

For: State and County Offices

Locking-In AWP on Upland Seed Cotton for LDP's

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

LDP's are available **only** on bales of ginned upland cotton based on production evidence consisting of either acceptable warehouse receipts or a gin tag list. Seed cotton is ineligible for a nonrecourse marketing assistance loan or LDP.

During the 1998 crop season, some producers were unable to use the AWP they may have wanted because their seed cotton was harvested, however it was not ginned.

B

Purpose

This notice provides new provisions allowing producers to lock-in an AWP, for the purpose of a subsequent LDP calculation for harvested 1999 and subsequent crop years upland seed cotton stored in modules, ricks, or trailers before ginning.

<p>Disposal Date</p> <p>October 1, 2000</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices and LSA's</p>
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2 General Provisions

A

Basic Policy

Beginning with the 1999 and subsequent crop years, producers may lock-in AWP on upland seed cotton stored in ricks, modules, or trailers. Producers must provide a module number supplied by a cooperating gin when locking in AWP. Subsequently, the producer must submit production evidence identifying the specific bales produced from the specific module for which the lock-in was provided. LDP will be paid using the bale-specific production evidence. The locked-in AWP shall be used to compute the LDP rate after the cotton has been ginned and acceptable production evidence is provided

Bales must conform to the packing, tagging, and weight requirements in 7-CN, paragraph 123.

LDP's based on a locked-in AWP are available from harvest through May 31.

A request for AWP lock-in on an upland seed cotton module is irrevocable. It cannot be canceled, withdrawn by the producer, or amended. LDP cannot be repaid to regain loan eligibility.

Only 1 AWP lock-in is permitted per module. In the event of an incorrect duplicate lock-in for an individual module or bale, the earliest dated lock-in will apply.

AWP lock-in is permitted for cotton under a seed-cotton loan.

B

Definitions

Module number is the number provided by an approved, cooperating gin for a producer to affix to a cotton module, rick, or trailer.

Cooperating gin is one that has been approved by COC under 7-CN, paragraph 70.

Gin identification code is the number identifying the gin that provided the module number.

3 County Office and LSA Action

A Accepting and Processing Requests

County Offices and LSA's shall:

- allow producers to lock-in AWP on upland seed cotton using both of the following:

- CCC-Cotton AA

Note: Add this statement in item number 6 under Part A: “The Producer agrees to provide documentation from the gin that identifies the tags of bales produced from the module for which the AWP lock-in applies.”

- CCC-877. Complete the following entries to identify the numbered modules, ricks, or trailers for which the lock-in is requested:
 - Blocks 1, 3, and 4
 - Blocks 11 through 28 are ordinarily used by the commodity inspector, but in this case are to be completed by the producer as follows:
 - Block 11, enter Gin Code
 - Block 13, enter rick, module, or trailer
 - Block 21, enter rick, module, or trailer number as supplied by the gin for each unit of storage
- determine producer and commodity eligibility at time of initial request.
- approve the request according to 7-CN, paragraph 351
- process LDP applications according to 7-CN, Part 6, Section 3 upon presentation of production evidence.

Note: This evidence must identify the bales produced from the modules listed on CCC-877 for which AWP was locked in.

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3 County Office and LSA Action (Continued)

B

**Production
Evidence**

To receive LDP on production covered by this request, the producer must provide acceptable production evidence according to 7-CN, paragraph 241 before June 1 after the calendar year in which the crop is planted. Production evidence must show the date each bale is ginned and the module number.

C

**Spot Check
Requirements**

Complete spot checks on no less than 2.5 percent of the requests for a lock-in on upland seed cotton. Spot checks will verify harvest, the existence of filled storage units, and the accuracy of the module numbers. Maintain a manual register of these requests from which to make the spot check selections.

When the request selected for spot check involves seed cotton that has been ginned, make another selection from the manual register.

D

**Incorrect
Certification**

For incorrect certifications, follow 7-CN, Part 8.
