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Background

With some commodity prices near loan rate levels, there’s renewed interest among producers and warehouse operators in the U.S. Department of Agriculture’s marketing assistance loan (MAL) program. This guide is intended to assist NGFA member companies in reacquainting themselves about this program, and to respond to the most frequently posed questions to NGFA, including beneficial interest rules, acceptable production evidence and commodity-specific warehouse receipt requirements, among other topics.

The Agricultural Act of 2014 (2014 farm law) reauthorized nonrecourse MALs and loan deficiency payments (LDPs) for wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple cotton, long grain rice, medium grain rice, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, graded and non-graded wool, mohair, unshorn pelts, honey and peanuts. USDA’s Farm Service Agency (FSA) administers the MAL program.

MALs for commodities are considered “nonrecourse” because the loan can be redeemed by repayment, or by delivering the agricultural commodity that was pledged as collateral to the Commodity Credit Corporation (CCC) as full payment for the loan upon maturity.

Loan Rate

The 2014 farm law sets national loan rates for crop years 2014-18 at the following levels:

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Loan Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barley</td>
<td>$1.95/bu.</td>
</tr>
<tr>
<td>Corn</td>
<td>$1.95/bu.</td>
</tr>
<tr>
<td>Dry Peas</td>
<td>$5.40/cwt.</td>
</tr>
<tr>
<td>Grain Sorghum</td>
<td>$1.95/bu.</td>
</tr>
<tr>
<td>Large Chickpeas</td>
<td>$11.28/cwt.</td>
</tr>
<tr>
<td>Lentils</td>
<td>$11.28/cwt.</td>
</tr>
<tr>
<td>Oats</td>
<td>$1.39/bu.</td>
</tr>
<tr>
<td>Other Oilseeds</td>
<td>$10.09/cwt.</td>
</tr>
<tr>
<td>Small Chickpeas</td>
<td>$7.43/cwt.</td>
</tr>
<tr>
<td>Soybeans</td>
<td>$5.00/bu.</td>
</tr>
<tr>
<td>Wheat</td>
<td>$2.94/bu.</td>
</tr>
<tr>
<td>Lentils</td>
<td>$11.28/cwt.</td>
</tr>
</tbody>
</table>

County and regional loan rates are based on each commodity’s national loan rate, and they:

- Vary by county or region; and
- Are based on the average prices and production of the county or region where the commodity is stored.

Loan Deficiency Payment

A producer who is eligible to obtain a MAL, but who agrees to forgo the MAL, may obtain an LDP under certain market conditions. The LDP rate equals the amount by which the applicable loan rate where the commodity is stored exceeds the effective MAL repayment rate for the respective commodity. The LDP amount equals the LDP rate times the quantity of the commodity for which the LDP is requested.
Marketing Loan Gain

A producer realizes a marketing loan gain if the MAL is repaid at less than the loan rate. The marketing loan gain rate equals the amount by which the applicable loan rate exceeds the MAL repayment rate.

Commodity Certificate Exchange

Commodity certificates are available to producers to exchange collateral pledged to CCC for a MAL. Commodity certificates are available for sale at USDA service centers to producers with outstanding nonrecourse MALs. The exchange rate is the adjusted world price for upland cotton or rice, the national posted price for peanuts, or the posted county price (PCP) for other commodities, as applicable on the date the commodity certificate is purchased. Realized gains from the certificate exchange gains equal the amount by which the loan rate exceeds the repayment rate. Commodity certificate exchanges are only available when the exchange rate is less than the applicable loan rate. Commodity loan gains realized from a commodity certificate exchange are not subject to payment limits or Adjusted Gross Income provisions.

Payment Limitation

The total amount of payments received, directly or indirectly, by a person or legal entity (except joint ventures or general partnerships) for price loss coverage, agricultural risk coverage, marketing loan gains, and LDPs (for commodities other than peanuts), is limited to no more than $125,000 annually. A person or legal entity that receives, directly or indirectly, payments for peanuts has a separate $125,000 payment limit for those payments. Producers exceeding this limit are still eligible for MALs, but must repay at principal plus interest. The indirect benefit realized by producers who forfeit their loan quantity to CCC is not subject to the payment limit. Payment limitation provisions do not apply to commodity certificate exchanges.

Commodity Eligibility

To be eligible for a LDP or MAL, the commodity must:

- Have been produced or mechanically harvested by an eligible producer and be in storable condition;
- Be merchantable for food, feed or other uses, as determined by CCC; and
- Meet specific CCC minimum grade and quality standards for nonrecourse MALs.

Producer Eligibility

To be eligible for a LDP, the producer must sign and submit page 1 of the 633 EZ form to the FSA service center prior to losing “beneficial interest” in the commodity. See the beneficial interest section directly below for more explanation on how beneficial interest affects LDP.
To be eligible for a MAL, the producer must retain beneficial interest in the commodity from harvest through the date the loan is repaid or title is taken by CCC.

In addition, to be eligible for either a LDP or MAL, the producer must:

- Comply with conservation and wetland protection requirements;
- Submit an acreage report to account for all cropland on all farms; and
- Meet adjusted gross income limitations. Producers or legal entities whose average adjusted gross income exceeds $900,000 are not eligible for MLGs and LDPs; but are eligible for MALs that must be repaid at principal plus interest, or with a commodity certificate exchange.

**Beneficial Interest**

To obtain a LDP, the producer must submit page 1 of the 633 EZ form to a FSA service center prior to losing beneficial interest in the commodity. The producer’s beneficial interest in the commodity on the date page 2 of the 633 EZ form is submitted to the FSA service center will determine the effective date of the LDP rate.

- If the producer has retained beneficial interest in the commodity through the date of submission of page 2 of the 633 EZ form, the producer will receive the LDP rate in effect on the date of submission of page 2.
- If the producer loses beneficial interest in the commodity after submitting page 1 of the 633 EZ form, but before submission of page 2 of the 633 EZ form, the producer will receive the LDP rate in effect on the date that beneficial interest was lost.

To obtain a MAL, the producer must maintain beneficial interest in the commodity and obtain warehouse receipts from an authorized warehouse and provide evidence that arrangements have been made for payment of storage charges through the maturity date of the warehouse-stored loan.

A producer retains beneficial interest in the commodity if both of the following remain with the producer:

- Control of the commodity: The producer retains the ability to make all decisions affecting the commodity, including movement, sale and the request for a MAL or LDP; and
- Title to the commodity.

Producers marketing under a deferred price, forward, or price later contract will be considered to have:

- Retained beneficial interest in the commodity, if there are no restrictive or contradictory clauses within the contract that may cause the producer to lose beneficial interest in the commodity until the date payment is received or the date the commodity is applied in fulfillment of the contract.
• Lost beneficial interest if the contract states that ownership or title in the commodity transfers when the commodity is priced, the contract is signed or the commodity is delivered.

If the commodity is delivered to, but not limited to, a feedlot, feed yard, dairy, pit, poultry facility, or grain bank, beneficial interest in the commodity is considered to be lost at the time of delivery because it removes the producer’s ability to make all decisions affecting the delivered commodity. Therefore, in these circumstances, control of the commodity does not remain with the producer.

**Loan Premiums and Discounts**

Loan premiums and discounts are determined according to the grade and quality of a specific quantity of a commodity that a producer pledges as loan collateral. Premium and discount schedules vary by commodity and are applied to the loan rate in the county where the commodity is stored. On a per-unit basis, premiums are added to and discounts are subtracted from the loan rate only when the MAL is forfeited to CCC for all loan commodities except cotton and peanuts, for which premiums and discounts are applied at the time a loan is made.

**Interest**

The interest rate charged on a commodity loan is set at one percentage point above CCC’s cost of borrowing from the U.S. Treasury at the time the loan is made. After a loan is made, the rate is fixed, except the interest rate for loans outstanding on Jan. 1 is adjusted to reflect CCC’s cost of borrowing on Jan. 1, plus one percentage point.

**Final Availability Dates for Loan Deficiency Payments and Loans**

Producers may receive LDPs or obtain MALs on all or part of their eligible production anytime during the loan availability period. The loan availability period runs from when the commodity is normally harvested until the following specified dates in the ensuing calendar year.

• Jan. 31st for peanuts;
• March 31st for barley, canola, crambe, flaxseed, oats, rapeseed, sesame seed and wheat; and
• May 31st for corn, dry peas, grain sorghum, lentils, mustard seed, long grain rice, medium grain rice, safflower, small chickpeas, large chickpeas, cotton, soybeans and sunflower seed.

**Production Evidence for Loan Deficiency Payment**

Production evidence is not mandatory at the time the producer requests an LDP for farm-stored commodities. However, such proof is required if the producer is selected for a spot check.
For commodities placed in open storage at a federally, non-federally, or state-licensed warehouse, it is not mandatory at the time the LDP request is made that a producer deliver a negotiable warehouse receipt or acceptable production evidence to the FSA service center. If requested by the FSA service center, a producer is required to have the capability to obtain a negotiable warehouse receipt or provide another form of acceptable production evidence. The FSA service center may request that the warehouse operator verify that ownership or title of the delivered commodity remains with the producer.

Acceptable types of production evidence are:

- Cleaning tickets for seed;
- Delivery evidence;
- Evidence of sales;
- Load summaries from warehouse, processor, or buyer;
- Paid measurement service;
- Scale tickets, if not issued by the producer for the producer’s own production and issued as a commercially acceptable arm’s length transaction;
- Spot check measurements with paid measurement service; and
- Warehouse receipts.

All production evidence submitted must show the following requirements:

- Producer’s name;
- Crop year, which may be certified or provided by the producer;
- Commodity;
- Net weight for grain sorghum and oilseeds, except soybeans;
- Net bushels for barley, corn, oats, soybeans and wheat;
- Class, if applicable; and
- Date of sale, if the commodity was sold.

**Production Evidence for Loan**

Production evidence is required for any farm-stored loan quantity on which a market gain is received or if the producer is selected for a spot check.

When requesting a warehouse-stored loan, a producer is required to present warehouse receipts from an authorized warehouse and provide evidence that arrangements have been made for payment of storage charges through the maturity date of the warehouse-stored loan.

**Authorized Warehouse**

Authorized warehouses for warehouse-stored loans are required to:

- Be federally licensed under the United States Warehouse Act; or
• Be in compliance with State laws in a State with an operating warehouse licensing program and issue warehouse receipts that meet the criteria for MALs; or
• Have a Uniform Grain and Rice Storage Agreement (UGRSA) contract with CCC if located in a State without a functioning warehouse licensing program.

Beginning with the 2009 crop year, for MAL loan-making purposes, CCC no longer requires the execution of UGRSA by warehouse operators in grain, rice, oilseeds, and pulse crops storage facilities that are either:

• Federally licensed; or
• In compliance with state laws in a state with an operating warehouse licensing program.

Below is a list of states that have warehouse licensing programs:

<table>
<thead>
<tr>
<th>State Warehouse Licensing Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
</tr>
<tr>
<td>Arkansas</td>
</tr>
<tr>
<td>Colorado</td>
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<tr>
<td>Georgia</td>
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<tr>
<td>Idaho</td>
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<tr>
<td>Illinois</td>
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<tr>
<td>Indiana</td>
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<tr>
<td>Iowa</td>
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<tr>
<td>Kansas</td>
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<tr>
<td>Kentucky</td>
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<tr>
<td>Louisiana</td>
</tr>
<tr>
<td>Michigan</td>
</tr>
<tr>
<td>Minnesota</td>
</tr>
<tr>
<td>Mississippi</td>
</tr>
</tbody>
</table>

1/ UGRSA required for Texas rice warehouses participating in MAL.

This listing is based on USDA’s interpretation of state laws as of Nov. 12, 2015

A warehouse operating under a state warehouse licensing program that has opted to not enter into a UGRSA contract, must request and receive from FSA’s Kansas City Commodity Office a CCC warehouse code before producers may request MALs on commodities stored in the facility. However, a UGRSA may be required to store commodities forfeited to CCC.

For MAL loan-making purposes, non-federally licensed warehouse operators in the following states that do not have an operating warehouse licensing program, but who are interested in providing storage services for CCC-interest commodities, are required to execute a UGRSA with CCC for MAL purposes.
No State Warehouse Licensing Program

<table>
<thead>
<tr>
<th>State</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>New Jersey</td>
</tr>
<tr>
<td>Arizona</td>
<td>New Mexico</td>
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<tr>
<td>California</td>
<td>New York</td>
</tr>
<tr>
<td>Connecticut</td>
<td>North Carolina</td>
</tr>
<tr>
<td>Delaware</td>
<td>Oregon</td>
</tr>
<tr>
<td>Florida</td>
<td>Pennsylvania</td>
</tr>
<tr>
<td>Hawaii</td>
<td>Rhode Island</td>
</tr>
<tr>
<td>Maine</td>
<td>Utah</td>
</tr>
<tr>
<td>Maryland</td>
<td>Vermont</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>Virginia</td>
</tr>
<tr>
<td>Nevada</td>
<td>West Virginia</td>
</tr>
<tr>
<td>New Hampshire</td>
<td></td>
</tr>
</tbody>
</table>

This listing is based on USDA’s interpretation of state laws as of November 12, 2015

Warehouse Receipt Requirements

All warehouse receipts must meet the following criteria:

- Have a valid CCC warehouse code;
- Be negotiable, if paper receipt, or loanable, if electronic warehouse receipt;
- Be issued to the eligible producer or CCC, as applicable;
- Be endorsed on the back by the producer, if receipt is paper;
- For electronic warehouse receipts, CCC is to be designated as the “holder” of the electronic warehouse receipt;
- Show ownership, if the commodity is owned by the warehouse operator, solely, jointly, or in common with others; and
- Contain a statement that commodity is insured. If the warehouse receipt is accompanied by applicable KC-350, the KC-350 shall contain the insured statement if not stated as such on the warehouse receipt.

All warehouse receipts shall show all of the following:

- Type of commodity;
- Name and location of storing warehouse;
- CCC-assigned warehouse code;
- Warehouse receipt number;
- Date receipt was issued;
- Date commodity was deposited or received;
- Date to which storage has been paid or storage start date (if storage is not prepaid, provide a certification statement that arrangements have been made for the payment of storage charges to maturity);
- Whether the commodity was received by rail, truck, or barge;
- Amount per bushel or cwt of prepaid in or out charges;
• Signature of the warehouse operator or authorized agent;
• Prepaid in-handling (receiving) charges (if not prepaid, provide a certification statement that arrangements have been made for the payment of all in-handling charges); and
• Grading factors must substantiate the grade determined by the warehouse operator.

Warehouse operators operating under a merged warehouse code agreement are required to show on warehouse receipts the location and county to which the producer delivered the commodity.

Any corrections to a warehouse receipt shall be made by the warehouse operator issuing the warehouse receipt.

**Commodity-Specific Additional Warehouse Receipt Requirements**

**Barley**

• Gross weight in pounds and net bushels. Fractions of bushels are to be shown in decimal hundredths.
• Class and subclass;
• Grade, including special grades;
• Test weight expressed in whole and half-pounds with a fraction of a half-pound disregarded;
• Moisture; and
• Grading factors, if these factors and not test weight determine the grade.

**Canola**

• Grade, including special grades;
• Gross weight and net weight in cwt, shown in decimal hundredths;
• Oil content;
• Moisture;
• Dockage reported in whole and tenth of a percent to the nearest tenth percent;
• A count of:
  o Garlic bulbs;
  o Animal filth;
  o Glass; and
  o Unknown foreign substances;
• Glucosinolate content; and
• The percentage of:
  o Heat damage;
  o Total damage;
  o Distinctly green seeds;
  o Stones;
  o Ergot;
  o Sclerotinia bodies;
- Total conspicuous admixtures;
- Inconspicuous admixtures; and
- Erucic acid.

Corn

- Kind of corn;
- Gross weight in pounds and net bushels. Fractions of bushels shall be shown in decimal hundredths;
- Class;
- Grade, including special grades;
- Moisture;
- Broken corn and foreign material. This factor shall be entered in the foreign material block, if available, or other appropriate block and recorded as a percent or zero; and
- Grading factors, if these factors and not test weight determine the grade. Grading factors are to be entered in whole numbers and tenths.

Crambe

- Gross weight and net weight in cwt, shown in decimal hundredths;
- Class;
- Moisture;
- Foreign material;
- Dockage;
- Percentage of:
  - Heat damage;
  - Total damage;
  - Distinctly green seeds;
  - Stones;
  - Ergot;
  - Sclerotinia bodies;
  - Inconspicuous admixtures; and
  - Conspicuous admixtures;
- A count of:
  - Animal filth; and
  - Glass.

Dry Peas

- Gross weight and net weight in cwt. Fractions of cwt. shall be shown in decimal hundredths;
- Class;
- Grade, including special grades; and
- Moisture.
Flaxseed

- Grade;
- Gross weight and net weight in cwt., shown in decimal hundredths;
- Test weight;
- Moisture;
- Dockage recorded in whole percent with a fraction of a percent disregarded;
- The percentage of:
  - Heat damage; and
  - Total damage;
- Grading factors, if these factors and not test weight determine the grade.

Grain Sorghum

- Gross weight in pounds and net weight in cwt.;
- Class;
- Grade, including special grades;
- Test weight expressed in whole and half pounds with a fraction of a half-pound disregarded. Example: If test weight is 51.1 to 51.4, the weight shown would be 51.0;
- Moisture;
- Dockage. If dockage is equal to 1 percent or more, it is to be stated as a whole percent; and
- Grading factors, including sub factor of foreign material, if these factors and not test weight determine the grade. Broken kernels and foreign material are entered in the foreign material block, if available, or other appropriate block. Grading factors shall be entered as whole numbers and tenths.

Large Chickpeas

- Gross weight and net weight in cwt. Fractions of cwt. shall be shown in decimal hundredths;
- Class;
- Grade, including special grades; and
- Moisture.

Lentils

- Gross weight and net weight in cwt. Fractions of cwt. shall be shown in decimal hundredths;
- Grade, including special grades; and
- Moisture.
Mustard

- Gross weight and net weight in cwt., shown in decimal hundredths;
- Class;
- Moisture;
- Dockage;
- Percentage of:
  - Class purity;
  - Heat damage;
  - Total damage;
  - Distinctly green seeds;
  - Stones;
  - Ergot;
  - Sclerotinia bodies;
  - Inconspicuous admixtures; and
  - Conspicuous admixtures;
- A count of:
  - Animal filth;
  - Glass; and
  - Unknown foreign substance.

Oats

- Net weight and bushels;
- Grade, including special grades;
- Test weight expressed in whole and half-pounds with a fraction of a half-pound disregarded;
- Moisture; and
- Grading factors, if these factors and not test weight determine the grade.

Rapeseed

- Gross weight and net weight in cwt., shown in decimal hundredths;
- Dockage;
- Oil content;
- Moisture;
- A count of:
  - Garlic bulbs;
  - Animal filth;
  - Glass; and
  - Unknown foreign substances;
- Percentage of:
  - Heat damage;
  - Total damage;
  - Distinctly green seeds;
o Stones;
o Ergot;
o Sclerotinia bodies;
o Total conspicuous admixtures;
o Inconspicuous admixtures; and
o Erucic acid.

**Safflower**

- Gross weight and net weight in cwt., shown in decimal hundredths;
- Dockage;
- Oil content;
- Moisture;
- Iodine value;
- A count of:
  - Animal filth;
  - Glass; and
  - Unknown foreign substance;
- Percentage of:
  - Heat damage;
  - Total damage;
  - Other grains;
  - Free fatty acid;
  - Stones;
  - Other damage; and
  - Sprout damage.

**Sesame**

- Gross weight and net weight in cwt., shown in decimal hundredths;
- Other seed number shown in decimal hundredths;
- Class;
- Moisture;
- Test weight;
- Foreign material;
- Dockage;
- Percentage of:
  - Heat damage;
  - Total damage;
  - Stones;
  - Ergot;
  - Sclerotinia bodies;
  - Inconspicuous admixtures; and
  - Conspicuous admixtures;
- A count of:
  - Animal filth; and
Glass.

Small Chickpeas

- Gross weight and net weight in cwt. Fractions of cwt. are to be shown in decimal hundredths;
- Class;
- Grade, including special grades; and
- Moisture.

Soybeans

- Gross weight and bushels;
- Net weight and bushels. Fractions of bushels are to be shown in decimal hundredths;
- Class;
- Grade, including special grades;
- Test weight expressed to the nearest tenth of a pound;
- Moisture;
- Percentage of foreign material; and
- Grading factors applicable to quality discounts, as applicable. Grading factors, including percent of splits, are to be entered in whole numbers and tenths.

Sunflower Seed, Oil Type

- Grade;
- Gross weight and net weight in cwt., shown in decimal hundredths;
- Test weight;
- Oil content;
- Moisture;
- The percentage of:
  - Foreign material;
  - De-hulled seeds;
  - Heat damage; and
  - Total damage;
- Grading factors if these factors and not test weight determine the grade.

Sunflower Seed, Other Type

- Gross weight and net weight in cwt., shown in decimal hundredths;
- Sieve size;
- Test weight;
- Moisture;
- Dockage;
- A count of:
  - Animal filth;
Glass; and
- Unknown foreign substance;

- Percentage of:
  - Black seeds;
  - Heat damage;
  - Insect damage;
  - Admixture;
  - Seed size passing through a 14/64-inch round hole sieve;
  - Sclerotinia bodies; and
  - Total of frost damage, badly weathered damage, diseased damage, otherwise materially damage, and immature.

Wheat

- Gross weight in pounds and net bushels. Show fractions of a bushel in decimal hundredths;
- Class and subclass. Example: HRS-DNS;
- Grade, including special grades;
- Test weight expressed to the nearest tenth of a pound;
- Moisture;
- Dockage rounded to nearest tenth percent;
- Protein content (hard, durum and soft white);
- Bulblet count, if indicated “garlicky”; and
- Grading factors, including total cumulative sample grade factors, if these factors and not test weight determine the grade. Total defects shall only include damaged kernels (total), foreign material, and shrunken and broken kernels. Heat damage is not added because it is included in damaged kernels (total). Grading factors shall be entered as whole numbers and tenths, such as, 5.1.

Class, Grade and Other Quality Factors

The class, grade, grading factors and all other quality factors are to be based on either of the following, as applicable:

- Official U.S. Standards for Grain, even if quality determinations are not made on the basis of an official inspection; and
- Quality factors determined by CCC for commodities not listed in the official U.S. grain standards.

The warehouse operator is required to obtain official grade determinations when requested by the producer at the expense of the warehouse operator.

CCC will not adjust loan rates for farm- and warehouse-stored loans using premiums and discounts at loan-making. If the loan is not repaid and is forfeited to CCC, grading factors affecting premiums and discounts are applied at settlement or forfeiture.
Warehouse Handling Charges

Producers are required to provide acceptable documentation specifying that all in-handling charges have been provided for or paid before either of the following:

- A warehouse-stored loan will be disbursed for the commodity; and
- Recording a settlement of a forfeited farm-stored loan.

Acceptable documentation includes either of the following:

- Prepaid in-handling (receiving) charges recorded directly on the warehouse receipt; or
- Certification signed by the warehouse operator with the following language:
  “Arrangements for the payment of all in-handling charges have been made by the depositor of the commodity covered by the receipt numbers (insert receipt numbers). No lien will be asserted by the warehouse operator against Commodity Credit Corporation or any subsequent holder of the warehouse receipt for in-handling charges.”

Warehouse Storage Charges

The producer is responsible for making arrangements for storage charges through the maturity date of the warehouse-stored loan. If the warehouse receipt does not show that storage charges have been paid through maturity of the loan, the warehouse operator is to provide either of the following:

- An endorsement prepared and signed by the warehouse operator on the warehouse receipt or applicable KC-350 (Grain) or KC-350 (Oilseed) indicating storage charges have been prepaid through maturity; or
- The attached statement cross-referenced to the warehouse receipt and signed by the warehouse operator: “Storage arrangements have been made by the depositor of the commodity covered by this receipt through (insert date through which storage has been provided). No lien will be asserted by the warehouse operator against CCC or any subsequent holder of the warehouse receipt for the storage charges that accrued before the date forfeited to CCC.”

Loan rates no longer are reduced at loan-making to account for unpaid storage charges. But if the loan is forfeited and storage charges are not prepaid through the maturity date of the loan, the FSA service center reduces the loan rate to reflect storage through maturity.

FSA service centers are required to post authorized warehouse storage-related rates in a prominent place in the county office for public review. Storage-related rates are posted on the following website:

http://erielake.sc.egov.usda.gov/whserates/grain/warehouse_rates.asp
Loan Settlement

MALs mature on the last day of the ninth calendar month following the month in which the MAL is approved. A producer may settle an outstanding nonrecourse MAL:

- Before maturity period by repaying the MAL; or
- Upon maturity by forfeiting the commodity to CCC.

For all loan-eligible commodities except extra-long staple (ELS) cotton, a producer may repay a MAL any time during the loan period at the lesser of the:

- Loan rate plus accrued interest and other charges; or
- Alternative loan repayment rate as determined by CCC.

For wheat, feed grains and oilseeds, the CCC-determined alternative loan repayment rate is the PCP. PCPs are based upon market prices at appropriate U.S. terminal markets, adjusted to reflect quality and location. PCPs are announced daily for wheat, feed grains, soybeans, canola, flaxseed and sunflower seed, and weekly for other oilseeds.

CCC determines national posted prices for four types of peanuts and announces them weekly. For dry peas and lentils, CCC determines and announces regional posted prices weekly. For large and small chickpeas, CCC determines and announces a national posted price weekly. For long and medium grain rice and upland cotton, a producer may repay a MAL any time during the loan period at the lesser of the:

- Loan rate plus accrued interest and other charges; or
- Adjusted world price.

The AWP is the prevailing world market price adjusted to U.S. quality and location. Separate AWPs for long grain, medium grain rice and upland cotton are announced weekly.

The MAL repayment rates are posted on the following website:

www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=landing

Warehouse-Stored Repayment and Release

A producer may repay a warehouse-stored loan in full or in part. However, the quantity repaid may not be less than an entire receipt. For example, assume a warehouse loan has two warehouse receipts: Receipt #1 = 1,000 bu. and Receipt #2 = 1,500 bu. The only repayment options for this loan are:

- Full repayment of entire loan (both receipts – 2,500 bu.); or
- Partial repayment of the loan – either full repayment of Receipt #1 (1,000 bu.) or full repayment of Receipt #2 (1,500 bu.).
In this example, the producer cannot make a 2,000 bu. partial repayment on this loan because there is not a receipt representing 2,000 bu.

A producer may request authorization for CCC to release warehouse receipts to a buyer, agent, or warehouse representative after repaying the applicable loan quantity.

**Warehouse-Stored Forfeiture**

When producers do not repay warehouse-stored loans by the loan maturity date, the grain on the applicable warehouse receipts is forfeited to CCC. As part of the immediate processing of the loan forfeiture, FSA service centers:

- Contact the storing warehouse operator to obtain applicable storage or public tariff rates for federally- and state-licensed warehouses;
- Process storage deductions, if applicable;
- Apply premiums, discounts and other applicable charges;
- Mail the forfeited warehouse receipts to the Kansas City Commodity Office; and
- Start the storage start date for CCC as the day following the loan maturity date;

**Delivery of Forfeited Farm-Stored Commodity to Approved Warehouse**

Delivery of farm-stored commodities to CCC can only be made to an approved warehouse with a UGRSA. Before loan maturity, the FSA service center contacts authorized warehouses to determine whether local storage space is available and to work out a schedule for deliveries. If possible, the FSA service center is to direct deliveries to warehouses at customary delivery points with the lowest handling and storage rates.

Farm-stored nonrecourse commodity loans that are forfeited and delivered to an approved warehouse are ineligible for in-handling (receiving) charges.

**For More Information**

If you have questions or need more information, please contact NGFA Director of Economics and Government Relations Max Fisher at mfisher@ngfa.org, or at 202-289-0873.