

For: State and County Offices

**2000 Crop Honey Nonrecourse Marketing Assistance Loan
and Loan Deficiency Payment (LDP) Program**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

**A
Background**

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001, (the 2001 Act) provided for the availability of nonrecourse marketing assistance loans and LDP's to producers of 2000 crop honey.

**B
Purpose**

This notice provides the following 2000 crop honey nonrecourse marketing assistance loan and LDP program policies:

- eligibility requirements
- loan rate
- alternative repayment and LDP rates
- service fees
- collateral requirements.

**C
Action**

County Offices shall take the following actions regarding 2000 crop honey:

- immediately notify producers about the contents of this notice
- accept loan and LDP applications
- **not** disburse any loan or LDP proceeds.

<p>Disposal Date</p> <p>October 1, 2001</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices</p>
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2 General Information

A

Sources of Authority

The sources of authority for the Honey Nonrecourse Marketing Assistance Loan Program are the 2001 Act, Section 812 and 7 CFR Part 1434.

B

Program Availability

The Honey Nonrecourse Marketing Assistance Loan Program authorizes CCC to make available to producers 9-month nonrecourse loans and LDP's on 2000 crop honey.

C

Disbursement of Loan and LDP Proceeds

Until regulations are published in the Federal Register (FR), nonrecourse loans or LDP's are not authorized to be disbursed.

D

Basic Program Provisions

Eligible producers may obtain honey nonrecourse marketing assistance loans or LDP's by making application until the later of March 31, 2001, or 30 calendar days after the date of publication of regulations in FR authorizing loans and LDP's to be disbursed.

Producers shall request loans and LDP's at the County Office where the producers' farm records are located.

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

The loan rate will be \$.65 per pound for all loan-eligible 2000 crop honey.

The loan service fee shall be the **smaller** of the following:

- $\frac{1}{2}$ (.005) of 1 percent times the gross loan amount
- \$45 per loan plus \$3 for a lot over 1.

Honey may be stored on or off the farm. Pre-loan inspections **must** be performed by County Offices to verify the quantity of honey. **Eligible storage requirements do not apply to LDP requests.**

3 Eligibility Requirements for Loans

A Producer Eligibility

An eligible producer is a person who:

- produced honey in the United States during the calendar year for which the loan is requested and extracted the honey on or before December 31, 2000
- for loans, has a continuous beneficial interest in the honey from the time the honey was extracted through date of repayment of the loan
- is responsible for the financial risk of keeping the bees and producing the honey.

Approved Cooperative Marketing Associations (CMA's) may obtain loans on behalf of their members for honey delivered to CMA's.

B Eligible Honey

To be eligible for a 2000 crop honey loan, the honey must:

- have been produced by an eligible producer
 - have been produced in the United States during the 2000 calendar year
 - be of merchantable quality deemed by CCC to be suitable for loan
 - be stored in acceptable containers.
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C Packaging Requirements

For loans, the honey must be packed in metal or plastic Intermediate Bulk Containers that meet the following conditions:

- be clean
 - be sound
 - uncased
 - free from appreciable dents or rust.
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D Container Requirements

Each container shall be identified with the following information:

- producer's name
- type of honey
- number of container
- net weight.

Packaging and labeling requirements do not apply to LDP requests.

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3 Eligibility Requirements for Loans (Continued)

E

**Producer's
Certification**

The producer shall certify to the quantity of the honey and the eligibility for a loan.

County Offices shall accept the certification on CCC-633 (Honey).

The maximum quantity eligible for the loan shall be 100 percent of the eligible quantity certified by the producer and verified by the County Office representative during the pre-loan inspection.

The producer is responsible for any loss in quantity of the honey placed under loan.

F

Lien Search

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

G

**Financing
Statement**

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

4 Eligibility for LDP's and Marketing Loan Gains

A

**Loan Deficiency
Payment**

CCC shall make LDP's available on 2000 crop honey for those producers who, although are eligible to obtain a CCC loan, agree to forgo the loan in return for a payment on the eligible honey.

Producers who have already marketed the 2000 crop honey will be eligible for LDP, based on the date beneficial interest was lost.

County Offices shall accept the certification on CCC-666 (LDP).

The honey marketing assistance repayment rates will be announced monthly.

All other eligibility requirements remain in place.

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5 Processing Loans and LDP'S

A

**Transition
Period**

To provide for an orderly transition, all outstanding recourse loans shall be converted to nonrecourse loans. To make this conversion, producers will be required to sign a new CCC-677.

- Loan maturity date will remain the same as the recourse loan.
- Additional disbursements will be paid to the producer.

Producers who have already marketed the 2000 crop honey will be eligible for market gain or LDP.

The LDP rate will be based on the date beneficial interest was lost.

B

Marketing Gains

Producers with outstanding marketing assistance honey loans:

- must repay any outstanding loans before beneficial interest is lost, according to normal procedure
 - may repay loans at the lesser of principal plus interest or the alternative repayment rate in effect on the date the repayment is received in the County Office on or before maturity
 - must repay the loan at principal plus interest if the loan is repaid after maturity or forfeit collateral to CCC.
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