UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice LP-1671

For: State and County Offices

1999 Mohair Recourse Loan Program

Approved by: Deputy Administrator, Farm Programs

1 Overview

A Background

The Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, provides for the availability of recourse loans to producers of mohair produced during or before FY 1999.

B Purpose

This notice provides the following Mohair Recourse Loan Program policies:

- eligibility requirements
- loan rate
- collateral requirements
- instructions for completing CCC-633 (Mohair).

Disposal Date	Distribution
July 1, 1999	State Offices; State Offices relay to County Offices

2 General Information (Continued)

A
Sources of Authority

The source of authority for the Mohair Recourse Loan Program is the Omnibus Consolidated and Emergency Supplemental Appropriations Act 1999 and the regulations at 7 CFR Part 1468.

B
Program Availability

The Mohair Recourse Loan Program authorizes CCC to make available to producers, 12-month, interest-free recourse loans on mohair produced during or before FY 1999.

C
Loan Availability Date

Eligible producers may obtain mohair recourse loans by requesting loans on or before September 30, 1999, on mohair stored in warehouses.

D
Where to Request a Loan

Producer shall request loans at the County Office where the producer's farm records are located.

E
Maturity Date

Loans mature on demand, but no later than the last day of the twelfth calendar month following the month in which the note and security agreement was approved.

F
Definitions

Mohair is the hair sheared from live goats before applying any process that removes the natural oils or fats or produces a mohair product. Mohair does not include pelts or hides or grease mohair shorn from pelts or hide, scoured, carbonized, or dyed mohair or yarn, skeins or other mohair which is identified for marketing by terms which identify the mohair as being other than in its natural greasy state.

Loan mohair is the quantity of mohair tendered by an eligible producer that is used in calculating the amount of the loan.

Non-loan mohair is mohair securing a loan that was not used in calculating the amount of a loan.

Goat is an adult Angora goat or the kid of an Angora goat.

3 Eligibility Requirements

A Producer Eligibility

An eligible producer is a person who:

- owned, in the United States, the goats that produced the mohair, for a period of not less than 180 calendar days before shearing

  Exception: Kids younger than 180 calendar days must be located in the United States from birth to shearing.

- has a continuous beneficial interest in the mohair from the time the mohair was shorn through date of repayment of the loan

- shares in the risk of raising and shearing the goats.

B Eligible Mohair

To be eligible for a recourse loan, the mohair must:

- have been produced by an eligible producer

- have been produced in the United States before or during FY 1999

- have been shorn from goats owned by the eligible producer for not less than 180 calendar days, except for kids younger than 180 days

- be stored in a warehouse according to subparagraph 4 A

- be of merchantable quality deemed by CCC to be suitable for loan

- be stored in acceptable bags.

C Mohair Types

Eligible mohair is mohair from any of the following goats:

- kid
- yearling
- adult.

4 Storage and Packaging Requirements

A
Eligible Storage

Mohair shall be stored in a warehouse. The warehouse representative shall certify to CCC that either of the following can be provided and is sufficient to cover the stored mohair:

- insurance coverage
- other form of financial assurance.

Mohair stored outside in an open area or temporary structure that does not protect the mohair from natural elements will **not** be considered stored in eligible storage, even though the packaging requirements are met.

B
Packaging Requirements

Mohair pledged for loan collateral shall only be stored in standard burlap bags specifically designed for storing wool and mohair.

Each bag shall be identified by signed and dated receipts provided by the warehouse operator and listing the following information:

- producer's name
- lot number
- type of mohair
- number of bags in storage
- net weight.

5 Mohair Collateral Requirements

A
Quantity and Quality Determinations

The maximum quantity eligible for the loan shall be 100 percent of the eligible quantity certified by the producer and verified by the storing warehouse.

The condition of the mohair may affect the quantity and quality of the mohair, which may affect the value of the mohair if CCC must determine the settlement value of the mohair.

The producer is responsible for any loss in quantity and quality of the mohair placed under loan.

B
Lien Search

A lien search shall be performed for each loan request and applicable CCC-679's must be obtained by the producer.

C
Financing Statement

To ensure that mohair loans are fully covered by sufficient collateral, a financing statement shall be prepared for each producer requesting a mohair loan to include both of the following:

- all existing mohair production
- future production of mohair.

File UCC-1 or other applicable financing statements required by State law to protect CCC's security interest for all mohair loans.

Use the following language as **collateral description** for financing statements filed according to this paragraph:

"All existing mohair production and future production of mohair."

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5 Mohair Collateral Requirements (Continued)

D Determining Applicable Loan Rate

The 1999 Act established the loan rate at $2.00 per pound. The following requirements have been established for producers to receive the $2.00 per pound loan rate.

- All yearling and kid mohair shall receive the $2.00 per pound rate.
- When adult mohair is pledged as collateral for loan, to receive the $2.00 per pound loan rate, the producer shall:
  - still be in the business of raising angora goats for the purpose of producing mohair
  - have a herd of angora goats of a sufficient size to provide the producer the ability to repay the loan
  - if these 2 requirements are not met, provide additional financial assurance; such as an acceptable letter of credit, bond, or other form of security.

For producers who do **not** meet the above requirements, the loan rate shall be $1.25 per pound

6 Certification on CCC-633 (Mohair)

A
Producer and Storing Facility Certification

The producer shall certify to the quantity of the mohair and the eligibility for a loan. County Offices shall accept the producers certification on CCC-633 (Mohair).

The storing facility shall certify on CCC-633 (Mohair) that:

- the mohair pledged is stored on behalf of the producer requesting the loan
- the stored mohair is covered by insurance
- the mohair is in a storable condition and such condition will be maintained
- the structure will safely store the mohair through the loan period
- they understand that before the mohair can be sold to a buyer, the recourse loan must be repaid.

Continued on the next page

6 Certification on CCC-633 (Mohair) (Continued)

B Completing CCC-633 (Mohair)

Complete CCC-633 (Mohair) according to this table.

Item	Instructions
1	Enter the name and address of the applicable County Office.
2	Enter the producer's name, address, and telephone number.
3	Enter the name and address of the warehouse where the collateral is being stored.
4	Enter the applicable State and county code, and the loan number.
5	Enter the name of any liens placed against mohair.
6	Check the applicable box in response to the question, " Are you still in the business of raising Angora goats for the purpose of producing Mohair?".
7	Enter the number of goats in current herd.
8	Enter the lot identification number from scale tickets that producer received from storage facility.
9	Enter the year shorn.
10	Enter the type; for example kid: adult, or yearling, as indicated on scale ticket.
11	Enter the number of head shorn.
12	Enter the number of bags in storage.
13	Enter the weight from scale tickets. This will be the net weight.
14 through 19	Same as items 8 through 13.
20	Enter the grand total from items 13 and 19.
22	After reading the certification in item 21, the producer shall sign and date.
24	FAX or mail CCC-633 (Mohair) to the storing facility indicated on the scale tickets, for completion of the certification. After reading the certification in item 23, the storing facility's representative shall sign, date, and return CCC-633(Mohair) to the County Office in item 1.
26	Enter the date the lien search was completed.
27	Enter the date UCC-1 was filed.
28	COC or designee shall sign and date upon approval.

Continued on the next page

6 Certification on CCC-633 (Mohair) (Continued)

C Example of CCC-633 (Mohair)

This is an example of CCC-633 (Mohair).

REPRODUCE LOCALLY. *Include form number and date on all reproductions.*

CCC-633 (Mohair)
(02-18-99)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

MOHAIR LOAN QUANTITY CERTIFICATION AND WORKSHEET

1. COUNTY FSA OFFICE NAME AND ADDRESS
KING GEORGE COUNTY FSA OFFICE
1236 WATER ST.
KING GEORGE VA 22235
Telephone No. (555) 555-1212

NOTE: *The authority for collecting the following information is Pub. L. 105-277. This authority allows for the collection of this information without prior approval mandated by the Paper Work Reduction Act of 1995.*

2. NAME AND MAILING ADDRESS OF PRODUCER
E. ETT
633 VTGTA DR
KING GEORGE VA 22235
Telephone No. (555) 555-2362

3. STORING FACILITY NAME AND ADDRESS
U-STORT-MOHAIR WAREHOUSE
233 BAY ST.
ANYTOWN USA 11135

4. ST. & CO. CODE & LOAN NO.
51-099-6

5. LIENHOLDERS
NONE

6. ARE YOU STILL IN THE BUSINESS OF RAISING ANGORA GOATS FOR THE PURPOSE OF PRODUCING MOHAIR?
X YES
NO

7. CURRENT HERD SIZE
123-HEAD

8. LOT NUMBER	9. YEAR SHORN	10. TYPE	11. NUMBER OF HEAD SHORN	12. NUMBER OF BAGS	13. TOTAL QUANTITY FOR LOAN (LBS.)	14. LOT NUMBER	15. YEAR SHORN	16. TYPE	17. NUMBER OF HEAD SHORN	18. NUMBER OF BAGS	19. TOTAL QUANTITY FOR LOAN (LBS.)
113	98	KID (SPRING)	15	1	30						
114	98	ADULT	95	6	475						

20. GRAND TOTAL QUANTITY → 505

21. PRODUCER'S CERTIFICATION

The undersigned producer(s) ("Producer") requests a Commodity Credit Corporation (CCC) loan on the mohair with respect to the quantity specified in Item 20. The Producer certifies that, (1) the Producer has beneficial interest in the quantity of the mohair shown in Item 20; (2) the mohair is eligible to be pledged as collateral for a CCC loan; (3) the Producer has retained control of the mohair at all times; (4) the quantity of the commodity shown in Item 20 above is in existence and is stored as noted in item 3 above; (5) the mohair 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) maintain the identity of the mohair; and (2) not move or commingle the mohair with any other quantity without the prior written approval of CCC.

Additionally, I certify this mohair is not purchased mohair (Spec. Hair).

23. STORING FACILITY CERTIFICATION

The undersigned representative of the storing facility certifies that: (1) the above listed mohair is stored on behalf of the producer requesting the loan, (2) the stored mohair is covered by insurance. (3) the mohair is in a storable condition and such condition shall be maintained, (4) the structure will safely store the mohair through the loan period. The storing facility representative further understands that before any mohair is sold to a buyer, the recourse loan must be repaid.

22. PRODUCER'S SIGNATURE
/s/ Jane Davis

DATE
02-12-XX

24. REPRESENTATIVE SIGNATURE
/s/ John Smith

DATE
02-12-XX

25. REPRESENTATIVE SIGNATURE

DATE

26. LIEN SEARCH DATE

27. DATE UCC-1/UCC-1 F FILED

FOR OFFICIAL USE ONLY

28. FOR CCC BY:
/s/ George Williams

DATE
02-12-XX

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