 through 862, if not repaid in 15 calendar days</li> <li>• announce the sale of the commodity 15 calendar days after the date of the foreclosure letter in subparagraph E.</li> </ul> <p>When local sale is completed, according to paragraphs 856 through 862:</p> <ul style="list-style-type: none"> <li>• adjust either the established receivable or establish a new receivable to include expenses CCC incurred during the foreclosure action according to 64-FI</li> <li>• apply local sales proceeds to the established receivables, according to subparagraph 861 D.</li> </ul> <p>All subsequent demand letters for amounts due CCC will be generated through NRRS and offsets will be taken from any payments due the producer.</p>	<p>797, 856-862, 866</p>

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**\*--Recourse Loans (Continued)**

**B Example of Recourse Loan Nearing, At, and After Maturity**

Recourse loan for 1,000 bu. of corn matures on August 31, 20xx.

The following is an example of the steps to be followed for recourse loans nearing, at, and after maturity

<b>Step</b>	<b>Date</b>	<b>Action</b>
1	July 16, 20xx	County Office shall send 45-calendar-day notification letter (subparagraph C) to producer.
2	August 31, 20xx	Loan matures.
3	September 1, 20xx	Day after loan maturity and loan is outstanding.  County Office shall: <ul style="list-style-type: none"> <li>• send demand letter in subparagraph D</li> <li>• transfer loan from APSS using “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>• apply any repayments received from the producer to the receivable</li> <li>• follow 64-FI to enter the following dates in NRRS: <ul style="list-style-type: none"> <li>• subparagraph C letter - initial notification letter</li> <li>• subparagraph D letter – first demand letter.</li> </ul> </li> </ul>
4	September 16, 20xx	Receivable is outstanding.  County Office shall begin foreclosure action by sending foreclosure letter from subparagraph E informing producer that if the receivable is still outstanding in 15 calendar days, arrangements will be made to sell the loan collateral through the local sales option.
5	October 1, 20xx	Receivable is outstanding  County Office shall announce the sale of the commodity, according to paragraph 858, and give bidders 15 calendar days to submit their bids.  NRRS will automatically send producer the second demand letter 30 calendar days after first demand letter.
6	October 16, 20xx	15-calendar-day bid acceptance period ends at COB.

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**\*--Recourse Loans (Continued)**

**B Example of Recourse Loan Nearing, At, and After Maturity (Continued)**

<b>Step</b>	<b>Date</b>	<b>Action</b>
7	October 17, 20xx	<p>County Office shall, according to paragraphs 859 through 862:</p> <ul style="list-style-type: none"> <li>• open bids and record on CCC-639</li> <li>• request and receive verbal State Office approval for final bid</li> </ul> <p style="padding-left: 40px;"><b>Note:</b> State Office shall follow-up with written approval within 3 calendar days after verbal approval is given.</p> <ul style="list-style-type: none"> <li>• notify successful bidder of bid acceptance and give 15 calendar days to pay for commodity and remove per sales announcement.</li> </ul>
8	As soon as determined	<p>County Office shall establish new receivable to include any expenses, such as advertising, CCC incurred during the foreclosure action according to 64-FI.</p>
9	November 1, 20xx	<p>County Office shall make arrangements:</p> <ul style="list-style-type: none"> <li>• with the producer and buyer to supervise the delivery</li> <li>• for the commodity to be weighed as hauled to determine the exact quantity.</li> </ul> <p>Successful bidder shall pay for the commodity:</p> <ul style="list-style-type: none"> <li>• immediately after the commodity is moved and weighed</li> <li>• in cash or by money order, certified check, or cashier's check; other methods may be approved by CED</li> <li>• within 15 calendar days after notification of the successful bid.</li> </ul> <p>County Office shall:</p> <ul style="list-style-type: none"> <li>• apply local sales proceeds to the established <b>receivables</b> according to subparagraph 861 D</li> <li>• pay excess amount, if applicable, to the producer following NRRS procedure according to 64-FI.</li> </ul>

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**\*--Recourse Loans (Continued)**

**B Example of Recourse Loan Nearing, At, and After Maturity (Continued)**

<b>Step</b>	<b>Date</b>	<b>Action</b>
10	Ongoing receivable servicing	<p>NRRS shall:</p> <ul style="list-style-type: none"><li>• continue sending applicable demand letters to the producer for any amounts still owed</li><li>• offset payments due the producer and apply to receivables</li><li>• continue to service receivable until paid in full</li><li>• refer outstanding debts to TOP's when 180 calendar days delinquent.</li></ul>

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\*--Recourse Loans (Continued)

**C Recourse Loan 45-Calendar Day Maturity Notification Letter**

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

**(Date)**

Producer's Name  
 Address  
 City, State, Zip Code

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

Your **(year)** crop **(commodity)** recourse loan **(loan number)** will mature **(maturity date)**. The only option available **on or before the maturity date** is to repay the principal and charges, plus interest, by check, certified check or money order.

Interest will continue to accrue until the amount due is repaid. As of the date of this letter, the amount owed on this loan is \$\_\_\_\_\_. Interest accrues on a daily basis. Contact this office for the exact repayment amount computed to the repayment date if you plan to mail us your payment.

The following apply if the loan is not repaid on or before the maturity date:

- the loan principal and charges plus interest will be transferred to the Farm Service Agency (FSA) receivable system on the first day after loan maturity
- Commodity Credit Corporation (CCC) may begin foreclosure proceedings to sell the commodity securing this receivable through a local sale. You will be responsible for any expenses incurred by CCC for the local sale where the collateral will be sold to the highest bidder. Proceeds from the sale will be applied to the receivable and you will be responsible for any remaining amount due. If there are no successful bidders, you will owe the entire amount of the receivable.
- the amount due CCC will be recorded for offset from any FSA or CCC payments due you
- the amount due CCC may be reported to other Federal Agencies for offset from any amount due you.

If the receivable is not resolved, this Agency reserves the right to use all additional collection actions available to recover the receivable including internal administrative offsets from any CCC or FSA payments due you. Additional actions that may be taken to recover the receivable include the assessment of late payment interest, administrative costs, and penalties; administrative wage garnishment; collecting the receivable by offset of any eligible federal and state payments including any income tax refunds; referring the receivable for litigation (if collection administratively is unsuccessful); and reporting the receivable to the Internal Revenue Service if the receivable, or any portion of the receivable, is discharged. Once your receivable is more than 180 days delinquent, we are required to refer the receivable to the Department of Treasury for collection.

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**\*--Recourse Loans (Continued)**

**C Recourse Loan 45-Calendar Day Maturity Notification Letter (Continued)**

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

You may contact this office to review records related to this debt or to receive an explanation of the debt. You may also obtain a copy of the records, subject to a copying charge.

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

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

If you should need further assistance, please feel free to contact the FSA County Office.

Sincerely,

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

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**\*--Recourse Loans (Continued)**

**C Recourse Loan 45-Calendar Day Maturity Notification Letter (Continued)**

**Producers Name** \_\_\_\_\_

**Loan Number** \_\_\_\_\_

**Crop Year** \_\_\_\_\_

**Commodity** \_\_\_\_\_

**Maturity Date** \_\_\_\_\_

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

\_\_\_\_\_  
(Producer's Signature) (Date)

**Please return this intention by (Maturity date).**

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

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\*--Recourse Loans (Continued)

D Recourse Loan 1st Demand Letter

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

**(Date)**

Producer's Name  
 Address  
 City, State, Zip Code

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

You were notified on **(date of loan notification letter)** that your **(year)**-crop **(commodity type)** loan **(number)** would be due and payable on or before **(maturity date)**. The loan has matured and the debt has not been repaid.

As of the date of this letter, the principal and charges, plus interest, owed on this loan are \$\_\_\_\_\_. This loan was transferred to the Farm Service Agency (FSA) receivable system today where interest will continue to accrue on a daily basis. Any payments you make on loan **(number)** will be applied to the receivable. The total amount due will be recorded for offset from any FSA or Commodity Credit Corporation (CCC) payments due you.

The following actions are now applicable to this receivable:

- foreclosure proceedings will begin and CCC will take action to sell the commodity securing this receivable through local sale by offering the collateral for sale to the highest bidder. If there are no successful bidders or the sales proceeds do not fully repay the receivable, you will be notified of the amount due CCC. You will also be responsible for any expenses CCC incurs during the foreclosure action
- the amount due CCC may be reported to other Federal Agencies for offset from any amount due you.

Late payment interest will accrue on your receivable at the rate established by the Department of Treasury, and will be applied to your receivable on a daily basis from the date of this letter until the receivable is paid in full. FSA/CCC will waive late payment interest on the amount of your receivable that is paid within the next 30 calendar days. If payment in full is not made within 90 calendar days of the date of this letter, an additional 3 percent interest will be assessed on the unpaid balance of the receivable retroactively from the date of this letter.

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

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**\*--Recourse Loans (Continued)**

**D Recourse Loan 1st Demand Letter (Continued)**

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

- assessment of interest, administrative costs, and penalties
- administrative garnishment of wages
- offset of CCC and FSA payments
- referral of the receivable to Treasury for offset from any Federal payments after 180 days
- reporting of the receivable to credit reporting agencies
- reporting the receivable to private collection agencies by Treasury designated collection centers
- referral of the receivable to agency counsel or the Department of Justice for litigation
- reporting the receivable to the Internal Revenue Service if any or all of the debt is discharged.

If this receivable is not resolved, you may be ineligible for additional financial assistance in the form of loans, loan guarantees, or mortgage insurance through USDA's Rural Development.

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

You may contact this office to review records related to this receivable or to receive an explanation of the receivable. You may obtain a copy of the records, subject to a copying charge.

Our records do not reflect that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify us so that we may update our records and proceed to resolve this receivable in accordance with bankruptcy procedures.

Please contact this office at **(telephone number)** if you have any questions. We want to work with you to resolve this receivable.

Sincerely,

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

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\*--Recourse Loans (Continued)

E Recourse Loan Foreclosure Letter

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

**(Date)**

Producer's Name  
 Address  
 City, State, Zip Code

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

This concerns your recourse **(year)** crop **(commodity)** loan which matured on **(maturity date)**. You have not liquidated this loan by repayment of the receivable established the day after maturity as advised in our letter to you dated **(date of Exhibit 9, subparagraph D)**.

Because this receivable has not been repaid, Commodity Credit Corporation (CCC) will now begin foreclosure proceedings to sell the commodity securing this receivable through a local sale. You will be responsible for any expenses incurred by CCC for the local sale where the collateral will be sold to the highest bidder. Proceeds from the sale will be applied to the receivable and you will be responsible for any remaining amount due. If there are no successful bidders, you owe the entire amount of the receivable.

If you do not repay this receivable promptly, you may be jeopardizing your right to future farm-stored commodity loans.

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

You may contact this office to review records related to this receivable or to receive an explanation of the receivable. You may obtain a copy of the records, subject to a copying charge.

CCC will announce the sale of the commodity securing this receivable in 15 calendar days from the date of this letter. Please contact this office immediately for the current repayment amount.

Sincerely,

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

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**\*--Recourse Distress Loans**

**A Recourse Distress Loans Nearing, At, or After Maturity**

The following provides actions for recourse distress loans nearing, at, or after maturity.

<b>IF the loan type is distress, 30 calendar days before maturity County Office shall send the notification letter in...</b>	<b>THEN on the first day after maturity for loans still outstanding, County Office shall...</b>	<b>AND the subsequent action is...</b>	<b>Paragraph Reference</b>
subparagraph C to the producer according to paragraph 797	send letter in subparagraph D and <ul style="list-style-type: none"> <li>• transfer loan from APSS using the “Transfer to Claims” option according to 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><b>Note:</b> In NRRS, enter the following dates according to 64-FI:</p> <ul style="list-style-type: none"> <li>• subparagraph C letter as initial notification letter</li> <li>• subparagraph D letter as first demand letter.</li> </ul> <ul style="list-style-type: none"> <li>• apply any repayments received from the producer to the receivable.</li> </ul>	if the receivable is <b>not repaid</b> by the 15th calendar day after maturity: <ul style="list-style-type: none"> <li>• continue to accept and apply any repayments from the producer to the receivable</li> <li>• begin foreclosure action by sending foreclosure letter in subparagraph E and settle the loan through a local sale according to paragraphs 856 through 862</li> <li>• announce the sale of the commodity 15 calendar days after the date of the foreclosure letter.</li> </ul> When local sale is completed, according to paragraphs 856 through 862: <ul style="list-style-type: none"> <li>• establish a new receivable to include expenses CCC incurred during the foreclosure action according to 64-FI</li> <li>• apply local sales proceeds to the established receivables, according to subparagraph 861 D.</li> </ul> All subsequent demand letters for amount due CCC will be generated through NRRS and offsets will be taken from any payments due the producer.	797, 856-862, 866

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**\*--Recourse Distress Loans (Continued)**

**B Example of Recourse Distress Loan Nearing, At, and After Maturity**

Recourse distress loan for 1,000 bu. of corn was disbursed on November 12, 20xx, and matures on February 10, 20xx.

The following steps shall be followed for recourse distress loans nearing, at, and after maturity.

<b>Step</b>	<b>Date</b>	<b>Action</b>
1	January 11, 20xx	County Office shall send 30-calendar-day notification letter in subparagraph C to producer.
2	February 10, 20xx	Loan matures.
3	February 11, 20xx	Day after loan maturity and loan is outstanding.  County Office shall: <ul style="list-style-type: none"> <li>• send demand letter in subparagraph D</li> <li>• transfer loan from APSS using “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>• apply any repayments received from the producer to the receivable</li> <li>• follow 64-FI to enter the following dates in NRRS: <ul style="list-style-type: none"> <li>• subparagraph C letter – initial notification letter</li> <li>• subparagraph D letter – first demand letter.</li> </ul> </li> </ul>
4	February 25, 20xx	Receivable is outstanding.  County Office shall begin foreclosure action by sending foreclosure letter from subparagraph E informing producer that if the receivable is still outstanding in 15 calendar days, arrangements will be made to sell the loan collateral through the local sales option.
5	March 12, 20xx	Receivable is outstanding.  County Office shall announce the sale of the commodity, according to paragraph 858, and give bidders 15 calendar days to submit their bids.  NRRS will automatically send producer the second demand letter.
6	March 27, 20xx	Fifteen day bid acceptance period ends at COB.

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\*--Recourse Distress Loans (Continued)

**B Example of Recourse Distress Loan Nearing, At, and After Maturity (Continued)**

Step	Date	Action
7	March 28, 20xx	<p>County Office shall:</p> <ul style="list-style-type: none"> <li>• open bids and record on CCC-639</li> <li>• request and receive verbal State Office approval for final bid</li> <li>• notify successful bidder of bid acceptance, in writing</li> <li>• provide successful bidder 15 calendar days to pay for commodity and removal per sales announcement.</li> </ul> <p><b>Note:</b> State Offices shall follow-up with written approval within 3 calendar days after verbal approval is given.</p>
8	As soon as determined	<p>County Office shall establish new receivable to include expenses, such as advertising, CCC incurred during the foreclosure action according to 64-FI.</p>
9	By April 12, 20xx	<p>County Office shall make arrangements:</p> <ul style="list-style-type: none"> <li>• with producer and buyer to supervise the delivery</li> <li>• for the commodity to be weighed as hauled to determine the exact quantity.</li> </ul> <p>Successful bidder shall pay for the commodity:</p> <ul style="list-style-type: none"> <li>• immediately after the commodity is moved and weighed</li> <li>• in cash or by money order, certified check, or cashier's check; other methods may be approved by CED</li> <li>• within 15 calendar days after notification of the successful bid.</li> </ul> <p>County Office shall:</p> <ul style="list-style-type: none"> <li>• apply local sales proceeds to the established <b>receivables</b> according to subparagraph 861 D</li> <li>• pay excess amount, if applicable, to the producer following NRRS procedure according to 64-FI.</li> </ul>

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**\*--Recourse Distress Loans (Continued)**

**B Example of Recourse Distress Loan Nearing, At, and After Maturity (Continued)**

<b>Step</b>	<b>Date</b>	<b>Action</b>
10	Ongoing receivable servicing	NRRS shall: <ul style="list-style-type: none"><li>• continue sending applicable demand letters to the producer for any amounts still owed</li><li>• offset payments due the producer and apply to receivables</li><li>• continue to service receivable until paid in full</li><li>• refer outstanding debts to TOP when 180 calendar days delinquent.</li></ul>

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\*--Recourse Distress Loans (Continued)

**C Distress Loan 30-Calendar-Day Maturity Notification Letter**

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

**(Date)**

Producer's Name  
 Address  
 City, State, ZIP Code

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

This is to notify you that your **(crop year, commodity)** distress crop loan **(loan number)** will mature **(maturity date)**. The only option available **on or before the maturity date** is to repay the principal and charges, plus interest, by check, certified check or money order.

As of the date of this letter, the loan principal and charges, plus interest, due the Commodity Credit Corporation (CCC) is \$\_\_\_\_\_. This amount **must** be paid on or before the loan maturity date. Interest will continue to accrue until the amount due is repaid. Contact this office for the exact repayment amount, computed to the repayment date, if you plan to mail us your payment.

Distress loans that are repaid before the maturity date may be repledged for a recourse or non-recourse loan. If you wish to repledge this loan, the collateral must be moved into eligible farm or warehouse storage and the repledged loan **must** be completed before **(maturity date)**, which is the maturity date of your distress loan. The maturity date for the repledged loan shall be the last day of the 9<sup>th</sup> calendar month following approval of the original distress loan disbursement date. If the collateral for the distress loan will be repledged, you must repay the distress loan within the 90 calendar day window before the distress loan matures by one of the following methods:

- with check, certified check or money order at principal plus interest
- authorized offset for the amount needed to repay from the proceeds of the repledged loan.

Please contact this office to obtain permission before moving any of the outstanding loan collateral to an approved storage location and to avoid unauthorized removal.

The following apply if the principal and charges, plus interest, are not repaid by the distress loan maturity:

- loan principal and charges plus interest will be transferred to the Farm Service Agency (FSA) receivable system on the day after the distress loan matures
- foreclosure proceedings may begin and CCC will take action to sell the commodity securing this receivable through a local sale. You will be responsible for any expenses incurred by CCC for the local sale where the collateral will be sold to the highest bidder. Proceeds from the sale will be applied to the receivable and you will be responsible for any remaining amount due. If there are no successful bidders, you owe the entire amount of the receivable.
- amount due CCC will be recorded for offset from any FSA or CCC payments due you
- amount due CCC may be reported to other Federal Agencies for offset from any amount due you.

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**\*--Recourse Distress Loans (Continued)**

**C Distress Loan 30-Calendar-Day Maturity Notification Letter (Continued)**

If the receivable is not resolved, this Agency reserves the right to use all additional collection actions available to recover the receivable including internal administrative offsets from any CCC or FSA payments due you. Additional actions that may be taken to recover the receivable include the assessment of late payment interest, administrative costs, and penalties; administrative wage garnishment; collecting the receivable by offset of any eligible federal and state payments including any income tax refunds; referring the receivable for litigation (if collection administratively is unsuccessful); and reporting the receivable to the Internal Revenue Service if the receivable, or any portion of the receivable, is discharged. Once your receivable is more than 180 days delinquent, we are required to refer the receivable to the Department of Treasury for collection.

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

You may contact this office to review records related to this debt or to receive an explanation of the debt. You may also obtain a copy of the records, subject to a copying charge.

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

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

If you should need further assistance, feel free to contact the FSA County Office.

Sincerely,

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

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**\*--Recourse Distress Loans (Continued)**

**C Distress Loan 30-Calendar-Day Maturity Notification Letter (Continued)**

**Producer's Name** \_\_\_\_\_

**Loan Number** \_\_\_\_\_

**Crop Year** \_\_\_\_\_

**Commodity** \_\_\_\_\_

**Maturity Date** \_\_\_\_\_

I INTEND TO, ON OR BEFORE THE LOAN MATURITY DATE FOR THE LOAN IDENTIFIED ABOVE (circle one):

- 5. REPAY THE LOAN PRINCIPAL PLUS INTEREST WITH CHECK, CERTIFIED CHECK OR MONEY ORDER.
- 6. REPLEDGE THE LOAN **BEFORE** THE MATURITY OF THE DISTRESS LOAN.

\_\_\_\_\_

(Producer's Signature) (Date)

**Please return this intention by (maturity date).**

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

--\*

\*--Recourse Distress Loans (Continued)

D Recourse Distress Loan First Demand Letter

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

**(Date)**

Producer's Name  
Address  
City, State, ZIP Code

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

You were notified on **(date of loan notification letter)** that your **(year)**-crop **(commodity type)** loan **(number)** would be due and payable on or before **(maturity date)**. The loan has matured and the debt has not been repaid.

As of the date of this letter, the principal and charges, plus interest, owed on this loan are \$\_\_\_\_\_. This loan was transferred to the Farm Service Agency (FSA) receivable system today where interest will continue to accrue on a daily basis. Any payments you make on this loan **(number)** will be applied to the receivable. The total amount due will be recorded for offset from any FSA or CCC payments due you.

The following actions are now applicable to this loan/receivable:

- foreclosure proceedings will begin and CCC will begin action to sell the commodity securing this loan through a local sale by offering the collateral for sale to the highest bidder. Proceeds from the sale will be applied to the receivable. If there are no successful bidders or the sales proceeds do not fully repay the receivable, you will be notified of the amount due CCC. You will also be responsible for any expenses CCC incurs during the foreclosure action
- the amount due may be reported to other Federal Agencies for offset from any amount due you.

Late payment interest will accrue on your debt at the rate of **(applicable interest rate)** per annum from the date of this letter until the debt is paid or otherwise resolved. FSA/CCC will waive late payment interest on your debt (or any part of your debt) that is paid in the next 30 calendar days. If payment in full is not made within 90 calendar days of the date of this letter, an additional 3 percent interest will be assessed on the unpaid balance of the debt retroactively from the date of this letter.

--\*

**\*--Recourse Distress Loans (Continued)**

**D Recourse Distress Loan First Demand Letter (Continued)**

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

- assessment of interest, administrative costs, and penalties
- administrative garnishment of wages
- offset of CCC and FSA payments
- referral of the receivable to Treasury for offset from any Federal payments after 180 days
- reporting of the receivable to credit reporting agencies
- reporting the receivable to private collection agencies by Treasury designated collection centers
- referral of the receivable to agency counsel or the Department of Justice for litigation
- referral of the debt to the Internal Revenue Service if any or all of the debt is discharged.

If this receivable is not resolved, you may be ineligible for additional financial assistance in the form of loans, loan guarantees, or mortgage insurance through USDA’s Rural Development.

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

You may contact this office to review records related to this receivable or to receive an explanation of the receivable. You may obtain a copy of the records, subject to a copying charge.

Please contact this office at **(telephone number)** if you have any questions. We want to work with you to resolve this receivable.

Sincerely,

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

USDA is an Equal Opportunity Provider and Employer

--\*

\*--Recourse Distress Loans (Continued)

E Recourse Distress Loan Foreclosure Letter

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

(Date)

Producer's Name
Address
City, State, ZIP Code

Dear (Producer's Name):

This concerns your distress (year) crop (commodity) loan which matured on (maturity date). You have not liquidated this loan by repayment of the receivable established the day after maturity as advised in our letter to you dated (date of Exhibit 10, subparagraph D).

Because this receivable has not been repaid, Commodity Credit Corporation (CCC) will now begin foreclosure proceedings to sell the commodity securing this receivable through a local sale. You will be responsible for any expenses incurred by CCC for the local sale where the collateral will be sold to the highest bidder. Proceeds from the sale will be applied to the receivable and you will be responsible for any remaining amount due. If there are no successful bidders, you owe the entire amount of the receivable.

If you do not repay this receivable promptly, you may be jeopardizing your right to future farm-stored commodity loans.

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

You may contact this office to review records related to this receivable or to receive an explanation of the receivable. You may obtain a copy of the records, subject to a copying charge.

CCC will announce the sale of the commodity securing this receivable in 15 calendar days from the date of this letter. Please contact this office immediately for the current repayment amount.

Sincerely,

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

USDA is an Equal Opportunity Provider and Employer

--\*

## **Example Letters**

### **A References for Example Letters**

This exhibit provides examples of notification, demand for amounts due, denial of benefits, and violation letters. Use this table to determine the applicable letter to be sent and subparagraph reference for any additional remarks. See paragraph 20 for producer appeals and 1-APP for appropriate and current appeal language.

\*--If the loan type is:

- farm-stored nonrecourse loan, see Exhibit 7
- warehouse nonrecourse loan, see Exhibit 8
- recourse loan, see Exhibit 9
- distress loan, see Exhibit 10.--\*

\* \* \*



Example Letters (Continued)

A References for Example Letters (Continued)

Actions for Loan and LDP Problems or Violations			
Type of Letter	Notification Letter	Subsequent Actions	Paragraph Reference
<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>• commodities 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)

<b>Action for Miscellaneous Loan Related Amounts Due CCC</b>			
<b>IF type of amount due is...</b>	<b>THEN...</b>	<b>AND subsequent action is...</b>	<b>Paragraph Reference</b>
***	***	***	***
dishonored checks ***	<p>when notified from FSC or bank that a check has been *--dishonored, County Offices shall follow procedure in paragraph 702, 3-FI, and 64-FI for applicable action.</p> <p><b>Note:</b> NRRS automatically:</p> <ul style="list-style-type: none"> <li>• adds the dishonored check fee to the receivable</li> <li>• sends applicable demand and notification letters.</li> </ul>	<p>NRRS shall send all subsequent demand letters.</p> <p>County Offices shall apply any collections/repayments to receivable in NRRS.--*</p>	702

Example Letters (Continued)

A References for Example Letters (Continued)

<b>Action for Miscellaneous Loan Related Amounts Due CCC</b>			
<b>IF type of amount due is...</b>	<b>THEN...</b>	<b>AND subsequent action is...</b>	<b>Paragraph Reference</b>
for the following: <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> </ul> * * *	on the date of determination, County Offices shall send letter in subparagraph F that includes appeal rights	County Office shall, 30 calendar days after letter in subparagraph F is sent: <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

<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 <p><b>Note:</b> Producers may appeal the beneficial interest determination, but not the policy requiring denial of benefits if beneficial interest was lost.</p>	subparagraph K.	228
from a COC employee of loan or LDP benefits, if producer of commodity is determined ineligible	subparagraph L.	503, 1009

**Example Letters (Continued)**

**B Farm-Stored Nonrecourse Loan 45-Calendar-Day Maturity Notification Letter**

\*--See Exhibit 7, subparagraph E.

**C Warehouse-Stored Nonrecourse Loan Maturity Letter**

See Exhibit 8, subparagraph C.

**D Recourse Loan 45-Calendar-Day Maturity Reminder Letter**

See Exhibit 9, subparagraph C.

**E Distress 45-Calendar-Day Loan Maturity Letter**

See Exhibit 10, subparagraph C.--\*



Example Letters (Continued)

**F Initial Notification Letter for Loan and LDP Overpayment, Overdisbursements, and Amounts Due**

	UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY _____ COUNTY FSA OFFICE ADDRESS CITY, STATE, ZIP CODE			
 (Date)				
Producer's Name Address City, State, ZIP Code				
Dear (Producer's Name):				
This is to notify you that the Farm Service Agency has determined that you have a debt arising from: <b>(Insert explanation and pertinent facts.)</b>				
The amount you owe consists of:				
Principal <b>(Insert Amount)</b>	Interest <b>(Insert Amount)</b>	Other Charges <b>(Insert Amount)</b>	Total <b>(Insert Amount)</b>	<b>(Insert Amount)</b>
If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Office Committee (COC) by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the COC, you have the right to an informal hearing that you or your representative may attend either personally or by telephone. If you appeal this determination to the COC, you may later appeal an adverse determination of the COC to the FSA State Office Committee or National Appeals Division. To appeal, write to the COC at the above address and explain why you believe this determination is erroneous.				
You may contact this office to review records related to this debt or to receive an explanation of the debt. You may obtain a copy of the records, subject to a copying charge.				
Interest will continue to accrue on this debt until paid in full. You may pay your debt by check payable to "Commodity Credit Corporation" and mail the check to this office at the address above. We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments.				
If this debt is not resolved, this agency reserves the right to use all additional collection actions available to recover the debt. The debt may be collected by internal administrative offset from any CCC or FSA payments that may be due you. Additional action that may be taken to recover the debt include the assessment of late payment interest, administrative costs, and penalties; administrative wage garnishment; collecting the debt by offset of eligible federal payments and state payments, including any income tax refunds; referring the debt for litigation (if collection administratively is unsuccessful); and reporting the debt to the Internal Revenue Service if the debt or any portion of the debt, is discharged. Once your debt is more than 180 days delinquent, we are required to refer the debt to the Department of Treasury for collection.				
Our records do not reflect that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify us so that we may update our records and proceed to resolve this debt in accordance with bankruptcy procedures.				
If you should need further assistance, please feel free to contact the FSA Service Center.				
Sincerely,				
County Executive Director _____ County FSA Office				
USDA is an Equal Opportunity Provider and Employer				

**Example Letters (Continued)**

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

\*--See Exhibit 7, subparagraphs A through D, F, and G.

**H Demand Letter for Recourse or Distress Loans Open After Maturity**

See Exhibit 9 and 10, subparagraphs A, B, and D.--\*

**I Demand Letter (No Appeal)**

The content for this demand letter is forthcoming.

**J Demand Letter (Appeal)**

The content for this demand letter is forthcoming.

## **Eligible Grain Sorghum Varieties**

### **A Determining Eligible Grain Sorghum Varieties**

Each year, grain sorghum varieties are reviewed and updated to determine eligibility and yield information for loans and LDP's.

Grain sorghum varieties are as follows:

- dual purpose, having a yield potential equal to 100 percent of hybrid varieties
- dual purpose, having a yield potential equal to 80 percent of hybrid varieties
- sterile varieties
- photo-period sensitive varieties
- ineligible varieties.

The following categories will be used to determine eligibility of grain sorghum (dual purpose varieties) for \* \* \* MAL's and LDP's.

- **Category I** - Non-Tannin Sorghum for grain or silage/hay **is eligible** regardless of parentage or grain yield.
- **Category II** - Tannin Sorghum for grain or silage/hay **is eligible** regardless of parentage or grain yield, but if harvested, grain **must** be identity-preserved and reported.
- **Category III** - Tannin Sorghum used for pasture **is not eligible** for LDP's or any programs.

### **B Assigning Yield Guidelines**

COC's shall assign yield for grain sorghum (dual purpose variety), harvested as other than grain, to:

- be equivalent to the potential whole grain yield for that crop
- reflect disaster conditions, as applicable.

Producers **must** provide documentation, such as seed tickets and invoices, for grain sorghum (dual purpose varieties) harvested as other than grain to substantiate the variety planted and harvested.

**Eligible Grain Sorghum Varieties (Continued)**

**C Methods for Assigning the Yield**

COC's shall use the following methods to assign the yield if the variety of grain sorghum (dual purpose variety) is eligible for LDP.

<b>IF the producer harvested...</b>	<b>THEN assign the yield based on...</b>
some dual purpose acreage of the crop on the farm for grain	the acreage of dual purpose grain sorghum harvested as grain.
dual purpose acreage of the crop on the farm as other than grain	regular hybrid grain sorghum harvested on the farm adjusted according to paragraph D.  <b>Note:</b> If no grain sorghum is harvested for grain on the farm, COC establishes a yield based upon COC judgment and knowledge of practices and growing conditions in the county; this <b>must</b> be documented in the COC minutes.

**Notes:** The yields assigned by COC shall **not** exceed the actual yield for farms in the area with similar management practices that harvested the crop and variety for grain.

Assigning yields based on 3 similar farms is no longer authorized.

**D \* \* \* Dual Purpose Grain Sorghum Varieties With 100 Percent Yield Potential**

The dual purpose grain sorghum varieties listed in the following table have yield potential equal to 100 percent of hybrid varieties. County Offices shall:

- make LDP eligibility determinations
- advise seed companies, who believe they have eligible varieties **not** listed in the following table, to contact the State Office and provide information about plant characteristics and forage and grain yield potentials.

**Note:** Assign a yield of 100 percent of the grain yield using the methods in subparagraph C.

<b>Company/Variety</b>	<b>Company/Variety</b>	<b>Company/Variety</b>	<b>Company/Variety</b>	<b>Company/Variety</b>
Ag Venture	Alta Brand (Advanta)	Alert Agri Distributors	AR-B Seeds, Inc.	Arrow Seed Co., Inc.
FS111D Silo Milo	AF7401 26837	BMR 103	AS781	Beefmaster BMR Canex BMR 310 Pheasant Acres Silo Mor Silo+Plus BMR Silobuster

Eligible Grain Sorghum Varieties (Continued)

D \* \* \* Dual Purpose Grain Sorghum Varieties With 100 Percent Yield Potential (Continued)

Company/Variety	Company/Variety	Company/Variety	Company/Variety
<b>Asgrow Seed</b> BBT	<b>AVA Seeds</b> AVA 7100 AVA 7102 AVA 7102A AVA 7103 AVA 7103A AVA 7105 AVA 7110 AVA 7111	<b>B-H Genetics</b> BH 312 FBD	<b>Barkley Seed</b> Grass Roots 90HS
<b>Boomerange</b> BMR 6 Silage Master DP1 Silage Master BMR	<b>Byrons Seed</b> Silage Supreme	<b>Channel Bio Corp</b> SugarGold	<b>Crosbyton Seed Company</b> GW 3072 F GW 8528 F BMR GW 9530 GWX3023FBMR Silo-N-Feed
<b>Curtis &amp; Curtis</b> Triple Gainer 31 BMR	<b>Dakota's Best Seed</b> Pheasant Acres Ringneck Roost Sweet Chop BMR	<b>Dodge City Coop</b> Sweet Feed BMR 802	<b>Drussel Seed and Supply</b> DSS Dividend BMR DSS 73862
<b>Eastern Colorado</b> HP 101 BMR HP 120 BMR	<b>Fontanelle Hybrids</b> F-310 F-310C F-315 F-315C F320SS	<b>Forage First</b> BMR 106 BMR 108 Leafy HT-110 HT-555 HY-Grow 77 5909	<b>Frontier Hybrids</b> Garst 320 Silmaker 5500 Silmaker 5700 Silmaker 6000 Silmaker 6500 Silmaker 7000
<b>Garrison &amp; Townsend</b> BMR 100 BMR 101 Sile-ALL Silo-Milo Sweet T	<b>Garst Seed Co.</b> Ex Chpr X Hi-Energy II N-322-X N-340X R 332 x 1020F 320 320F 325 331-X 333 344 BMR 344F	<b>Golden Acres Genetics, LLC</b> FS466 Ton-A-Milk	<b>Golden Harvest J C Robinson Seed</b> Si-Gro H-44 Si-Gro H-45 Si-Gro H-46

Eligible Grain Sorghum Varieties (Continued)

D \* \* \* Dual Purpose Grain Sorghum Varieties With 100 Percent Yield Potential (Continued)

Company/Variety	Company/Variety	Company/Variety	Company/Variety
<b>Hawkeye Seeds</b> HFS 1770	<b>Helena Chemical</b> Forager BMR	<b>Hoegemeyer Hybrids</b> BMR 1 591F 602F	<b>Hyttest Seeds</b> HT 110 HT 110 BMR HT 111 HT 555 HY-Grow 77
<b>Kaystar Seed</b> Forari IV	<b>Kelly Green Seeds, Inc.</b> Silamaster Silamax BMR	<b>Kings Agri Seed</b> Silage Supreme	<b>Land O Lakes</b> Croplan Hikane II Croplan NK300 Forage First DKS59-09
<b>Legend Seed Company</b> LFS-501	<b>MMR Genetics</b> MMR 304/24 MMR 381/73 73366X 105392X	<b>Mycogen Seeds</b> 1F700BMR	<b>NC+ Hybrids</b> NC+ 965 Nutri-Choice Nutri-Choice II Nutri-Ton Nutri-Ton II
<b>Ohlde Seed</b> O-114	<b>Patriot Seed, Inc.</b> BMR 101	<b>PGS Hybrids</b> Silage Maker Sweet Dairy BMR Sweet Ensile BMR	<b>Phillips Seed</b> BMR 61 BMR 1000 Silo Fil Sweet Sil
<b>Producers Hybrids</b> Chaps Chaps II HF 346 BMR Rodeo	<b>Production Plus</b> Silobuster Silobuster S Silo Plus BMR	<b>Purdue University</b> PU 8165X	<b>Richardson Seed, Inc.</b> CW7700 Dairy Master BMR Eversweet Silo 600D Silo 700D Silomaster Silomaster D Sweet R X50701 X50711 X50714
<b>Roth Seed Company</b> Rocky Top BMR Hi-Low	<b>Scott Seed</b> BMR Gold 100 Great Scott BMR	<b>Seed Exchange</b> Pheasant-Hunt-Red	<b>Seed Resource, Inc.</b> BMR 100 BMR 106 Fame FS 515 HQ
<b>Sharp Brothers Seed Co.</b> Canex BMR 208 Canex BMR 310 Canex BMR 328	<b>Sorghum Partners</b> HiKane II KF 429 NK 300	<b>Star Seed, Inc.</b> SF3373 Silo Plus Silo Plus BMR Star Elite BMR	<b>Taylor Seed</b> Green Valley 1 BMR

Eligible Grain Sorghum Varieties (Continued)

**D \* \* \* Dual Purpose Grain Sorghum Varieties With 100 Percent Yield Potential (Continued)**

Company/Variety	Company/Variety	Company/Variety	Company/Variety
<b>Triumph Seed Company, Inc.</b> Super Sile 20 Super Sile 22 Super Sile 30 Super Sile SH26	<b>UAP Seed</b>  Dixie Lee	<b>United Agri Products</b>  Dyna-Gro DG 710F	<b>Valley Feed and Seed</b>  Udder Buster BMR Udder Max
<b>Walter Moss Seed Co.</b>  Millenium BMR	<b>Warner Seed Inc.</b>  Husky 2-Way 2-Way BMR 2-Way F-103 2-Way F-104 2-Way F-105 2-Way F-145 2-Way SRS	<b>Watley Seed Company</b>  BMR 6150	<b>Wilbers Seed Solutions</b>  Sweet-N-Low

**Note:** This list will be supplemented with additional varieties based upon field trials conducted by the National Grain Sorghum Producers Association.

**E \* \* \* Dual Purpose Grain Sorghum Varieties With 80 Percent Yield Potential**

The dual purpose grain sorghum varieties listed in the following have yield potential equal to 80 percent of hybrid varieties. County Offices shall:

- make LDP eligibility determinations
- advise seed companies, who believe they have eligible varieties **not** listed in the following table, to contact the State Office and provide information about plant characteristics and forage and grain yield potentials.

**Note:** Assign a yield of 80 percent of the grain yield using the methods in subparagraph C.

State Offices shall consult with PSD to make determinations of dual purpose varieties eligible at the 80 percent level that are not included in the following table, based on information received from seed companies. If more information is needed to make a determination, contact the National Institute of Food and Agriculture or universities, as applicable.

Company/Variety	Company/Variety	Company/Variety
<b>AgriBioTech, Inc.</b>  BMR 100 FS-555	<b>Alta Brand (Advanta)</b>  AF7101 AF7201 23419	<b>Arkansas Valley Seed Solutions</b>  Honey Sweet BMR

Eligible Grain Sorghum Varieties (Continued)

E \* \* \* Dual Purpose Grain Sorghum Varieties With 80 Percent Yield Potential (Continued)

Company/Variety	Company/Variety	Company/Variety	Company/Variety
<b>Arrow Seed Co., Inc.</b> 1 <sup>st</sup> Choice BMR	<b>Asgrow Seed</b> Beefbuilder T Titan R	<b>AVA Seeds</b> AVA 7000 AVA 7109 FT AVA 7120 ST	<b>Barkley Seed</b> Grass Roots 5150
<b>B-H Genetics</b> BH 380 F BH 390 F	<b>Boomerange</b> Silage Master MS BMR Silage Master ST BMR	<b>Browning Seed, Inc.</b> Silage Master	<b>Byrons Seed</b> Silage Supreme MS BMR
<b>Casterline &amp; Sons Seed</b> Duro Silo Plus	<b>Coffey Forage Seeds, Inc.</b> Centurion BMR HS II HS IV	<b>Coop Seed, Inc.</b> SSF-550 SSF630 SSF660	<b>Crosbyton Seed Company</b> GW 8228 BMR GW 9110F GWX 3172F
<b>Dakota's Best Seed</b> Bundle & Chop Early Sumac Grace N Honey BMR Mega Ton Waconia	<b>Delta and Pine Land Co.</b> 102F	<b>Douglass King Co.</b> K-100	<b>Drussel Seed and Supply</b> FS120199
<b>DynaGro Seed</b> DG 710F 712F	<b>Eagle Seed Genetics</b> Digest BMR	<b>Eastern Colorado</b> EX HP 08 DW HP BMR DW HP 120 BMR DW HP 95 BMR Kane N Honey BMR	<b>Fontanelle Hybrids</b> F292 BMR
<b>Forage First</b> BMR 90 BMR 105 FS-5 XF 1101	<b>Garrison &amp; Townsend</b> BMR Exp 2201 BMR Exp 2202 SG BMR 80 Silo Milo + 24213 24219 27681 991005 991005 BMR 991021 992003 BMR	<b>Garst Seed Co.</b> BMR 348 EX 2211 EXP 2211X N318-X T-E Milk-A-Lot 311 318	<b>Gayland Ward Seed Co., Inc.</b> Ensile Master

Eligible Grain Sorghum Varieties (Continued)

E \* \* \* Dual Purpose Grain Sorghum Varieties With 80 Percent Yield Potential (Continued)

Company/Variety	Company/Variety	Company/Variety	Company/Variety
<b>Giant Seed Company</b> Classic Hay One BMR Razin Feed Razin Kane Razin Kane GM Razin Silage	<b>Golden Acres Genetics, LLC</b> T-E Greenchopper T-E Milk-A-Lot T-E Milkmaker T T-E Silomaker	<b>Golden Harvest J C Robinson Seed</b> EX 47 Si-Gro H-47	<b>Greenbush Seed &amp; Supply</b> Chop-N-Milo Hygrachop
<b>Hawkeye Hybrids</b> SS1740	<b>Hoegemeyer Hybrids</b> Bale All BMR F Bale-All III 691 F 692 F	<b>Hyttest Seeds</b> HT 90 BMR HT 105 BMR	<b>Kelly Green Seeds, Inc.</b> 2-Way F-190 BMR
<b>Kings Agri Seed</b> Silage Supreme MS BMR	<b>Land O Lakes</b> Croplan Silo-Plus Croplan Silo-Plus BMR Croplan Sucrosorgo 405 Forage First FS-5	<b>Legend Seed Company</b> LFS 601	<b>Mallard Seed Company</b> Mallard Rine AAA
<b>Midland Genetics</b> Dual Sil Silo-Fill II	<b>MMR Genetics</b> MMR327M/438BMRxMMR MMR 366/23 BMR MMR 366/35 BMR MMR 392/88 23392X 88366X 88392X 110381X 111310X 111381X	<b>Mycogen Seeds</b> T-E Milk-A-Lot 1F-700	<b>NC + Hybrids</b> NC+BMR77F X718228F X X825528F X
<b>Ohlde-Midwest Seed Genetics</b> Daisy Su Evergreen Sugar Cane 110D 111F 112F	<b>Ottilie Seed</b> RO 219	<b>Pennington Seeds</b> Penn 02 BMR	<b>Phillips Seed</b> BMR 60D BMR 64 BMR 4001 Sweet-Bal W/P Top Notch BMR
<b>Pioneer Hi Bred International</b> 819F            849F 81T91        84B52 838F           931 839F           947 840F           956 841F	<b>Producers Hybrids</b> Roper BMR	<b>Production Plus</b> MS505 DS BMR x Red Top Plus	<b>Purdue University</b> PU 8167 X PU 8168 X PU 8204 X PU 8206 X

Eligible Grain Sorghum Varieties (Continued)

E \* \* \* Dual Purpose Grain Sorghum Varieties With 80 Percent Yield Potential (Continued)

Company/Variety	Company/Variety	Company/Variety	Company/Variety
<b>Rainbow Seeds</b> FS-45	<b>Resource Seeds</b> Sorgomax FS 403 Sorgomax FS 425	<b>Richardson Seeds, Inc.</b> Bundle King II Bundle King IV Silo 700D BMR Sugar Red Sugar King Sweeter N Honey BMR 9500	<b>Roth Seed Company</b> Chopper Stopper Chopper Stopper II Sugar Loaf Sugar Loaf II
<b>Scott Seed Co.</b> BMR Gold BMR Gold 1 GS9 Rush S. S. Silage Sugar Daddy	<b>Seed Exchange</b> Pheasant Hunt - White	<b>Seed, Inc.</b> 101F	<b>Seed Resource, Inc.</b> FS-555 FS-575
<b>Sharp Brothers Seed</b> Canex BMR 248 Grazex BMR 750 Mixed Red Silex BMR 520	<b>Sorghum Partners</b> SS 304 X907 SS 405 X910 SS 506 X911 Sucrosorgo 405 X912 X901 X913 X905 X915 X906 X916	<b>Star Seed, Inc.</b> Magnum LDP Magnum Ultra+BMR LDP	<b>Syngenta Seeds</b> 318 340BMR 350FS Si-Gro H-44
<b>Triumph Seed Company, Inc.</b> SuperSile BMR42	<b>UAP</b> 727F	<b>United Agri Products</b> Dyna-Gro DG 727F	<b>Valley Feed and Seed</b> Supreme Chief BMR Sweet Kane Red Sweet Kane Red BMR
<b>Walter Moss Seed Co.</b> Desperado BMR F-17 M-1024-DPW	<b>Warner Seed, Inc.</b> Moo Chow W Red Top Kandy Sucrosse 6-R BMR Sweet Bee	<b>Watley Seed Company</b> BMR 6250	<b>Wilbur-Ellis Co</b> Integra F10175
<b>Miscellaneous Varieties/Company Unknown</b>			
39-30-S Amber Atlas Atlas BMR Coes Collier	Colman Dairy D Early Sumac Ellis Fremont Hegari	Improved Orange Kansas Orange Kansas Sourless Landsaver Leoti Red McLean	Norkan Rancher Red Amber Red Top Rox Orange Royal RS-301F RP 30F RP 40F RS 301 Sil-X Sumac Tricker Waconia Amber Waconia Orange White Amber X-SDR6

**Eligible Grain Sorghum Varieties (Continued)**

**F \* \* \* Sterile Grain Sorghum Varieties**

Sterile varieties of grain sorghum are listed in the following table. The producer **must** provide documentation to COC that shows the crop was planted with a pollinator and that 90 percent or more of the plants could produce a grain that would be classified as grain sorghum using the Official United States Standards for Grain.

Assign a yield based on 80 percent of the yield determined by using the methods in subparagraph C. County Offices shall:

- make LDP eligibility determinations
- advise seed companies, who believe they have eligible varieties **not** listed in the following table, to contact the State Office and provide information about plant characteristics and forage and grain yield potentials
- notify the State Office of any varieties **not** listed in this table that may be sterile.

<b>Company/Variety</b>	<b>Company/Variety</b>	<b>Company/Variety</b>	<b>Company/Variety</b>
<b>AgriBioTech, Inc.</b> Brand Hybrid Forage Pik Nik II Sug-R-Cane	<b>Alta Brand (Advanta)</b> AF7301	<b>AR-B Seed</b> AR-B Hay N Graze AR-B Sweet Choice BMR AR-B Sweet N Mor	<b>Arrow Seed Co., Inc.</b> Canex Canex II Red Top+Plus BMR Sweet N Red Sug-R-Bale
<b>Asgrow Seed</b> Titan MS	<b>AVA Seeds</b> AVA 7108ST AVA 7109ST	<b>B-H Genetics</b> BH 304 FB	<b>Browning Seed, Inc.</b> Bundel King
<b>Casterline &amp; Sons Seeds</b> Sucane	<b>Coffey Forage Seed, Inc.</b> AML 74-2 BMR 6810 Centurian EXP 6810X MS 7445 MS 7469 MS 85 MSCA 27469	<b>Crosbyton Seed Company</b> Goldmaker GW 7828 F BMR GW 9530 F GW 9430 F Mor Bane II	<b>Dakota's Best Seed</b> Bundle & Chop Sterile Canex Cattleman's Supreme BMR
<b>Dodge City Coop</b> Value Plus with Pollinator	<b>DynaGro Seed</b> DG 727F ST	<b>Eastern Colorado</b> HP1010BMR HP1010BMRMS Kane N Honey	<b>Fontanelle Hybrids</b> F-300
<b>Forage First</b> BMR 105 Honey Kane	<b>Frontier Hybrids</b> Mucho Sweet		

Eligible Grain Sorghum Varieties (Continued)

F \* \* \* Sterile Grain Sorghum Varieties (Continued)

Company/Variety	Company/Variety	Company/Variety	Company/Variety
<b>Garrison &amp; Townsend</b> 23402 Bale-All II Bale-All III	<b>Gayland Ward Seed Co., Inc.</b> GW 2120S GW-400BMR	<b>Golden Acres Genetics, LLC</b> T-E Goldmaker T-E Goldmaker - S T-E Goldmaker - T	<b>Golden Harvest J C Robinson Seed</b> Si-Gro H-1
<b>Greenbush Seed &amp; Supply</b> Sweetall Sterile	<b>Hoegemeyer Hybrids</b> 612 F 613 F 625F	<b>Hyttest Seeds</b> Honey Kane	<b>J.C. Robinson Seed Co., Inc.</b> Si-Gro-H-1
<b>Kelly Green Seeds, Inc.</b> Lucky Leaf	<b>MMR Genetics</b> 36392X MMR 366/31 BMR MMR 366/36 BMR	<b>Moews Seed Co.</b> Moews Chop 1	<b>Mycogen Seeds</b> T-E Goldmaker T-E Goldmaker II
<b>NC+ Hybrids</b> NC 305 F Nutri-Cane II	<b>Otilie Seed</b> 210 A RO219A	<b>Phillips Seed</b> Sweet Bale	<b>Production Plus</b> Cane-Maker Cane-Maker II Red Top Plus Sweet-N-Red Ultra+Cane BMR
<b>Richardson Seeds, Inc.</b> Bundle King BMR	<b>Roth Seed Company</b> Cattle King Cattle King II Rocky Top	<b>Scott Seed Co.</b> BMR Gold X Sugar Cube	<b>Seed, Inc.</b> Big Crop 101FS
<b>Seed Resource, Inc.</b> Brand Hybrid Forage Pik Nik II Sugar-R-Cane Sweet-N-Tall	<b>Sharp Brothers Seed Co.</b> Canex Canex II Canex 50/50 Canex BMR 402 Canex BMRX402 Canex BMR 403 Canex BMRX403 Silex BMR 501 Silex BMR 502 Value Plus With Pollinator	<b>Sorghum Partners</b> X 909-NK	<b>Star Seed, Inc.</b> Magnum Surcane
<b>United Agri Products</b> Dyna-Gro DG 711F ST Dyna-Gro DG 727F ST	<b>Valley Feed and Seed</b> Kane King	<b>Walter Moss Seed Co.</b> F-18 BMR	<b>Warner Seed, Inc.</b> Sweet Bee Sterile Sweet Bee Sterile II
<b>Wilbers Seed Solutions</b> Sweet-N-Tall	<b>Wilbur-Ellis Co.</b> Integra F10165		
<b>Miscellaneous Varieties/Company Unknown</b>			
Crop Guard			

**Eligible Grain Sorghum Varieties (Continued)**

**G \* \* \* Photo-Period Sensitive**

Photo-period sensitive varieties of grain sorghum are listed in the following table. Contact the State Office for assistance with establishing maximum eligible quantity if the crop was planted south of a line from El Paso to Abilene to Dallas (Interstate 20), Texas. Assign a yield based on 80 percent of the yield determined by using the silage factor.

For any photo-period sensitive variety planted north of the line, assign a yield of zero. County Offices shall:

- make LDP eligibility determinations
- advise seed companies, who believe they have eligible varieties **not** listed in the following table, to contact the State Office and provide information about plant characteristics and forage and grain yield potentials
- notify the State Office of any varieties **not** listed in this table that may be photo-period sensitive.

<b>Company/Variety</b>	<b>Company/Variety</b>	<b>Company/Variety</b>
<b>Delta and Pine Land Co.</b> G-1990	<b>Forage First</b> Greentreat 128	<b>Garrison &amp; Townsend</b> 22053 BMR
<b>Gayland Ward Seed Co., Inc.</b> GW-PS500	<b>Hyttest Seeds</b> HT-311 HT-311 BMR PPS	<b>Legend Seed Company</b> LFS-801
<b>MMR Genetics</b> 336/70 BMR	<b>Pioneer Hi Bred International</b> 811 F	<b>Richardson Seeds, Inc.</b> Megagreen Pacesetter BMR Pacesetter BMR Red X70400
<b>Seed Resource, Inc.</b> Green Graze Extra	<b>Sorghum Partners</b> 1990	<b>Valley Feed and Seed</b> Sweet Chief BMR PPS
<b>Walter Moss Seed Co.</b> 4-EverGreen 4-EverGreen BMR	<b>Warner Seed, Inc.</b> 2-Way 199PS Nutrigreen BMR	

Eligible Grain Sorghum Varieties (Continued)

H \* \* \* Ineligible Varieties

Ineligible grain sorghum, Category III varieties are listed in the following.

Company/Variety	Company/Variety	Company/Variety	Company/Variety
<b>Ag Venture</b>  SS 88	<b>AR-B Seed</b>  AR-B AS4530 AR-B Sweet II AR-B Sweet King Sweet King BMR	<b>Arrow Seed Co., Inc.</b>  Energizer Energizer BMR Grazex BMR 727 Grazex II Hay N Graze Honey Graze BMR Honey Graze IV Honey Graze LS Nutri + BMR Sweet Sunny Sue	<b>AVA Seeds</b>  7080 BMR
<b>Blue River Hybrids</b>  Black Hawk 12 Hawk 12 Hawk BMR	<b>Boomerange</b>  BMR 6 DH	<b>Browning Seed, Inc.</b>  Cadan 10/10 Cadan 10/50 Cadan 99B Exp Hybrid OOX Farmers Favor Hayzer Tridan Uron Brand	<b>Byrons Seed</b>  Summer Supreme
<b>Channel Bio Corp</b>  Sugar II BMR	<b>Cropland Genetics</b>  Green Treat +	<b>Coffey Forage Seeds, Inc.</b>  Maxi Grain Maxi Grain BMR Sugar Graze 2000 Sugar Graze 3000 Sugar Graze II Sugar Graze III Sugar Graze Ultra Sugar Queen Sugar Queen III Sugar ST	<b>Crosbyton Seed Company</b>  2816 G BMR 7616 G BMR ST Graz-N-Gain Graz-N-Gain ST GW x 7181 G BMR GW x 7191 G BMR GW 7816 G BMR GW 9110 G
<b>Curtis &amp; Curtis, Inc.</b>  Wonder Graze	<b>Dakota's Best Seed</b>  Cow Chew Cow Chew II Cow Chew BMR	<b>DeLange Seed</b>  Hi Gain II	<b>Dodge City Coop</b>  Grazer BMR 272 Sweet Kelly Sweet Kelly II Samson
<b>Douglass King Co.</b>  Hay Day King 61 DR Sugar Sweet II Val-u-Graze	<b>Drussel Seed and Supply</b>  Bonus DSS Bonus BMR DSS Bonus-R BMR	<b>Dyna-Gro Seed</b>  71F10 Danny Boy BMR Dynagraze Dynagraze BMR	<b>Eagle Seed Genetics</b>  Hemi BMR

Eligible Grain Sorghum Varieties (Continued)

H \* \* \* Ineligible Varieties (Continued)

Company/Variety	Company/Variety	Company/Variety	Company/Variety
<b>East Texas Seed Company</b> Green Graze Planter's Pride	<b>Eastern Colorado</b> HP 300 BMR	<b>Forage First</b> Greentreat Plus	<b>Frontier Hybrids</b> Champ BMR Champ I Champ II Nutri Plus BMR
<b>Garrison &amp; Townsend</b> BMR 201 BMR 301 BMR 302 Gainer Graze All Graze All III Sugar Dan	<b>Garst Seed Co.</b> 750 BMR 753 BMR 753 BMR+ 757 EX 32007 Graze-N-Bale + N 765 BMR X R 723 BMR X Tastemaker III	<b>Gayland Ward Seed Co., Inc.</b> Super-Sugar Vita-Cane	<b>Golden Acres Genetics, LLC</b> FP-5 T-E Evergreen T-E Haygrazer T-E Haygrazer II
<b>Golden Harvest J C Robinson Seed</b> ReGro 34 RE-GRO EX 33 RE-GRO H-22B	<b>Hoegemeyer Hybrids</b> 650S Sugar Dan	<b>Hyttest Seeds</b> HT 211 BMR	<b>Johnson Genetics</b> Hidan 36 Millex 32 Sardan 79 Trudan 8 Trudan 10
<b>Johnston Seed Company</b> Sweet Grazin Triple Treat	<b>Kelly Green Seeds, Inc.</b> 4-FPS 4-Most 4-S 4-S BMR 4-X 4-XPS Lucky Su	<b>Kings Agri Seed</b> Summer Queen	<b>Kirkland Seed Company</b> Sweet Chow
<b>Land O Lakes</b> Croplan Drip-O-Honey Croplan Drip-O-Honey BMR Croplan Greentreat BMR Croplan Greentreat IV Croplan Greentreat-Plus Croplan Highland Sweet Plus Croplan Sordan 79 Croplan Sordan Headless Croplan Trudan 8 Croplan Trudan Headless Forage First SX-17	<b>Legend Seed Company</b> German LPM Preferred LSS 405 LSS 410 Manta	<b>Mallard Seed Company</b> Mallard SSG Mallard Sweet Miracle	<b>McCormick Seed, Inc.</b> Honey Sweet

Eligible Grain Sorghum Varieties (Continued)

H \* \* \* Ineligible Varieties (Continued)

Company/Variety	Company/Variety	Company/Variety	Company/Variety
<b>Midland Genetics</b> Super Sioux Sweet Graz	<b>Mission Ag</b> Mission Magic	<b>MMR Genetics</b> 336/67 BMR MMR 366/82 MMR 327/38	<b>Mycogen Seeds</b> IF 655 TE Haygrazer
<b>NC+ Hybrids</b> NC+ 800HS NC+ BMR 44S NC+ Sweetleaf II	<b>Ottillie Seed</b> Sorgox Sudangrass 666	<b>PGS Hybrids</b> Sweet Sorghum-Sudangrass Sweet Sorghum-Sudangrass BMR	<b>Phillips Seed</b> BMR 63 BMR 3001 Sweet Graz 55
<b>Pioneer Hi Bred International</b> 855F 877F 979	<b>Producers Hybrids</b> Lariat	<b>Production Plus</b> Dairymen's Dream Dry Stalk Dry Stalk BMR Go-Man-Go Hi-n-Dri Nutri Plus BMR Nutri Plus DS Nutri + Plus BMR Red Top Plus BMR Special Effect Special Effort Ster-M-Up Sweet Sunny Sue	<b>Richardson Seeds, Inc.</b> Honey Graze BMR Honey Graze IV Honey Pasture Pace setter Pacesetter Plus Piper Sweeter-n-Honey Sweeter-n-Honey BMR Sweeter-n-Honey BMR Red Tri Sweet X38400
<b>Scott Seed Co.</b> BMR 300 BMR Gold 200 BMR Gold 300 BMR Gold II BMR Gold III Honey Sweet Hay Preferred Stock Premium Stock Premium Stock LS Scott Grazer Sweet-N-Sterile	<b>Seed, Inc.</b> Big Crop Ribbon Grazer Big Crop Thrifty Grazer	<b>Seed Resource, Inc.</b> Att-A-Graze I Att-A-Graze II BMR 200 BMR 204 BMR 206 Cattle Grazer Dine a Mite Domor Forage King Green Graze Supreme Green Grazer V Green Pasture II MS 202 BMR PS-210 BMR S 222 S 333 SS 200 BMR Sugar Beef Sugar Beef III Sugar Beef IV Sugar Beef V Super Su 22 Xtra Sweet SS	<b>Sharp Brothers Seed Co.</b> Buffalo Brand Grazex II Grazex II W Grazex BMR 16 Grazex BMR 718 Grazex BMR 719 Grazex BMR 727 Grazex BMR 737 Grazex BMR 771 Grazex BMR 782

Eligible Grain Sorghum Varieties (Continued)

H \* \* \* Ineligible Varieties (Continued)

Company/Variety	Company/Variety	Company/Variety	Company/Variety
<b>Sorghum Partners</b> Sordan 79 Sordan Headless Trudan BMR Trudan 8 Trudan 10 Trudan Headless Trudan Headless BMR X921 X922 X999	<b>Southern States</b> SS120 SS211 SS220 SS220 BMR Unigraze II	<b>Star Seed, Inc.</b> Excel MSDS Nutri-Max Nutri+Plus BMR	<b>Syngenta Seeds, Inc</b> Graze-n-Bale +
<b>Taylor Seed</b> WC Sweet Graze III PS	<b>Terral Seed, Inc.</b> Terral TV 357	<b>Timken Seed Farms Inc.</b> NB-280-g	<b>Triumph Seed Co., Inc.</b> Sooner Sweet Sooner Sweet 5 SSII Super Sweet 10 Super Sweet 12 SuperSweet ST15 Sweet BMR 40
<b>UAP Seed</b> Danny Boy BMR Dynagrazer	<b>Valley Feed and Seed</b> Super Chief Sweet Chief X-tra Sweet Chief X-tra BMR	<b>Walter Moss Seed Co.</b> 38 Special BMR Century BMR Mega Green Mega Green BMR SU-2-LM SU-2-LM BMR	<b>Warner Seed, Inc.</b> Circle W Gro-N-Graze 8493 Gro-N-Graze Dream GTW-1 Sooper Su Sucrosse 3R Sucrosse 5R BMR Sucrosse 9-R-PS Sucrosse S1 Sucrosse S2 WXF-03451
<b>Wilbur Ellis</b> Integra 31F20 WE Grow BMR	<b>Miscellaneous Varieties Companies Unknown</b> African Millet		

**Eligible Grain Sorghum Varieties (Continued)**

**H \* \* \* Ineligible Varieties (Continued)**

The following are ineligible sweet sorghum varieties used for sugar purposes **only**:

- Brandes
- Della
- Keller
- Ramada
- Rio
- Roma
- Smith (MN 1500)
- Sugar Drip
- Texas Ribbon
- Texas Ribbon Cane
- Tracy
- White Ribbon
- Wiley
- Wray.

**Examples of Applicable Dates for Mature MAL’s When CCC-681-1 Requested Shortly Before Maturity**

The following provides the applicable dates for the actions indicated for the 2 scenarios.

Scenario #1: See middle column. MAL matures on October 31. The producer requested a 30-calendar day CCC-681-1 on October 15. The County Office sends CCC-691 and demand letter (Exhibit 7, subparagraph F) on November 1 with 15 calendar days to deliver. Producer delivers a portion of the commodity under loan on CCC-681-1 and does **not** request a CCC-681-1 extension.

Scenario #2: See last column. MAL matures on October 31. The producer requested a 30-calendar day CCC-681-1 on October 15. The County Office sends CCC-691 and demand letter (Exhibit 7, subparagraph F) on November 1 with 15 calendar days to deliver. Nothing delivered under CCC-681-1.

<b>Event</b>	<b>Partial Delivery Under CCC-681-1 (Scenario #1)</b>	<b>Nothing Delivered Under CCC-681-1 (Scenario #2)</b>
CCC-681-1 requested and approved for 30 calendar days.	10-15-XX	10-15-XX
Loan maturity date.	10-31-XX	10-31-XX
CCC-691 and 1st demand letter issued.	11-1-XX *--(15 calendar days)	11-1-XX (15 calendar days)--*
CCC-681-1 expires.	11-14-XX * * *	11-14-XX
*--CCC-691 “Final Date to Deliver” - No extension requested.	11-16-xx	11-16-xx
Foreclosure letter on quantity remaining in storage sent giving 15 calendar days until further action.	11-17-xx	11-17-xx--*
Repayment received for commodity delivered by 11-14-XX under CCC-681-1.	11-28-XX	N/A because nothing was delivered.
CCC-681-1 grace period ends.	11-29-XX	
* * *	* * *	* * *
*--Begin foreclosure proceedings (15 calendar days after initial foreclosure letter send)	12-2-XX <u>1/</u>	12-2-XX <u>1/</u>
CCC moves remaining loan commodity to warehouse for delivery to CCC.	12-14-XX	12-14-XX

Foreclosure letter sent on the day after expiration of either of the following:

- CCC-691, “Final Date to Deliver”
- CCC-691, Extended “Final Date to Deliver”.

1/ Foreclosure actions begin 15 calendar days after the foreclosure letter sent for quantity remaining in storage.--\*

