

For: State and County Offices, CMA's, DMA's, LSA's, and Cotton Clerks

Extension of MAL Maturity Provided by the Consolidated Appropriations Act of 2021

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

Currently, MAL's mature on demand, but no later than the last day of the 9th calendar month after the month MAL is disbursed.

The Consolidated Appropriations Act of 2021 provides an extension of the normal MAL maturity to 12 months. This extension is:

- applicable to nonrecourse loans for all commodities except seed cotton and sugar
- available for crop year 2020 loans that are open and in good standing and would normally mature starting July 31, 2021 (disbursed in October, November, and December 2020 and January 2021 onward)
- applicable to new crop year 2020 or 2021 loans requested by September 30, 2021.

Note: The maturity date extension provided under the Consolidated Appropriations Act of 2021 does not apply an additional extension to loans with maturity dates extended under the Coronavirus Aid, Relief, and Economic Stability Act of 2020 (CARES Act). MAL's will have a maximum loan maturity term of 12 months.

B Purpose

This notice provides State and County Offices the policies and procedures for loan extensions under the Consolidated Appropriations Act of 2021.

Disposal Date	Distribution
October 1, 2021	State Offices; State Offices relay to County Offices, CMA's, DMA's, LSA's, and Cotton Clerks

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1 Overview (Continued)

C Contact

State Offices must direct questions to the applicable contact according to this table.

IF the question is about...	THEN contact...
MAL policy for all commodities except peanuts and cotton	Shayla Watson-Porter by either of the following: <ul style="list-style-type: none">• e-mail to shayla.watson-porter@usda.gov• telephone at 202-690-2350.
MAL policy for cotton and cotton clerks	Kelly Hereth by either of the following: <ul style="list-style-type: none">• e-mail to kelly.hereth@usda.gov• telephone at 202-720-0448.
MAL policy for peanuts, CMA's, DMA's, and LSA's	Dana Wood by either of the following: <ul style="list-style-type: none">• e-mail to dana.wood@usda.gov• telephone at 202-692-5288.

2 MAL Maturity Extension

A Applying New Loan Terms

The new 12-month loan terms apply to nonrecourse loans for all commodities except seed cotton and sugar. The loan must be either of the following:

- currently open and in good standing with a maturity date on or after July 31, 2021
- requested by September 30, 2021.

This extension is **not** available to recourse loans.

Notes: Producers may elect to have a 9-month loan.

There is no extension available to distress loans. Distress loans mature on demand or no later than 90 calendar days after the date the loan is disbursed. The collateral may be repledged for loan according to 8-LP, paragraph 1221.

Loans requested after September 30, 2021, will have a term of 9 months.

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2 MAL Maturity Extension (Continued)

B Maturity Month Table

The maturity month table for loans is applicable as follows.

Month Disbursed/Approved	9-Month Maturity	New 12-Month Maturity
October 2020	July 2021	October 2021
November 2020	August 2021	November 2021
December 2020	September 2021	December 2021
January 2021	October 2021	January 2022
February 2021	November 2021	February 2022
March 2021	December 2021	March 2022
April 2021	January 2022	April 2022
May 2021	February 2022	May 2022
June 2021	March 2022	June 2022
July 2021	April 2022	July 2022
August 2021	May 2022	August 2022
September 2021	June 2022	September 2022
October 2021 <u>1/</u>	July 2022	October 2022

1/ Loans requested by September 30, 2021, may be disbursed in October 2021 and will have a maturity month of October 2022.

C Nonworkday

If a maturity date falls on a nonworkday, the maturity date is the next workday.

D Notification

Producers with an outstanding MAL must be notified of the loan maturity date and the applicable options available at least 45 calendar days, but not more than 60 calendar days, before maturity for farm and warehouse nonrecourse loans.

For loans set to mature in January or February 2021, producers must be contacted as soon as possible in the best manner of communication to make them aware of the options to do 1 of the following:

- repay the loan at the original 9-month maturity
- settle or forfeit the loan
- extend the loan.

Notification letters of the available extension must be sent as soon as possible. Use the suggested language for the applicable notification letter as provided in:

- Exhibit 1 for loans issued by a County Office
- Exhibit 2 for loans issued by CMA, DMA, or LSA.

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2 MAL Maturity Extension (Continued)

E Repayment

Producers have the same options to repay the extended loan as they would in any normal manner. A producer may settle an outstanding nonrecourse MAL:

- before the maturity date by repaying MAL according to 8-LP, Part 7, and for cotton according to 7-CN, Parts 3 and 4
- upon maturity by delivering or forfeiting the commodity to CCC in satisfaction of the loan indebtedness according to 8-LP, Parts 8 and 9, and for cotton according to 7-CN, Parts 3 and 4
- after maturity and before CCC acquires the farm-stored commodity by repaying the outstanding MAL principal according to 8-LP, Part 7.

If market gain is applicable during the loan extension and the producer is eligible, the producer may receive a gain on the repayment made before the loan matures. If market gain is applicable, the producer is also eligible to redeem the loan by a commodity certificate exchange based on the alternative repayment rate.

Loans must be repaid at principal plus interest if the loan remains open after maturity.

Producers may repay the loan at any time before it matures. Producers may request to forfeit their collateral to CCC before the revised maturity date, but no earlier than 9 months following the month of the loan disbursement.

Producers remain responsible for warehouse storage charges that incur before maturity.

F Commodity Loan Processing System (CLPS) Automated Loan Process

Process all loans using the normal procedure. CCC-677 or CCC-678 will print showing the original 9-month maturity date.

If the loan is currently outstanding, CLPS will be updated to reflect the new maturity date at a future date. For new loans, CLPS will run an update to reflect the new maturity date as 12 months at a future date. Because of time constraints and system limitations, loan maturity will not show the extension at the time of loan making.

If a producer chooses to forfeit or settle at the 9-month maturity, the loan must be accelerated in CLPS before processing the forfeiture or settlement.

3 Action

A State Office Action

State Offices must:

- identify and track loans set to originally mature between January and September 2021
- identify and track loans that will continue to operate with the original 9-month maturity
- ensure that these designated loans receive the new term extension.

B County Office Action

For loans in which the producers accept the extension, County Offices must:

- notify producers of loans of the available extension as timely as possible for those loans maturing in January or February 2021 according to subparagraph 2 D
- send notification letters according to the date in subparagraph 2 D
- process payments received before maturity in the normal manner
- process forfeitures of outstanding warehouse MAL's on the first workday after the extended loan maturity, as applicable
- begin the normal demand process the first workday after maturity for farm-stored loans that remain open after the extended maturity
- revise the maturity date on CCC-677 or CCC-678 with a pen and ink change according to the maturity month table as shown in subparagraph 2 B.

For loans in which the producer does **not** accept the loan extension, County Offices must:

- not change the maturity date on CCC-677 or CCC-678
- ensure that the repayment notification is sent at least 45 calendar days, but not more than 60 calendar days, before the 9-month maturity date
- process payments received before maturity in the normal manner
- process forfeitures of outstanding warehouse MAL's on the first workday after the 9-month loan maturity, as applicable
- begin the normal demand process the first workday after maturity for farm-stored loans that remain open after the 9-month maturity.

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3 Action (Continued)

C CMA, DMA, and LSA Action

CMA, DMA, or LSA must:

- notify producers of loans identified as eligible for extension of the available extension as timely as possible for those according to subparagraph 2 D
- send notification letters according to the date in subparagraph 2 D
- process payments received before maturity in the normal manner
- process forfeitures of outstanding warehouse MAL's on the first workday after the extended loan maturity, as applicable
- begin the normal demand process the first workday after maturity for farm-stored loans that remain open after the extended maturity
- revise the maturity date on CCC-677 or CCC-678 with a pen and ink change according to the maturity month table as shown in subparagraph 2 B.

For loans in which the producer does **not** accept the loan extension, CMA, DMA, or LSA must:

- not change the maturity date on CCC-677 or CCC-678
- ensure that the loan maturity notification is sent at least 45 calendar days, but not more than 60 calendar days, before the 9-month maturity date
- process payments received before maturity in the normal manner.

Example of Notification of Loan Term Extension for MAL’s Issued by a County Office

The following is an example of a loan term extension letter issued by a County Office.

UNITED STATES DEPARTMENT OF AGRICULTURE
 FARM SERVICE AGENCY
 _____ COUNTY FSA OFFICE
 ADDRESS
 CITY, STATE, ZIP CODE
 TELEPHONE

(Date)

Producer’s Name
 Address
 City, State, Zip Code

Dear **(Producer’s Name)**:

This is to notify you that your **(crop year, commodity)** **(insert applicable farm/warehouse)-stored loan (loan number)** maturity date has been revised and will mature on **(revised maturity date – not to exceed 12 months following the month of loan disbursement)** as authorized by the Consolidated Appropriations Act of 2021. All other terms and conditions of the CCC-601 Commodity Credit Corporation Note and Security Agreement remain unchanged.

If you do not wish to extend the length of your loan, you may repay by the original loan maturity date. You also have the option to forfeit or settle your loan as applicable at the original maturity date. Please notify your local service center as soon as possible if you choose not to extend your loan.

You may repay the loan on or before the loan maturity date. The principal and charges, plus interest, are due and payable on or before **(insert revised maturity date)** with a check, certified check, money order or wire. Interest will continue to accrue on a daily basis until the amount due is repaid. If applicable, the **(insert applicable adjusted world/national posted/posted county) price repayments or commodity certificate exchanges** are only allowed on collateral either repaid by maturity or delivered to buyer under an approved marketing authorization by the loan maturity date.

Please call before attempting to visit your local USDA Service Center office. USDA Service Centers are open for business by phone appointment only at this time. While County Office staff may continue to come into the office, we will be working with our producers by phone, e-mail, and online tools whenever possible. For the latest information regarding USDA service center status, visit www.farmers.gov/coronavirus.

Sincerely,

County Executive Director
 _____ County FSA Office

USDA is an Equal Opportunity Provider, Employer and Lender.

Example of Notification of Loan Term Extension for MAL’s Issued by CMA, DMA, or LSA

The following is an example of a loan term extension letter to be issued by CMA, DMA, or LSA.

(Name and Address of the CMA, DMA, or LSA)
<p>(Date)</p> <p>Producer’s Name Address City, State, Zip Code</p> <p>Dear (Producer’s Name):</p> <p>This is to notify you that your (crop year, commodity) warehouse-stored loan (loan number) maturity date has been revised and will mature on (revised maturity date – not to exceed 12 months following the month of loan disbursement), as authorized by the Consolidated Appropriations Act of 2021. All other terms and conditions of the CCC-601 Commodity Credit Corporation Note and Security Agreement remain unchanged.</p> <p>You may repay the loan on or before the loan maturity date. The principal and charges, plus interest, are due and payable on or before (insert revised maturity date), with a check, certified check, money order or wire. Interest will continue to accrue on a daily basis until the amount due is repaid.</p> <p><i>Insert the following for a peanut producers serviced by a DMA:</i> If applicable, repayments using the effective peanut price or commodity certificate exchanges are only allowed on collateral either repaid by maturity or delivered to buyer under an approved marketing authorization by the loan maturity date. Commodity certificate exchanges are only allowed if the effective peanut price is less than the calculated loan rate.</p> <p><i>Insert the following for cotton producers serviced by CMA or LSA:</i> If applicable, repayments for upland cotton at the effective adjusted world price or commodity certificate exchanges are only allowed on collateral either repaid by the loan maturity date. Commodity certificate exchanges are only allowed if the AWP is less than the calculated loan rate. ELS cotton must be redeemed at principal plus interest, and are not eligible for commodity certificate exchanges.</p> <p>If you choose to forfeit the loan collateral the day after maturity, you will be responsible for any unpaid storage charges and fees that accrued over the life of the loan. Please contact us immediately is you wish to forfeit your loan prior to the revised loan maturity date.</p> <p>Sincerely,</p> <p>(Insert Applicable Name and Title)</p>