

For: Grain and Rice CMA's and State and County Offices

Commodity Certificate Exchanges

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

Lien searches, lien waivers, and filing UCC-1's are required for all loan requests before loans can be approved for disbursement.

Some County Offices are experiencing a lengthy timeframe for disbursing loans because of conducting lien searches, obtaining lien waivers, and/or filing UCC-1's. These delays may prevent producers from receiving a loan and exchanging commodity certificates for outstanding loan collateral on the same day.

B

Purpose

This notice provides instructions for expediting the loan making process when the producer intends to immediately exchange commodity certificates for loan collateral.

2 Processing Loan Request With Commodity Certificate Exchange

A

Processing Loan Request

For loans where the producer intends to immediately exchange the commodity certificates for loan collateral, County Offices may:

- obtain producer's certification of lien holders, according to subparagraph B
- not file UCC-1 on farm-stored loans, according to subparagraph C.

The producer must be in the County Office when the loan is disbursed and the commodity certificate exchange is processed.

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<p>Disposal Date</p> <p>October 1, 2001</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices and FAX to applicable CMA's</p>
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Notice LP-1755

2 Processing Loan Request With Commodity Certificate Exchange (Continued)

A

Processing Loan Request (Continued)

County Offices must complete lien searches, obtain lien waivers, and file UCC-1's in the normal manner if commodity certificates will **not** be immediately exchanged for the entire loan quantity on date of disbursement.

All other eligibility requirements must be met before the loan can be disbursed.

B

Producer Self-Certification on Liens

For the lien certification on loans to be immediately exchanged for commodity certificates, County Offices shall:

- use CCC-666, for both farm-stored and warehouse-stored requests
- on CCC-666:
 - highlight the following section of item 18, “(7) the commodity on which the loan is requested is free and clear of all liens, security interest, and encumbrances, except as shown above.”
 - have the producer enter lienholders in item 8
 - obtain the producer's signature.

If the producer certifies that a lien exists on the commodity requested for loan, inform the producer that a lien waiver must be obtained before the loan can be disbursed.

See 8-LP, paragraph 404 for CCC-679 requirements when filed on a specific crop or “ALL” for a specific crop year.

If the producer certifies that a lien does not exist on the commodity requested for loan, process the loan in the normal manner.

C

Filing UCC-1's

County Offices shall **not** file UCC-1's when **both** of the following apply:

- producer requests a farm-stored loan and will immediately exchange loan collateral for the commodity certificates on the same day the loan is disbursed
 - commodity certificates will be exchanged for the entire loan quantity.
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Notice LP-1755

2 Processing Loan Request With Commodity Certificate Exchange (Continued)

D
Requesting
CCC-694-2

Producers **must** be physically present in the County Office to request CCC-694-2 on the same day the County Office is disbursing the loan. CCC-694-2 **cannot** be **FAXed** and **cannot** leave the County Office.

If the County Office cannot disburse the loan on the same day the loan is requested or the day the lien waiver is received, producers must be informed of the following:

- CCC-697 shall not apply to commodity certificate exchanges
- CCC-694-1 (reverse) must be completed according to 8-LP, paragraph 991
- CCC-694-2 can only be completed in the County Office
- the commodity certificate exchange:
 - value cannot be requested until the loan is disbursed
 - rate is the rate in effect on the date CCC-694-2 is completed in the County Office.

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Notice LP-1755

2 Processing Loan Request With Commodity Certificate Exchange (Continued)

**E
Disbursing
Loans**

When the producer is physically present in the County Office and CCC-694-1 (reverse) and CCC-694-2 have been completed, County Offices shall:

- issue a check to CCC as “other payee” from the loan proceeds in the amount needed for the commodity certificate exchange from CCC-694-2
 - issue the balance jointly to the producer and lienholder, as applicable in the normal manner
 - process loan transactions before completing LDP requests
 - enter the loan approval date in the following fields:
 - UCC-1 filing date
 - lien search date.
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**F
Effective Date**

This notice is:

- effective upon receipt in the County Office
 - not retroactive.
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