

**For:** Tobacco State and County Offices

**Tobacco Transition Payment Program (TTPP)  
Successor-in-Interest (SII) Frequently Asked Questions and Answers**

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**Approved by:** Deputy Administrator, Farm Programs



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**1 TTPP Questions and Answers for CCC-962's**

**A Background**

FSA has received numerous questions on CCC-962's. Questions and answers for CCC-962's are addressed in Exhibit 1.

**B Purpose**

This notice provides TTPP questions and answers for CCC-962's.

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

**TTPP Questions and Answers About the Lump Sum Process and CCC-962's**

**Q Will USDA give me a lump sum in exchange for my TTPP contract?**

**A** No. USDA has no authority to give you a lump sum. USDA has authority only to give you 1 payment a year for 10 years.

**Q What is CCC-962?**

**A** CCC-962 is a means to transfer a contract to a third party, usually in exchange for a lump sum of money. That means that the third party will “succeed” to your contract. For example, if you are a quota holder who has a TTPP contract for 10 years and have received your 2005 payment, you have a 9-year payment “stream” still due to you. You might elect to transfer your TTPP contract in exchange for a 1-time lump sum of money rather than to receive 9 more payments from USDA.

**Q I have had lots of offers for my TTPP contract. How do I know who to deal with?**

**A** There may be a lot of competition for your contract. USDA cannot advise you in any way other than to say “Shop around for the best deal offered to you.” The Tobacco Information web site at [www.fsa.usda.gov/tobacco](http://www.fsa.usda.gov/tobacco) has a list of registered people and companies, with addresses, that can succeed to your contract.

**Q If I have a TTPP contract that will pay me \$63,000 over the next 9 years and I transfer the contract to someone else, will I get \$63,000 from them?**

**A** Probably not. The people or entities that succeed to TTPP contracts will want to make some money on the transfer, but they will be required to pay an amount discounted by no more than the maximum discount rate established by USDA. The maximum rate by which a TTPP contract is allowed to be discounted is the prime rate in effect on the first workday of each month plus 2 percentage points rounded to the nearest number. This prime rate announced each month will be valid for that entire month. The maximum discount rate will be posted monthly at <http://federalreserve.gov/releases/h15/update>.

**Q Does the maximum discount rate always apply?**

**A** No. The following are the exceptions to the discount rate:

- contract transfers between family members
- contract transfers between a TTPP contract holder and a person who purchased tobacco quota or allotment before October 22, 2004, when quota was put on a farm not owned by the purchaser
- contract transfers because of death of the original contract holder.

**TTPP Questions and Answers About the Lump Sum Process and CCC-962's (Continued)**

**Q How do I know if I am being offered an allowable lump sum amount in exchange for my contract?**

**A** There is a "Tobacco Lump Sum Calculator" at the Tobacco Information web site. The calculator instructions are very easy and will let you know right away if the amount you have been offered in exchange for your contract is allowable.

**Q If I take a lump sum in exchange for my contract, do I owe taxes on that money and, if so, how much tax will I have to pay?**

**A** Yes, you will owe taxes. However, you will have to contact a tax advisor regarding how much tax you will have to pay. You may wish to visit the Tobacco Information web site and review the Treasury and IRS -- Clarify Tax Treatment of USDA Tobacco Payments.

**Q Where can I get a copy of CCC-962 or some more information about it?**

**A** From the Tobacco Information web site at [www.fsa.usda.gov/tobacco](http://www.fsa.usda.gov/tobacco).

**Q Can I get CCC-962 now?**

**A** No. CCC will begin accepting CCC-962's in mid-October. Check the Tobacco Information web site for the actual date.

**Q How do I fill out CCC-962?**

**A** The instructions for completing CCC-962 are available online at the Tobacco Information web site. In most cases, the person or company that will succeed to your contract will fill out the necessary forms and submit for approval.

**Q Will it cost me any money to use CCC-962 to transfer my contract for TTPP payments?**

**A** It may. USDA does not charge a fee if a person or company is succeeding to an original quota holder or producer TTPP contract. However, some companies like financial institutions may charge fees for their services. USDA may charge fees for other services and the USDA fee schedule that is currently posted at the Tobacco Information web site is good through June 2006.

**TTPP Questions and Answers About the Lump Sum Process and CCC-962's (Continued)**

**Q Will my local FSA County Office assist or complete CCC-962 for me?**

**A** No, CCC-962 is an arrangement between the producer or quota holder and the person or financial institution authorized to purchase contracts.

**Q Who will complete the actions required to make successor contracts between family members, settle estates because of death, and quota that was purchased and assigned to a farm not owned by the purchaser of the quota?**

**A** The local FSA County Office will make these changes when the software and forms are made available.

**Q If I want to purchase other producer contracts as SII, what do I have to do?**

**A** You must file CCC-963, send it to the National Office address, and file all necessary forms required by the instructions to file CCC-963. You will then be approved as a purchaser and be assigned an account number as a purchaser.

**Q How do I know who has been approved to be an SII buyer?**

**A** The list of SII buyers is posted on the Tobacco Information web site. There will also be a list posted on the FSA bulletin board in County Offices.

**Q Where can I find prime rate or maximum discount rates?**

**A** This information will be posted on the Tobacco Information web site on the first day of each month and will be in effect for that month.

**Q If I submit CCC-962, how long will it take before I know if it is approved?**

**A** If submitted electronically, the successor will be notified the same day that it is approved, if there is no delinquent Federal debt or there is no assignment on file. If submitted by mail, it may take up to 60 calendar days for approval.

**Q I wish to sell 50 percent of my TTPP contract, is this allowed?**

**A** No, CCC-962 is for a full contract and once approved it cannot be canceled.

**TTPP Questions and Answers About the Lump Sum Process and CCC-962's (Continued)**

**Q If I have questions about CCC-962's, who do I contact?**

**A** U.S. Department of Agriculture  
Tobacco Division, Room 4080-S  
1400 Independence Avenue, SW., STOP 0514  
Washington, DC 20250-0514  
Telephone: 202-720-7413

**Q What is the final date to enter into CCC-962?**

**A** November 1 of the year before the January payment date.

**Example:** November 1, 2006, for a January 2007 payment.

For 2006 payment, only the date has been extended to December 2 for the January 2006 payment.

**Q If I have given a multi-year assignment on a portion of my TTPP payments, will I be able to do an SII on the balance of the contract?**

**A** No, if there is an assignment recorded, CCC-962 will not be approved. CCC-962 must be for a full contract.

**Q If I sign CCC-962 today and tomorrow I find a better deal, what are my options?**

**A** If CCC-962 has not been approved, it will be up to the purchaser if they will allow you to cancel the contract. Once CCC-962 has been approved by CCC, the contract becomes binding on all parties.

**Q If I have CCC-959 on file, can I do CCC-962?**

**A** CCC-959 must be terminated by the assignee before CCC-962 can be approved.

**Q If I have purchased a contract with CCC-962, can I sell this contract to someone else?**

**A** Yes, the contract can be sold to another registered buyer. There may be a \$50 fee required for the second transition. See CCC-964 for applicable fees.