

For: State and County Offices

**March 2006 CCC, Farm and Sugar Storage Facility Loan (FSFL/SSFL),
and Tobacco Transition Payment Program (TTPP) Interest Rates**

Approved by: Controller, CCC



1 Announcing Interest Rate Change

A Background

Under provisions of the Federal Agriculture Improvement and Reform Act of 1996, as amended, 1996 and subsequent crop year commodity loans will accrue interest at a rate 1 percentage point higher than the CCC borrowing interest rate.

CRP and loan deficiency overpayment refunds, where the interest rate is based on the CCC borrowing rate in effect on the day the overpayment was made, will continue to accrue interest at the CCC borrowing interest rate.

FSFL and SSFL program loans will accrue interest at an interest rate equivalent to the rate of interest charged on Treasury securities of comparable maturity.

TTPP payments made can be transferred to a third party for a lump sum payment provided that the value discounted in the exchange is less than the maximum discount rate authorized according to regulations at 7 CFR, § 1463.111.

B Purpose

This notice announces CCC programs' various interest rates for March 2006.

Disposal Date	Distribution
August 1, 2006	State Offices; State Offices relay to County Offices

Notice FI-2745

1 Announcing Interest Rate Change (Continued)

C Applicability

These interest rates:

- apply to all regular marketing assistance loans and selected program overpayments disbursed during March 2006 as specified in subparagraph D
- are subject to adjustment each succeeding March 1, except where noted
- apply to FSFL activity based on the date CCC-185 is “approved pending funding” by COC or STC and remain in effect for the 7-year term of the loan
- apply to SSFL activity based on the date CCC-185-SU is “approved pending funding” by STC and remain in effect for the 15-year term of the loan
- apply to assignments accepted during March 2006 as a lump sum exchange for the remaining TTPP payment stream due a producer or quota holder and will remain in effect until the payment is made to the producer or quota holder by the third party.

D Interest Rates

The interest rate for March is:

- 4.625 percent per annum for CCC borrowing rate-based interest charges
- 5.625 percent per annum for crop year commodity loans
- 4.500 percent per annum for FSFL CCC-185’s “approved pending funding” by COC’s or STC’s
- 4.625 percent per annum for SSFL CCC-185-SU’s “approved pending funding” by STC’s.

E TTPP Discount Rate

The discount rate applicable to assignments accepted in March is 10.00 percent. This is based on the prime rate plus 2 percent, rounded to the nearest whole number.