

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

**Turn-Around Marketing Assistance Loan (MAL) Policy**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

Provisions in the 2002 Act allowed producers to:

- obtain MAL with commingled loan commodities owned by other producers in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority
- immediately redeem the loan collateral with commodity certificates.

**Note:** This practice has been defined as the turn-around MAL.

8-LP, paragraph 994 provides turn-around MAL and commodity certificate exchange policy and 7 CFR Part 1421.8 provides the governing regulation.

The Food, Conservation, and Energy Act of 2008 removed this provision for all loan commodities, **except** cotton.

**B Purpose**

This notice informs State and County Offices that effective immediately, commingled commodities stored at unapproved/unlicensed warehouses are **not** eligible for a turn-around MAL.

**Disposal Date**

May 1, 2009

**Distribution**

State Offices; State Offices relay to County Offices and FAX to CMA's and DMA's

## Notice LP-2106

### 2 Turn-Around MAL Policy

#### A Commodity Certificate Exchange Policy for Commingled Commodities Stored at Unapproved/Unlicensed Warehouses

**Effective immediately**, producers who store commingled commodities in unapproved/unlicensed warehouses, are **not** eligible to repay MAL using the commodity certificate exchange.

#### B Beneficial Interest

Producers delivering commodities according to subparagraph A, will lose beneficial interest in the commodity on the day of delivery.

#### C Commodity Certificate Exchange Policy for Commodities Stored at Federally or State Licensed Warehouses, or CCC-Approved Warehouses

Federally or State licensed warehouses, with or without a CCC storage agreement, and CCC-approved warehouses are eligible to store CCC loan commodities. Producers who store commodities in these facilities are eligible to repay a turn-around MAL using the commodity certificate exchange provision **only** for the 2008 and 2009 crop years.

The authority to offer or make available commodity certificate exchanges to producers will terminate at the end of the 2009 crop year and will be unavailable for subsequent crop years (2010 through 2012).

### 3 Action

#### A State Office Action

State Offices shall:

- publicize the contents of this notice immediately to the maximum extent possible
- instruct County Offices to notify all producers of the contents of this notice using all available resources.

#### B County Office Action

County Offices shall:

- publicize and notify producers immediately of the contents of this notice
- use every available resource to inform producers and farm organizations of the contents of this notice.