

For: State and County Offices, CMA's, DMA's, LSA's, and Cotton Clerks

Extension of Marketing Assistance Loan Maturity

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

Currently, MAL's mature on demand, but no later than the last day of the 9th calendar month after the month MAL is disbursed.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 provides an extension of the normal MAL maturity to 12 months. This extension is applicable to:

- nonrecourse loans for all commodities except seed cotton and sugar
- available for crop years 2018, 2019, and 2020 loans that are open and in good standing and would normally mature starting March 31, 2020
- new crop year 2019 or 2020 loans requested by September 30, 2020.

B Purpose

This notice provides State and County Offices the policies and procedures for loan extensions under the CARES Act.

Disposal Date	Distribution
October 1, 2020	State Offices; State Offices relay to County Offices, CMA's, DMA's, LSA's, and Cotton Clerks

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1 Overview (Continued)

C Contact

State Offices must direct questions to the applicable contact according to this table.

IF the question is about...	THEN contact...
MAL policy for all commodities except peanuts and cotton	Shayla Watson-Porter by either of the following: <ul style="list-style-type: none">• e-mail to shayla.watson-porter@usda.gov• telephone at 202-690-2350.
MAL policy for cotton, peanuts, CMA, DMA, LSA, and cotton clerks	Kelly Hereth by either of the following: <ul style="list-style-type: none">• e-mail to kelly.hereth@usda.gov• telephone at 202-720-0448.
MAL automation	Dana Wood by either of the following: <ul style="list-style-type: none">• e-mail to dana.wood@usda.gov• telephone at 202-692-5288.

2 MAL Maturity Extension

A Applying New Loan Terms

The new 12-month loan terms apply to nonrecourse loans for all commodities except seed cotton and sugar. The loan must be any of the following:

- currently be open and in good standing with a maturity date on or after March 31, 2020
- requested by September 30, 2020.

This extension is not available to recourse loans.

Notes: Producers may elect to have a 9-month loan.

There is no extension available to distress loans. Distress loans mature on demand or no later than 90 days after the date the loan is disbursed. The collateral may be repledged for loan according to 8-LP, paragraph 1221.

Loans requested after September 30, 2020, will have a term of 9 months.

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2 MAL Maturity Extension (Continued)

B Maturity Month table

The maturity month table for loans is applicable as follows:

Month Disbursed/Approved	9-Month Maturity	New 12-Month Maturity
June 2019	March 2020	June 2020
July 2019	April 2020	July 2020
August 2019	May 2020	August 2020
September 2019	June 2020	September 2020
October 2019	July 2020	October 2020
November 2019	August 2020	November 2020
December 2019	September 2020	December 2020
January 2020	October 2020	January 2021
February 2020	November 2020	February 2021
March 2020	December 2020	March 2021
April 2020	January 2021	April 2021
May 2020	February 2021	May 2021
June 2020	March 2021	June 2021
July 2020	April 2021	July 2021
August 2020	May 2021	August 2021
September 2020	June 2021	September 2021
October 2020*	July 2021	October 2021

*Loans requested by September 30, 2020, may be disbursed in October 2020 and would have a maturity month of October 2021.

C Nonworkday

If a maturity date falls on a nonworkday, the maturity date is the next workday.

D Notification

County Offices must notify producers with an outstanding MAL of the loan maturity date and the applicable options available at least 45 calendar days, but not more than 60 calendar days, before maturity for farm and warehouse nonrecourse loans.

For loans set to mature in March or April of 2020, producers must be contacted as soon as possible by telephone.

Notification letters of the available extension must be sent as soon as possible. Language for that letter is provided in Exhibit 1.

2 MAL Maturity Extension (Continued)

E Repayment

Producers have the same options to repay the extended loan as they would in any normal manner. A producer may settle an outstanding nonrecourse MAL:

- before the maturity date by repaying the MAL according to 8-LP, Part 7
- upon maturity, by delivering or forfeiting the commodity to CCC in satisfaction of the loan indebtedness according to 8-LP, Part 8 and 9
- after maturity and before CCC acquires the farm-stored commodity by repaying the outstanding MAL principal according to 8-LP, Part 7.

If market gain is applicable during the loan extension, and the producer is eligible, the producer may receive a gain on the repayment made before the loan matures. If market gain is applicable, the producer is also eligible to redeem the loan by a commodity certificate exchange (CCE) based on the alternative repayment rate.

Loans must be repaid at P+I if the loan remains open after maturity.

Producers may repay the loan at any time before it matures.

F CLPS Automated Loan Process

Process all loans using the normal procedure. CCC-677 or CCC-678 Note and Security Agreement will print showing the original 9-month maturity date.

If the loan is currently outstanding, CLPS will be updated to reflect the new maturity date at a future date. For new loans, CLPS will run an update to reflect the new maturity date as 12 months at a future date. Due to time constraints and system limitations, loan maturity will not show the extension at the time of loan making.

If a producer chooses to forfeit or settle at the 9-month maturity, the loan must be accelerated in CLPS before processing the forfeiture or settlement.

3 Action

A State Office Action

State Offices must:

- identify and track loans set to originally mature between March and September of 2020
- identify and track loans which will continue to operate with the original 9-month maturity
- ensure these designated loans receive the new term extension.

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3 Action (Continued)

B County Office Action

For loans in which the producers accept the extension, County Offices must:

- notify producers of loans of the available extension as timely as possible for those loans maturing in March or April of 2020 according to subparagraph 2 D
- send notification letters according to the date in subparagraph 2 D
- process payments received prior to maturity in the normal manner
- process forfeitures of outstanding warehouse MAL's on the first workday after the extended loan maturity, as applicable
- begin the normal demand process the first workday after maturity for farm-stored loans that remain open after the extended maturity
- revise the maturity date on the note and security agreement with a pen and ink change.

For loans in which the producer does **not** accept the loan extension, County Offices must:

- not change the maturity date on the note and security agreement
- ensure the repayment notification is sent at least 45 calendar days, but not more than 60 calendar days, before the 9-month maturity date
- process payments received prior to maturity in the normal manner
- process forfeitures of outstanding warehouse MAL's on the first workday after the 9-month loan maturity, as applicable
- begin the normal demand process the first workday after maturity for farm-stored loans that remain open after the 9-month maturity.

Example of Notification of Loan Term Extension

The following is an example of a loan term extension letter:

<p>UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY _____ COUNTY FSA OFFICE ADDRESS CITY, STATE, ZIP CODE TELEPHONE</p>
<p>(Date)</p>
<p>Producer's Name Address City, State, Zip Code</p>
<p>Dear (Producer's Name):</p>
<p>This is to notify you that your (crop year, commodity) (insert applicable farm/warehouse)-stored loan (loan number) maturity date has been revised and will mature on (revised maturity date – not to exceed 12 months following the month of loan disbursement) as authorized by the Coronavirus Aid, Relief, and Economic Security Act of 2020. All other terms and conditions of the CCC-601 Commodity Credit Corporation Note and Security Agreement remain unchanged.</p>
<p>If you do not wish to extend the length of your loan, you may repay by the original loan maturity date. You also have the option to forfeit or settle your loan as applicable at the original maturity date.</p>
<p>You may repay the loan on or before the loan maturity date. The principal and charges, plus interest, are due and payable on or before (insert revised maturity date) with a check, certified check, money order or wire. Interest will continue to accrue on a daily basis until the amount due is repaid. If applicable, the (insert applicable adjusted world/national posted/posted county) price repayments or commodity certificate exchanges are only allowed on collateral either repaid by maturity or delivered to buyer under an approved marketing authorization by the loan maturity date.</p>
<p>Please call before attempting to visit your local USDA Service Center office. USDA Service Centers are open for business by phone appointment only at this time. While County Office staff may continue to come into the office, we will be working with our producers by phone, e-mail, and online tools whenever possible. For the latest information regarding USDA service center status, visit www.farmers.gov/coronavirus.</p>
<p>Sincerely,</p>
<p>County Executive Director _____ County FSA Office</p>
<p>USDA is an Equal Opportunity Provider, Employer and Lender.</p>