

For: Cotton State and County Offices, Cotton CMA's, and LSA's

Cotton Loan Maturity Dates and Forfeitures

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

7-CN, subparagraphs 162 B and 211 C provide program policy about cotton loan maturity dates and CCC action on nonpayment at maturity.

According to regulations provided in 7 CFR 1427.7(a) loans mature on the last day of the 9th calendar month following the month in which the loan is disbursed or on an earlier date if CCC calls the loan. If the maturity date falls on a non-workday, the maturity date shall be the next workday.

Cotton loans not repaid in full by the maturity date shall be forfeited **immediately** on the day following the loan maturity date.

B Purpose

This notice reminds State and County Offices, cotton CMA's, and LSA's of the policy and procedures in 7-CN about:

- cotton loans nearing maturity and mature on a non-workday
- acceptance of repayments for cotton loans maturing on a non-workday
- forfeiture of cotton warehouse receipts for loans open after maturity.

<p>Disposal Date</p> <p>February 1, 2014</p>	<p>Distribution</p> <p>Cotton State Offices; State Offices relay to County Offices, Cotton CMA's, and LSA's</p>
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2 Loan Maturity Notification, Accepting Repayments, and Processing Forfeitures

A Action

County Offices, CMA's, and LSA's shall do the following:

- send the notification of maturity to producers of maturing warehouse-stored non-recourse loans no earlier than 60 calendar days or no later than 45 calendar days from the maturity date
- accept repayments for maturing loans through the loan maturity date

Note: Repayments for loans maturing on **Saturday, August 31, 2013**, can be accepted through **Tuesday, September 3, 2013**. Likewise, repayments for loans maturity on **Saturday, November 30, 2013**, can be accepted through **Monday, December 2, 2013**.

- forfeit loans not repaid in full by the loan maturity date **immediately** on the work day following the loan maturity date
- not accept funds from a producer or buyer to repay a matured loan after the maturity date, even if the forfeiture has not been processed.

Example: A cotton loan is maturing on August 31, 2013. Since August 31, 2013, is a non-workday, the maturity date shall be the next business day, Tuesday, September 3, 2013. If the loan is not repaid in full by close of business on September 3, 2013, all unredeemed bales **must** be forfeited to CCC. If a producer or buyer submits funds to repay a loan with a maturity date of August 31, 2013, on September 4, 2013, or later, but before the forfeiture has been processed, the funds are to be returned to the producer or buyer since the cotton is no longer eligible to be redeemed at principle plus interest.

County Offices shall be notified by COPS of the applicable charges to be collected from the producer according to 7-CN, paragraph 214 should the loan not be repaid by the loan maturity date and is forfeited to CCC.

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3 Contacts

A Contacts

Direct any questions about this notice to the following:

IF a...	THEN contact...
County Office employee	State Office
State Office employee or, buyer, cotton gin, CMA, or LSA	either of the following: <ul style="list-style-type: none">• Frankie Coln by:<ul style="list-style-type: none">• e-mail to frankie.coln@wdc.usda.gov• telephone at 202-720-9011• Kelly Hereth by:<ul style="list-style-type: none">• e-mail to kelly.hereth@wdc.usda.gov• telephone at 202-720-0448.