

For: State and County Offices

**Local Sale of Farm-Stored CCC Inventory for Rice and Soybeans
Stored in the Federally-Designated Disaster Area**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

Notice LP-2005 waived the formal announcement of sale and invitation to bid process for completing on-farm local sales of corn.

Maturing rice and soybean marketing assistance loans (MAL's) are now eligible for local sale if:

- approved warehouses refuse CCC storage
- producers are unable to deliver.

8-LP provides policies and procedures for authorizing and announcing local sales of commodities for settlement of farm-stored MAL's. As a result of Hurricanes Katrina and Rita, CCC is waiving the formal announcement of sale and invitation to bid process for:

- completing on-farm local sales of September and October matured CCC rice and soybeans
- MAL's stored in the affected Federally-designated disaster areas.

CCC will offer producers of farm-stored rice and soybeans designated to be delivered in settlement of MAL's first rights to purchase the CCC-inventoried rice or soybeans in the States of Alabama, Arkansas, Louisiana, Mississippi, and Texas only.

Disposal Date	Distribution
September 1, 2006	State Offices; State Offices relay to County Offices

Notice LP-2006

1 Overview (Continued)

B Purpose

This notice informs State and County Offices that:

- the formal announcement and the invitation to bid process for conducting local sales are waived for rice and soybeans
- this is available to MAL's stored in affected Federally-designated disaster areas **only**
- this applies **only** to rice and soybean MAL's that:
 - matured in September 2005
 - will mature in October 2005
- producers who notify County Offices that MAL's will be delivered at maturity are offered first right to purchase the rice or soybeans.

C Contact

If there are any questions about this notice please contact Kimberly Graham at:

- 202-720-9154
- **Kimberly.Graham@wdc.usda.gov.**

2 Sale of Farm-Stored Rice and Soybean MAL's

A Waiver of Announcement of Sale and Invitation to Bid for Rice and Soybeans MAL's Maturing in September and October

The announcement of the local sale and invitation to bid procedures are waived for rice and soybean MAL's that matured in September 2005 and will be maturing in October 2005.

B Local Sale Policies for Commodities

County Offices shall process local sales of September and October 2005 matured rice or soybean MAL's when rice and soybeans will remain stored on the farm after loan maturity.

The borrower shall have first right to purchase the CCC rice and soybean inventory. The purchase must be completed within 60 calendar days of the MAL maturity date, for loans with a October maturity date. For MAL's that matured in September, but are still on the farm, producers will have 60 calendar days from the date of this notice to purchase the applicable commodity.

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2 Sales of Farm-Stored Rice and Soybean MAL's (Continued)

B Local Sale Policies for Commodities (Continued)

The borrower will be required to contact CCC before the October loan maturity date to indicate their intention to:

- settle the outstanding rice or soybean farm-stored MAL by rendering ownership of the stored commodity to CCC effective the date after MAL maturity
- purchase the applicable CCC inventory within 60 calendar days of the MAL maturity date.

Note: CCC inventory means September and October 2005 matured farm-stored rice and soybean MAL's.

For producers who fail to notify County Offices of their intentions **or** the sales proceeds are not received in the County Office within the applicable timeframe, County Offices shall follow procedures in 8-LP, Part 10.

Note: Credit for storage beyond the 60 calendar days after maturity will **not** be applicable to producers who indicate their intent to purchase the settled commodity.

For loans that matured in September and the rice or soybeans are still on the farm, contact the producers immediately and explain the contents of this notice. Producers will be provided 60 calendar days from the date of this notice to purchase the applicable commodity for September matured loans.

C Determining Settlement Value

The MAL settlement:

- value will be equal to the loan rate for rice or soybeans
- quantity will be equal to the outstanding loan quantity.

D Sales Price of Farm-Stored CCC Rice and Soybean Inventory

The sales price shall be determined by calculating the applicable CCC:

- rice inventory times the AWP in effect on the date the payment is received in the County Office for the purchase of CCC-inventoried rice
- soybean inventory times the PCP in effect on the date the payment is received in the County Office for the purchase of CCC-inventoried soybeans.

Note: Payments **must** be received within 60 calendar days after the loan maturity date to be considered a valid and completed sale.

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3 Action

A State Office Action

State offices shall:

- notify County Offices that the announcement of sale and invitation to bid for mature rice and soybean MAL's is waived for September and October 2005, **only**
- ensure that County Offices immediately notify producers with non-recourse rice and soybeans MAL's maturing in September and October of the contents of this notice
- maintain and provide a register of assigned local sale authorization numbers.

B County Office Action

County Offices shall notify producers of the contents of this notice by mail, e-mail, or in person and provide additional information included in Exhibit 1 on a separate sheet to all producers with non-recourse rice and soybeans MAL's with September or October maturity dates.

For producers who purchase farm-stored CCC-inventory through local sale, County Offices shall:

- request local sale authorization numbers from the State Price Support Specialist
- complete CCC-691, items 1-11 and Part C and attached it to the loan documents and the local sale report
- **not:**
 - complete CCC-638
 - draw a representative sample for the grade determination
 - apply the sales proceeds to the loan principal plus interest
- complete the local sale in APSS according to 8-LP, subparagraphs 1062 C and D
- deposit sales proceeds according to 3-FI, using program code "COMMLOSA".

