

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 17

Approved: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Paragraph 1518 has been amended to:

- clarify the difference between loss and loss of beneficial interest
- remove subparagraphs with references to the following obsolete forms:
 - CCC-633 LDP
 - CCC-633 PELT
 - CCC-709
 - CCC-709 PELT.

Subparagraph 1535 C has been amended to remove references to basic and field direct as types of LDP's for which CCC-633 EZ has been developed to encompass.

Paragraph 1536 has been amended to:

- remove references to obsolete forms replaced by CCC-633 EZ, where applicable
- add a note clarifying when a date stamp is **not** required on completed LDP requests
- provide instructions for requesting LDP's using CCC-633 EZ, page 4.

Paragraph 1537 has been amended to:

- clarify policy on effective LDP rates based on whether or not beneficial interest is lost or maintained
- remove references to basic and field direct LDP rates.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Paragraph 1538 has been amended to:

- remove references to basic LDP requests
- clarify policy on additional disbursements for quantities in excess of the certified quantity
- provide policy on how to request an additional disbursement for an excess quantity
- provide instructions on how to complete requests for additional disbursements.

Paragraphs 1539, 1543, and 1544 have been withdrawn because the procedure is not applicable because of CCC-633 EZ.

Subparagraph 1540 C has been amended to remove references to obsolete forms replaced by CCC-633 EZ.

Subparagraphs 1541 A and 1551 B have been amended to remove references to basic and field direct LDP's.

Paragraph 1542 has been amended to provide additional beneficial interest provisions for the following:

- retained unshorn pelts
- unshorn lambs slaughtered for personal use.

Subparagraph 1551 D has been amended to provide that spot check results shall be recorded on a supplemental sheet because of limited space in CCC-633 EZ, additional information.

Subparagraph 1558 B has been amended to:

- clarify that the production evidence date of sales transaction requirement be provided if the commodity is sold
- add a note instructing COC's to establish acceptable weight requirements for slaughter lambs and feeder lambs in cases where production evidence only provides lamb weights and does not indicate if lambs were sold for slaughter or as a feeder lamb.

Subparagraphs 1575 C and G have been amended to make "add reference for graded" applicable to wool and not mohair.

Subparagraph 1575 H has been amended to revise point of contact information for wool, mohair, and unshorn pelt policy.

Exhibit 72 has been amended to add the Katahdin breed of sheep, noting that the fiber produced is **ineligible** for wool MAL or LDP.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

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1518 Beneficial Interest**A Applicability**

General beneficial interest provisions provided in paragraphs 129 through 132 apply to the following:

- mohair
- unshorn pelts
- wool.

B 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 according to paragraph 129.

For mohair and wool, beneficial interest must be retained by a producer from shearing 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.

*--See subparagraph 1542 D for unshorn pelts if beneficial interest will be maintained.

C Wool Pool Delivery

Beneficial interest in a commodity delivered to a wool pool, broker, or intermediary is lost upon the earlier of the following:

- delivery to the wool pool
- delivery to an agent of the wool pool, broker, or intermediary.--*

1518 Beneficial Interest

***--D Loss Versus Loss of Beneficial Interest**

Loss of a marketing loan commodity because of fire, theft, or natural causes, such as flood or storm events, is **not** loss of beneficial interest.

Beneficial interest relates to legal ownership and control of a commodity that exists. Loss of beneficial interest may occur when the commodity is sold or control is lost, but is **not** defined by a physical loss because of fire, theft, natural disaster, or other such occurrences.

Accordingly, a commodity for which CCC-633 EZ, page 1 was filed, but that subsequently burned, would **not** be eligible if an LDP is requested because the commodity was lost. The date of the fire would **not** be construed to be the date beneficial interest was lost.--*

* * *

1519-1524 (Reserved)

Section 4 LDP Provisions**1535 LDP Requirements****A General LDP Provisions**

LDP requirements provided in this section are subject to the general provisions provided in Part 3, Section 1.

B Producer Eligibility Requirements

Producers applying for LDP must:

- meet eligibility requirements in Section 1, as applicable
- with the exception of unshorn pelts, agree to forgo obtaining a loan for the quantity on which LDP is requested.

***--C LDP Benefits**

Beginning with the 2006 crop year, CCC-633 EZ's shall be used to request LDP benefits for wool, mohair, and unshorn pelts. CCC-633 EZ has been developed to encompass both basic and field direct LDP's.

CCC-633 EZ is a 2-part LDP request consisting of multiple pages that allow producers to do both of the following:

- indicate their intentions to receive LDP benefits before losing beneficial interest in the eligible commodity using CCC-633 EZ, page 1
- submit a request for an LDP benefit for wool, mohair, and unshorn pelts at any time during the loan/LDP availability period before or after losing beneficial interest in the commodity, using CCC-633 EZ, page 4.--*

--1535 LDP Requirements (Continued)*D Eligible Quantity**

To be eligible for LDP, the quantity of commodity must:

- meet eligibility requirements in Section 1
- have been produced by an eligible producer
- not have been previously pledged as collateral for a loan and repaid with cash at a rate less than the principal, plus interest
- not have been previously requested or paid for LDP.

A quantity of a commodity eligible to be repledged for a nonrecourse loan is eligible for LDP.

E LDP Common Provisions

The following provisions are common to nonrecourse MAL's and are also common to LDP's:

- payment limitation
- beneficial interest
- final availability date
- assignments
- administrative offsets
- spot checks
- eligibility requirements

F Nonapplicable LDP Provisions

The following provisions common for loans are **not** required for LDP:

- lien searches
- lien waivers
- approved storage
- premiums and discounts
- State commodity assessments.--*

--1535 LDP Requirements (Continued)*G Measurement Service**

Measurement service is **not** available for farm-stored quantities of mohair and wool.

H Certified Quantity

Producers may request LDP by certifying the quantity. All certified LDP's are subject to spot check according to paragraph 1551.

I Quantity Supported by Production Evidence

If producers do not wish to certify to the quantity or date delivered, requests can be completed by providing production evidence according to paragraph 1558. If production evidence is provided at time of payment request, LDP will not be subject to spot check. Record this function using option 4 in APSS according to 12-PS.

J Determining Maximum Eligible Quantities

Before an LDP is disbursed, COC or designee, as applicable, shall make a determination of reasonableness based on the maximum eligible quantity according to paragraph 1559.

The certified production records of producers who participated in previous WAMLAP's, who are currently requesting a certified farm-stored LDP, may also be used to further verify certified quantities for reasonableness.

Quantities **not** determined reasonable shall **not** be approved for LDP, **unless** production evidence is provided to substantiate the certified quantity on the LDP request.

K Deferred Payments

Payments **cannot** be deferred or delayed at any time. All payments must be made as soon as possible after the date of request.

L Prompt Payment

See paragraph 16 for prompt payment provisions.--*

1536 Requests for LDP's**A Where to Request LDP's**

Eligible producers may request LDP from either of the following:

- the County Office where the farm records are maintained for the farm on which the commodity was produced (the administrative county)
- a CMA-service County Office for CMA's according to 1-CMA.

Multi-county producers shall request LDP's according to subparagraph 301 A.

B When to Request LDP's

LDP's must be requested:

- *--according to Part 3, using CCC-633 EZ
- on or before the final availability date for the crop year of the commodity
- in person, by FAX, or by electronic submission through USDA eAuthentication.

Note: See paragraph 302 for FAX requirements.

C How to Request LDP's

When requesting LDP for a commodity, producers must complete:

- CCC-633 EZ, page 1 for the crop year before the loss of beneficial interest according to subparagraph 301.5 A
- CCC-633 EZ, page 4 according to subparagraph H.

Producers may submit:

- multiple requests using CCC-633 EZ, page 4 to cover all eligible quantities
- one CCC-633 EZ, page 4 to cover multiple commodities, if the quantities of wool, mohair, and unshorn pelts are requested on the same day.

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

1536 Requests for LDP's (Continued)**D Complete LDP Requests**

*--LDP requests are complete when a County Office receives, completed and signed, CCC-633 EZ, pages 1 and 4 for wool, mohair, and unshorn pelts.

LDP requests must be:

- approved when all eligibility requirements are met
- date-stamped when CCC-633 EZ, pages 1, 4, and 5, if applicable, are received in the County Office to indicate the intention and request dates.

Note: If, when any CCC-633 EZ pages are received in the County Office, the FAX machine preprints the correct date and time or the date is printed on an eForm submission, the date stamp is **not** required.--*

E Denying LDP Requests

When the producer is denied LDP benefits, County Offices shall proceed according to paragraph 402.

F Quantity Requested

Eligible producers may request LDP quantities by:

- certifying the quantity
- providing verifiable quantity evidence.

G Herd Characteristics

County Offices shall obtain the following herd characteristics from eligible producers

*--requesting benefits and record the information in CCC-633 EZ, page 4, Remarks Section:

- flock size
- date of shearing
- breed of animals in herd.

Producers **must** initial and date the information provided in CCC-633 EZ, page 4, Remarks Section. Additional blank pages may be used to record additional information, as necessary.--*

1536 Requests for LDP's (Continued)

***--H Completing CCC-633 Page 4 to Request LDP**

After CCC-633 EZ, page 1 has been submitted according to subparagraph 301.5 A, to receive LDP benefits for wool, mohair, or unshorn pelts, producers **must** complete and submit CCC-633 EZ, page 4 to the County Office where the farm records are maintained for the farm on whose production the LDP is requested. Producers who request an LDP benefit:

- and retain beneficial interest in the requested quantity, will receive an LDP based on the LDP rate in effect in the county where the commodity is stored on the date a completed CCC-633 EZ, page 4 is received in that County Office
- after beneficial interest is lost in the requested quantity, will receive an LDP based on the LDP rate in effect in the county where beneficial interest was lost

Note: CCC has the sole discretion for determining when beneficial interest is lost in the commodity as provided in subparagraph 129 G. Acceptable production evidence must be provided with CCC-633 EZ, page 4, if the producer no longer retains beneficial interest in the requested quantity.

- based on the date of delivery, will receive an LDP based on the LDP rate in effect in the county where the commodity was physically delivered on the date of delivery.

When production evidence is provided with CCC-633 EZ, page 4, LDP will **not** be subject to spot check. The source of the LDP quantity CCC-633 EZ, page 4, item 67 is:

- certified, subject to random spot check and producers are required to submit acceptable production evidence according to subparagraph 1558
- production evidence, producers are required to submit acceptable production evidence according to subparagraph 1558 with their LDP request
- quantity in excess of certified quantity, see subparagraph 1538 E.--*

1537 LDP Rates

A Effective LDP Rate

*--The LDP rate is the rate in effect on the date:

- of request, if beneficial interest is maintained on date of request
- beneficial interest is lost according to acceptable production evidence:
- slaughtered, if slaughtered for personal use for unshorn pelts only.

The applicable LDP rate and amount will be calculated according to the following.

IF CCC-633 EZ, page 4 is submitted as applicable and...	THEN LDP benefit is based on the requested quantity times the LDP rate in effect
the producer retains beneficial interest in the requested quantity	for the county where the commodity is stored on the date of the request.
beneficial interest has been lost in the requested quantity	in the administrative county for the eligible commodity on the date beneficial interest was lost.

B Request Date

The request date is the date CCC-633 EZ, page 4 is received in the County Office when beneficial interest is maintained in the commodity. County Offices shall date stamp CCC-633 EZ, page 4 to verify the date the request is received.

C Loss of Beneficial Interest Date

The date beneficial interest is lost is the date the producer loses control of the commodity immediately upon shearing, through sale or delivery to a buyer, warehouse, process, wool pool, cooperative, or slaughter facility.--*

Note: Unshorn lambs for slaughter must be alive at time of delivery.

1537 LDP Rates (Continued)

D Slaughter Date

For unshorn lamb pelts only, the slaughter date is the date the unshorn lamb is slaughtered for *--personal use. CCC-633 EZ, page 4 must be submitted to the County Office after slaughtering the unshorn lamb, but not later than the final availability date. If slaughter dates are within reason based on flock size, LDP rate is based on the date the producer certifies the unshorn lambs were slaughtered.

E LDP Rate

The LDP rate is determined by the amount the applicable commodity loan rate exceeds the CCC-determined value in the applicable region where:

- the commodity is stored, for LDP's in which the producer maintains beneficial interest
- beneficial interest is lost in the requested commodity, use the rate in effect until the next rate change.--*

* * *

F CCC-Determined Value

See Part 9, Section 7 for determining CCC-determined value.

G Additional Provisions on LDP Rates

See paragraph 303 for additional LDP rate provisions.

--1538 LDP's for Mohair and Wool*A Types of LDP's**

LDP's are requested for any stored quantity the producer maintains beneficial interest in on the date of request and can be either:

- farm-stored quantities
- warehouse-stored quantities.

B Requesting LDP's

LDP's for wool, mohair, and unshorn pelts shall be requested on CCC-633 EZ, page 4:

- after CCC-633 EZ, page 1 has been submitted for the applicable crop year
- before or after beneficial interest is lost
- according to paragraph 307.

C Canceling LDP Requests

LDP's requested on CCC-633 EZ, page 4 **cannot** be canceled at any time. Once the producer signs CCC-633 EZ, page 4, LDP is obligated to be paid by CCC to the producer.--*

D Certifying Graded or Ungraded

At the time a nonrecourse MAL or LDP request is submitted to the County Office, the producer must certify that they are requesting a graded or nongraded rate. Once the producer makes this certification and submits the LDP request to the County Office, it **cannot** be changed.

Note: It is the producer's option to select graded or ungraded. However, if the producer certifies to graded wool, a copy of the core test report must be provided to the County Office before benefits will be disbursed.

--1538 LDP's for Mohair and Wool (Continued)*E Additional Disbursements**

For certified LDP's **only**, an LDP disbursement in addition to the total quantity requested on CCC-633 EZ, page 4 may be available after delivery of the mohair or wool, when beneficial interest is lost, if the producer provides acceptable documentation in the form of a net weight receipt or settlement sheet to support the additional quantity sold or delivered.

The LDP rate for additional quantity, in excess of the certified quantity, will be based on the date of the initial LDP request for the certified quantity. Producers requesting additional disbursements on quantities exceeding the total quantity requested on the initial CCC-633 EZ, page 4 **must** submit documentation before the final availability date to receive the additional disbursement.

Note: The LDP rate in effect on the date beneficial interest is lost shall **not** be used for quantities in excess of a certified quantity of wool or mohair.

Additional LDP disbursements will **not** apply to quantities over the total quantity requested when **not** requested by the producer before the final availability date.

F Requesting Additional Disbursement for Excess Quantity

To make a request to receive LDP disbursement of an additional quantity in excess of the certified quantity, the producer must:

- have submitted CCC-633 EZ, page 1 for the current crop year before beneficial interest was lost
- have submitted CCC-633 EZ, page 4 for a certified quantity
- submit another CCC-633 EZ, page 4 request for payment on the quantity in excess of the certified quantity
- indicate the commodity (that is, wool or mohair) in CCC-633 EZ, page 4, item 64
- indicate the type of commodity (that is, graded wool or ungraded wool) in CCC-633 EZ, page 4, item 65
- indicate the net quantity in excess of the certified quantity being requested in CCC-633 EZ, page 4, item 66
- select quantity in excess of the certified quantity as the source of the quantity in CCC-633 EZ, page 4, item 67C--*

--1538 LDP's for Mohair and Wool (Continued)*F Requesting Additional Disbursement for Excess Quantity (Continued)**

- enter in CCC-633 EZ, page 4, item 68 where the quantity was delivered
- enter the original request date of the certified quantity in CCC-633 EZ, page 4, item 69
- provide production evidence to substantiate a request for an additional quantity in excess of the certified quantity
- sign, date, and indicate share percentage in the net quantity in excess of the certified quantity in CCC-633 EZ, page 4, items 79 through 81
- submit the completed request and provide all supporting documentation by the corresponding final availability date.

G Completing Additional Disbursement Requests

When completed LDP requests are received from a producer for a disbursement on an additional quantity in excess of the certified quantity, County Offices shall:

- locate the producers original request for the certified quantity on file in the County Office, or if processed as eLDP, locate the original transaction record for the certified quantity in the eLDP system
- verify that the production evidence substantiates the certified quantity and the additional quantity in excess of the certified quantity
- attach a date-stamped photocopy of the final production evidence to the original CCC-633 EZ, page 1, and all CCC-633 EZ, page 4 requests for the certified quantity
- verify that the date entered in CCC-633 EZ, page 4, item 69 is the same date of the initial LDP request for the certified quantity
- enter the same LDP rate used for the original LDP request for the certified quantity
- process the request for the disbursement on the additional quantity in excess of the certified quantity through:
 - APSS using the LDP corrections process according to 12-PS
 - eLDP by entering as a new LDP request according to 15-PS.--*

1539 (Withdrawn--Amend. 17)

1540 Unshorn Pelt LDP Provisions

A General

Ungraded wool in the form of unshorn pelts that meet eligibility requirements according to subparagraph 1507 D, are only eligible for LDP.

B Unshorn Pelt Definition

An unshorn pelt is the removed skin and attached wool from a slaughtered lamb that has never been shorn.

C Requesting LDP's for Unshorn Pelts

LDP's for unshorn pelts shall be requested:

- according to paragraph 1536
- *--on CCC-633 EZ, page 1 and page 4, Part O.--*

D Unshorn Pelt Eligibility Clarification

To be eligible for LDP on unshorn pelts, the producer must either:

- sell the unshorn lambs for immediate slaughter according to subparagraph E
- slaughter the unshorn lamb for personal use according to subparagraph F
- *--retain the unshorn pelt according to subparagraph 1542 D.--*

In addition, the producer must provide acceptable production evidence to the County Office by the final availability date to be eligible for payment. The production evidence provided by the producer must indicate that the lambs are unshorn.

1540 Unshorn Pelt LDP Provisions (Continued)

E Immediate Slaughter

Immediate slaughter is considered slaughter of the lamb within a * * * 10 calendar day period after loss of beneficial interest.

F Personal Use

Personal use is considered slaughter of the unshorn lamb for use of the pelt as any of the following:

- clothing
- shelter
- pet beds
- mittens
- rugs
- automobile seat covers
- sheepskin footwear
- sheepskin coats
- other personal uses determined acceptable by COC.--*

1541 LDP Rates for Unshorn Pelts

A Unshorn Pelt LDP Rate

The LDP rate is determined by the amount the ungraded wool loan rate exceeds the CCC-determined value in the applicable region where:

- the unshorn pelts are stored, for LDP's in which producer maintains beneficial interest
- beneficial interest is lost in the requested commodity.

See Part 9, Section 7 for determining the CCC-determined value.

B Calculating LDP's for Unshorn Pelts

LDP is calculated by multiplying the LDP rate times the LDP quantity of unshorn pelts requested.

See paragraph 1537 to determine the applicable dates of effective LDP rates.

C Standard Weight

LDP's for unshorn pelts will be based on a standard weight of 6.865 pounds per pelt.

D Unshorn Pelt Computation

LDP for unshorn lamb pelts will be calculated by multiplying the effective LDP rate times the standard weight for an unshorn pelt of 6.865 pounds. The result of that computation is then multiplied by the quantity of unshorn pelts.

Example:	\$0.29	(effective LDP rate)
	<u>x 6.865</u>	(standard weight)
	\$1.99	(payment per pelt)

Payment per unshorn pelt	\$ 1.99
Quantity of unshorn pelts	<u>x 10</u>
Payment	\$19.90

E Announcing Posted Prices

The regional posted prices for nongraded (greasy) wool that are used to calculate the CCC-determined value to determine the LDP rate for unshorn pelts will be announced according to subparagraph 1515 C.

--1542 Additional Beneficial Interest Provisions for Unshorn Pelts*A Direct Sell to Lamb Slaughter Companies**

Eligible producers who sell unshorn lambs directly to a slaughter lamb company for immediate slaughter or have the unshorn lambs processed for meat, will lose beneficial interest the earlier of the following:

- delivery to the slaughter lamb company
- receiving any payment for the unshorn lambs.

Note: This determination should be used as a general business rule and should not take precedence over the terms of a contract between the buyer and seller that would cause beneficial interest to be lost at an earlier time.

B Lamb Auction Sells

Eligible producers who sell unshorn lambs through an auction or sell to an order buyer representing a slaughter lamb company, will lose beneficial interest the earlier of the following:

- invoicing of the unshorn lambs
- delivering the unshorn lambs to the order buyer
- receiving any payment for the unshorn lambs.

Note: This determination should be used as a general business rule and should not take precedence over the terms of a contract between the buyer and seller that would cause beneficial interest to be lost at an earlier time.

C Butcher Sells

Eligible producers who sell unshorn lambs directly to a butcher for immediate slaughter, will lose beneficial interest the earlier of the following:

- invoicing of the unshorn lambs
- delivering the unshorn lambs to the butcher
- receiving any payment for the unshorn lambs.

Note: This determination should be used as a general business rule and should not take precedence over the terms of a contract between the buyer and seller that would cause beneficial interest to be lost at an earlier time.--*

1542 Additional Beneficial Interest Provisions for Unshorn Pelts (Continued)

***--D Retained Unshorn Pelts**

Producers who retain beneficial interest in an unshorn pelt produced from a slaughtered lamb may request LDP according to paragraph 301, based on the date of request, if the unshorn pelt retained is:

- preserved
- maintained
- stored for future marketing or processing.

Note: See paragraph 1551 for spot check provisions.

E Unshorn Lambs Slaughtered for Personal Use

Eligible producers who slaughter unshorn lambs for personal use will lose beneficial interest on the date the unshorn lamb is slaughtered. Producers must have a completed CCC-633 EZ, page 1, on file in the County Office for the applicable crop year before the unshorn lamb is slaughtered for personal use.

COC must determine reasonableness based on any of the following:

- herd certification on CCC-633 EZ, page 4, Part O, item 76
- production evidence
- feeding records/receipts
- normal business practices of the producer
- general COC knowledge.

If unshorn lambs slaughtered for personal use are determined to be with reason, LDP rate is based on the date the producer certifies that the unshorn lambs were slaughtered.--*

1543, 1544 (Withdrawn--Amend. 17)

1545-1549 (Reserved)

***--1550 Spot Checking Farm-Stored Loans (Continued)**

E Improperly Stored Loan Collateral

If the mohair or wool is not properly labeled or stored in approved bags when a spot check is performed, give producers an opportunity to properly label the loan collateral and/or transfer the commodity into approved bags before continuing with the spot check.

Notify the producer that the loan collateral must be transferred into approved bags and properly labeled within 15 calendar days from notification and follow this table.

IF the producer...	THEN...
does not transfer the loan collateral into approved bags within 15 calendar days from notification	call the loan according to Part 6.
does not properly label the loan collateral within 15 calendar days from notification	
properly labels and/or transfers the loan collateral into approved bags within 15 calendar days from notification	continue with spot check to verify all other eligibility.

Reject severely torn or damaged bags of the mohair or wool that may affect the storability and quality of the commodity.

Advise the producer that accepting mohair or wool for loan does not alleviate the responsibility of delivering acceptable mohair or wool in approved and properly labeled bags if the mohair or wool under loan is delivered to CCC.

F Loans Delivered to CCC

County Offices shall spot check mohair or wool loans delivered to CCC according to paragraph 502.--*

1551 Spot Checking Certified LDP's**A Spot Check Policy for Certified LDP's**

LDP's are subject to spot check for up to 9 months from date of disbursement.

County Offices shall, using the automated random selection process in APSS, according to 12-PS, Part 15, spot check all certified LDP's according to paragraph 501.

B On-Farm Spot-Check Process for Certified LDP's

All certified LDP's randomly selected by APSS and stored on the farm shall be visually inspected by a County Office commodity inspector to verify the:

- commodity is in existence, if the commodity has not been sold
- herd characteristics, (i.e., total number in herd, breed, etc.)

When visual inspection indicates a significant quantity shortage or if there is reason to believe there is a quantity shortage, the County Office and COC may require the producer to provide acceptable production evidence by the earlier of the following:

- 15 calendar days after the commodity has been sold
- 30 calendar days after notification by the County Office.

If the mohair or wool has **not** been sold and the County Office commodity inspector determines the quantity to:

- ***--**be reasonable based on the herd characteristics of quantity certified or LDP requested, **--*** then that will serve as final production evidence and no further documentation will be required
- **not** be reasonable based on the herd characteristics with the quantity certified under the * * * LDP request, then at the expense of the producer, have the certified quantity weighed by a CCC-approved third party that provides acceptable documentation of the certified quantity in pounds.

If the mohair or wool has been sold, request delivery, sales, or other types of production evidence to verify the quantity and delivery dates of certified LDP's.

Require the producer to submit evidence on commodities sold within 15 calendar days from the date of request. If the production evidence has not been submitted by the due date, the producer must refund the LDP plus applicable interest.

Note: If the producer refuses to permit entry, contact the State Office for guidance.

1551 Spot Checking Certified LDP's (Continued)

C Spot-Check Process for Certified LDP's Stored with a Commissioned Agent

If the production for a certified mohair or wool LDP is stored in the facility of a commissioned agent, require the producer to provide a scale ticket or weight certificate from the facility that verifies the quantity of the LDP request. This will serve as final production evidence and no further documentation will be required.

D Recording Spot-Check Results

--Record spot check results on a supplemental sheet and address all items in subparagraph B.--

***--1552 Spot Check Process**

A Contacting Producers

When loans and LDP's have been selected for spot check according to Part 5, Section 1, County Offices shall:

- notify the contact producer by telephone or memorandum, as applicable
- inquire if the mohair or wool has:
 - been sold
 - is still at the farm-stored location.

B Initiating Loans and LDP's Selected for Spot Check

Determine how to proceed with the spot check according to the following.

IF the mohair or wool...	THEN...
is still on the farm and a spot check has not been performed	complete a farm visit according to paragraph 1553. If the visual inspection reveals discrepancies in the certified quantity, request the producer to provide production evidence by the earlier of the following: <ul style="list-style-type: none"> • 15 calendar days after the commodity has been sold • 30 calendar days after notification by the County Office. If the visual inspection reveals no discrepancies in the certified quantity, no further production evidence is required. If production evidence has not been submitted by the due date the producer must refund the market gain or LDP amount.

--*

1558 Production Evidence

A Requirements

See paragraph 535 for all other production evidence requirements.

B Acceptable Types of Evidence

Determine acceptable of evidence according to the following.

Types of Evidence	Requirement
<p>Acceptable evidence shall be any 1 of the following:</p> <ul style="list-style-type: none"> • copies of sales documents that include the name and address of the processor, buyer, or broker who is purchasing the mohair, unshorn lambs, or wool • weight or scale tickets from a commissioned agent or CCC-approved third party • delivery evidence • core test reports or certificates • settlement sheets • invoices or kill sheets from the lamb slaughter company for unshorn pelt LDP's. 	<p>The documentation must include enough information to provide County Offices with the following:</p> <ul style="list-style-type: none"> • an accurate record of eligible quantity of mohair, unshorn pelts, or wool • net quantity •*--date of sales transaction, if sold--* • proof of payment from buyer, if commodity was sold • price received for quantity marketed • commodity • producer's name • crop year may be certified or provided by the producer • immediate slaughter of unshorn lambs may be certified by the producer and is generally assumed when production evidence indicates sale to a lamb slaughter company or an order buyer representing a slaughter lamb company at an auction sell. <p>Note: In the case of unshorn pelts, the production evidence must indicate that the lambs were unshorn at the time of sale/purchase.</p>

1558 Production Evidence (Continued)

B Acceptable Types of Evidence (Continued)

Types of Evidence	Requirement
<p>The following types of evidence must be used in combination to verify quantities if the above evidence is not available:</p> <ul style="list-style-type: none"> • farm management records kept through normal production practices • reasonable quantity determination based on maximum eligible quantity according to subparagraph 1559 • receipts for feed • veterinary records • IRS inventory records • farm credit balance sheets • private insurance documents. 	<p>Proof of payment can be settlement records or copy of the check.</p> <p>Note: Production evidence may be handwritten, but is not acceptable for any type of production evidence submitted by the producer for the producer’s own production.</p> <p>COC must be satisfied with the documentation submitted. If questionable, COC may require certified documentation of actual net weight of the production pounds from a local CCC-approved scale, at the expense of the producer.</p> <p>*--Note: In cases where the production evidence does not indicate that the unshorn lambs are being sold as a feeder lambs or slaughter lambs, COC can establish the acceptable weight requirement based on COC knowledge for lambs that are acceptable slaughter weight and lambs that are not and need to be further fed.--*</p>

--Section 7 Basic Loan Settlements*1575 Final Settlement Procedures****A Basic Provisions**

Because there are no approved CCC warehouses for mohair or wool, all nonrecourse MAL's not repaid by the loan maturity date must be disposed through local sales at the farm storage location within a 60-calendar-day period after maturity at **no** storage expense to CCC.

County Offices shall try to have local sales completed with the 60-calendar-day period.

B Premiums and Discounts

See Exhibits 61 and 70 for the schedule of premiums and discounts applicable to mohair and wool applied in final settlement. The settlement value will be based on the following:

- for graded wool, according to applicable region:
 - micron range
 - offsorts
 - preparation (applicable to fleece wool only, not applicable to offsorts)
 - length (applicable to fleece wool only, not applicable to offsorts)
 - vegetable matter
 - damage/stain/mud/wet
 - non-merchantability
 - polypropylene contamination

- for ungraded wool, according to applicable region:
 - offsorts
 - length
 - polypropylene contamination
 - non-merchantability--*

1575 Final Settlement Procedures (Continued)**B Premiums and Discounts (Continued)**

- for mohair:
 - micron range
 - length
 - vegetable matter
 - kemp.

Note: Producers who elect to settle the mohair loan collateral to CCC in satisfaction of the loan amount due will be required, at the producer's expense, to obtain a core test report indicating the applicable micron and yield of the quantity offered for settlement.

C Mohair or Wool Inspection

Applicable premiums and discounts will be applied at loan settlement and based on the following:

- inspection of the delivered commodity by an AMS agent or other CCC-approved representative
- *--core test report from a CCC-approved testing facility for mohair and graded wool.--*

Note: Mohair delivered for settlement of an outstanding CCC loan will require a core test (Exhibit 78), at the expense of the producer, to determine quality factors.

***--1575 Final Settlement Procedures (Continued)**

D Mohair Yield Adjustment

The mohair loan rate must be adjusted for yield **after** all mohair discounts have been applied. The mohair yield must be calculated using the Schlumberger yield obtained from the core test report of a CCC-approved testing facility to determine the final loan settlement rate.

To calculate the mohair yield adjustment, apply all premiums and discounts to the loan rate to determine the adjusted loan rate. Divide the adjusted loan rate by .75 and then multiply the resulting figure times the Schlumberger yield from the core test report, moving the decimal in the Schlumberger yield 2 places to the left, to determine the final loan settlement rate per pound of mohair forfeited to CCC.

E Mohair Yield Adjustment Example

The following is an example of a yield adjustment for mohair.

Producer A received a loan of \$4,200 for 1,000 pounds of mohair that he forfeits to CCC. The core test results from the forfeited mohair indicate that the mohair was average adult with a 35 micron, 3.5 length, 1.0 percent vegetable matter, 5.62 percent medulated fibers, 0.50 percent kemp fibers, and a Schlumberger yield of 73.6 percent.

From the \$4.20 loan rate initially disbursed to Producer A, deduct the following based on the mohair discounts in this paragraph, -\$1.52 for type of mohair and micron, -\$0.54 for length, -\$0.27 for vegetable matter, -\$0.27 for medulated fibers, -\$0.27 for kemp fibers to come up with an adjusted loan rate of \$1.33.

$$\$1.33 / .75 = \$1.77$$

$$\$1.77 \times .736 = \$1.31$$

\$1.31 per pound is the final settlement rate
x 1000 pounds of forfeited mohair
 \$1,310

\$4,200 original loan disbursement
- \$1,310 adjusted settlement value
 \$2,890

The producer owes CCC \$2,890 for the forfeited mohair.--*

1575 Final Settlement Procedures (Continued)**F Additional Expenses**

Any costs incurred by CCC to obtain quantity or quality grading factors to apply associated premiums and discounts for mohair and wool delivered to CCC shall be for the account of the producer and will be deducted from the loan settlement value, in addition to applicable deductions provided in subparagraph B. The producer is responsible for any loss in quantity or quality of the loan collateral.

Note: Producers are required, at their own expense, to have all mohair and wool loan quantities weighed and provide an acceptable weight receipt for mohair and wool loan quantities that will be settled with CCC through local sale.

AMS charges a fee of \$40.87 per hour for the required inspection of the mohair and wool loan collateral that will be settled by local sale.

G Settlement Value

Calculate the settlement value from the information on CCC-691, CCC-930, and the applicable crop year loan rate premiums and discounts in subparagraph B and Exhibits 61 and 70.

Complete settlements according to 12-PS, Part 9, **after** receiving all of the following:

- CCC-691
- *--core test report for mohair and graded wool--*
- CCC-930 from AMS inspector (see Exhibit 80).

Settlement shall be made by CCC on the basis of the base loan rate:

- for the applicable region for wool only
- adjusted for applicable specific crop year premiums and discounts.

1575 Final Settlement Procedures (Continued)

H State Office Action

For all mohair and wool loans that will be settled by local sale, State Offices shall:

- after receiving required loan settlement information from the County Office provided in *--subparagraph I, FAX information to PSD National Office at 202-690-3307--*
- remind County Offices that producers are responsible for all expenses associated with the local sale, including, but not limited to:
 - weighing
 - core testing (mohair only)
 - AMS inspection
 - advertising
- inform County Office of scheduled inspection day and time determined by AMS
- contact the PSD National Office if informed by the County Office that CCC-930 has not been received in the County Office 30 calendar days after the scheduled inspection date determined by AMS.

1575 Final Settlement Procedures (Continued)**I County Office Action**

For all mohair and wool loans that will be settled by local sale, County Offices shall:

- immediately notify the State Office in writing by letter, electronic mail, or FAX that a mohair or wool loan in their county will be settled by local sale, along with the following information:
 - producer's name
 - producer's telephone number
 - loan number
 - farm storage location of mohair and wool that will be settled by local sale
 - loan amount
 - loan quantity
 - commodity (such as, graded wool, mohair, or ungraded wool)
- remind producers that they are responsible for all expenses involved with conducting a local sale
- await notification from the State Office of scheduled inspection date and time determined by AMS.

***--Note:** The County Office shall contact the State Office if CCC-930 is not received in the County Office within 30 calendar days after the scheduled inspection date determined by AMS.--*

J National Office Action

For all mohair and wool loans that will be settled by local sale, the National Office shall:

- notify the State Office of receipt of loan settlement information
- contact the AMS representative to schedule inspection of commodity
- inform State Office of scheduled inspection day and time determined by AMS.

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 (HELC) 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 Redelegations 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	307	308, 345, 536, 601
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 Redelegations 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		345, 601, 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, 307, 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 Redelegations 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

Mohair and Wool Production Averages (Continued)

A Breed Specific Production Averages for Mohair and Wool (Continued)

Breed	Type	Mature Body Weight	Average Grease Weight Fleece Pounds Produced
East Friesian	ram	225-270 lbs.	9-12
	ewe	160-180 lbs.	
Finnsheep	ram	160-220 lbs.	4-8
	ewe	120-160 lbs.	
Gulf Coast Native	ram	145-180 lbs.	4-6
	ewe	85-115 lbs.	
Hampshire	ram	250-350 lbs.	6-10
	ewe	175-250 lbs.	
Icelandic	ram	180-220 lbs.	4-5
	ewe	130-150 lbs.	
Jacob	ram	140-190 lbs.	3-6
	ewe	90-130 lbs.	
Karakul	ram	175-225 lbs.	5-10
	ewe	100-150 lbs.	
--Katahdin	The Katahdin breed is a woolless, meat type sheep that is: <ul style="list-style-type: none"> • not eligible for wool MAL or LDP • is eligible for an unshorn pelt LDP.-- 		
Lincoln	ram	240-300 lbs.	12-16
	ewe	200-250 lbs.	
Montadale	ram	200-275 lbs.	7-11
	ewe	160-180 lbs.	
Navajo-Churro	ram	120-175 lbs.	4-8
	ewe	85-120 lbs.	

*--Mohair and Wool Production Averages (Continued)

A Breed Specific Production Averages for Mohair and Wool (Continued)

Breed	Type	Mature Body Weight	Average Grease Weight Fleece Pounds Produced
North Country Cheviot	ram	200-300 lbs.	5-10
	ewe	130-180 lbs.	
Oxford	ram	225-325 lbs.	7-10
	ewe	150-200 lbs.	
Panama	ram	250-280 lbs.	13-15
	ewe	180-210 lbs.	
Perendale	ram	220-260 lbs.	8
	ewe	120-150 lbs.	
Polypay	ram	190-250 lbs.	7-10
	ewe	140-180 lbs.	
Rambouillet	ram	200-300 lbs.	10-15
	ewe	140-180 lbs.	
Romanov	ram	175-240 lbs.	6-13
	ewe	135-160 lbs.	
Romney	ram	200-275 lbs.	10-18
	ewe	150-200 lbs.	
Scottish Blackface	ram	150-175 lbs	5-6
	ewe	115-130 lbs	
Shetland	ram	90-125 lbs	2-4
	ewe	75-100 lbs	

--*