

For: State and County Offices

**Additional Provisions for 2002 through 2007 Nonrecourse Marketing Assistance Loans
and Loan Deficiency Payments (LDP's) 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) authorizes the Secretary to make 2002 through 2007 crop year nonrecourse marketing assistance loans and LDP's available to producers of wool and mohair at the following national loan rates:

- \$1.00 per pound for graded wool
- \$0.40 per pound for nongraded wool
- \$4.20 per pound for mohair.

2002 loan rates were announced on Tuesday, December 17, 2002. Nongraded wool and mohair will receive the national loan rate. The graded wool loan rates are announced by regions according to 8 micron ranges and apply to wool at average location. To receive a graded wool marketing assistance loan or LDP, a producer must provide a core test. Regional differentials will also apply to nongraded wool. There will be no regional differentials for mohair.

Notice LP-1878 provided State and County Offices with the following:

- general policies and procedures for implementing the 2002 through 2007 crop year marketing assistance loan and LDP program for wool and mohair
- instructions not to disburse marketing assistance loans and LDP's until authority was provided in a future LP notice.

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Disposal Date December 1, 2003	Distribution State Offices; State Offices relay to County Offices
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Notice LP-1891

1 Overview (Continued)

B

Purpose

This notice provides State and County Offices with the following:

- regional loan rates
 - authorization to disburse marketing assistance loans and LDP's for:
 - graded wool
 - nongraded wool
 - mohair
 - additional policies and procedures for implementing 2002 and subsequent crop years marketing assistance loans and LDP's for wool and mohair.
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2 Regional Loan Rates

A

Regions

Loan and repayment rates for graded and nongraded wool will be based on the following 3 regions:

- Region 1 (Eastern location)
 - Region 2 (Average location)
 - Region 3 (Western location).
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B

Region 1

All counties in the States listed in the following table shall use loan rates applicable to Region 1 for graded and nongraded wool.

States					
Alabama	Georgia	Maine	Missouri	Ohio	Vermont
Arkansas	Illinois	Maryland	New Hampshire	Pennsylvania	Virginia
Connecticut	Indiana	Massachusetts	New Jersey	Rhode Island	West Virginia
Delaware	Kentucky	Michigan	New York	South Carolina	
Florida	Louisiana	Mississippi	North Carolina	Tennessee	

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2 Regional Loan Rates (Continued)

C

**Region 1
2002 Graded
Wool Loan Rates**

The following loan rates are applicable to counties and States located in Region 1. For graded wool only, determine the loan rate according to the applicable micron range obtained from the core test results provided by the producer from the CCC-approved testing facility.

Micron Range	Loan Rate (\$/lb.)
<18.6	5.29
18.6 - 19.5	3.40
19.6 - 20.5	2.47
20.6 - 22.0	2.26
22.1 - 23.5	2.22
23.6 - 25.9	2.09
26 - 28.9	1.50
Over 29	1.35

D

Region 2

States and applicable counties listed in the following table shall use loan rates applicable to Region 2 for graded and nongraded wool.

State	Counties		
Arizona	Apache Gila Greenlee	Cochise Graham Navajo	
Colorado	All		
Iowa	All		
Kansas	All		
Minnesota	All		
Utah	Daggett San Juan	Duchesne Summit	Grand Uintah

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2 Regional Loan Rates (Continued)

**D
Region 2
(Continued)**

State	Counties			
Montana	Big Horn	Carbon	Carter	Custer
	Daniels	Dawson	Fallon	Fergus
	Gallatin	Garfield	Golden Valley	McCone
	Musselshell	Park	Petroleum	Phillips
	Powder River	Prairie	Richland	Roosevelt
	Rosebud	Sheridan	Stillwater	Sweet Grass
	Treasure	Valley	Wheatland	Wibaux
	Yellowstone			
New Mexico	All			
North Dakota	All			
Nebraska	All			
Oklahoma	All			
South Dakota	All			
Texas	All			
Wisconsin	All			
Wyoming	All			

**E
Region 2
2002 Graded
Wool Loan Rates**

The following loan rates are applicable to States and counties located in Region 2. For graded wool only, determine the loan rate according to the applicable micron range obtained from the core test results provided by the producer from the CCC-approved testing facility.

Micron Range	Loan Rate (\$/lb.)
<18.6	5.27
18.6 - 19.5	3.38
19.6 - 20.5	2.45
20.6 - 22.0	2.24
22.1 - 23.5	2.20
23.6 - 25.9	2.07
26 - 28.9	1.48
Over 29	1.33

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2 Regional Loan Rates (Continued)

F

Region 3

States and applicable counties listed in the following table shall use loan rates applicable to Region 3 for graded and nongraded wool.

State	Counties			
Arizona	Coconino	LaPaz	Maricopa	
	Mohave	Santa Cruz	Pima	
	Pinal	Yavapai	Yuma	
California	All			
Idaho	All			
Montana	Beaverhead	Blaine	Broadwater	Cascade
	Chouteau	Deer Lodge	Flathead	Glacier
	Granite	Hill	Jefferson	Judith Basin
	Lake	Lewis and Clark	Liberty	Lincoln
	Madison	Meagher	Mineral	Missoula
	Pondera	Powell	Sanders	Toole
	Ravalli	Silver Bow	Teton	
Nevada	All			
Oregon	All			
Utah	Beaver	Box Elder	Cache	Carbon
	Davis	Emery	Garfield	Iron
	Juab	Kane	Millard	Morgan
	Piute	Rich	Salt Lake	Sanpete
	Sevier	Tooele	Utah	Wasatch
	Washington	Wayne	Weber	
Washington	All			

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2 Regional Loan Rates (Continued)

G

**Region 3
2002 Graded
Wool Loan Rates**

The following loan rates are applicable to counties and States located in Region 3. For graded wool only, determine the loan rate according to the applicable micron range obtained from the core test results provided by the producer from the CCC-approved testing facility.

Micron Range	Loan Rate (\$/lb.)
<18.6	5.25
18.6 - 19.5	3.36
19.6 - 20.5	2.43
20.6 - 22.0	2.22
22.1 - 23.5	2.18
23.6 - 25.9	2.05
26 - 28.9	1.46
Over 29	1.31

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3 2002 Loan Rates

A

**2002 Mohair
Loan Rates**

Section 1202 (a) of the Act provides the national loan rates for eligible commodities. Mohair will receive the statutory loan rate of \$4.20 per pound for the 2002 crop year. Regional location differentials will not apply to mohair.

Additional premiums and discounts will be applied at forfeiture based on the results of core test required by CCC, if the producer decides to forfeit the mohair to CCC.

B

**Nongraded Wool
2002 Loan Rates**

The 2002 crop year nongraded loan rates will be differentiated by region according to paragraph 2. The 2002 crop year regional loan rates per pound for nongraded wool is as follows:

Region	Loan Rate
Region 1	\$0.42
Region 2	\$0.40
Region 3	\$0.38

C

**Announcement
of Posted Prices**

The national posted price for mohair and the average location (Region 2) posted price for graded and nongraded wool will be made each Tuesday at 3:00 p.m., Eastern Standard Time until further notice. The posted prices will become effective Wednesday at 12:01 a.m. Eastern Standard Time.

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3 2002 Loan Rates (Continued)

D

Availability of Posted Prices for 2002 Crop Year

Posted prices and LDP rates for the 2002 crop year are available at the following:

- USDA Internet
 - FSA Intranet
 - PSD website at www.fsa.usda.gov/dafp/psd.
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4 General Policies

A

Requesting 2002 LDP's

For producers who lost beneficial interest in a 2002 crop of wool and mohair before November 4, 2002, use the LDP rate in effect on the date the commodity was sold. Use sales documents or other forms of acceptable documentation to verify the quantity and the date of sale. These producers must submit CCC-633-LDP request by the following:

- final loan availability date of January 31, 2003, for producers who lost beneficial interest before October 11, 2002
- December 6, 2002, for producers who lost beneficial interest after October 11, 2002, and before November 4, 2002.

Producers who retain beneficial interest must request LDP's in the normal manner according to current beneficial interest rules provided in 8-LP.

B

Destroyed Commodities

Wool and mohair are ineligible for a nonrecourse marketing assistance loan or LDP if the commodity is:

- burned
 - buried
 - destroyed by any other means.
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Notice LP-1891

4 General Policies (Continued)

C

Delivery to Wool Pools

Beneficial interest in a commodity delivered to a wool pool, broker, or intermediary is lost upon the earlier of the following:

- delivery to the wool pool
- delivery to an agent of the wool pool, broker, or intermediary at the farm location.

If beneficial interest is not lost immediately after shearing, producers must submit CCC-633-LDP anytime before the loss of beneficial interest to lock in the rate in effect on the date of request. Producers must submit CCC-709 to the County Office before shearing if beneficial interest will be lost immediately upon delivery after the sheep have been shorn, in which case the producer will receive the rate in effect on the date of delivery. For graded wool, LDP will not be disbursed at the time the request is submitted on the applicable form. LDP will only be disbursed when the core test results are provided to the County Office.

Since core test results are generally not provided to the producer until the commodity is sold to a buyer by the wool pool, broker, or intermediary, LDP payments for graded wool shall **not** be disbursed at the time the LDP request is submitted on the applicable form to the County Office. LDP will **only** be disbursed when the core test is provided to the County Office. Producers have until the final loan availability date to submit the core test to the County Office.

D

Graded Wool

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 micron. Currently, the only CCC-approved testing facility is the:

Yocom-McColl Testing Laboratory
540 West Elk Place
Denver, Colorado 80216-1823
303-294-0582

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Notice LP-1891

4 General Policies (Continued)

D

Graded Wool (Continued)

Core test sampling must be done in accordance with requirements provided by the Yocom-McColl Testing Laboratory facility.

The average fiber diameter provided on the core test report will indicate the micron applicable to the tested wool. County Offices shall locate the micron in the appropriate micron range in the applicable region to determine the LDP rate in effect.

E

Certifying Graded or Nongraded

At the time a nonrecourse marketing assistance loan or LDP request is submitted to the County Office, the producer must certify that they are requesting a graded or nongraded rate. Once the producer makes this certification and submits the LDP request to the County Office it cannot be changed.

F

Approved Farm Storage

Approved farm storage shall consist of a storage structure located on or off the farm, including the storage facility of a commissioned agent, as defined in Notice LP-1878, that provides safe storage for the commodity through the maturity date for the loan.

Commodities stored according to the packaging requirements in subparagraph G may be eligible for loan if both of the following apply:

- COC determines CCC's interests are not at risk and that the bags provide safe storage
- the method of storage and the size of bags are normal for the commodity and in that county

Note: COC, with STC concurrence, may waive this requirement on a case-by-case basis.

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

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4 General Policies (Continued)

G

Packaging Requirements

Wool and mohair pledged for loan collateral shall be stored in any of the following types of bags specifically designed for storing wool and mohair:

- standard jute burlap bags or packs
- polyethylene plastic film packs
- high density polyethylene packs
- nylon packs.

Each bag shall be identified with a label containing the following information:

- producer's name
 - lot/bale/bag number
 - commodity
 - type (yearling, kid, or adult for mohair only)
 - net weight.
-

H

Producer and Storing Facility Certification

The producer shall certify to the quantity of the commodity and the eligibility for a marketing assistance loan. County Offices shall accept the producers certification on CCC-633-WM, according to Notice LP-1878. Wool and mohair for which a producer certifies and provides no production evidence is subject to spot check for any quantity placed under loan or any quantity for which LDP is requested. Compliance procedures will be provided in a forthcoming directive. The producer is responsible for any loss in quantity and quality of the commodity placed under loan.

If the commodity is stored in the facility of a commissioned agent, the storing facility shall also certify on CCC-633-WM that:

- the pledged commodity is stored on behalf of the producer requesting the loan
 - the commodity is in storable condition and such condition will be maintained
 - the structure will safely store the commodity through the loan period
 - it is understood that before the commodity can be sold to a buyer, approval must be obtained from CCC.
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Notice LP-1891

4 General Policies (Continued)

I

**Determining
Maximum
Eligible Quantity**

To establish maximum pounds of production on certified farm-stored loans and LDP's, County Offices shall use:

- for goats, the U.S. average of approximately 6.3 pounds of mohair per shearing at a mature body weight of 180 to 225 pounds for bucks and 70 to 110 pounds for a doe
- for sheep, either of the following:
 - the U.S. average of approximately 7.6 pounds of fleece per shearing at mature body weight
 - the average pounds of fleece produced by breed of sheep according to the following table.

Breed	Type	Mature Body Weight	Average Grease Weight Fleece Pounds Produced
Cheviot	ram	160 - 200 lbs.	5 -8
	ewe	120 -160 lbs.	
Dorset	ram	225 - 275 lbs.	5-8
	ewe	150 - 200 lbs.	
Hampshire	ram	250-350 lbs.	6-10
	ewe	175-250 lbs.	
Montadale	ram	200 - 275 lbs.	7-11
	ewe	160-180 lbs.	
North Country Cheviot	ram	200 - 300 lbs.	5-10
	ewe	130 - 180 lbs.	
Oxford	ram	225-325 lbs.	7-10
	ewe	150-200 lbs.	
Shropshire	ram	225-290 lbs.	6-10
	ewe	170-200 lbs.	

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Notice LP-1891

4 General Policies (Continued)

**I
Determining
Maximum
Eligible Quantity
(Continued)**

Breed	Type	Mature Body Weight	Average Grease Weight Fleece Pounds Produced
Suffolk	ram	275-400 lbs.	4-8
	ewe	200-300 lbs.	
Southdown	ram	180-230 lbs.	5-8
	ewe	120-180 lbs.	
Texel	ram	190 - 240 lbs.	7-10
	ewe	140 -185 lbs.	
Tunis	ram	175 - 225 lbs.	8-12
	ewe	130 - 160 lbs.	
American Cormo	ram	180-220 lbs.	10-14
	ewe	140-165 lbs.	
Booroola Merino	ram	175-210 lbs.	9-15
	ewe	110-150 lbs.	
Debouillet	ram	220 - 275 lbs.	9-14
	ewe	125 - 150 lbs.	
Delaine-Merino	ram	190-240 lbs.	9-14
	ewe	125-160 lbs.	
Rambouillet	ram	200-300 lbs.	10-15
	ewe	140-180 lbs.	

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Notice LP-1891

4 General Policies (Continued)

**I
Determining
Maximum
Eligible Quantity
(Continued)**

Breed	Type	Mature Body Weight	Average Grease Weight Fleece Pounds Produced
Border Leicester	ram	225-300 lbs.	8-12
	ewe	150-225 lbs.	
Coopworth	ram	225-275 lbs.	12-18
	ewe	140-170 lbs.	
Costwold	ram	250 - 290 lbs.	12-15
	ewe	190 -220 lbs.	
Lincoln	ram	240 - 300 lbs.	12-16
	ewe	200 - 250 lbs.	
Perendale	ram	220-260 lbs.	8
	ewe	120-150 lbs.	
Romney	ram	200-275 lbs.	10-18
	ewe	150-200 lbs.	
Columbia	ram	250 - 350 lbs.	12-16
	ewe	160 - 240 lbs.	
Corriedale	ram	220-275 lbs.	10-15
	ewe	150-200 lbs.	
East Friesian	ram	225-270 lbs.	9-12
	ewe	160-180 lbs.	

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Notice LP-1891

4 General Policies (Continued)

**I
Determining
Maximum
Eligible Quantity
(Continued)**

Breed	Type	Mature Body Weight	Average Grease Weight Fleece Pounds Produced
Finnsheep	ram	160-220 lbs.	4-8
	ewe	120-160 lbs.	
Panama	ram	250-280 lbs.	13-15
	ewe	180-210 lbs.	
Polypay	ram	190 - 250 lbs.	7-10
	ewe	140 -180 lbs.	
Targhee	ram	200 - 300 lbs.	10-14
	ewe	140 - 200 lbs.	
California Reds	ram	175-220 lbs.	5-7
	ewe	120-150 lbs.	
Romanov	ram	175-240 lbs.	6-13
	ewe	135-160 lbs.	
Black Welsh Mountain	ram	100 - 125 lbs.	3-4
	ewe	75 - 100 lbs.	
Blueface Leicester	ram	230-270 lbs.	6-8
	ewe	160-220 lbs.	
California Variegated Mutant	ram	150-200 lbs.	6-12
	ewe	125-150 lbs.	

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Notice LP-1891

4 General Policies (Continued)

**I
Determining
Maximum
Eligible Quantity
(Continued)**

Breed	Type	Mature Body Weight	Average Grease Weight Fleece Pounds Produced
Clun Forest	ram	175-200 lbs.	5-9
	ewe	130-160 lbs.	
Gulf Coast Native	ram	145-180 lbs.	4-6
	ewe	85-115 lbs.	
Icelandic	ram	180 - 220 lbs.	4-5
	ewe	130 -150 lbs.	
Jacob	ram	140 - 190 lbs.	3 - 6
	ewe	90 - 130 lbs	
Karakul	ram	175-225 lbs	5-10
	ewe	100-150 lbs	
Navajo-Churro	ram	120-175 lbs	4-8
	ewe	85-120 lbs	
Scottish Blackface	ram	150 - 175 lbs	5-6
	ewe	115 - 130 lbs	
Shetland	ram	90-125 lbs	2 - 4
	ewe	75 - 100 lbs	

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Notice LP-1891

4 General Policies (Continued)

J

Acreage Reports

Notice PS-449 provided that producers who are not associated with a farm are required to make an acreage certification using FSA-578. This policy has since been revised. Producers who:

- are associated with a farm that has cropland are required to complete and submit an acreage report of those acres on FSA-578
- are not associated with a farm and do not have cropland are not required to complete an acreage report.

A PS notice is forthcoming with revised instructions on creating subsidiary files for producers not associated with a farm.

K

Authorization to Issue Wool and Mohair Loans and LDP's

County Offices are authorized to disburse marketing assistance loans and LDP's for the following:

- wool
 - mohair.
-

L

Software

APSS software to process marketing assistance loans and LDP's for wool and mohair was released to field offices on November 25, 2002, in County Release No. 499, and is currently available to begin issuing payments.

Notice LP-1891

5 State and County Office 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 that they are authorized to disburse loan proceeds and issue LDP's.
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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
 - disburse loans or LDP's according to this notice and:
 - regulations at 7 CFR Part 1421
 - 8-LP
 - Notice LP-1878
 - await instructions in a future notice before accepting LDP requests for unshorn lamb pelts.
-