

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Marketing Assistance Loans and
Loan Deficiency Payments for
2002 and Subsequent Crop Years
8-LP (Revision 1)**

Amendment 24

Approved: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 1 B has been amended to refer to the Food, Conservation, and Energy Act of 2008.

Subparagraphs 25 C through F have been amended to revise CCC-770 LDP/eLDP and CCC-770 MAL instructions.

Subparagraph 129 J has been amended to add that a commodity is not considered rejected, if the producer receives a reduced contract price for the commodity.

Subparagraph 131 A has been amended to add guidance on handling situations that may arise when a producer has a commodity contract with a company that has filed for bankruptcy protection.

Subparagraph 134 C has been amended to add that the repledged loan interest rate shall be the applicable rate on the day the repledged loan is disbursed.

Paragraph 301.5 has been amended to allow submitting CCC-633 EW starting October 1 of the preceding crop year and clarify when to send CCC-633 EW, page 1 copies.

Subparagraph 345 C has been amended to remove references to CCC-633 LDP and CCC-709.

Subparagraphs 407 B, G, and I have been amended to remove that a fee will be assessed for new and modified commodity assessment collections.

Subparagraph 994 A has been amended to provide new turn-around MAL policy for producers who store commingled commodities in unapproved/unlicensed warehouses.

Subparagraph 1508 B has been amended to clarify the note for LDP's issued for destroyed mohair and wool.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Exhibit 8, subparagraph B has been amended to provide an additional note to clarify when a delinquent Federal nontax debt is considered resolved.

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Part 1 Basic Program Provisions**Section 1 Handbook Provisions****1 Handbook Purpose and Authority****A Purpose**

[7 CFR 1421.1] This handbook provides general instructions for administering loans and LDP's primarily for wheat, feed grains, pulse crops, oilseeds, wool, and mohair.

However, these provisions may pertain to other commodities. When these provisions apply, the individual commodity handbooks will reference this handbook.

Note: Provisions specific to individual commodities are issued on a continuing basis in the following handbooks:

- 7-CN
- 14-CN
- 2-LP Grains and Oilseeds
- 2-LP Honey
- 2-LP Peanuts
- 2-LP Rice
- 10-SU.

B Sources of Authority

Authority for the policies prescribed in this handbook is in the following:

- *--the Food, Conservation, and Energy Act of 2008--*
- the Farm Security and Rural Investment Act of 2002 for 2002 and subsequent crop years
- 7 CFR Part 1421.

2 Administrative Responsibilities

A Responsibilities

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

IF the administrative level is the...	THEN...
National Office	<ul style="list-style-type: none"> • the CCC Board and Executive Vice President shall determine policy and program provisions • the Executive Vice President, CCC, or designee, shall: <ul style="list-style-type: none"> • make a determination on any question arising under this program • revise or rescind an incorrect determination made by COC, STC, KCAO, KCCO, or KCFO • PSD shall administer loan and LDP programs under the general supervision and direction of DAFP.
State Office	<p>STC shall:</p> <ul style="list-style-type: none"> • determine State-wide policy according to this handbook and guidance received from the National Office • administer all phases of the program in the State through SED • annually complete reviews of COC-established yields according to paragraph 132 •*--annually review EM levels for applicable commodities • require DD's or designee to: <ul style="list-style-type: none"> • monitor and ensure that loan and LDP computations and disbursements are based on handbook procedures <p style="margin-left: 40px;">Example: Farm-stored loan disbursements shall be closely monitored to ensure premiums and discounts were not included in the loan amount disbursed.</p> • ensure 2nd party reviews of loans and LDP's are completed according to subparagraph 136 A.--* <p>Note: STC may:</p> <ul style="list-style-type: none"> • correct, or require COC to correct, any action taken that contradicts this handbook and other current policy • require COC to withhold taking any action that is not consistent with this handbook and other current policy.

25 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

C CCC-770 LDP/eLDP's

The following is an example CCC-770 LDP/eLDP.

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This form is available electronically.					
CCC-770 LDP/eLDP (12-23-08)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. Producer/Applicant Name	2. Date of Application (MM-DD-YYYY)	
	LOAN DEFICIENCY PAYMENT (LDP) AND eLDP PROGRAM REVIEW CHECKLIST		3. State Office Name	4. County Office Name	
			5. Crop Year	6. LDP or eLDP Number	
			7. Farm Number	8. Commodity/Class/Type	
NOTE: Properly completed forms mean completed according to the applicable procedure. This shall include proper signature, shares, ID numbers, addresses, date stamp, etc.					
9. LDP Request/Application		Handbook or Other Applicable References	YES	NO	N/A
A. Is there a properly completed and signed CCC-633 EZ Page 1 on file? <i>Explain "NO" answer.</i>		8-LP, paragraph 301.5 7-CN, paragraph 261F, 261.5			
B. Was the CCC-633 EZ Page 1 filed prior to loss of beneficial interest? <i>Explain "NO" answer.</i>		8-LP, paragraph 301.5 7-CN, paragraph 261.5, 275.5			
C. Has the CCC-633 EZ, Page 1 been forwarded to other county offices, if applicable?		8-LP, paragraph 301.5 7-CN, subparagraph 261G			
D. Was the completed CCC-633 EZ, Page 1 and applicable LDP benefit request page (page 2, 3 or 4) received in the county office on or before the final loan/LDP availability date?		8-LP, paragraph 127 7-CN, paragraph 263			
E. Are CCC-633 EZ, Page 1 and Pages 2, 3, or 4 date-stamped?		8-LP, subparagraph 301E 7-CN, paragraph 263			
F. Did the producer answer the question, "Are you or any co-applicant delinquent on any Federal non-tax debt?"		8-LP, subparagraph 101B 7-CN, subparagraph 100.5			
G. Has a second party reviewer verified and initialed the applicable LDP benefits page (CCC-633 EZ, Page 2, 3 or 4) to ensure the applicable LDP request was properly completed and ready for approval and processing?		8-LP, paragraph 136 7-CN, paragraph 271A, 274J			
10. Producer/Commodity Eligibility (Continuation)		Handbook or Other Applicable References	YES	NO	N/A
A. Is there a properly completed and timely filed FSA-578 on file for the applicable crop year, with all cropland reported? <i>Explain "NO" answer.</i>		8-LP, paragraphs 100 and 128 7-CN, paragraph 100A 2-CP, paragraph 15			
B. Has producer eligibility been verified on the CCC-770 Eligibility Checklist?		8-LP, paragraph 100 7-CN, paragraph 53A			
C. Is the quantity requested for LDP within the COC-established reasonable yield for the commodity? NOTE: County Office must run price support queries or determine reasonableness based on maximum eligible quantity as applicable.		8-LP, paragraph 132 7-CN, paragraph 119B			
D. If the requested quantity exceeded COC established reasonable yield, did the COC determine the quantity was reasonable? <i>Explain "NO" answer.</i>		8-LP, paragraph 132 7-CN, subparagraph 119C			
E. Did the producer have risk of producing the crop?		8-LP, paragraph 100 7-CN, paragraph 100			
F. If LDP is based upon date beneficial interest is lost, was acceptable production evidence provided and was the LDP rate verified? <i>Explain "NO" answer.</i>		8-LP, paragraph 129A, 303 7-CN, paragraph 262			

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25 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

C CCC-770 LDP/eLDP's (Continued)

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CCC-770 LDP/eLDP (12-23-08)		Page 2		
10. Producer/Commodity Eligibility (Continuation)	Handbook or Other Applicable References	YES	NO	N/A
G. Is LDP rate correct for request date and county where marketed or stored, if beneficial interest is maintained? (N/A for cotton)	8-LP, paragraph 303			
H. Is LDP rate correct for "dates of Delivery", if LDP requested based on date of delivery? (N/A for cotton)	8-LP, paragraph 303			
11. LDP Processing				
A. Has form CCC-674 or SF-LLL been obtained, if applicable? (LDP greater than \$100,000)	8-LP, paragraph 17 7-CN, paragraph 37			
B. Has the Financial Services System been updated to reflect assignments, if applicable? NOTE: All assignments should be on file and recorded in Financial Services as "LDP" and "LDP Web", for e-mails. (Not applicable to CMA's)	63-FI, Parts 3 and 4			
12. eLDP Processing				
A. Has eLDP customer profile been established? (Not applicable to CMA's).	15-PS, paragraph 251 7-CN, paragraph 282B			
B. Has eLDP application been submitted and printed?	15-PS, Part 3 7-CN, paragraph 285.2			
13. Cotton -- Specific LDP Processing				
A. If request is for a module-lock-in LDP, is the request date after the beginning-of-harvest-date for the County?	7-CN, paragraph 261.5 and subparagraph 274			
B. If request is for a module-lock-in LDP, does production evidence from the gin indicate that the bales were produced from the modules identified on the original application.	7-CN, subparagraph 275B			
C. Has CCC-Cotton AA-1 been printed, filed in LDP folder and given to producer?	7-CN, subparagraph 278C			
14. Remarks				
<p>Certification: I (we) the undersigned certify the above items have been verified or updated accordingly. I also certify that the applicable LDP documents will be filed in accordance with Handbook 25-AS and that the producer will receive the applicable LDP documentation according to policies and procedures found in Handbook 8-LP.</p>				
15A. Signature of Preparer(s)		15B. Date (MM-DD-YYYY)		
16A. I concur/do not concur the above items have been verified or updated accordingly. <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur				
16B. CED Signature for Spotcheck		16C. Date (MM-DD-YYYY)		
17A. I concur/do not concur the above items have been verified or updated accordingly. <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur				
17B. STC Designee Signature for Spotcheck		17C. Date (MM-DD-YYYY)		
The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.				

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25 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

D CCC-770 LDP/eLDP Instructions

The following are FSA employee CCC-770 LDP/eLDP instructions.

Item	Instructions
1	Enter name of producer. This should be the name of the individual, joint operation, or entity for which benefits may be requested.
2	Enter date of LDP application.
3 and 4	Enter State and county name.
5	Enter crop year.
6	Enter LDP or eLDP number.
7	Enter farm number.
8	Enter commodity/class/type.
LDP Request/Application	
9 A - G	Enter check (✓) in the appropriate box to designate either "Yes" or "No". * * * Note: For CCC-770 questions not applicable, enter "N/A"
Producer/Commodity Eligibility Verification	
10 A - H	Enter check (✓) in the appropriate box to designate either "Yes" or "No". * * * Note: For CCC-770 questions not applicable, enter "N/A". Questions 10 A through 10 E are not applicable to CMA's.
LDP Processing/Approval	
11 A and B	Enter check (✓) in the appropriate box to designate either "Yes" or "No". * * * Note: For CCC-770 questions not applicable, enter "N/A". Question 11 B is not applicable to CMA's.

25 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

D CCC-770 LDP/eLDP Instructions (Continued)

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Item	Instructions
eLDP Processing	
12 A and B	Enter check (✓) in the appropriate box to designate either “Yes” or “No”. Note: For CCC-770 questions not applicable, enter “N/A”. Question 12 A is not applicable to CMA's.
Cotton-Specific LDP Processing	
13 A and B	Enter check (✓) in the appropriate box to designate either “Yes” or “No”. Note: For CCC-770 questions not applicable, enter “N/A”. Questions 13 A-C are only applicable to cotton LDP's.
14	Enter any remarks pertaining to any questions included on CCC-770.
Certification	
15 A and B	At the time of completing the LDP request, the preparer shall sign and date.
16 A - C	CED shall enter (✓) in applicable box (Concur or Do Not Concur) and date. Note: This item will only be completed, if the applicable CCC-770 is selected for spot check.
17 A - C	DD shall enter (✓) in applicable box (Concur or Do Not Concur) and date. Note: This item will only be completed if the applicable CCC-770 is selected for spot check.

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25 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

E CCC-770 MAL's

The following is an example CCC-770 MAL.

*--

This form is available electronically. CCC-770 MAL U.S. DEPARTMENT OF AGRICULTURE (12-23-08) Commodity Credit Corporation						1. Name of Applicant				
MARKETING ASSISTANCE LOAN (MAL) PROCESSING CHECKLIST						2. Date of Application (MM-DD-YYYY)		3. Loan Type:		
								Warehouse	FS-Cert.	FS-Measured
						4. State Office Name		5. County Office, DMA or CMA Name		
6. Commodity		7. Class/Type		8. Crop Year	9. Farm Number	10. Warehouse	11. No. of Warehouse Receipts:			
						Paper:		EWR:		
12. MAL Request/Application:						Handbook or Other Applicable References		YES	NO	N/A
A. Is the CCC-666 properly completed and signed for farm-stored loans?						8-LP, subparagraph 400A				
B. For warehouse-stored loans, has the warehouse receipt been properly endorsed?						8-LP, paragraph 448				
C. For measured loans, has the CCC-666, FSA-409 and the CCC-677-1 been completed and signed?						8-LP, Part 4				
D. Is the CCC-10 properly completed and on file?						8-LP, paragraph 414				
13. Producer/Commodity Eligibility Verification:										
A. Has the FSA-578 been properly completed and filed? <i>(Not applicable for CMA's).</i>						8-LP, subparagraph 100A				
B. Has the CCC-770 Eligibility checklist been completed and verified? <i>(Not applicable for CMA's).</i>						3-PL, paragraph 3				
C. Did the producer answer the question, "Are you or any co-applicant delinquent on any Federal non-tax debt?"						8-LP, subparagraph 101B				
D. Is the eligible loan commodity in existence and in storable condition?						8-LP, Paragraph 126				
E. Has the loan been requested on or before the final loan availability date?						8-LP, subparagraph 127C				
F. Did the producer certify to maintaining beneficial interest in the crop? <i>County Offices shall review contracts, if provided.</i>						8-LP, paragraphs 129, 130, 131				
G. Is the quantity requested within the COC-established reasonable yield for the commodity? Note: County Office MUST run price support queries or determine reasonableness based on maximum eligible quantity as applicable.						8-LP, paragraph 132				
H. Did the producer certify to having risk of producing the crop? <i>(Not applicable for CMA's).</i>						8-LP, subparagraph 100A				
I. Has a second party review been properly completed? Ensure that the loan application was initiated by the reviewer.						8-LP, subparagraph 136A				
14. MAL Processing/Approval:										
A. Has a lien search been performed, if applicable? <i>(Not applicable for CMA's).</i>						8-LP, paragraph 403				
B. Have lien waivers been obtained, if applicable?						8-LP, paragraph 404				
C. For DAFP authorized loan deductions, were the deductions submitted on a statement of charges signed by the producer?						8-LP, paragraph 404				
D. Were the deductions made according to lien-holder instructions on CCC-679?						8-LP, paragraph 404				
E. Has the UCC-1 been properly filed and verification of the filing was received? <i>(Not applicable for CMA's).</i>						8-LP, paragraph 423				
F. Were CCC-683, Commodity Loan Seals provided for farm stored MAL?						8-LP, paragraph 425				

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25 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

E CCC-770 MAL's (Continued)

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CCC-770 MAL (12-23-08)		Page 2		
14. MAL Processing/Approval (Continuation):	Handbook or Other Applicable References	YES	NO	N/A
G. Has the CCC-665, Agreement for Grain Pledged as Collateral For CCC Commodity Loans, been properly completed, if applicable.	8-LP, paragraph 429			
H. Was the applicable loan rate for the stored commodity requested for loan verified? Note: Loan rate is based on where the commodity is stored.	8-LP paragraph 405			
I. Has form CCC-674 or SF-LLL been obtained, if applicable? (MAL disbursement greater than \$150,000)	8-LP, paragraph 17			
15. Remarks				
<p>Certifications: <i>I (we) the undersigned certify the above items have been verified or updated accordingly. I also certify that the producer will be provided the applicable Note and Security Agreement and the Note and Security Agreement Terms and Conditions upon the approval of the requested marketing assistance loan and that the policies and procedures were followed according to Handbook 8-LP and other policy handbooks, as applicable.</i></p>				
16A. Signature of Preparer(s)		16B. Date (MM-DD-YYYY)		
<p>17A. I concur/do not concur the above items have been verified or updated accordingly. <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur</p>				
17B. CED Signature for Spotcheck		17C. Date (MM-DD-YYYY)		
<p>18A. I concur/do not concur the above items have been verified or updated accordingly. <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur</p>				
18B. STC Designee Signature for Spotcheck		18C. Date (MM-DD-YYYY)		
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25 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

F CCC-770 MAL Instructions

The following are FSA employee CCC-770 MAL instructions.

Item	Instructions
1	Enter name of producer. This should be the name of the individual, joint operation, or entity for which benefits may be requested.
2	Enter date of MAL request (MM-DD-YYYY).
3	Enter check (✓) by applicable loan type (warehouse, farm-stored, or farm-stored measured).
4 and 5	Enter State and County Office, DMA, or CMA name.
6 and 7	Enter commodity and class or type.
8	Enter crop year.
9	Enter farm numbers.
10	Enter warehouse code, for warehouse-stored loans.
11	Enter number of warehouse receipts pledged as collateral for MAL.
MAL Request/Application	
12 A - D	Enter check (✓) in the appropriate box to designate either "Yes" or "No". * * * Note: For CCC-770 questions not applicable, enter "N/A". Example: Question 12 A, "Is the CCC-666 properly completed and signed for farm-stored commodities?" is only applicable to farm-stored. Therefore, for warehouse-stored loans, this question is not applicable and "N/A" should be entered in the "NO" column.
Producer/Commodity Eligibility Verification	
13 A - I	Enter check (✓) in the appropriate box to designate either "Yes" or "No". * * * Note: For CCC-770 questions not applicable, enter "N/A". Questions 13 A, 13 B, 13 G, and 13 H are not applicable to CMA's.

25 CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

F CCC-770 MAL Instructions (Continued)

Item	Instructions
	MAL Processing/Approval
14 A - I	Enter check (✓) in the appropriate box to designate either "Yes" or "No". * * * Note: For CCC-770 questions not applicable, enter "N/A". Questions 14 A and 14 E are not applicable to CMA's.
15	Enter any remarks pertaining to any questions included on CCC-770.
	Certification
16A and B	When completed, for the MAL request, preparer shall sign and date.
17 A - C	CED shall enter check (✓) in applicable box (Concur or Do Not Concur) and date. Note: This item will only be completed, if the applicable CCC-770 is selected for spot check.
18A - 19C	DD shall enter check (✓) in applicable box (Concur or Do Not Concur) and date. Note: This item will only be completed, if the applicable CCC-770 is selected for spot check.

129 Beneficial Interest (Continued)

E Option to Purchase Language

If a producer has entered into an option to purchase, the producer may receive a payment from the buyer and retain beneficial interest if the option to purchase contains a provision exactly as follows:

--“Notwithstanding any other provision of this option to purchase, title and control of the commodity, and beneficial interest in the commodity, as specified in 7 CFR Part 1421 shall remain with the producer until the buyer exercises this option to purchase the commodity. This option to purchase shall expire, notwithstanding any action or inaction by either the producer or the buyer, at the earlier of: (1) the maturity of any Commodity Credit Corporation loan which is secured by such commodity; (2) the date the Commodity Credit Corporation claims title to such commodity; or (3) such other date as provided in this option.”--

Inserting this language into a sales contract does not mean that the producer retains beneficial interest when a payment from the buyer is made under the contract.

If a producer has or will receive a payment from the buyer in return for a sales contract, beneficial interest is lost when the payment is made.

F Retaining Beneficial Interest

For a producer to retain eligibility to obtain a loan or LDP, **any** contract signed by a producer must conform to **all** provisions for beneficial interest.

Beneficial interest must be retained by a producer from harvest continuously through:

- for LDP, the date LDP is requested
- for loan, the earlier of the following date:
 - the loan is repaid
 - CCC takes title to the commodity.

129 Beneficial Interest (Continued)

G Losing Beneficial Interest

If a producer sells the equity in the commodity, the commodity is immediately ineligible for a loan or LDP. If the commodity has been pledged as collateral for a loan or LDP has been made, immediate repayment of the loan principal and charges, plus interest, or LDP amount plus interest, as applicable, is required.

When beneficial interest in the commodity is lost by the producer, the commodity remains ineligible for loan or LDP even if the producer regains any of the following:

- control of the commodity
- title to the commodity.

The producer loses beneficial interest upon signing any contract that contains, but is not limited to, the following provisions:

- buyer has the option to require the producer to obtain loan or LDP
- requires producer to obtain permission from buyer to request a loan or LDP
- requires that casualty losses be paid to the buyer's account.

See 2-LP Peanuts for additional information on peanuts.

H Transferring or Assigning Interest

Interest in a commodity or the right to redeem a commodity under loan may **not** be transferred or assigned except according to paragraphs 1401 and 1402, or by executing FSA-211.

I Integrated Entity

The fact that a buyer may also be the storing warehouse operator, lender, or other business shall **not** be considered a reason to cause beneficial interest to be transferred.

Note: If the contract between the buyer and the producer restricts the producer's ability to take possession of the commodity or warehouse receipts, the producer would be considered to have lost control when the commodity or warehouse receipts are delivered to the integrated entity.

J Commodity Rejected and Returned

If the commodity is delivered to a buyer, processor, or mill that rejects the commodity because minimum standards are not met, beneficial interest shall **not** be considered lost by the producer if the commodity is returned to the producer.

*--The commodity is **not** considered rejected if the producer receives a reduced contract price for the commodity.--*

131 Reviewing Contracts

A Documents for Review

[7 CFR 1421.6] County Offices shall review contracts or leases, as applicable, **only** when there is reason to believe the producer may have lost beneficial interest in the commodity.

When requested by the County Office, producers shall provide the following, as applicable:

- copy of the combination lease agreement
- copy of all options to purchase and all sales contracts
- certification of no contract according to subparagraph B.

Producers who provide the certification according to subparagraph B shall be advised that, for loans only, if a contract is negotiated at a later date, the following, as applicable, must be provided to the County Office:

- copies of written contracts
- terms and conditions of verbal contracts.

For loans repaid by buyers under CCC-685, County Offices shall contact producers who certified to no contract to verify whether a contract has been negotiated subsequent to the certification. This verification is **not** required for repayments using CCC-681-1.

*--If a commodity contract is received in the County Office, and it is known that the company has filed for bankruptcy protection, State and County Offices must:

- review the contract
- make a beneficial interest determination based on the submitted contract.

Regional OGC Attorneys may need to be consulted before the beneficial interest determination can be made.

Producers with a commodity contract from a company that has filed for bankruptcy protection are eligible to request MAL or LDP.

Important: The contract status is **not** affected by the bankruptcy. FSA does **not** intend to intervene with legal matters concerning commodity contracts.

State and County Offices shall **not** provide recommendations or suggestions to producers regarding legal matters about contracts.

Producers must seek their own counsel to determine and establish any legal rights and/or claims about their contract.--*

131 Reviewing Contracts (Continued)

B Certification of No Contract

The following certification must be provided if the producer does not have a written contract and there is reason to believe the producer may have lost beneficial interest in the commodity.

REPRODUCE LOCALLY

OPTION TO PURCHASE AND SALES CONTRACT CERTIFICATION

LDP Number _____ Loan Number _____

The undersigned producer(s) ("Producer") has requested a loan or loan deficiency payment (LDP) from the Commodity Credit Corporation (CCC). With respect to the commodity which will be the subject of such loan or LDP, the Producer certifies that; (1) the Producer has had beneficial interest in the commodity and has not lost such interest before filing for the LDP application or loan application; (2) the Producer did not enter into any written option to purchase or any written contract for sale, with respect to the commodity to sell, deliver, or market the commodity, before such loan or LDP was requested; (3) the Producer did not enter into a verbal option to purchase or verbal contract for sale, except as noted below; (4) no payment with regard to such commodity was received before such loan or LDP was requested. The Producer understands that this certification is subject to review by CCC to determine that no option to purchase, contract for sale, or payment was applicable to the commodity. If any option to purchase, contract for sale, or payment is later negotiated while the commodity is pledged for collateral for a loan, the producer agrees to notify the County FSA Office of such event and to provide a copy of such option or contract to the County FSA Office for review. Upon such notification, CCC shall review such option to purchase and contract for sale for a determination of the date beneficial interest would be considered to have been lost. By signing this certification, the Producer warrants and agrees that the making of any fraudulent representation may render the Producer subject to criminal prosecution under Federal law and will result in the refund by the producer of any amounts paid as the result of the fraudulent representation, plus interest.

Terms and Conditions of Verbal Contract:

Signature of Producer Date Signature of Producer Date

This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability.

134 Repledging Commodities

A Basic Provisions

Before the final loan availability date, producers may re-offer as security or repledge as collateral for a loan any commodity that has been previously mortgaged or pledged, except for those situations described in subparagraph B.

B Ineligible for Repledge

The following table provides situations when a commodity is ineligible to be repledged.

IF the commodity represents...	THEN...
a loan that was called because of a violation of provisions for: <ul style="list-style-type: none"> • loans or LDP's • HELC or WC, according to 6-CP 	the commodity shall not be repledged for loan.
1 or more of the following conditions: <ul style="list-style-type: none"> • loans called at CCC's option • commodities redeemed with cash at a rate less than the principal plus interest •*--commodities for which loss of beneficial interest has occurred and CCC-633 EZ, page 1 is not on file--* • commodities that were previously collateral for recourse loans, except distress loans • loan commodities were acquired using commodity certificates • commodities for which LDP was made 	
a loan disbursed under distress loan provisions	see Part 4, Section 7.

134 Repledging Commodities (Continued)

C Maturity of Repledged Loan

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.

--The repledged loan interest rate shall be the applicable rate on the day the repledged loan is disbursed.--

D Applicability of State Assessments

State commodity assessments, when applicable, shall **not** be deducted on the repledged loan quantity.

301.5 CCC-633 EZ

A Page 1

The purpose of the CCC-633 EZ, page 1 is to:

- allow producers to indicate their intention to receive LDP benefits
- be completed 1 time per crop year to include all eligible commodities in which the producer maintains beneficial interest on the date page 1 is received in the applicable County Office
- cover all counties in which the producer or entity does business.

CCC-633 EZ, page 1:

- **must** be received in the County Office on or **before** subsequent CCC-633 EZ pages are submitted for payment

Note: DMA's and LSA's will obtain CCC-633 EZ from their customers.

- is crop year specific and does **not** apply for subsequent crop years
- *--may be submitted by the producer for the upcoming crop year, beginning **October 1** of the preceding crop year, through the final loan availability date for the applicable commodity, as long as the producer still has beneficial interest in the commodity.

Example: The producer visits the FSA County Office for DCP signup on December 24, 2008, the FSA County Office may also accept a 2009 crop CCC-633 EZ, page 1 from the producer.--*

County Offices shall encourage producers to submit CCC-633 EZ, page 1 each crop year whether or **not** the producer plans to subsequently request a loan or LDP.

Because CCC-633 EZ, page 1 serves as the producer's **intention** to request and receive LDP benefits, the producer still maintains the ability to pledge the eligible commodity for MAL. The eligible commodity becomes ineligible for MAL, when page 2 or 4 has been submitted for payment of LDP benefits.

301.5 CCC-633 EZ (Continued)**A Page 1 (Continued)**

The County Office receiving the initial filing of CCC-633 EZ, page 1, will:

- complete Part D
- FAX or mail a copy to all County Offices, identified in item 5, in which the producer or entity has a farming interest.

Note: If there are additional counties that the producer neglected to include in item 5, LDP benefits are **not** denied because that County Office did **not** receive *--CCC-633 EZ, page 1; FAX or mail those omitted County Offices a copy of CCC-633 EZ, page 1 when identified.--*

B Page 2

CCC-633 EZ, page 2 is for all harvested commodities, **except** cotton.

For commodities harvested as other than grain, fed, or used for seed, CCC-633 EW **must** be completed **before** LDP can be issued according to paragraph 536.

Producers may submit:

- multiple requests using the applicable CCC-633 EZ, page 2, 3, or 4 to cover all eligible quantities
- one CCC-633 EZ, page 2 to cover multiple commodities if the quantities are request on the same day, **except** cotton.

Example: Producer can submit CCC-633 EZ, page 2 on January 21, 2006, requesting LDP on corn and soybeans. Only one CCC-633 EZ, page 2 is necessary.

Note: Once CCC-633 EZ, page 2, 3, or 4 is submitted and approved for payment, **no** other changes can be made to the original request.

Section 4 Contaminated Commodities**345 Eligibility for LDP****A Commodity Definitions**

Contaminated commodities are commodities that contain any of the following:

- mercurial compounds
- toxin producing molds, such as aflatoxin
- other substances poisonous to humans or animals
- contamination in food commodities.

Illegally contaminated and nonmarketable commodities that test positive for a contaminant are not eligible for loan or LDP.

B Eligible Commodities

Contaminated commodities are eligible for nonrecourse loans according to Part 4, Section 2. Any contaminated commodity must be merchantable to be eligible. Any commodity eligible for nonrecourse loan is eligible for LDP under this section.

Contaminant testing is not required for LDP.

C LDP Request

--Request LDP's on CCC-633 EZ, Page 1, and Page 2, 3, or 4, as applicable.--

345 Eligibility for LDP (Continued)

D LDP Rate

Use the LDP rate applicable to the date of:

- request for basic LDP's
- delivery for field direct LDP's
- harvest for commodities immediately fed during harvest.

E Production Evidence

Production evidence is required according to Part 5, Section 3, when producers are selected for spot check.

346-356 (Reserved)

406 Determining Interest Rate (Continued)

C Interest Applicable to Violations

The interest rate for:

- loan violations is the interest rate applicable to the loan, according to subparagraph A
- LDP violations is the interest rate applicable to CCC loans, excluding the additional 1 percent, for the month in which LDP was made.

407 Collecting Commodity Assessments and Other Fees**A Applicability**

[7 CFR 1405.9] The Secretary of Agriculture has the authority to collect approved State and Federal commodity assessments on behalf of State or Federal entities from the proceeds of MAL's. The assessment may be collected at the time MAL is disbursed or forfeited. The provisions outlined in this paragraph are applicable beginning with the 2006 crop and includes new and existing collections.

B Conditions for Collection

For State commodity assessments the State entity **must**:

- submit a written request for the collection of a commodity assessment and a copy of the State legislation authorizing the commodity assessment to the applicable SED; the written request must indicate when the assessment is to be collected according to subparagraph A, and the name of the State entity director or official authorized to enter into an agreement with CCC
- provide a written opinion from the Office of the Attorney General that verifies the State Director or authorized Official has legal authority to enter into agreement with CCC and that the State legislation authorizing the collection of the commodity assessment is in compliance with Pub. L. 108-470
- have the director or authorized signing official of the State entity sign a MOU agreeing to the terms and conditions as provided in the MOU, according to subparagraph C.

* * *

For Federally mandated commodity assessments, the Federal entity **must** submit a written request and a copy of the Federal statute authorizing the collection of the commodity assessment to the address provided in subparagraph H.

407 Collecting Commodity Assessments and Other Fees

G Modifying an Existing Commodity Assessment Collection

Federal and State entities **must** submit to the applicable SED:

- written request for the modification of an existing collection, indicating when the modified collection is to begin and the name of the Federal or State entity director or official authorized to enter into an agreement with CCC
- copy of the legislation authorizing the change in the rate
- method of collection, etc.

* * *

H Submitting Request for New or Modified Commodity Assessment Collections

State Offices shall mail requests to:

Director, USDA-FSA-PSD
1400 Independence Ave SW
STOP 0512
Washington DC 20250-0512.

I New and Modified Commodity Assessment Approval or Disapproval

PSD will review each request for a new or modified commodity assessment collection and respond to the appropriate SED, in writing, with the determined preliminary approval or disapproval.

* * *

993 Exchanging Commodity Certificate for Loan Collateral**A When to Exchange Loan Collateral**

When the producer has signed CCC-694-2 and the check has been submitted to purchase the commodity certificate, **immediately** complete the exchange of commodity certificates for CCC immediately acquired loan collateral.

B Completing the Exchange

County Offices shall:

- determine loan quantity to be exchanged according to paragraph 991
- release loan quantity in the normal manner
- record the commodity certificate exchange according to 12-PS, Part 7, Section 3.

C Completing Commodity Certificate Exchanges With CCC-681-1 or CCC-685

If a producer wants to complete CCC-694-2 and use the buyer's check to purchase the commodity certificate, the producer may sign CCC-694-2 to acknowledge the commodity certificate exchange for loan collateral when CCC-681-1 or CCC-685 is requested.

When the buyer's check is received, County Offices shall:

- use the buyer's check to purchase the commodity certificate applicable to CCC-681-1 or CCC-685
- use the exchange rate in effect on the date the buyer's check is received in the County Office
- complete CCC-694-1 and CCC-694-2, as applicable
- complete the commodity certificate purchase
- repay the loan in the normal manner
- release the commodity or warehouse receipts in the normal manner.

If CCC-681-1 is requested by telephone, inform the producer to visit the County Office before the CCC-681-1 expiration date to complete CCC-694-2, as applicable.

994 Turn-Around MAL's and Commodity Certificate Exchange Policy

A Turn-Around MAL

Turn-around MAL's are nonrecourse loans that will be requested and immediately exchanged with a commodity certificate on the same day regardless of when the loan is disbursed.

If the producer will lose beneficial interest in the commodity upon delivery, the producer **must** request the turn-around MAL before or on the date of delivery.

Producers who:

- *--have commodities in open storage at a CCC-approved warehouse and want to request a turn-around loan, **must** present a warehouse receipt at the time of this loan request
- store commingled commodities in unapproved/unlicensed warehouses, are **not** eligible to repay a turn-around MAL using the commodity certificate exchange
- store commingled commodities in Federally or State-licensed warehouses, with or without a CCC storage agreement, and CCC-approved warehouses 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
- be unavailable for subsequent crop years (2010 through 2012).--*

B Turn-Around MAL Commodity Certificate Exchange Rate

The commodity certificate exchange rate for all turn-around MAL's is the rate in effect on the date of the MAL request and is irrevocable.

MAL request date **must** be the date (or the later of multiple dates) that is entered in CCC-694-2, item 8.

Lien searches and filings are waived for immediate commodity certificate exchanges; however, if the producer discloses that there is a lien on the commodity, the producer **must** file CCC-679 at the time of the MAL request.

Note: The commodity certificate exchange rate for regular MAL's (MAL's that were previously disbursed) exchanged for a commodity certificate, shall continue to be the rate in effect on the date that the request for the commodity certificate exchange and funds are presented to CCC.

1508 Ineligible Commodities

A Commodity Ineligibility

Commodities covered under this part are ineligible for a nonrecourse MAL or LDP, if the commodity is:

- purchased
- substituted
- gifted
- traded or bartered
- processed or altered from natural form.

Note: This does not include scoured or carded commodities.

B Destroyed Commodities

Mohair and wool are ineligible for a nonrecourse MAL or LDP if the commodity is:

- burned
- buried
- destroyed by any other means.

***--Note:** LDP must be disbursed and sufficient time allotted for the spot-check process, according to paragraph 1551, before a commodity can be destroyed.--*

C Ineligible Unshorn Pelts

Unshorn lambs killed by predators are ineligible for an unshorn pelt LDP.

--1509 Graded Wool*A Eligible Graded Wool**

To obtain a loan or LDP at the graded rate, the wool must be core tested by a CCC-approved testing facility to objectively measure the following through laboratory analysis:

- fiber diameter (micron)
- yield.

To receive a graded wool MAL or LDP, the producer must provide a copy of the core test report or core test certificate from the CCC-approved testing facility containing the results of the laboratory analysis to the FSA County Office before benefits will be disbursed. See Exhibit 64 for examples of core test reports.

Note: The core test report results shall **not** be averaged for purposes of determining a micron and yield for ungraded quantities commingled with graded quantities.

B CCC-Approved Testing Facilities

Core test reports or core test certificates will be accepted from the following CCC-approved testing facilities.

- Yocom-McColl Testing Laboratory
540 West Elk Place
Denver, Colorado 80216-1823
303-294-0582
- New Zealand Wool Testing Authority Ltd.
Cnr Bridge Street and Lever Street
P.O. Box 12065
Ahuriri, Napier, New Zealand
06-835-1086.--*

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None

Forms

This table lists the forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC) Certification		16, 100, Ex. 2, 6, 13
CCC-10	Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents	414	423, Ex. 13
CCC-25	Uniform Grain and Rice Storage Agreement (UGRSA)		Ex. 2
CCC-39	Request for Issuance of Duplicate Warehouse Receipt(s)	452	
CCC-156	Loading Order, Trust Order and Invoice for Charges		1016
CCC-184	CCC Check		Text
CCC-257	Schedule of Deposit		902, 971, 1204
CCC-258	Wire Transfer of Funds	918	
CCC-500	Loan Payment Receipt		900, 916-918, 991, 992
CCC-502	Farm Operating Plan for Payment Eligibility Review		16, 100, 104, 1517, Ex. 2, 6, 13

Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-526	Payment Eligibility Average Adjusted Gross Income Certification		16, 100, 104, Ex. 6, 13
CCC-601	Commodity Credit Corporation Note and Security Agreement Terms and Conditions	Ex. 15	411, 613
CCC-631	CCC Wool Testing Facility Certification and Application	1510	1509
CCC-633EW	Loan and LDP Eligibility Worksheet Commodities Harvested as Other Than Grain Determining Maximum Eligible Quantity	536	
CCC-633 EZ	Loan Deficiency Payment (LDP) Agreement and Request		Text
CCC-633 GRAZING	Grazing Payment Program Application	376	373, 374, 375
CCC-633 LDP <u>1/</u>	Loan Deficiency Payment Certification and Application		308, 536
CCC-633WM	Wool and Mohair Loan Quantity Certification and Worksheet	1527	1526, 1530
CCC-638	Confirmation of Sale	1060	1057
CCC-639	Competitive Bid Pricing Worksheet	1059	1057, 1060
CCC-643	Request for Shipping Instructions	1006	1004, 1005
CCC-664	Agreement to Permit Assumption of a Commodity Credit Corporation (CCC) Loan	1401	
CCC-665	Agreement for Grain Pledged as Collateral for CCC Commodity Loans	429	800, Ex. 13
CCC-666	Farm Stored Loan Quantity Certification	426	Text
CCC-674	Certification for Contracts, Grants, Loans, and Cooperative Agreements	17	Ex. 6, 13

1/ This form is obsolete.

Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-676	LDP and Loan Number Register	491	300, 991
CCC-677	Farm Storage Note and Security Agreement	490	Text, Ex. 13
CCC-677-1	Farm Storage Loan Worksheet	Ex. 7	Text, Ex. 6, 13
CCC-678	Warehouse Storage Note and Security Agreement	490	Text, Ex. 13
CCC-679	Lien Waiver	404	403, 410, 411, 450, 994, Ex. 7, 13
CCC-681	Authorization to Move Loan Collateral for Rotation or Transfer	814	813, 815, 818
CCC-681-1	Authorization for Delivery of Loan Collateral for Sale	955	131, 535, Part 9, 1002, Ex. 2
CCC-681-1 A	CCC-681-1 Continuation Sheet	955	992
CCC-683	Commodity Loan Seal	Ex. 18	425, 426, 516, Part 15, Ex. 7, 13

Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-684	Note and Security Agreement Continuation Sheet - Schedule of Commodity (for CCC-677)	490	
CCC-684-1	Note and Security Agreement Continuation Sheet - Schedule of Commodity (for CCC-678)	490	
CCC-685	Authorization to Release Warehouse Receipts	970	131, 993
CCC-686	Application for Loan or LDP by Heirs (On a Commodity Produced by a Person Who Has Died)	1402	100
CCC-687-1	Approval to Commingle or Move Loan Collateral	800	428, 517
CCC-691	Commodity Delivery Notice	1001, 1016, 1017	Text, Ex. 4, 42
CCC-691-2	Warehouse Operator's Certification - Low Quality Grain	1201	1202, 1204
CCC-692	Settlement Statement		1021, 1022, 1062, Ex. 42
CCC-694-1	CCC-Determined Value Worksheet	985, 991	990, 992, 993
CCC-694-2	Acknowledgment of Commodity Certificate Purchase	992	991, 993, 994
CCC-697	Request to Lock In a Market Loan Repayment Rate	953	827, 915, 951, 952, 955, 957, 990, 1570

Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-699	Reconcentration Agreement and Trust Receipt	828	827, 829-831
CCC-700	Loan Deficiency Payment Statement	308	Ex. 6
CCC-700A	Loan Deficiency Payment Statement Continuation	308	Ex. 6
CCC-709 <u>1/</u>	Direct Loan Deficiency Payment Agreement		Ex. 25
CCC-770 LDP/eLDP	Loan Deficiency Payment (LDP) and eLDP Program Review Checklist	25	136, 301
CCC-770 MAL	Marketing Assistance Loan (MAL) Processing Checklist	25	136, 401
CCC-930	AMS Inspection Certificate of Quality Factors for Wool and Mohair	Ex. 80	1575, 1577
FAS-1007	Maintenance Delivery Task Description		535
FSA-211	Power of Attorney		3, 129, 970, 992
FSA-321	Finality Rule and Misaction/Misinformation		518, 519, 1556, 1557
FSA-409	Measurement Service Record		304, 400, 426, 427, Ex. 6, 13
FSA-578	Report of Acreage		101, 373, 374, 536, 1516
KC-232	Notice of Approval or Change in Status of Storage Agreement or Contract	700	445, 701
KC-350	Warehouse Operator's Supplemental Certificate		411, 443, 446, 448, 449, 451, 815, 971, 1018, 1100, 1101, Ex. 13

1/ This form is obsolete.

Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
KC-350 (Grain)	Warehouse Operator's Supplemental Certificate		449
SF-LLL	Disclosure of Lobbying Activities	17	Ex. 6, 13
SF-LLL-A	Disclosure of Lobbying Activities Continuation Sheet	17	
UCC-1	Financing Statement		403, 404, 411, 423, 426, 1527
UCC-1F	Effective Financing Statement		426, 1527
WA-302	Examination Report		447

Completing CCC-677-1, Farm Storage Loan Worksheet (Continued)

C Completing CCC-677-1

Complete CCC-677-1 according to the following table.

Note: See subparagraph E for an example of CCC-677-1.

Item	Instructions
1	Enter applicable information and for joint loans, enter all producers' names and addresses.
2	Enter crop year of commodity.
3	Enter commodity name.
4	Enter class of commodity, if applicable.
5	Enter State and county codes and loan number. <ul style="list-style-type: none"> • If manual loan, when the computer is inoperable, assign a loan number beginning with number 90001. • If prepared in APSS, enter APSS-assigned loan number. • For spot check of LDP, enter LDP number.
6	Enter spouse's name, if applicable.
7	Enter each farm number where the commodity was produced. Leave blank for spot check.
8	Enter location or legal description of farm for structures where commodity to be measured is stored.
9	Ask producer if there are any liens on the commodity offered for collateral, and enter each lienholder's name and address for each producer. Leave blank for spot check.
10	Check type of action for this farm visit.
11	Check type of commodity, if applicable. Indicate if the corn is cracked, rolled, or crimped.
12	Enter seal numbers assigned to each structure measured. If producer-assigned numbers are used, the producer's number shall also be used on CCC-683 and in APSS.
13	Enter description of structure and location (such as, quonset on SE1/4 of Section 32, round steel bin next to barn) for all structures to be measured. Enter additional designated structures and the location of each in the remarks section.

Completing CCC-677-1, Farm Storage Loan Worksheet (Continued)

C Completing CCC-677-1 (Continued)

Item	Instructions
14	Commodity inspector shall enter length of commodity stored in flat storage.
15	Commodity inspector shall enter width of commodity stored in flat storage.
16	Commodity inspector shall enter circumference of commodity stored in round structure.
17	Commodity inspector shall enter diameter of commodity stored in round structure. If diameter is not measured, County Office shall: <ul style="list-style-type: none"> • calculate the diameter by multiplying the circumference times .3183 •*--round up to the nearest hundredth.--*
18	Calculate square feet of measured area as result of multiplying item 14 times 15 or item 17 squared times .7854, round to the nearest hundredth, and enter result of calculation.
19	Commodity inspector shall enter height of commodity.
20	Calculate total cubic feet of measured area as result of multiplying item 18 times 19, round to the nearest hundredth, and enter result of calculation.
21	If applicable, calculate the cubic feet of the commodity inspector's measurements of additions or deductions and enter in item 21 to adjust the cubic feet calculated in item 20. Note: Review items 37 and 42 for any comments or information from the commodity inspector.
22	Enter the result of the calculation applicable to items 20 and 21.
23	Commodity inspector shall enter condition of the storage structure. Note: Use item 37 A or 42 to provide additional information.
24	Commodity inspector shall enter the condition of the commodity. Note: Use item 37 A or 42 to provide additional information.

Additional Information About Delinquent Federal Nontax Debt

A Example of Delinquent Debt

This example represents a farm programs delinquent debt. As a result of LDP spot check, the producer over-certified to production and was overpaid \$50; therefore, the County Office must complete the following.

Step	Action	Result
1	County Office shall send the notification letter of the amount due to the producer according to subparagraph 23 C.	Producer does not respond or repay the LDP overpayment.
2	30 calendar days after the date of the notification letter, County Offices shall: <ul style="list-style-type: none"> • send the first demand letter according to subparagraph 23 F • establish a receivable in APSS for the debt. 	
3	30 calendar days after the date of the first demand letter, County Offices shall: <ul style="list-style-type: none"> • transfer the receivable to claims • establish a claim according to 58-FI. 	Producer does not respond or repay the LDP overpayment. Note: All other debt collection actions are applicable according to 58-FI.
4	60 calendar days after the date of the first demand letter, the County Office shall transfer the debt to KCFO for further collection handling.	
5	90 calendar days after the date of the first demand letter, the debt is delinquent for purposes of barring additional Federal financial assistance.	
		The debt is now in delinquent status and the producer is ineligible for an additional MAL and/or LDP until the delinquent Federal nontax debt is resolved. Important: The delinquent Federal nontax debt must be resolved before the final loan availability date of the applicable crop year.

Additional Information About Delinquent Federal Nontax Debt (Continued)

B DCIA Questions and Answers

If a producer has an unresolved delinquent Federal nontax debt, can the producer lock-in on CCC-697?

No. If the producer has an unresolved delinquent Federal nontax debt at the time of the CCC-697 request, the producer can only repay at principal plus interest.

If a partnership applies for LDP and 1 member (25 percent shareholder) of the partnership has a delinquent Federal nontax debt, is the partnership eligible to receive LDP?

Yes. The partnership will receive 75 percent of LDP and the delinquent debtor's pro-rata share (25 percent shareholder) of the partnership is offset and applied to the delinquent Federal nontax debt. See 58-FI, subparagraph 161 A.

Are delinquent producers who enter into Federal agency-approved payment agreements eligible for MAL's and LDP's if the producer is current on the payment agreement?

Yes. The producer is eligible if the producer is able to resolve the delinquent Federal nontax debt with the creditor approved payment agreement on or before the date MAL's and LDP's are issued.

If a producer forwards the MAL disbursement or payment from LDP to cover part or all of the producer's delinquent Federal nontax debt, can MAL or LDP be issued?

Yes, as long as an approved payment agreement has been completed according to 58-FI and the MAL disbursement or payment from LDP is applied to the delinquent debt under the terms of the approved payment agreement.

Notes: It is the creditor agency and the producer who develop the terms in the approved payment agreement that will resolve the delinquent Federal nontax debt. If the LDP will resolve the delinquent Federal nontax debt in full or in part, the producer may apply the LDP to the delinquent Federal nontax debt and make acceptable payment arrangements with the creditor for the remainder of the delinquent Federal nontax debt. For FLP purposes, at the time of disbursement MAL or LDP must cure the delinquency in full.

--If a portion of the debt has been written off, after the person has paid the debt in part and where the creditor agency accepts this partial payment as a compromise instead of payment in full, the entire debt would be deemed resolved.--