

For: State and County Offices

**CCC Authorizes On-Ground Farm Storage for Marketing Assistance Loans (MAL's) and Loan Deficiency Payments (LDP's) for Crop Year 2005**

Approved by: Acting Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

7 CFR Part 1421.103 (a)(2) states, "Approved farm storage is, if determined and announced to be available in a State or county, on ground storage and other temporary storage structures approved by CCC."

In response to Hurricane Katrina and its affect on grain storage, CCC approved the use of outside farm storage for commodities offered as collateral for a 9-month nonrecourse loan for crop years 2005 and 2006. MAL's and LDP's commodities stored on-ground will be considered approved farm-stored.

**B Purpose**

This notice informs State and County Offices:

- that on-ground or outside storage on the ground is approved farm-storage for crop year 2005 MAL's and LDP's
- of the policies for eligible commodities stored in bags
- obsoletes Notice LP-2002.

**C Contact**

If there are any questions about this notice, contact Kimberly Graham at 202-720-9154 or by e-mail at [Kimberly.Graham@wdc.usda.gov](mailto:Kimberly.Graham@wdc.usda.gov).

<b>Disposal Date</b>	<b>Distribution</b>
September 1, 2006	State Offices; State Offices relay to County Offices

## Notice LP-2018

### 2 Approval of Outside Farm-Storage

#### A On-Ground Farm Storage

Eligible harvested commodities stored on the ground are eligible to be pledged as collateral for a 9-month nonrecourse loan for crop year 2005 for MAL's and LDP's. Commodities stored on the ground must be:

- under the control of the producer (i.e. commodities must be on the ground on the producer's farm)
- protected from animals
- safely and securely located so that water drainage will not seriously affect the quality and quantity of the commodity pledged as collateral for MAL and LDP.

Producers are responsible for ensuring that the quantity and quality of the commodity pledged as MAL is maintained during the entire loan period. CCC shall not assume any loss in quantity or quality for any reason.

Producers may repay MAL commodities stored on-ground, as approved according to the contents of this notice, at either:

- principal and charges, plus interest
- the CCC-determined value, under the marketing loan provisions, according to 8-LP.

**Note:** The distress loan program is still available at the initiation of STC for commodities stored in ineligible storages.

## Notice LP-2018

### 2 Approved of Outside Farm Storage (Continued)

#### B Additional Eligible Storage Structures

Eligible harvested commodities may be stored in bags, if:

- COC determines that CCC's interests are not at risk
- the storage structure provides for safe storage.

Producers will be responsible for the delivery of the pledged collateral, if applicable, to CCC.

CCC shall **not**:

- assume any loss in quantity or quality
- incur any cost associated with the delivery of the commodity to CCC, if applicable.

Commodities pledged as collateral **cannot** be moved or commingled with any other commodity without prior County Office approval.

Follow procedures provided in 8-LP for commodities stored in bags.

#### C On-Ground Storage Provisions for 2006 Crops

Beginning with the 2006 crop year, commodities stored on the ground are ineligible for MAL's. The distress loan program is available and may be implemented according to program provisions provided in 8-LP, paragraph 481.

### 3 Action

#### A State Office Action

State Offices shall:

- ensure that County Offices immediately notify producers of the contents of this notice using all available sources
- require that County Offices spot check outside (on-ground) farm-storage MAL's before MAL approval and disbursement.

#### B County Office Action

County Offices shall:

- publicize the contents of this notice all producers
- remind producers of conditions, provided in the item 18 on CCC-666
- spot check outside (on-ground) farm-storage MAL's before approving the MAL request.

If it is determined that CCC interests are at risk, then MAL shall be called immediately.