

For: State and County Offices

Additional Loan and LDP Information Involving StarLink Corn

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

Notice LP-1758 provided information about Aventis CropScience and StarLink corn.

B

Purpose

This notice provides State and County Offices with additional information about:

- nonrecourse loan and LDP eligibility
- marketing assistance loan repayments
- completing loan settlements.

C

Beneficial Interest

Loss of beneficial interest for producers with StarLink corn will be based on which option the producer selects for disposition of affected corn. For StarLink corn:

- sold to CCC, the producer will lose beneficial interest when the producer signs the confirmation of purchase contract with CCC
- delivered and sold to a StarLink approved destination, the producer will lose beneficial interest according to the applicable terms and conditions of each sale
- fed on the farm, the producer will lose beneficial interest when the corn is fed.

Note: An LP notice is forthcoming on the increase in payment limitation and related beneficial interest provisions for the 2000 crop year.

<p>Disposal Date</p> <p>January 1, 2001</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices</p>
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Notice LP-1761

2 Loan and LDP Additional Information

A

Eligibility

Producers with StarLink corn are eligible to obtain a marketing assistance loan or LDP on any quantity of corn if the requests are completed **before** the corn is:

- purchased by CCC and the producer has signed the Confirmation of Purchase Contract
- delivered and sold to a StarLink approved destination
- fed on the farm.

Note: Corn that has been substituted is **not** eligible for loan or LDP.

B

Marketing Loan Repayments

Producers with outstanding marketing assistance loans:

- must repay any loans on StarLink corn before beneficial interest is lost according to subparagraph 1 C
- may need to obtain alternative financing to repay the loan before title to the corn transfers to CCC or the corn is removed from the farm because of the delay in receiving payment from StarLink Logistics
- may repay loans at the repayment rate locked in on CCC-697 on or before the CCC-697 expiration date and before beneficial interest is lost according to subparagraph 1 C
- may repay loans at the CCC-determined value in effect on the date the repayment is received in the County Office
- must repay the loan at principal plus interest if the loan is repaid after loan maturity.

Note: Because of the unusual circumstances and uncertainty of this situation, inform producers who request CCC-681-1 that the CCC-681-1 compliance provisions will not be waived for StarLink corn.

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2 Loan and LDP Additional Information (Continued)

**C
LDP's**

Producers may request LDP on CCC-709 before harvest or CCC-666 LDP after harvest, as applicable. LDP's must be requested before beneficial interest is lost according to subparagraph 1 C.

The LDP rate is the rate determined according to 8-LP, paragraph 303.

**D
Outstanding
Corn Loans**

For all 1999 and 2000 crop corn loans, County Offices shall include the following question on all maturity notices:

“Is any of this corn under loan, StarLink corn or Aventis CropScience corn?”

If the producer's response is "yes", and the producer requests to forfeit the commodity to CCC, a local sale must be processed according to subparagraph E or F, as applicable.

**E
Warehouse
Stored
Forfeitures**

Producers may elect to forfeit warehouse-stored StarLink corn to CCC at loan maturity.

If a producer wants to settle the loan in this manner, County Offices shall offer the warehouse receipts to the storing warehouse operator according to 8-LP, paragraph 1100 and Part 12.

If the storing warehouse operator does not want to purchase the warehouse receipt, County Offices must:

- initiate a bid for the commodity the same as completing a bid for a farm-stored local sale according to 8-LP, Part 10, Section 4 and Part 12 before processing the loan forfeiture through APSS
 - limit successful bidders to end users who will use the corn for animal feed or non-food industrial use only
 - require the successful bidder to complete the confirmation in Exhibit 1.
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2 Loan and LDP Additional Information (Continued)

F

**Local Sale
Settlements**

Producers may elect to forfeit farm-stored StarLink corn to CCC at loan maturity. If a producer wants to settle the loan in this manner, County Offices shall:

- process the settlement as a local sale according to 8-LP, Part 10, Section 4
 - limit the successful bidders to end users who will use the corn for animal feed or non-food industrial use only
 - require the successful bidder to complete the confirmation in Exhibit 1.
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G

**Unacceptable
Storage
Conditions**

StarLink corn may **never** be accepted by bidders for storage for any of the following:

- food use
 - corn wet milling plants that produce food products
 - facilities that produce ethanol from the same extracted corn starch feedstock used to produce high fructose corn syrup, food starch, glucose, dextrose, and many other food ingredients
 - any other use where the corn or corn by-products would directly or indirectly enter food production or export channels.
-

H

**Tracking
StarLink Corn**

For all StarLink corn settlements and forfeitures that are processed as a local sale, County Offices must submit the following information to StarLink Logistics:

- producer name
- quantity
- date delivered to purchaser
- completed and signed confirmation (Exhibit 1).

Send this information to:

StarLink Logistics
Attn: 1999 Crop StarLink
P.O. Box 2836
Omaha, Nebraska 68103-2836

Successful Bidder Confirmation

This is an example of the confirmation to USDA - CCC from successful bidders for StarLink corn delivered to a facility.

County Offices shall reproduce this confirmation and provide it to the successful bidder, as applicable.

Successful Bidder Confirmation

We hereby confirm and acknowledge to USDA - Commodity Credit Corporation that:

- We agree to receive StarLink corn
- We are the direct end user of StarLink corn delivered to the facility indicated below
- We are aware StarLink corn and/or its derivatives are only to be used for domestic non-food industrial uses and domestic animal feed use.

Our use of StarLink corn at this location is consistent with the preceding regulatory restrictions. We are a:
(Check One)

- Feed Lot
- Domestic Non-Food Industrial User
- Domestic Animal Feed Manufacturer

Also, none of the products, co-products, or by-products produced from this StarLink corn will either directly or indirectly be sold to food channels or export channels.

Name of Company: _____

Full Facility Address: _____

Phone & Fax Number: _____

E-Mail Address: _____

Name/Signed: _____

Name/Print: _____

Title: _____

Date: _____