

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
Washington, DC 20250

---

**Marketing Assistance Loans and Loan Deficiency  
Payments for 2008 and Subsequent Crop Years  
8-LP (Revision 2)**

**Amendment 9**

---

**Approved:** Deputy Administrator, Farm Programs



---

**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraph 10 A has been amended to update paragraph references.

Subparagraph 200 A has been amended to add a note clarifying that when there are 2 or more separate operations under the same farm number, a reconstitution should be performed.

Subparagraph 234 A has been amended to add CCC-666 as a form requiring a second party review.

Subparagraphs 322 A, 509 B, 520 H, 527 A, 540 D, 821 A, and 900 A have been amended to clarify that each person signing CCC-677 or CCC-678 is jointly and severally liable for repayment of the amount due.

Subparagraph 502 A has been amended to clarify the information required for individuals on CCC-10.

Subparagraph 502 B has been amended to clarify that the current CCC-10 remains in effect until either of the following occur:

- producer notifies CCC of any changes to the information
- State laws change requiring new or updated information.

Subparagraph 502 D has been amended to update instructions for completing CCC-10 relating to an individual's name.

Subparagraph 509 B has been amended to clarify that the loan approval date must **not** be before the date all required borrower signatures are obtained on the current CCC-677 or CCC-678.

Paragraph 521 has been amended to add general information in subparagraph A and clarification on the collateral description on UCC-1 in subparagraph D with respect to UCC Article 9 2010 amendments.

## Amendment Transmittal (Continued)

### A Reasons for Amendment (Continued)

Paragraph 521 has been amended to add subparagraph:

- F to clarify the debtor's name on UCC documents
- G to refer State Offices to their regional attorney to determine which UCC forms are applicable in their State as related to the UCC Article 9 2010 amendments.

Subparagraph 547 A has been amended to clarify that these offsets:

- are applicable to peanut MAL's **only**
- require producers to sign all statements of charges presented.

Subparagraph 720 B has been amended to add clarification to the processing of wire transfers for repayments.

Subparagraph 770 A has been amended to add clarification on the repayments of warehouse-stored loans.

Subparagraph 826 E has been amended to add information on sending the settlement documents to KCCO.

Paragraph 901 has been amended to add information about the transmittal control document in subparagraph:

- E on sending to KCCO
- F on retaining and filing a copy in the County Office.

Exhibit 2 has been amended to add definitions for substituted commodities and wire transfer.

Exhibit 11, paragraph M has been amended to correct an error in a form number in the letter for notifying the producer of loan and LDP problems.

**Amendment Transmittal (Continued)**

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
3, 4	1-17 through 1-20 2-1, 2-2 2-85, 2-86 3-45, 3-46 5-7 through 5-10 5-27, 5-28 5-43, 5-44 5-44.5, 5-44.6 (add) 5-45, 5-46 5-61, 5-62 5-83, 5-84 5-95, 5-96 7-47, 7-48 7-151, 7-152 8-49, 8-50 8-73 through 8-128 9-1, 9-2 9-7	2, pages 9, 10 11, pages 33, 34



**Table of Contents (Continued)**

**Page No.**

**Part 3      Spot-Checking and Production Evidence (Continued)**

**Section 2      Spot-Check Process**

315	Notification .....	3-29
316	On-Farm Visits.....	3-31
317	Completing Spot Checks.....	3-35
318	Loan Quantity Determination and Action Required.....	3-36
319	LDP Quantity Determination and Action Required .....	3-40
320	Producer Requests for Redetermination of Quantity or Quality.....	3-43
321	Loan Maturity Date Acceleration and Loans Called Before Maturity .....	3-44
322	Loan Collateral Storability Questioned .....	3-46
323	County Office Spot-Check Review .....	3-49
324	State Office Spot-Check Review .....	3-51
325-334	(Reserved)	

**Section 3      Production Evidence**

335	Requirements .....	3-73
336	Maximum Eligible Quantity .....	3-82
337	Dates for Submitting Evidence .....	3-92
338	Failure to Provide Acceptable Production Evidence .....	3-93
339	Insufficient Production Evidence.....	3-95
340	Apportioning Commingled Production Evidence.....	3-97
341	New Loans or LDP's Based on Submitted Production Evidence.....	3-103
342-399	(Reserved)	

## Table of Contents (Continued)

Page No.

### Part 4 Violations

#### Section 1 General Provisions

400	Producer Liability .....	4-1
401	Loan and LDP Violations .....	4-6
402-409	(Reserved)	

#### Section 2 Administrative Actions

410	Determining Administrative Actions.....	4-25
411	Calling Loans.....	4-32
412	Assessing Liquidated Damages .....	4-33
413	Special Provisions for Unauthorized Disposition or Flagrant Incorrect Certification Cases.....	4-34
414	Denying Future Farm-Stored Loans and LDP's .....	4-37
415	Waiving Administrative Actions .....	4-38
416	Accepting Payments for Violations .....	4-39
417	Amount Due Not Repaid Within 30 Calendar Days.....	4-41
418-499	(Reserved)	

### Part 5 Loanmaking Provisions

#### Section 1 Basic Loanmaking

500	Obtaining Loans.....	5-1
501	Requesting Loans.....	5-3
502	Completing CCC-10's .....	5-7
503	Loan Benefits Denial Notification.....	5-12
504	Lien Searches.....	5-13
505	CCC-679's .....	5-16
506	County Loan Rates.....	5-24
507	Loan Service Fees.....	5-26
508	Loan Maturity Dates .....	5-27
509	Disbursing Loans .....	5-27
510	COC Approval of Certain Farm-Stored Loans .....	5-30
511	Additional Disbursement Guidelines.....	5-31
512-519	(Reserved)	

Section 2 Responsibilities

10 Administrative Responsibilities

A Responsibilities

[7 CFR 1421.2] The responsibilities of the administrative levels for loan and LDP programs are provided in this table.

IF the administrative level is the...	THEN...
National Office	<ul style="list-style-type: none"> <li>• the CCC Board and Executive Vice President shall determine policy and program provisions</li> <li>• the Executive Vice President, CCC, or designee, shall:                             <ul style="list-style-type: none"> <li>• make a determination on any question arising under this program</li> <li>• revise or rescind an incorrect determination made by COC, STC, KCAO, KCCO, or FSC</li> </ul> </li> <li>• PSD shall administer the loan and LDP programs under the general supervision and direction of DAFP.</li> </ul>

10 Administrative Responsibilities (Continued)

A Responsibilities (Continued)

IF the administrative level is the...	THEN...
State Office	<p>STC shall:</p> <ul style="list-style-type: none"> <li>• determine State-wide policy according to this handbook and guidance received from the National Office</li> <li>• administer all phases of the program in the State through SED</li> <li>• establish and annually review the maximum acceptable moisture levels for applicable commodities</li> <li>• require DD's or designee to:                             <ul style="list-style-type: none"> <li>• monitor and ensure that loan and LDP computations and disbursements are based on handbook procedures</li> <li>• ensure second party reviews of loans and LDP's are completed</li> <li>• develop, establish, and implement Statewide policy described in *--subparagraph 337 B.--*</li> </ul> </li> </ul> <p><b>Note:</b> STC may:</p> <ul style="list-style-type: none"> <li>• correct, or require COC to correct, any action taken that contradicts this handbook and other current policy</li> <li>• require COC to withhold taking any action that is not consistent with this handbook and other current policy.</li> </ul>

10 Administrative Responsibilities (Continued)

A Responsibilities (Continued)

IF the administrative level is the...	THEN...
County Office	<p>COC shall:</p> <ul style="list-style-type: none"> <li>• determine policy according to this handbook and guidance received from the State Office</li> <li>• for each loan commodity, document the beginning of harvest and eligible quantity yield in the COC minutes</li> <li>• administer the programs in the county through CED.</li> </ul> <hr/> <p>County Office shall:</p> <ul style="list-style-type: none"> <li>• determine that:               <ul style="list-style-type: none"> <li>• a producer is eligible for loans and LDP's according to Part 2, Section 1</li> <li>• the commodity is eligible for loans and LDP's according to Part 2, Section 2</li> <li>• the storage is eligible according to paragraph 522 for farm-stored and warehouse-stored loans</li> <li>• the quantity offered for loan and LDP is reasonable based on producer's share of the acreage planted to the commodity</li> <li>• loan computations and disbursements and LDP computations and payments are based on handbook procedures</li> <li>• ensure that second party reviews of loans and LDP's are completed according to paragraph 234</li> <li>• the quantity certified does <b>not</b> include quantities delivered to CMA's</li> </ul> </li> </ul> <p>•*--procedures listed in subparagraph 337 A are followed--*</p>

10 Administrative Responsibilities (Continued)

A Responsibilities (Continued)

IF the administrative level is the...	THEN...
County Office (Continued)	<ul style="list-style-type: none"> <li>• annually publicize provisions of loan and LDP programs <b>before</b>:                             <ul style="list-style-type: none"> <li>• the beginning of each crop year</li> <li>• making loans and LDP's for the current crop year.</li> </ul> </li> </ul> <p><b>Note:</b> At a minimum, publicity shall include:</p> <ul style="list-style-type: none"> <li>• a handout or newsletter mailed or e-mailed to all eligible producers before harvest begins for the first crop eligible for loans or LDP's</li> <li>• beneficial interest requirements</li> <li>• at the time the loan or LDP is made, a brief but complete explanation of the producer's required actions</li> <li>• a reminder to producers:                             <ul style="list-style-type: none"> <li>• of the administrative actions that apply for loan and LDP violations</li> <li>• that it is the producer's responsibility to maintain the quality of the commodity in farm storage through the term of the loan</li> <li>• final loan availability dates.</li> </ul> </li> </ul> <p>Ensure that producers understand and agree to their responsibilities stated in CCC-601 terms and conditions to the note and security agreement (Exhibit 5).</p>

## Part 2 Common Loan and LDP Provisions

### Section 1 Producer Eligibility

#### 200 Eligible Producers

##### A Definition of Eligible Producer

[7 CFR 1421.4] Eligible producer means a person or legal entity that:

- has complied with annual program requirements including:
  - reporting acreage for **all** cropland on the farms according to 2-CP

**Notes:** Acreage reports must be obtained for the specific commodity on the farm **before** MAL disbursements and LDP benefits are received for that specific commodity. Report acreage, according to 2-CP, for all cropland on the farm on which the crop pledged as collateral or LDP was produced. Failure to report all cropland on a farm shall be considered noncompliance with program requirements and considered a violation according to 2-CP, Part 2.

\*--If there are 2 or more **separate** operations under the **same** farm number in the same County Office, a reconstitution should be performed according to 10-CM.--\*

- completing AD-1026 according to 6-CP
- completing CCC-931 according to 4-PL and applicable PL directives for 2009 through 2012 crop years

**Notes:** CCC-931 is not needed on file at **loan** disbursement, but is required before the loan is repaid with a marketing loan gain.

For the 2012 crop year, CCC-931 must **not** be a version dated before 12-7-11.

A valid AGI certification is on file according to 4-PL, Part 6 for each applicable crop year.

- completing CCC-931C or CCC-933 for the 2013 crop year
- completing applicable CCC-902 according to 4-PL

**Note:** CCC-902 is required for foreign person determination on both loans and LDP's. See subparagraph 203 A.

- has a beneficial interest in the eligible commodity for which a loan or LDP is requested
- shares in the risk of producing the applicable commodity.

**200 Eligible Producers (Continued)****A Definition of Eligible Producer (Continued)**

The person or legal entity may be any of the following:

- landowner
- landlord or waterlord
- tenant
- sharecropper.

**\*--Exception:** For 2009 through 2013 crops, States, local Governments, political--\* subdivisions, and agencies thereof are **not** eligible for loans, market loan gains, or LDP's.

Legal entity means the entity either:

- owns land or an agricultural commodity, product, or livestock
- produces an agricultural commodity, product, or livestock.

**B Company or Other Legal Entity**

An eligible producer may be an irrigation company or other legal entity that provides **all or part** of the following that are necessary to produce and harvest a crop:

- equipment
- labor
- land
- water.

**C Estates and Trusts**

An eligible producer may be an estate or trust, including any of the following:

- receiver of an insolvent debtor's estate
- executor or an administrator of a decedent's estate
- guardian of any of the following:
  - an estate
  - a ward
  - an incompetent person
- trustees of a trust estate, if their representative authority is legally valid (1-CM).

## 233 Loans Ineligible for Delivery or Forfeiture (Continued)

### D Insufficient Value or Excess Sales Price

If the settlement value was insufficient to clear the amount owed on the loan, establish the receivable in NRRS.

If the sales price exceeds the amount needed to repay principal and charges plus interest on the loan, the excess shall be for:

- recourse loans, refunded to the producer
- nonrecourse loans, retained by CCC.

## 234 Second Party Reviews

### A Reviews

\*--A second party review of eligibility requirements for CCC-633WM's, CCC-666, CCC-677's, CCC-678's, and CCC-633 EZ, pages 1 through 5, as applicable, shall be performed **before** disbursement. Reviewer **must** initial CCC-633WM or CCC-666, as applicable, and CCC-677 for farm-stored loan, CCC-678 for warehouse-stored loan, or CCC-633EZ for--\* LDP application, when review is completed.

The second party reviewer shall also check that the correct loan or LDP rate is used on all bins and/or receipts on each loan or LDP. The correct rate is determined according to paragraphs 506 and 1004.

**Before** a loan or LDP is issued, CCC-770 LDP/eLDP or CCC-770 MAL **must** be completed according to paragraph 23.

### B Approving Reviews

If the program technician accepts eLDP/LDP or MAL request, then he/she will **not** initial as the second party reviewer.

It is recommended that CED's in 2-person County Offices:

- initial as second party reviewer
- sign as approving official, as designated by COC.

## 235 Commodities From ACRE-Elected Farms

### A Commodities Harvested from ACRE-Elected Farms

The ACRE Program reduces applicable (county, regional, or national) loan commodity rates **\*--**by 30 percent if producers on a farm make the irrevocable decision to elect to participate in the ACRE Program, at any time during 2009 through 2012 crop years.

For the 2013 crop year, the loan rate will also be reduced by 30 percent if producers on the farm make the decision to participate in the ACRE program for that year.

**Note:** For the 2013 crop year, eligible producers **must** enroll in ACRE. ACRE enrollment will **not** carry over on the farm from the previous years.

Commodities harvested from an ACRE-elected farm will have a 30 percent reduction in MAL rates.

**Example:** \$2 base county loan rate x 70 percent = \$1.40 applicable loan rate.--\*

**Notes:** The applicable loan repayment option (the lesser of loan rate principal plus interest, 30-day, or alternative rate) will **not** be similarly adjusted with a 30 percent reduction to calculate the applicable CCC-determined value (PCP, regional county price, national posted price, or AWP).

The loan rate used to determine LDP rates on ACRE elected farms will be reduced by 30 percent, accordingly.

Commingled commodities harvested from ACRE and non-ACRE elected farms must be placed under separate loans.

Warehouse stored ACRE commodities require separate warehouse receipts.

If ACRE and non-ACRE production cannot be distinguished separately, then the entire quantity is subject to the 30 percent reduction in MAL rates.

Wool, mohair, and honey are **not** subject to ACRE provisions.

**321 Loan Maturity Date Acceleration and Loans Called Before Maturity (Continued)****C Action When Producer Does Not Repay**

If the producer fails to make the requested repayment by the accelerated maturity date, the County Office shall, **immediately** after the accelerated maturity date, for a:

- \*--nonrecourse farm-stored loan:
  - authorize delivery on CCC-691
  - issue demand letter according to Exhibit 7, subparagraph A, “farm-stored--\* nonrecourse loan” \* \* \*
  - handle delivery in the normal manner
  - record settlement according to 12-PS
- \*--nonrecourse warehouse-stored loan shall be forfeited to CCC according to paragraph 900
- recourse loan:
  - follow local sale procedures according to Part 8 and Exhibit 9, subparagraph A, “recourse loan” and Exhibit 10, subparagraph A, “distress loan”--\*
  - transfer loan from APSS using the “Transfer to Claims” option in 12-PS
  - establish a receivable in NRRS according to 64-FI to match the amount on the Transfer to Claims Report
  - issue announcement of sale according to paragraph 858
  - apply sales proceeds to the NRRS-established receivable.

**D Deducting Storage Charges**

When a nonrecourse loan is called before maturity, make a storage deduction as a separate item instead of reducing the settlement rate.

APSS will determine storage charges:

- through the loan maturity date
- when “Y” is entered in response to “Are storage charges for early delivery applicable?”
- from the appropriate offer shipping rate table.

**Exception:** County Offices shall **not** make a storage deduction when deliveries of farm-stored commodities are called by CCC under general acceleration of the loan maturity date for a particular geographic area.

**321 Loan Maturity Date Acceleration and Loans Called Before Maturity (Continued)****E Additional Action**

If the loan has not been liquidated by repayment or delivered by the specified final date, County Offices shall take steps to acquire the commodity by foreclosure according to paragraph 866.

If the producer appeals the loan call, follow paragraph 20.

**322 Loan Collateral Storability Questioned****A Producer's Responsibility**

The producer is responsible for any loss in quantity and quality of the commodity placed under farm-stored nonrecourse or recourse loan.

**\*--Note:** Each producer signing CCC-677 or CCC-678 is jointly and severally liable for repayment of the amount due.--\*

CCC shall **not** assume any loss in quantity or quality for any reason.

**Note:** This includes commodities under loan that are affected by flood waters. See note in subparagraph 231 A.

**B Action When Collateral Storability Is Questioned**

When it is reported or determined the nonrecourse or recourse loan collateral storability is questioned, the County Office shall, as applicable:

- immediately spot-check the commodity
- draw samples of the commodity to verify the condition
- notify the producer of **all** of the following:
  - condition of the collateral, using the letter in Exhibit 11, subparagraph M
  - if the condition of the collateral can be corrected, to correct the problem within 30 calendar days
  - if the condition of the collateral **cannot** be corrected, the loan shall be called according to paragraph 321.

**502 Completing CCC-10's****A Applicability**

Producers applying for CCC or FSA loans at USDA Service Centers are required to provide specific information on CCC-10. CCC-10:

- serves as CCC's or FSA's notice of intent to perfect its security interest
- \*--identifies an individual's name applicable to the laws in the specific State

**Notes:** The standards for an individual name shall be specified by the State. If the 2010 amendments to UCC Article 9 have:

- been adopted, State Offices shall contact their regional attorney for the standard adopted in their State
- not been adopted, the regional attorney shall provide guidance on the specific naming standards to follow for an individual.
- identifies for an entity, the type and location of the entity--\*
- identifies the jurisdiction in which CCC will perform lien searches according to State law and advice of the regional attorney
- authorizes CCC or FSA to file financing statements **before** executing a security agreement
- is applicable to warehouse loans to identify the jurisdiction in which to perform lien searches.

## 502 Completing CCC-10's (Continued)

**B Obtaining Authorization**

County Offices shall obtain CCC-10 and signatures as follows:

- if CCC-10 is **not** already filed, obtain a signed CCC-10
- ensure that producers understand that:
  - applicable collateral for loans is **not** described on CCC-10
  - CCC-10 remains in effect until the producer notifies CCC or FSA of any changes by **\*--filling out a new CCC-10 or State laws change requiring a new CCC-10**

**Example:** Naming standards for filing security documents in a particular State change.**--\***

- for UCC-1's filed manually that require the debtor's signature, CCC requires CCC-10 to identify the jurisdiction in which to perform lien searches
- for:
  - corporations, limited partnerships, and limited liability corporations, the person authorized to sign for the entity is **required** to sign according to 1-CM
  - estates, the executor is **required** to sign according to 1-CM
  - general partnerships and joint ventures, all partners signatures are **required, unless** an individual is authorized to act on behalf of the general partnership that binds all members according to 1-CM
  - trusts, the trustee or trustees are **required** to sign according to 1-CM
- allow spouses to sign CCC-10 for each other **only** as allowed according to 1-CM
- gather data and signatures about spouses where spousal information is required by State law according to the regional attorney
- if applicable, provide a copy of CCC-10 to other County Offices in which the producer is active

File CCC-10's in alphabetical order in folders labeled, "LP 1-2 Financing Statements."

502 Completing CCC-10's (Continued)

C CCC-10 Availability

CCC-10 is available for download by FSA employees from the FSA Intranet at <http://intranet.fsa.usda.gov/fsa>, CLICK "FFAS Employee Forms/Publications Site".

D Instructions for Preparing CCC-10's

County Offices shall prepare CCC-10 according to the following.

Item	Instructions
Part B	Ensure that the producer understands the statements in part A.
1	<p>CHECK (✓) box for:</p> <ul style="list-style-type: none"> <li>• individual, if the producer conducts a farming operation as an individual</li> <li>• organization or entity, if the producer conducts a farming operation as an organization or entity.</li> </ul>
2	<p>If box in item 1 is checked for:</p> <ul style="list-style-type: none"> <li>• individual, enter the complete applicable SSN or TIN</li> <li>• organization or entity, enter the complete applicable TIN.</li> </ul>
3	<p>If box in item 1 is checked for:</p> <ul style="list-style-type: none"> <li>•*--individual, enter the naming standard according to State law, or if the 2010 amendments to UCC Article 9 have not been adopted, the naming standard to use according to the regional attorney--*</li> <li>• organization or entity, enter the full legal name of the organization or entity as filed with the State and provided on the organization charter or legal documents establishing the entity.</li> </ul> <p><b>Note:</b> * * * This is the name that will be used on UCC forms.</p>
4	<p>*--If box 1 is checked for individual, enter the naming standard according to State law, or if the 2010 amendments to UCC Article 9 have not been adopted, the naming standard according to the regional attorney, for spouse.--*</p> <p><b>Notes:</b> This is the name that will be used on UCC forms for additional debtors.</p> <p>If spouse has an interest in the commodity, the spouse shall complete a separate CCC-10.</p>
5	<p>If box in item 1 is checked for individual, enter the name of the State and county of producer's primary residence. Unless otherwise advised by OGC, this is where to file UCC-1's and perform lien searches.</p>

## 502 Completing CCC-10's (Continued)

## D Instructions for Preparing CCC-10's (Continued)

Item	Instructions
6	<p>If box in item 1 is checked for organization or entity, enter the type of organization or entity. Acceptable types are corporations, general or limited partnerships, limited liability companies, and trusts. An informal joint operation or venture is <b>not</b> a legal entity.</p> <p><b>Note:</b> Members of informal joint operations or ventures are treated as individuals and must complete individual CCC-10's.</p>
7	<p>If organization or entity is registered, it <b>must</b> be organized under the law of a single State and <b>must</b> be displayed in a State public record as being organized. If the organization or entity is registered, enter the State in which the organization or entity was created and is registered. Unless otherwise advised by OGC, this is where to file UCC-1's and to perform lien searches.</p>
8	<p>If organization or entity is <b>not</b> registered, enter the State where the place of business is located or where the organization or entity conducts its affairs. Unless otherwise advised by OGC, this is where to file UCC-1's and to perform lien searches.</p>
Part C	Authorization To File
9	<p>Ensure that the producer understands the statement in item 9.</p> <p><b>Note:</b> Authorization to sign for another individual, organization, or entity <b>must</b> be on file in the FSA office for the signature to be valid.</p>
10A-10F	<p>If item 1, "individual" was checked (✓), the individual identified in item 3 shall *--sign their name as entered in item 3 and, if applicable, a suffix, in item 10A.--* An individual signing in a representative capacity shall also sign their name in item 10A, followed by their title/relationship in item 10B. The date of signature shall be entered in item 10C.</p> <p>*--The individual identified in item 4 shall sign their name as entered in item 4,--* and if applicable, a suffix in item 10D. An individual signing in a representative capacity shall also sign their name in item 10D, followed by their title/relationship in item 10E. The date of signature shall be entered in item 10F.</p>
11A-11F	<p>If item 1, "organization or entity" was checked (✓), enter the legal name of the organization or entity in item 11A. The individual authorized to sign for the organization or entity shall also sign their name in item 11A, and include their title/relationship in item 11B. The date of signature shall be entered in item 11C.</p> <p><b>Example:</b> Item 11A, Hobbitt Farms, John H. Smith Item 11B, Partner"</p> <p>If an additional signature is required for an organization or entity, that additional individual shall sign in item 11D. Their title/relationship shall be entered in item 11E, and the date in item 11F.</p>

**508 Loan Maturity Dates**

**A Nonrecourse and Recourse Loans**

[7 CFR 1421.101] Loans mature on demand, but no later than the last day of the ninth calendar month after the month in which the loan is disbursed.

For repledged loans:

- the maturity date shall be the same as the original loan maturity date
- in APSS, enter the approval date of the original loan to establish the proper maturity date for the repledged loan.

Distress loans mature on demand, but no later than 90 calendar days after the date the loan is disbursed. The collateral may be repledged for loan according to paragraph 1221.

**B Nonworkday**

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

**C Maturity Month Table**

This table shows applicable maturity months. Loans **cannot** be extended.

Month Disbursed/Approved	Maturity Month (Last Day)
June	March
July	April
August	May
September	June
October	July
November	August
December	September
January	October
February	November
March	December
April	January
May	February

**509 Disbursing Loans**

**A Preparing CCC-677 or CCC-678**

Prepare CCC-677 or CCC-678 in APSS according to 12-PS.

All commodity loans **must** be recorded through APSS and disbursed through NPS. For manual processing when APSS will be unavailable for an extended period of time, State Offices shall contact the National Office.

**509 Disbursing Loans (Continued)****A Preparing CCC-677 or CCC-678 (Continued)**

Disburse loan proceeds to each producer who has a share in the loan after offset, if applicable, unless CCC-679 indicates that the remaining disbursement is to be issued jointly to the lienholder.

After all offsets have been deducted from the loan proceeds as indicated on CCC-679, item 5 (c), disburse the remaining loan proceeds by either of the following methods:

- EFT or check to the producer, if item 5(a) was checked where all lienholders indicate they do not want to be included on the disbursement
- 1 check to the producer and lienholders requesting joint payment in item 5(b) or (c).

**Note:** Loan proceeds are **not** assignable. See 63-FI, paragraph 64.

**B Approving CCC-677's or CCC-678's**

Approve CCC-677 or CCC-678 for CCC when:

- all lien waivers, if applicable, are obtained
- for farm-stored loans, UCC-1's are filed

**Note:** Do **not** delay loan disbursement after UCC-1 has been recorded by the proper official.

- second party review has been completed according to paragraph 234
- CCC-770 MAL has been completed, if applicable
- all required borrowers' signatures are obtained.

**\*--Notes:** Each producer signing CCC-677 or CCC-678 is jointly and severally liable for repayment of the amount due.

The loan approval date must **not** be before the date all required borrower's signatures are obtained on the current CCC-677 or CCC-678.--\*

When CCC-677 or CCC-678 is approved, the person signing for CCC shall have determined that the producer and the commodity are eligible.

The properly completed CCC-677 or CCC-678 **must** be signed **before** the loan can be approved and disbursed. The disbursement date shall **not** be later than 30 calendar days after the approval date or final loan availability date.

**C Denial Notification**

See paragraph 503 for notifying producers when loan benefits are denied.

**520 Nonrecourse Loan Requests and Loan Rates (Continued)****G Premiums and Discounts**

For 2009 through 2013 crop years, premiums and discounts will **not** apply for all eligible commodities at loan disbursement, **except** for peanut and cotton MAL's; however, premiums and discounts will apply if the eligible loan commodities are forfeited and delivered to CCC and any deficiency **must** be repaid to CCC.

**H Adjustments to Loan Rate After Forfeiture or Settlement**

Except for peanuts and cotton, loan rates will be adjusted to reflect applicable premiums and discounts and/or storage charges owed to CCC at the time of recording the forfeiture or settlement.

**\*--Note:** Each producer signing CCC-677 or CCC-678 is jointly and severally liable for repayment of the amount due.--\*

**521 Filing UCC-1's****\*--A 1998 Revision and 2010 Amendments to UCC Article 9**

All States have adopted the 1998 revision to UCC Article 9. One of the key changes--\* included centralizing the electronic filing of most security interests for States without a pre-existing centralized filing system. However, as States transition to a centralized, electronic UCC filing and recording system, the means by which UCC-1's are filed and paid for may vary from State to State. State Offices shall:

- continue to follow the regional attorney's advice
- request, from PSD, isolated exceptions to policy in this paragraph based on the following:
  - written direction or recommendations from the regional attorney
  - PSD concurrence.

**Example:**The regional attorney advises that filing UCC-1 without a loan applicant's signature negates the double jeopardy protection afforded secured lenders by certain State laws according to Pub. L. 99-198, Section 1324. In this case, upon PSD concurrence, the State Office may direct County Offices to continue **requiring** that a loan applicant sign UCC-1, as advised by the regional attorney.

**\*--Many States have enacted the 2010 amendments to UCC Article 9. The 2010 amendments:**

- modify the existing statute to respond to filing issues and addresses other matters that have arisen in practices following a decade of experience with the 1998 revision to UCC Article 9--\*

## 521 Filing UCC-1's (Continued)

**\*--A UCC Article 9 1998 Revision and 2010 Amendments (Continued)**

- provide new standards for the names of individual debtors to be used on UCC-1.

**Note:** In States that have enacted the 2010 amendments to UCC Article 9, the effective date of the new law is July 1, 2013. In States that have not yet adopted the 2010 amendments, the effective date will be the date specified by State Statute in its adoption of the 2010 amendments.

State Offices shall contact their regional attorney for information on the status of the 2010 amendments to UCC Article 9 in their State.--\*

**B Applicability**

County Offices shall file applicable UCC-1's required by State law to protect CCC's security interest after CCC-10 is obtained:

- for all farm-stored loans
- for warehouse-stored loan collateral transferred to farm storage
- immediately after the lien search and **before** loan disbursement so there can be no intervening security interests filed; obtain CCC-679 to ensure CCC's first lien position.

**Notes:** If UCC-1 has previously been filed, ensure UCC-1 will **not** lapse **before** loan maturity.

The procedure for filing UCC-1's, and the time period before the filing appears on the lien search, is different in every State. The loan can be disbursed provided the County Office has the results of the requested lien search, documentation showing the filing date and the reference number for the filed UCC-1, and the necessary lien waivers.

521 Filing UCC-1's (Continued)

**C Where to File UCC-1's**

Generally, UCC-1's are filed in the State where, in the case of an:

- individual, the individual resides
- organization or entity, the organization or entity is registered.

**Note:** See paragraph 502 to determine the UCC filing location based on CCC-10 data.

The UCC-1 filing location is **not** based on the location of the commodity, as shown in this table.

<b>IF...</b>	<b>THEN, unless otherwise advised by the regional attorney...</b>
commodity is stored in: <ul style="list-style-type: none"> <li>• multiple counties within the same State</li> <li>• a State different from the producer's principle residence</li> </ul>	file UCC-1 in the State having jurisdiction according to the current CCC-10.
farm-stored loan collateral is moved to another State for storage after perfecting the lien	no additional UCC-1 is filed because the lien is still perfected.

**D Describing Collateral on UCC-1's and Other Situations**

Describe collateral on UCC-1's according to the following.

<b>IF...</b>	<b>THEN...</b>
additional quantity is placed under loan	file another UCC-1 describing the collateral, if the quantity is <b>not</b> covered by a previously recorded UCC-1.
existing UCC-1 for that commodity covers all the current year production	it is <b>not</b> necessary to file additional UCC-1's.
producer requests a specific quantity	<b>only</b> that quantity needs to be described on UCC-1 before the loan is disbursed.
producer agrees to lien on quantity greater than the loan quantity requested that may also apply to more than 1 crop year or may be effective until UCC-1 expires	describe the collateral on UCC-1 as advised by OGC.

\*--If the 2010 amendments to UCC Article 9 have been enacted in a State, the State Office shall contact the regional attorney for information on what County Offices need to include on UCC financing statements.--\*



521 Filing UCC-1's (Continued)

**E Paying Filing Expenses and Termination Fee**

County Offices shall pay filing and termination fees according to the following.

IF the...	THEN...
filing cost is for a financing statement, such as UCC-1	use the online payment web-based application. Special provisions allow the producer to pay the filing fee (subparagraph 504 H).
producer requests termination of CCC's security interest	prepare and file applicable UCC-1 <b>after</b> receiving the termination fee from the producer. State Offices may issue more detailed instructions on terminating UCC-1's applicable to their State.
termination fee was included in the initial filing fees	after producer requests termination of lien, prepare and file applicable UCC-1.

**Note:** Do **not** include **any** of these fees in the service fee for the loan.

**\*--F Debtor's Name on UCC Documents**

The 2010 amendments to UCC Article 9 included new standards for the name used by individual debtors on UCC financing statements. There are 2 alternatives a State can choose to adopt for the proper naming of an individual debtor that can include using debtor's valid driver license or State-issued ID card for documentation. State Offices shall contact their regional attorney for information on the naming alternative adopted in their State, and for all other guidance on the correct name to provide on a financing statement. UCC-1's that fail to properly identify debtors will **not** perfect security interests.

**G UCC Forms**

The 2010 amendments to UCC Article 9 implemented many new UCC forms. If the 2010 amendments to UCC Article 9 have been enacted in user's State, the regional attorney shall be contacted by the State Office to determine which forms should be used under State law.--\*

## 522 Eligible Storage Structures

### A Approved Farm Storage

[7 CFR 1421.103] Approved farm storage shall consist of storage structures:

- located on or off the farm, excluding unauthorized (commercial storage) warehouses as defined in Exhibit 2, that provide safe storage for the commodity through the maturity date for the loan
- adequate to maintain the quality and quantity as determined by the County Office
- designed so that the commodity can be:
  - measured, safely inspected, and sampled, if necessary
  - safely stored in oxygen-limiting structures, as applicable.

Commodities stored in all types of bags may be eligible for loan if **all** of the following apply:

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

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

- the commodity shall **not** be accepted in bags for delivery to CCC for a farm-stored loan settlement.

Commodities stored in pits or bunkers are **not** approved farm storage **unless** the grain is a commodity harvested as other than grain. The loan rate will be adjusted according to subparagraph 520 D.

**527 Completing CCC-665's for Commingled Production****A Commingled Commodities**

All producers whose commodities are stored commingled in a storage structure, when all or a portion of the commodity is or will be collateral for **separate** CCC loans, shall sign CCC-665. See subparagraph B for an example of CCC-665.

**Note:** If all applicable producers do **not** sign CCC-665, loans shall, as applicable:

- **not** be disbursed
- be called.

Producers whose commodities are stored commingled in the same storage structure may obtain **joint** loans in the normal manner when **all** producers sign CCC-677. CCC-665 is not required in this situation.

**\*--Note:** Each producer signing CCC-677 or CCC-678 is jointly and severally liable for repayment of the amount due.--\*

See Part 6, Section 1 for additional commingling provisions.



**540 Requesting Warehouse-Stored Loans**

**A Warehouse Receipts**

[7 CFR 1421.106] When requesting warehouse-stored loans, producers shall present acceptable warehouse receipts from an authorized warehouse, as specified in subparagraph 535 B.

See 2-LP Grains and Oilseeds for commodity specific warehouse receipt requirements.

**B Warehouse-Stored Quantity**

Warehouse-stored loans stored in an approved warehouse will be limited to 100 percent of the eligible net weight specified on the warehouse receipt or, if applicable, KC-350 (Grain) or KC-350 (Oilseed).

If the quantity on the receipt represents eligible and ineligible quantities, require the producer to obtain a receipt representing only the eligible quantity.

Any cost for replacement receipts shall be at the producer's expense.

**C Commodity Loan Eligibility**

To be eligible for CCC commodity loan, the quantity and quality of grain represented by a warehouse receipt must reflect the commodity produced and delivered by the producer.

540 Requesting Warehouse-Stored Loans (Continued)

**D Loan Rates**

CCC will **not** adjust loan rates for warehouse-stored loans using premiums and discounts at loanmaking for any commodities **except** cotton and peanuts. Follow PS directives, 7-CN, and 12-PS for applicable software instructions.

**\*--Note:** Each producer signing CCC-677 or CCC-678 is jointly and severally liable for repayment of the amount due.--\*

Use the loan rate for the county where the commodity is stored **except** for situations covered in this table.

<b>IF the commodity is warehouse-stored and...</b>	<b>THEN use the loan rate...</b>
stored in a warehouse operating under a merged code agreement	for the location to which the producer delivered the commodity.  The warehouse receipt issued under merged warehouse code agreements <b>must</b> show the location and county to which the commodity was delivered.
represented by a warehouse receipt indicating the “grain covered by this receipt has been redeposited”	where the receipt is issued.  The commodity is considered stored at the original point of delivery.
physically moved to the warehouse location indicated on the warehouse receipt	where the receipt is issued.  The commodity is eligible because the commodity was physically moved to the location on the warehouse receipt.

The loan rate shall be adjusted according to subparagraphs 520 C through H.

**546 KC-350, Warehouse Operator's Supplemental Certificate (Continued)****C Example of Quantity Entries on KC-350 (Grain) for Corn**

If a warehouse receipt shows 33,600 net lbs. of corn with 17.5 percent moisture, the calculation would be as follows:

- 17.5 percent minus 15.5 percent equals 2.0 percent
- 2.0 percent times 1.3 equals 2.6 percent
- 2.6 percent of 33,600 lbs. is 874 lbs.

The quantity shown on KC-350 (Grain) must **not** exceed 33,600 lbs. minus 874 lbs., or 32,726 lbs.

**D Example of Quantity Entries on KC-350 (Oilseeds) for Soybeans**

If a warehouse receipt shows 60,000 net lbs. of soybeans with 2.2 percent foreign material, the calculation would be as follows:

- 2.2 percent minus 1 percent = 1.2 percent
- 100 percent minus 1.2 percent = 98.8 percent
- 60,000 net lbs. times 98.8 percent = 59,280 net lbs.

The quantity shown on KC-350 (Grain) must **not** exceed 59,280 net lbs.

547 **Statement of Charges Attached to Warehouse Receipts****A Applicability**

[7 CFR 1421.107] A separate statement of charges or bill that is **not** part of the warehouse receipt, but is attached to or submitted with the warehouse receipt that indicates charges for other than handling the commodity represented by the warehouse receipt, shall:

- be considered an offset amount
- **not** be considered a lien.

**\*--Notes:** Offsets based on statements of charges or bills are applicable to peanut MAL's **only**.

Statement of charges or bills **must** be signed by the producer according to subparagraph 505 C.--\*

To ensure that only the appropriate charges are being considered as an offset amount, each State Office must submit a list of charges that are normally associated with handling (other than handling) of the commodity to DAFP for concurrence.

Written concurrence must be obtained from DAFP before any **new charges** on a statement of charges or bill can be offset.

**Note:** See subparagraph 30 C.

**B Handling as an Offset**

The amount of applicable charges shown on the statement of charges or bill shall be considered an offset. County Office shall record the applicable charges on CCC-679 by doing either of the following:

- adding the total dollar amount of the charges shown on the statement of charges or bill to any CCC, FSA, or other Government agency debt
- modify the sentence in CCC-679, item 5, block (c) to add language that state whose charges are being offset without specifying the type or amount of the charges.

If the loan is approved, the amount of applicable charges shown on the statement of charges or bill shall be handled as an offset for an alternate payee.

See paragraph 505 for an example of CCC-679.

719 Lump-Sum Repayments (Continued)

C Example of Manual Calculations (Continued)

Step	Instructions	Bin No.	Action	Result
3	Use lump-sum repayment to repay entire loan quantity in a bin.	3	Bin 3 was selected for repayment first. $\$4,500 - \$1,033.93 =$	Amount remaining \$3,466.07
		2	Bin 2 was selected for repayment $\$3,466.07 - \$2,067.86 =$	Amount remaining \$1,398.21
		1	The remaining lump-sum amount is insufficient to repay bin 1.	See step 4.
4	Divide amount remaining by the amount needed to repay the last bin to determine a liquidation factor. Round factor to 9 decimal places.	1	$\$1,398.21 \div \$2,067.86 =$	.676162796 (liquidation factor)
5	Multiply liquidation factor determined in step 4 by outstanding bin quantity to determine quantity to be repaid. If calculation results in a partial unit, round up to next whole unit.	1	Multiply calculated quantity to be repaid by the loan rate to determine the principal to be liquidated. Interest is the difference between the principal liquidated and the amount remaining to be applied.  Quantity to repay rounded to next whole unit: $1,000 \times .676162796 = 676.162796$ Principal to be repaid = $677 \times \$2.00 =$ Interest = $\$1,398.21 - \$1,354.00 =$ Total repayment =	677 bu \$1,354.00 <u>44.21</u> \$1,398.21

**720 Wire Transfer Repayments**

**A Background**

Wire transfer repayments are available through APSS. Producers or buyers may wire transfer repayments directly to CCC’s account at the U.S. Department of Treasury.

**Note:** Producers may **not** transfer repayments to the local Concentration Banking System office.

**B Processing Wire Transfer Repayments**

CCC-258 is provided to producers or buyers by County Offices to cross-reference loans redeemed by CCC-258.

County Offices can use their manual log of wire transfer numbers, maintained according to 3-FI, paragraph 39, to enter the loan numbers to which the wire transfer will apply.

The date the wire transfer receipt and CCC-258 are received in the County Office is the date of repayment. Use PCP in effect on the date the receipt of the wire transfer is received.

Process loan redemptions made by wire transfer according to the following.

Step	
1	Upon request from a buyer or producer for a loan redemption by wire transfer, provide (by FAX, if requested) CCC-258 according to subparagraph C.
2	Advise the buyer or producer that the completed CCC-258 is to be: <ul style="list-style-type: none"> <li>• transmitted to the bank providing the wire transfer</li> <li>• FAXed by the bank or the buyer to the County Office <b>on the day of the wire transfer</b> with the bank’s receipt of the wire transfer.</li> </ul>
3	Accept the wire transfer receipt from the bank as confirmation of receipt of funds and record the repayment through APSS. The system will generate CCC-500 as a *--receipt for the wire transfer. The date the funds are transmitted to CCC’s account is the date of repayment. Use CCC-determined value in effect on the date received. See 3-FI for additional information on how to record remittance.  CCC-258 states that if funds are transferred to CCC’s account after the date in block 3, additional interest may be due.--*

## Section 5 Warehouse-Stored Repayments and Releases

## 770 Repayments and Releases

## A Repaying Loan Quantity

A producer may repay a warehouse-stored loan in full or in part; however, the quantity repaid may not be less than an entire receipt or a combination of 2 or more whole receipts to arrive at the repayment quantity.

**Note:** In part warehouse-stored loan repayments only apply to those loans with more than one warehouse receipt remaining under loan.

**Example:** A warehouse loan was 2 receipts: Receipt #1 = 1,000 bu.  
Receipt #2 = 1,500 bu.

Only repayment options for this loan are:

- full repayment of entire loan (both receipts)
- partial repayment of loan, either Receipt #1 **or** Receipt #2.

**Note:** Producer **cannot** make a 2,000 bu. partial repayment on this loan because there is not a whole receipt for 2,000 bu.--\*

## B Authorizing Warehouse Receipt Release

A producer may request authorization for CCC to release warehouse receipts to a buyer, agent, or warehouse representative after repaying the applicable loan quantity. County Offices shall complete CCC-685:

- **before** repayment
- according to subparagraph C.

**Note:** If the producer has designated the buyer, agent, or warehouse representative on FSA-211, do **not** complete CCC-685.

770 Repayments and Releases (Continued)

C Completing CCC-685's

County Offices shall complete CCC-685 according to this table.

Item	Instructions
1-5	Self-explanatory.
6	Enter date the producer or representative expects to complete the repayment transaction.
7	Enter loan principal and charges, plus interest for the loan.
8	Compute daily amount of interest for the loan or quantity to be redeemed and round to the nearest cent.
9	Obtain producer's signature.
10A	CED must sign before issuing to producer.
10B	Enter date authorization was issued.
10C	Enter a date that is 15 calendar days after date authorization is issued, but no later than the maturity date.

820 Delivered Quantities Exceeding Maximum Eligible Quantity (Continued)

C Additional County Office Action

Follow this table when additional action is necessary to obtain corrected documents.

IF the producer...	THEN the County Office shall...
fails to obtain the warehouse receipt and CCC-691 from the County Office for correction	<ul style="list-style-type: none"> <li>• obtain corrected warehouse receipts</li> <li>• consider the cost for splitting warehouse receipts as a cost incurred by CCC</li> <li>• enter the cost on CCC-691, item 26</li> <li>• complete the settlement process.</li> </ul>
obtains the warehouse receipt and CCC-691 from the County Office, <b>but fails</b> to return the corrected documents	establish a receivable through NRRS. The receivable amount is equal to the principal plus interest as of the date of the demand letter. On the 31st calendar day, if the amount due is <b>not</b> repaid by the 30th calendar day after the CCC-691 expiration or extended expiration date, the interest start date for the receivable shall be the 31st calendar day after the CCC-691 expiration or extended expiration date.
returns the corrected documents <b>after</b> the claim has been established	follow paragraph 867 and 12-PS for processing settlement of the loan in receivable status.

**Note:** If the loan collateral is sold by local sale, process settlement in APSS according to 12-PS.

**821 Determining Loan Settlement Values****A Base Loan Rates**

If the commodity is delivered to CCC from farm storage, settlement shall be made by CCC on the basis of the base loan rate:

- applicable to the crop year for the commodity
- for the county where the producer's customary delivery point is located
- adjusted for applicable premiums and discounts.

**\*--Note:** Each producer signing CCC-677 or CCC-678 is jointly and severally liable for repayment of the amount due.--\*

**B Determining Settlement Values**

Farm-stored loan settlement is based on the quantity and quality of the commodity delivered to CCC.

Determine farm-stored settlement rates on eligible commodities, as determined in applicable 2-LP, using the:

- specific crop year schedule of loan premiums and discounts for the:
  - crop year of the commodity delivered
  - factors or percent of factors shown on the warehouse receipts or inspection certificates
- additional schedule of discounts in effect on the date delivery was completed by the producer.

**Note:** For commodities where the loan rate was reduced for ACRE-elected farms, the base loan rate is the adjusted ACRE loan rate, as applicable.

**C Weight Basis for Premiums and Discounts**

See applicable 2-LP for applicable weight basis.

**826 Transmittal Control Documents (Continued)**

**E Submitting Documents**

\*--County Offices shall submit all documents, using overnight mail service through USPS, on the same day transmittal control documents are generated, for settlements as follows:--\*

USDA, FSA, KCCO, PD, MB  
STOP 8748  
PO BOX 419205  
KANSAS CITY MO 64141-6205.

\*--**Note:** These documents are being sent to a USPS post office box. UPS and FedEx must **not** be used to send them.--\*

**F Maintaining Copies**

County Offices shall maintain a copy of transmittal control documents and applicable attachments:

- by document number
- in a separate file for settlements and local sales, as applicable.

**827-855 (Reserved)**



## Part 9 Warehouse-Stored Loan Forfeitures

## 900 Loan Forfeitures

## A When to Process Forfeiture

Complete warehouse-stored loan forfeitures when producers do not repay warehouse-stored loans by the loan maturity date according to PS directives and 12-PS, applying premiums and discounts.

County Offices **must** immediately:

- before processing loan or forfeitures in APPS, contact the storing warehouse operator to obtain applicable storage or public tariff rates for Federally licensed warehouses and for warehouses in States listed in subparagraph 536 B
- process storage deductions, if applicable, using the offer shipping rate table for UGRSA warehouses in States listed in subparagraph 536 C; updated warehouse offer shipping rates for States listed in subparagraph 536 C are available at [http://erielake.sc.gov.usda.gov/whserates/grain/warehouse\\_rates.asp](http://erielake.sc.gov.usda.gov/whserates/grain/warehouse_rates.asp)
- process loan reversal in APSS according to PS directives and 12-PS
- reenter loan applying premiums, discounts, and other applicable charges according to PS directives and 12-PS

**Note:** Apply premiums, discounts, and other applicable charges to the loan rate that was reduced for ACRE-elected farms.

- process warehouse-stored loan forfeiture on the first day **after** the loan maturity date
- follow Exhibit 8, subparagraph A, “warehouse nonrecourse loan” to establish a receivable in NRRS, if an amount is due CCC

**\*--Note:** Each producer signing CCC-677 or CCC-678 is jointly and severally liable for repayment of the amount due.--\*

- mail the forfeited warehouse receipt to KCCO on the same day transmittal control documents are generated according to subparagraph 901 A.

**Note:** For EWR’s, select “Release Code/Reason”, “**9-Forfeiture**” to transfer EWR to KCCO.

900 Loan Forfeitures (Continued)

**B Verifying Documents**

Before processing the forfeiture in APSS according to 12-PS, County Offices shall:

- review the loan documents, each warehouse receipt, and if applicable, KC-350 (Grain) or KC-350 (Oilseed) for data accuracy

**Note:** If the review of loan documents and warehouse receipts reveals an overdisbursement of the loan, handle according to paragraph 31.

- ensure that warehouse receipts:
  - issued to the producer have been endorsed by the producer
  - contain proper authorized warehouse code and crop year
- verify weights, bu, and check against quantity shown on CCC-678
- enter the following in the upper-right corner of the warehouse receipt:
  - State and county codes
  - loan number
  - CCC storage start date according to subparagraph C.

The quantity eligible for forfeiture to CCC under a warehouse-stored loan is limited to the loan quantity specified on the warehouse receipt.

**C Determining CCC Storage Start Date**

Determine the storage start date for CCC according to this table.

**\*--Note:** When the forfeiture process in subparagraph A is followed, APSS should determine the storage start date for CCC automatically.--\*

<b>IF...</b>	<b>THEN...</b>
storage was paid or provided for through the maturity date	the storage start date for CCC is the day following the loan maturity date.
<b>either</b> of the following applies: <ul style="list-style-type: none"> <li>• warehouse-stored loan is called <b>before</b> maturity and storage is refunded according to subparagraph E</li> <li>• storage was prepaid <b>beyond</b> loan maturity</li> </ul>	the storage start date for CCC is the day following the date through which storage had been prepaid or provided.
storage charges through the maturity date were <b>not</b> paid or provided for at loanmaking	<ul style="list-style-type: none"> <li>• create a receivable through NRRS</li> <li>• process new loan adjusting loan rate.</li> </ul>

**901 Transmittal Control Documents (Continued)**

**E Submitting Documents**

\*--County Offices shall submit all documents, using overnight mail service through USPS, on the same day transmittal control documents are generated, for forfeitures as follows:--\*

USDA, FSA, KCCO, PD, MB  
STOP 8748  
PO BOX 419205  
KANSAS CITY MO 64141-6205.

\*--**Note:** These documents are being sent to a USPS Post Office box. UPS and FedEx must **not** be used to send them.

**F Maintaining Copies**

County Offices shall maintain a copy of transmittal control documents and applicable attachments by document number in a separate forfeiture file.--\*

**902-999 (Reserved)**



## Definitions of Terms Used in This Handbook (Continued)

### Recourse Loan

Recourse loan means MAL for which the commodity offered as collateral does **not** meet the quality eligibility requirements according to the applicable 2-LP, and:

- may not be delivered or forfeited to CCC in satisfaction of the loan indebtedness
- must be repaid in full on or before the loan maturity date at principal plus interest **only**.

The following are considered recourse loans:

- HM corn and grain sorghum
- acquired grain for HM corn or grain sorghum loans
- distress loans on any commodity that is not stored in eligible storage
- any commodity otherwise eligible for nonrecourse loan, but does not meet the quality eligibility requirements according to the applicable 2-LP.

### Representative Sample

Representative sample means a composite sample that is representative of the entire quantity.

### Spot Check

Spot check means to verify measurements, quantity, storability, and sanitary conditions of loan collateral.

### \*--Substituted Commodities

Substituted commodities mean commodities that are **not** harvested, sheared, or slaughtered by the eligible producer for the applicable crop year. Substituted commodities are **ineligible** for MAL's and/or LDP's.--\*

### Tie-In Bid

Tie-in bid means the bidder makes the acceptance of 1 item's bid conditional upon the acceptance of another item being bid on in the same sale.

### Title to the Commodity

Title to the commodity means a producer has not sold or delivered the commodity, including delivering warehouse receipts.

**Definitions of Terms Used in This Handbook (Continued)****Transfer**

Transfer means physically moving a quantity of the commodity pledged as collateral for an outstanding CCC loan, such as farm-to-warehouse transfers.

**Transferred Loan Quantity**

Transferred loan quantity means the loan quantity liquidated from the originating farm- or warehouse-stored loan.

**Unapproved/Unlicensed Warehouses**

Unapproved/unlicensed warehouses mean warehouses that are not CCC-approved or Federally or State licensed to store and issue negotiable warehouse receipts for commodities physically delivered or stored in the warehouses, such as but not limited to dairy, feedlot, pit, ethanol plant, feed mill, or wool pool.

**Unauthorized Disposition**

Unauthorized disposition means converting any loan quantity pledged as collateral for a farm-stored loan without prior written authorization from COC and is considered a violation.

**Unauthorized Removal**

Unauthorized removal means the movement of any farm-stored loan quantity from the storage structures in which the commodity was stored or structures that were designated when loan was approved to any other structure whether or not such structure is located on the producer's farm, without prior written authorization from COC and is considered a violation.

**Unshorn Pelt**

Unshorn pelt means the removed skin and attached wool from a slaughtered lamb that has never been shorn.

**\*--Wire Transfer**

Wire transfer means an electronic process of sending money from 1 account to another the same day. For commodity loan repayments by wire transfer, the date the funds are transferred and received in CCC's account is the date of repayment.--\*

Example Letters (Continued)

M Notification of Loan and LDP Problem (Continued)

\*--

You may (~~deliver~~**forfeit**) the loan collateral remaining in storage, in accordance with the note and security agreement, if you choose not to repay the amount due. (**Delivery instructions on CCC-691 will be issued /or the commodity will be forfeited**) on (**the 31<sup>st</sup> calendar day from the date of this letter**), if you fail to take the required actions.

**(If recourse loans and loans ineligible for delivery because of ineligibility of the producer or the commodity, enter)**

The loan collateral will be sold to the highest bidder, if you choose not to repay the amount due.

**(If LDP's enter)**

The LDP amount must be refunded if you fail to take the required action.

During these 30 calendar days, you may also inspect and copy records at the above address that relate to this determination.

Our records do not indicate that you have filed for bankruptcy protection. If you have filed for bankruptcy, please notify this office as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments. If you have any questions regarding this matter, please do not hesitate to contact us.

If you should need further assistance, please feel free to contact the FSA Service Center.

Sincerely,

County Executive Director

\_\_\_\_\_ County FSA Office

USDA is an Equal Opportunity Provider and Employer

--\*

Example Letters (Continued)

N Notification of Loan and LDP Violation

UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY _____ COUNTY FSA OFFICE ADDRESS CITY, STATE, ZIP CODE		
<b>(Date)</b>		
Producer's Name Address City, State, ZIP Code		
RE: <b>(enter crop year, commodity, and loan or LDP number)</b>		
Dear <b>(Producer's Name)</b> :		
<b>(Describe the circumstances that appear to involve a loan violation.)</b>		
This is a violation of the loan note and security agreement or LDP provisions. The following actions are applicable to <b>(loan/LDP)</b> violations:		
<b>(Enter the items applicable to the loan or LDP violation)</b>		
<ul style="list-style-type: none"><li>• The maturity date of the loan is accelerated to <b>(enter 30<sup>th</sup> day from date of this letter)</b></li><li>• LDP must be refunded, plus applicable interest</li><li>• Liquidated damage penalties are assessed on <b>(enter the violation quantity)</b></li><li>• To deny future farm-stored loans and LDP's without production evidence for ____ months <b>(COC option)</b></li><li>• <b>(enter the remaining loan quantity, if nonrecourse loan)</b> may be forfeited to CCC, or repay the loan at principal plus interest</li><li>• <b>(enter the remaining loan quantity, if recourse loan)</b> must be repaid at principal and charges plus interest.</li></ul>		
The following amounts are due <b>(enter the amounts as applicable)</b> :		
Principal or LDP Amount	Interest	Liquidated Damages (at 10%)
Market Gain	Other Charges Paid by CCC	Total Amount