

For: FSA State and County Offices, DMA's, and CMA's

**Turn-Around Marketing Assistance Loans (MAL's) for
All Eligible Loan Commodities Except Cotton**

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

MAL repayment policy using the commodity certificate exchange is provided in 8-LP, Part 9, Section 8. PSD has received numerous requests to provide relief to County FSA Offices when producers request MAL's with immediate commodity certificate exchange and the MAL request cannot be completed on that day.

This notice addresses CMA's and DMA's who obtain loans through service County Offices.

The provisions in 8-LP, Part 9, Section 8 remain in effect for immediate commodity certificate exchange for all MAL's that have previously been disbursed.

A forthcoming amendment to 8-LP will include policies for turn-around MAL's.

B Purpose

This notice provides State and County Offices procedures for processing MAL's and commodity certificate exchange when transactions cannot be completed on the day of request.

C Contact

If there are any questions about this notice, contact either of the following.

Name	Telephone Number	Email Address
Kimberly Graham	202-720-9154	KGraham@wdc.usda.gov
Toni Williams	202-720-2270	Toni.Williams@wdc.usda.gov

Disposal Date	Distribution
April 1, 2006	All FSA Offices; State Offices relay to County Offices, CMA's, and DMA's

Notice LP-2008

2 New Policy for MAL's Requested for Commodity Certificate Exchange

A Turn-Around MAL

Turn-around MAL's are nonrecourse loans that will be requested and immediately exchanged with a commodity certificate on the same day regardless of when the loan is disbursed.

If the producer will lose beneficial interest in the commodity upon delivery, the producer must request the turn-around MAL before or on the date of delivery.

Producers who have commodities stored on the ground or in open storage at a UGRSA-approved warehouse and want to request a turn-around loan, must present a warehouse receipt at the time of the loan request.

B Commodity Certificate Exchange Rate

The commodity certificate exchange rate for all turn-around MAL's is the rate in effect on the date of the MAL request and is irrevocable.

The MAL request date must be the signature date (or the later of multiple dates) that is entered on CCC-694-2, item 8.

Lien searches and filings are waived for immediate commodity certificate exchanges; however, if the producer discloses that there is a lien on the commodity, the producer must file CCC-679 at the time of the MAL request.

Note: The commodity certificate exchange rate for regular MAL's (MAL's that were previously disbursed) exchanged for a commodity certificate, shall continue to be the rate in effect on the date that the request for the commodity certificate exchange and funds are presented to CCC.

Notice LP-2008

2 New Policy for MAL's Requested for Commodity Certificate Exchange (Continued)

C Turn-Around MAL Process

State and County Offices shall follow the instructions in this table when a producer requests a turn-around MAL (loan requested for immediate exchange for commodity certificates).

Step	Action
1	<p>Producers shall submit all required loan forms according to 8-LP, Part 4 and submit a completed and signed CCC-694-2 that:</p> <ul style="list-style-type: none"> • is completed according to 8-LP, paragraph 992 • must be the same date as the request date of the loan application. <p>Important: Enter the following statement on CCC-694-2, Remarks section for the producer's signature:</p> <p align="center">“I acknowledge that this request for an immediate exchange of loan collateral for a commodity certificate is an irrevocable request that cannot be altered or withdrawn under any circumstance.”</p>
2	<p>Identify loan, loan quantity, and loan repayment amount using CCC-694-1.</p>
3	<p>The exchange rate to compute the commodity certificate value is the:</p> <ul style="list-style-type: none"> • AWP for rice • CCC-determined value for all other commodities, except cotton. <p>The exchange rate must be the rate in effect on the signature date entered on CCC-694-2, item 8, even if this date is earlier than the date the County Office approves and disburses the loan.</p> <p>Note: MAL must be recorded and disbursed through APSS before completing the commodity certificate exchange transaction in APSS.</p>
4	<p>County Offices shall record and disburse MAL in APSS as soon as possible. The commodity certificate exchange transaction must be processed immediately after the loan disbursement. (The same day).</p>
5	<p>If the payment received for the commodity certificate exceeds the value of the commodity certificate, issue the commodity certificate and refund the difference to the producer.</p>

Notice LP-2008

4 Loan Disbursements and Certificate Purchase for Commodity Certificate Exchange

A Disbursing Turn-Around Loan Proceeds and Processing Immediate Commodity Certificate Exchanges

County Offices shall disburse MAL and process the commodity certificate exchange transactions as follows:

- issue the entire loan proceeds to CCC as “other payee
- process a commodity certificate exchange using the loan proceeds check issued to CCC to purchase the commodity certificate
- issue a refund to the producer for the difference between the amount of the outstanding loan and the amount of the commodity certificate value.

5 Action

A State and County Office Action

State and County Offices shall publicize the contents of this notice immediately to the maximum extent possible.