

For: State and County Offices

**2002 Through 2007 Crop Year Marketing Assistance
Loan and LDP Program for Wool and Mohair**

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

The Farm Security and Rural Investment Act of 2002 (the Act) provides 2002 through 2007 crop year marketing assistance loans and LDP's for wool and mohair to eligible producers who produce and shear wool and mohair from live sheep and goats.

Eligible producers who produce and shear eligible wool and mohair can either:

- request a 9-month marketing assistance loan
- agree to forgo the loan for an LDP.

B

Purpose

This notice provides general policies and procedures for:

- implementing the 2002 through 2007 crop year marketing assistance loan and LDP program for wool and mohair
- accepting loan and LDP requests.

This notice does **not** provide authority to issue marketing assistance loans or LDP's for wool and mohair. Authority to disburse marketing assistance loans and LDP's will be provided in a future LP notice.

Disposal Date June 1, 2003	Distribution State Offices; State Offices relay to County Offices
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Notice LP-1878

2 General Policies

A

General Policy Overview

Wool and mohair are eligible for marketing assistance loans and LDP's. General marketing assistance loan and LDP policies in 8-LP are applicable to wool and mohair loans and LDP's.

Note: The policy included in this notice is specific to wool and mohair and will be incorporated as a subpart to 8-LP.

B

Producer Eligibility

To be eligible for a nonrecourse marketing assistance loan or LDP for wool and mohair, producers must:

- meet the definition of an eligible producer, according to 8-LP
 - comply with HELC/WC provisions according to:
 - 6-CP
 - 7 CFR part 12
 - produce and shear eligible wool and mohair
 - have beneficial interest in the commodity, according to 8-LP, paragraph 129
 - own, other than through a security interest mortgage, or lien, the sheep and goats that produced the wool and mohair for a period of not less than 30 calendar days before shearing.
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C

Commodity Eligibility

To be eligible for a nonrecourse marketing assistance loan or LDP, the wool and mohair must:

- have been produced and sheared by the eligible producer
 - be in existence and in storable condition
 - be of merchantable quality suitable for loan
 - be produced and shorn from live animals of domestic origin in the U.S.
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Notice LP-1878

2 General Policies (Continued)

D

Applicable Loan and LDP Forms

When requesting a loan or LDP for wool and mohair, producers must complete the following applicable forms:

- CCC-633WM, for certified farm-stored loans
- CCC-709, for field direct LDP's
- CCC-633-LDP, for basic LDP's.

CCC-709 and CCC-633-LDP:

- have been revised to accommodate wool and mohair LDP requests
- must be completed according to instructions provided in 8-LP.

CCC-633WM:

- is a new loan request form
- must be completed according to paragraph 4.

Producers applying for a loan or LDP on wool must indicate, "graded" or "ungraded", as the type of wool on the applicable loan and LDP forms.

E

Final Loan Availability Date

The final loan availability date to request a wool or mohair loan or LDP is **January 31** of the year following the year in which the applicable commodity is sheared.

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Payment Limitation

Market gains and LDP's received by a producer are subject to one \$75,000 payment limitation per crop year for the following commodities:

- wool
 - mohair
 - peanuts
 - honey.
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Continued on the next page

2 General Policies (Continued)

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**2002 Crop
Beneficial
Interest Waiver
for LDP's**

Section 1205(f) of the Act provides that the Secretary make producers, who lost beneficial interest in a 2002 crop of wool and mohair before the publication of the regulations, eligible to receive an LDP. Producers are required to provide acceptable production evidence which indicates the date beneficial interest was lost.

Producers who lose beneficial interest before the regulations are published, must submit a CCC-633-LDP request by the final loan availability date according to subparagraph E.

Producers who retain beneficial interest must request LDP's in the normal manner. Current beneficial interest rules are applicable.

H

**Special
Beneficial
Interest
Exception**

Eligible producers of wool and mohair who lost beneficial interest **after** October 11, 2002, when the regulations at 7 CFR Part 1421 were published in the Federal Register and **before** November 4, 2002, when the applicable LDP forms were available to make a request, are eligible to request an LDP based on the date beneficial interest was lost in the commodity. Producers must submit acceptable production evidence with the LDP request. LDP requests for this beneficial interest exception must be submitted no later than December 6, 2002.

County Offices shall honor any LDP requests submitted to the County Office after the publication date of the regulations and before applicable revised LDP forms were made available, if the request was made:

- in writing, or
 - on existing CCC-666-LDP or CCC-709 forms.
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**Warehouse-
Stored Loans**

Warehouse-stored loans are available only on commodities stored in warehouses that are CCC approved and operating under an approved Uniform Grain and Rice Storage Agreement at the time a warehouse-stored loan is requested or farm-stored collateral is transferred to warehouse storage.

At this time, there are no warehouses approved for wool and mohair storage that meet these requirements. Therefore, warehouse-stored loans are not available.

Continued on the next page

2 General Policies (Continued)

J
Warehouse
Commissioned
Agents

Storing wool and mohair in a storage facility that receives payment for the storage of the wool and mohair at the time of sale to a buyer is:

- considered storage with a commissioned agent
- approved farm storage for a farm-stored loan
- not considered a warehouse.

Producers requesting certified farm-stored loans for wool and mohair stored with a commissioned agent will be required to obtain the following from the commissioned agent and provide to the County Office:

- wool or mohair weight ticket
 - core test for graded wool
 - name, address, and county of producers associated with commingled lot, if applicable.
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Notice LP-1878

3 Loan and Repayment Rates for Wool and Mohair

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Loan Rates

Following are the national loan rates for the 2002 through 2007 crop year for wool and mohair.

Commodity	Loan Rate
Graded Wool	\$1.00 per pound
Ungraded Wool	\$0.40 per pound
Mohair	\$4.20 per pound

APSS will be modified to include wool and mohair in the County Office maintained table files.

Premiums and discounts for applicable commodities will be provided in a future 8-LP amendment.

B

**Graded Wool
Loan Rate**

To obtain the graded wool loan rate, the wool must be core tested by a CCC-approved testing facility to objectively measure through laboratory analysis the following:

- fiber diameter (micron)
 - yield.
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**Repayment
Rates**

Marketing loan repayment rates for wool and mohair will be announced weekly by press release on a date to be determined by CCC. County Offices will calculate the CCC determined value to determine the alternative repayment and LDP rate.

Effective rates will be based on procedure in 8-LP, subparagraph 303 B.

Notice LP-1878

4 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet

A

**Completing
CCC-633WM**

Producers of wool and mohair shall complete CCC-633WM to certify the type, quantity, and identification of production pledged to secure a CCC marketing assistance loan from FSA. Complete CCC-633WM according to the following table.

Item	Instructions
1	Enter County Office name, address, and telephone number.
2	Enter the name and mailing address of the individual producer, entity, partnership, joint venture, trust, estate, or corporation that is requesting a loan on farm-stored wool or mohair.
3	Enter location or legal description where commodity is stored.
4	Enter the crop year of the commodity.
5	Enter a check mark in the appropriate box to identify the applicable commodity.
6	Enter State and county codes and loan number applicable to the County Office disbursing the loan.
7	Ask producer if there are liens on the commodity. If there are: <ul style="list-style-type: none"> • lien holders, enter lien holder’s name and address for each producer • no lien holders, producers shall enter “none” and initial the entry.
8	Enter the number of animals that make up the current size of the herd.
9	Enter the lot and/or bag number assigned to loan collateral.
10	Enter the year the loan collateral was shorn in the United States.
11	Enter the micron and yield from the core test results. Note: This entry is only required if “graded wool” was selected in Item 5.
12	Enter the number of head of shorn animals eligible for loan.
13	Enter the number of bags that contain the loan collateral.
14	Enter the total quantity of the commodity for loan, in pounds.
15	Enter the total from both column 14's.
16	Producers must read the certification statement.

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Notice LP-1878

4 Wool and Mohair Loan Quantity Certification and Worksheet (Continued)

**A
Completing
CCC-633WM
(Continued)**

Item	Instructions
17A - 17H	After reading the producer certification statement, all producers must sign and date.
18	Representatives or commissioned agents storing the eligible loan quantity must read the storing facility certification statement.
19A - 20B	After reading the storing facility certification, the commissioned agent or representative of the facility storing the loan collateral must sign and date.
21	Enter date the lien search was completed as indicated on documentation in the County Office.
22	Enter date the County Office forwarded UCC-1 or UCC-1F to the applicable recording official to be recorded.
23A	County Office employee shall sign for CCC.
23B	County Office employee shall date for CCC.
24	Enter in remarks the following information: <ul style="list-style-type: none"> • farm number or numbers where the commodity for the loan was produced • additional information from other items if necessary.

Notice LP-1878

4 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet (Continued)

B
Example of
CCC-633WM

Following is an example of CCC-633WM., page 1.

This form is available electronically.

CCC-633WM (10-31-02)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation				1. COUNTY FSA OFFICE NAME AND ADDRESS Telephone No. (Area code):					
WOOL AND MOHAIR LOAN QUANTITY CERTIFICATION AND WORKSHEET											
See Page 2 for the Privacy Act and Public Burden Statement.											
NOTE: The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of this information without prior approval mandated by the Paperwork Reduction Act of 1995.											
2. NAME AND MAILING ADDRESS OF PRODUCER			3. STORING FACILITY NAME AND ADDRESS OR LOCATION OF FARM WHERE STORED			6. ST. & CO. CODE & LOAN NO.		7. LIENHOLDERS (If no liens, enter "NONE" and initial)			
4. CROP YEAR			5. COMMODITY (If Wool grade is checked, complete item 11)			8. CURRENT HERD SIZE					
Telephone No. (Area code):			<input type="checkbox"/> Wool (graded); <input type="checkbox"/> Wool (non-graded); <input type="checkbox"/> Mohair								
9. LOT NUMBER	10. YEAR SHORN	11. TYPE (For Wool grade only, enter the micron and yield obtained from the core test result)	12. NUMBER OF HEAD SHORN	13. NUMBER OF BAGS	14. TOTAL QUANTITY FOR LOAN (LBS.)	9. LOT NUMBER	10. YEAR SHORN	11. TYPE (For Wool grade, enter the micron and yield obtained from the core test result)	12. NUMBER OF HEAD SHORN	13. NUMBER OF BAGS	14. TOTAL QUANTITY FOR LOAN (LBS.)
15. GRAND TOTAL QUANTITY:											
16. PRODUCER'S CERTIFICATION The undersigned producer(s) ("Producer") requests a farm-stored Commodity Credit Corporation (CCC) loan on the commodity identified in item 5 with respect to the quantity specified in item 14. The Producer certifies that: (1) the Producer has beneficial interest in the quantity of the commodity shown in item 14; (2) the commodity is eligible to be pledged as collateral for a CCC loan; (3) the Producer has retained control of the commodity at all times; (4) the quantity of the commodity shown in item 14 above was produced and shorn in the year indicated in item 10; (5) the quantity of the commodity shown in item 14 above is in existence and is stored as noted in item 2 above; (6) the commodity is in storable condition and such condition will be maintained; (7) the structure will safely store the commodity through the loan period; and (8) the commodity on which the loan is requested or which serves as collateral for a loan made to the producer is free and clear of all liens, security interests, and encumbrances, except as shown above. The Producer further agrees that upon request from CCC to supply CCC with a set of all wool and mohair in which the producer has an interest and where it is currently located, the Producer further agrees to: (1) maintain the quantity of any wool and mohair which serves as collateral for the loan; and (2) not move or commingle any wool or mohair which serves as collateral for the loan with any other quantity without prior written approval of CCC; and (3) provide a core test to CCC from a CCC-approved testing facility for a loan on graded wool. Additionally I certify this commodity: (1) is not purchased wool or mohair; and (2) was produced and shorn from live sheep and goats of domestic origin in the United States for a period of not less than 30 days prior to shearing.											
17A. PRODUCER'S SIGNATURE			17B. DATE (MM-DD-YYYY)			17C. PRODUCER'S SIGNATURE			17D. DATE (MM-DD-YYYY)		
17E. PRODUCER'S SIGNATURE			17F. DATE (MM-DD-YYYY)			17G. PRODUCER'S SIGNATURE			17H. DATE (MM-DD-YYYY)		
18. STORING FACILITY CERTIFICATION The undersigned commissioned agent or representative of the storing facility certifies that: (1) the above listed commodity is stored on behalf of the producer requesting the loan; (2) the commodity is in a storable condition and such condition shall be maintained; (3) the structure will safely store the commodity through the loan period. The storing facility representative further understands that before the commodity is sold to a buyer, approval must be obtained from CCC.											
18A. REPRESENTATIVE SIGNATURE			18B. DATE (MM-DD-YYYY)			20A. REPRESENTATIVE SIGNATURE			20B. DATE (MM-DD-YYYY)		
FOR OFFICIAL USE ONLY											
21. LIEN SEARCH DATE (MM-DD-YYYY)			22. DATE UCC-1/UCC-1F FILED (MM-DD-YYYY)			23A. APPROVED FOR CCC BY:			23B. DATE (MM-DD-YYYY)		

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Notice LP-1878

4 CCC-633WM, Wool and Mohair Loan Quantity Certification and Worksheet (Continued)

B
Example of
CCC-633WM
(Continued)

Following is an example of CCC-633WM, page 2.

CCC-633WM (10-31-02) Page 2

24. REMARKS

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting the following information is Pub. L. 107-171. The information will be used to determine eligibility and the amount of program benefits. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for program benefits. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001, 15 USC 714m, and 31 USC 3729, may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.

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Notice LP-1878

5 State and County Action

A

State Office Action

State Offices shall:

- publicize the contents of this notice immediately to the maximum extent possible
 - instruct County Offices to notify all producers immediately of the contents of this notice using all available resources
 - inform County Offices not to disburse loan proceeds or issue any LDP's until authorization is received in a future notice.
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B

County Office Action

County Offices shall:

- notify producers immediately of the contents of this notice using all available resources
 - accept loan or LDP requests from producers
 - **not** disburse loans or LDP's until:
 - regulations are published in the Federal Register
 - authorization has been received from the National Office
 - await instructions in a future notice before accepting LDP requests for unshorn lamb pelts.
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