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UNITED STATES DEPARTMENT OF AGRICULTURE
Commodity Stabilization Service
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U. S. DEPARTMENT OF AGRICULTURE NATIONAL COMMODITY STABILIZATION SERVICE APR 15 1998 C S S

MOBILE DRIER LOAN HANDBOOK (6-GR)

AMENDMENT - 7

APPROVED:

H. L. Manwaring
 Deputy Administrator, Production Adjustment

1. PURPOSE.

This Amendment 7 transmits revised pages of Handbook 6-GR.

2. CHANGES.

A. Paragraph 6 A, has been revised to provide that it is the responsibility of the producer to determine the type of equipment necessary for his operation.

B. Paragraph 6 B, Minimum Specifications for Driers, has been deleted in its entirety and subsequent sub-paragraphs relettered. With the elimination of the specifications for heated air dryers, loans may be made for conventional heated air dryers, supplemental heated air dryers, drying fan units and units for control of moisture migration with tunnels, false floors, or any combination thereof as selected by the applicant. It is contemplated that a guide pertaining to the various types of equipment shown above, for use as informational material by the producer, will be prepared.

C. Paragraph 27 H, Manufacturer's Certification and Warranty, has been deleted in its entirety.

D. Discontinuance of Form 301-1 through 301-6. Effective upon the receipt of this amendment, the maintenance of Commodity Credit Corporation Form 301-1 through 301-6, County Office Record of Loans shall be discontinued and a new 3-column loan serial number control record shall be established beginning with the next unused serial number from Form 301. The Form 301 maintained up to the effective date of the change shall be retained in the county office as the loan serial number control record for that period; however, no further posting shall be made thereto. Producers' files are to be used for reference purposes in lieu of Forms 301-1 through 301-6.

E. New Date for Submitting Forms 274. Form 274 is not to be submitted to the State offices as of December 15, 1958. Instead, Form 274 for the period beginning November 16, 1958 shall be continued through December 31, 1958 and shall be sent so as to reach the State office by the 5th of January, 1959. State offices shall send the commodity office copies of Forms 274 so as to reach the commodity office not later than January 10, 1959. Thereafter, ASC county offices shall submit Forms 274 which cover each calendar month according to the schedule in paragraph 51.

F. Paragraph 54 A, Responsibility, has been amended to provide that the County Office Custodian shall be designated in writing by the county office manager.

G. Minor revisions for purposes of clarification have been included in several other paragraphs in parts 2 and 3.

(See Page Control Chart on Page 3)

MOBILE DRIER LOAN HANDBOOK (6-GR)

PAGE CONTROL CHART

Remove Pages	Dated	:	Insert Pages	Dated
T. C. 1	7-15-58	:	T. C. 1	11-12-58
2	8-12-57	:	2	11-12-58
3	8-12-57	:	3	11-12-58
Text 1	8-12-57	:	Text 1	8-12-57
2	1-30-58	:	2	11-12-58
3	7-15-58	:	3	11-12-58
4	7-15-58	:	4	11-12-58
5	7-15-58	:	5	11-12-58
6	7-15-58	:	6	11-12-58
6.5	7-15-58	:	13	11-12-58
13	8-12-57	:	14	8-12-57
14	8-12-57	:	17	11-12-58
17	8-12-57	:	18	11-12-58
18	1-30-58	:	19	11-12-58
19	8-12-57	:	20	11-12-58
20	8-12-57	:	21	11-12-58
21	8-12-57	:	45	11-12-58
22	8-12-57	:	46	11-12-58
45	8-12-57	:	47	11-12-58
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51	8-12-57	:	53	11-12-58
52	8-12-57	:	54	11-12-58
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57	8-12-58	:		
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Exhibit 1	Undated	:		
7	Undated	:		
9	Undated	:		



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EXHIBITS:

- Exhibit 1 - (Withdrawn Amendment 7)
- Exhibit 2 - CCC Form 302 - Application for Loan
- Exhibit 3 - CCC Form 303 - Promissory Note
- Exhibit 4 - CCC Form 304 - Chattel Mortgage
- Exhibit 5 - CCC Form 305 - Disbursement Report
- Exhibit 6 - CCC Form 306 - Assumption Agreement
- Exhibit 7 - (Withdrawn Amendment 7)
- Exhibit 8 - General Forms of Acknowledgment
- Exhibit 9 - CCC Form 301 - (Withdrawn Amendment 7)
- Exhibit 10- CCC Form 400 - Agreement for Voluntary Liquidation of Mortgaged Chattels
- Exhibit 11- CCC Form 401 - Bill of Sale

PART 1. *--GENERAL--*

1. APPLICABILITY OF HANDBOOK.

This handbook prescribes the procedure to be used by ASC State and county offices in administering the Mobile Drying Equipment Loan Program. Part 2 provides operating instructions applicable only to loans made on and after November 1, 1952, and Part 4 provides operating instructions applicable only to loans made prior to November 1, 1952. Part 3 prescribes the loan and custody records to be maintained and the reports required for all loans outstanding or made under the Mobile Drying Equipment Program. As soon as all loans made prior to November 1, 1952, have been repaid or otherwise liquidated, Part 4 will be obsolete and should be removed from the handbook. This handbook will become effective July 1, 1956.

*--1.5 STATE OFFICE ACTION.

When the county committee recommends that a loan held by CCC be called, and the State committee approves such recommendation, the State office shall notify the borrower that the whole of the indebtedness is due and payable, and that payment shall be made to the county office within 10 days after the date of the notice. A copy of such notice shall be sent to the county office. If the loan is held by a lending agency, and if the State committee approves the recommendation of the county committee, the State office shall request the county committee to purchase the note from the lending agency. After the note is purchased, the State office shall notify the borrower that the whole of the indebtedness is due and payable, and that payment shall be sent to the county office.--*

PART 2. OPERATING INSTRUCTION - LOANS
MADE BEGINNING NOVEMBER 1, 1952

SECTION 1. SCOPE

2. GENERAL.

This Part 2 prescribes the procedure to be employed in the Mobile Drying Equipment Loan Program with respect to loans for which application was made on or after November 1, 1952. It also prescribes the required forms, documentation and records to use in connection with such program.

SECTION 2. ADMINISTRATION OF PROGRAM

3. COUNTY COMMITTEE ACTION.

Field operations under this program will be administered in the State by the county committee under the supervision of the State committee. The county committee may approve loan applications, except as specifically provided herein, issue loan commitments, and make disbursement of loans, without prior approval of the State committee. The county committee may also initiate action to call delinquent loans as prescribed in paragraphs 20 and 21, arrange for the purchase of loans from lending agencies, * * *, and perform related services under the supervision of the State committee.

4. STATE AND WASHINGTON OFFICE RESPONSIBILITY FOR APPLICATIONS FOR LOANS OF \$1,000 OR OVER.

A. Applications For Loans of \$1,000 or Over. Prior to the disbursement of any loan where the principal amount is \$1,000 or over, or the execution of any assumption agreement where the principal amount assumed is \$1,000 or over, the loan documents (application, note, chattel mortgage), or the unexecuted assumption agreement shall be submitted to the Attorney in Charge through the State office for review. The Attorney in Charge will immediately advise the State office as to whether the loan documents meet all legal requirements.

B. Applications For Loans of \$5,000 or Over. Applications for mobile drying equipment loans in the amount of \$5,000 or over shall be submitted through the State office to the Deputy Administrator, Operations for review and approval PRIOR to the issuance of a loan commitment. In addition to the information required herein, these applications shall be supplemented to contain as a minimum the following additional information:

1. Applicant's Financial Statement. A reasonably current financial statement executed by the applicant together with a statement from the county office concerning the applicant's local credit rating.
2. Participation in Price Support Programs. Advice as to whether the applicant participates in the price support and the agricultural conservation programs.
3. County and State Committee Recommendations. Recommendations by the county and State committees on the application.

4. Information Concerning Production. A statement as to the number of acres of eligible commodities the applicant usually plants annually and the normal yields so that his need for the equipment can be determined.

5. Statement or Invoice of Cost. A statement or invoice showing the cost of the dryer or equipment signed by the seller.

SECTION 3. ELIGIBILITY

5. DEFINITION OF ELIGIBLE BORROWER.

An eligible borrower shall be a person who:

A. Is a tenant, share landlord, or land-owner-operator who produces one or more of the following commodities: corn, oats, barley, grain sorghums, wheat, rye, soybeans, flaxseed, rice, dry edible beans, dry peas, peanuts, cottonseed, hay seeds, pasture seeds and winter cover crop seeds, and

B. Has facilities for the storage of one or more such eligible commodities suitable for adaptation to artificial drying and needs such eligible equipment in connection with the utilization of such facilities.

The term "person" means an individual, partnership, corporation, or other legal entity. If two or more individuals join together in the purchase of eligible equipment, each such individual shall be liable jointly and severally with respect to the loan.

6. ELIGIBLE EQUIPMENT.

A. General. Loans will be made only for the purchase of new mobile drying equipment for the conditioning of grain, (such as air-circulators, ventilators, tunnels, and power-fans, or any combination thereof, and mechanical driers of a mobile type) provided there is a need for the mobile drying equipment which will be used in connection with the conditioning of the eligible commodities listed in paragraph 5, produced by the borrower.*--It is the responsibility of the producer to determine the type of equipment necessary for his operations. However, the county committee is not required to approve a loan for any proposed equipment when it considers such approval would not be in the best interest of CCC.--*

B. Loans Not Available. Loans will not be available for:

1. Refinancing, repair, remodeling or maintenance of existing equipment, or
2. The purchase of secondhand equipment, or
3. The use in connection with the conditioning of commodities which the borrower intends to purchase, or condition, or store for others, provided, however, that a borrower, in addition to drying his own grain, is permitted to use such dryer to dry or condition grain for neighboring producers, or
4. Where it appears that the equipment may be attached to, or become a part of, or made use of, in connection with any commercial operation, including but not limited to elevators, warehouses, drying or processing plants.

C. Mobility. Only new drying equipment which is mobile and * * * which can be moved easily and readily from site to site will be eligible for loan under this program.

D. Providing Sketch or Drawing. *--Applications which include tunnels and/or ventilators shall be accompanied by a sketch or drawing, furnished by the borrower, showing how this equipment will be used in the structure.--*

SECTION 4. WHERE LOANS MAY BE OBTAINED

7. COMMODITY CREDIT CORPORATION.

Loans will be made only by CCC except when an applicant specifically requests that the loan be made through a particular bank or other financial institution that can qualify as a lending agency. When an applicant requests that a loan be made through a lending agency, specific authorization must be obtained from the Deputy Administrator, Operations, CSS.

8. LENDING AGENCIES.

Loans may be made through banks or other financial institutions which can qualify as lending agencies but only upon specific authorization for each loan from the Deputy Administrator,

Operations. The county committee shall submit, through the State committee, a statement for the Deputy Administrator, Operations, giving name of applicant, brief description of loan, applicant's reason for wanting loan to be made by lending agency, name of proposed lending agency, verification by county office that agency agrees to make the loan, whether agency is presently party to a lending agency agreement or a new agreement is required, and recommendation of the county committee with showing of cause for not making loan directly. If a new lending agency agreement is required, the county committee shall submit triplicate copies signed by the agency and the agreement, if approved, shall be executed on behalf of Commodity Credit Corporation by the Deputy Administrator, Operations. All copies of the approved Lending Agency Agreement shall be returned to the county committee with the approval or rejection of the Deputy Administrator, Operations. The original of the agreement shall be retained in the county office, one copy shall be forwarded to the Commodity Office through the State office, and one copy shall be delivered to the lending agency. The lending agency shall be furnished a copy of Handbook 6-FI, CCC Lending Agency Handbook, Storage Facility and Equipment Loans.

SECTION 5. TERMS AND CONDITIONS OF LOAN

9. AVAILABILITY OF LOANS.

- A. Area. Loans will be available in all States and Alaska.
- B. Time. Loan applications may be submitted during periods set forth in the program regulations, and thereafter, until public notice is made that applications may not be submitted.
- C. Source. All forms and documents will be made available through the ASC county offices. Disbursements on loans will be made by drafts drawn on CCC by county offices, provided that where specially requested by the borrower and when authorized by the Deputy Administrator, Operations, CSS, a loan may be disbursed by an approved lending agency.

10. AMOUNT OF LOAN.

- A. General. The maximum amount of any loan shall not exceed seventy-five percent of the delivered and assembled cost of the mobile drying equipment purchased, exclusive of farm-labor costs.

B. Establishing the Maximum Amount of Loan. In order to assure that loans are adequately secured, the State committee may establish the maximum amount to be loaned (within the maximum outlined herein), and such amount shall be uniform for the entire State. County committees are in a position to know or ascertain the reliability of the borrower and to evaluate the equipment. Therefore, if it appears that the financial interests of CCC would not be fully protected if the maximum amount authorized by the State committee were approved, the amount loaned shall be correspondingly reduced. The borrower will be required to make a down-payment of at least twenty-five percent.

11. SECURITY FOR LOAN.

A. General. Loans will be secured generally by chattel mortgages on the mobile drying equipment purchased. However, other approved instruments may be requested * * * where the amount of the loan or other circumstances warrant such security.

B. Evidence of Cost and Down-Payment. The borrower shall be required to furnish receipted bills, furnishing information including but not limited to showing the cost of the drier or any mobile equipment, and the amount of the cash down-payment, before the loan is disbursed. A copy of the receipted bill shall be retained in the producer's file in the county office.

12. TERM OF LOAN.

A. Period. Loans will be for a maximum period of three years.

B. Loan Commitment. Unless the loan has been completed and totally disbursed, the loan commitment shall become null and void in four months after its date unless extended in writing by the county committee on or before its expiration date.

13. REPAYMENT OF LOAN.

A. General. The principal of the loan shall be repayable in equal annual installments with interest at four percent per annum on the unpaid balance. The number of such installments,

conditional sale contract specifically covering the drier or equipment has been recorded or filed. Moreover, the borrower shall have complied with the insurance requirements set forth in paragraph 15. Any excess of the face amount of the note over the actual amount of the loan proceeds to be disbursed shall be endorsed as a payment on the loan. Credit for this amount shall be endorsed on the reverse side of the note ***.

SECTION 7. SALE OR CONVEYANCE OF SECURITY

19. GENERAL.

When a borrower desires to sell or convey the mobile drying equipment securing a loan without repaying the loan in full, he should apply to the county office for approval of the sale or conveyance. Approval of the sale or conveyance must be evidenced by an assumption agreement in form prescribed by CCC under which the borrower shall pay any installment past due and interest on the loan up to but excluding the date of sale and shall remain liable for the balance of the indebtedness and the purchaser shall assume the balance of the indebtedness and shall agree to comply with all the terms, conditions, covenants, and agreements set out in the security instruments. The approved Assumption Agreement (CCC Form 306) for use in connection with such sale is attached herewith.

SECTION 8. CALLING OF LOAN AND FORECLOSURE PROCEDURE

20. GENERAL.

The security instruments provide that CCC may declare the whole of the indebtedness immediately due and payable under any of the following circumstances:

- A. If the borrower has made any representations or warranties in connection with the loan or in his application for a loan, which prove to be false.
- B. If the borrower fails to comply with any of his covenants or agreements made in connection with the loan or in his application.

C. If the borrower is adjudicated a bankrupt or commits an act of bankruptcy or makes a general assignment for the benefit of creditors, or takes advantage of any State or federal insolvency law.

D. If the mortgaged property is attached, or levied on by execution, decree, or other process of court.

E. If the borrower dies or becomes incompetent.

F. If the mortgagee or holder of the note deems itself insecure.

21. COMMITTEE *--ACTION--*.

If due to any of the above circumstances, it appears necessary to call the loan, the county committee shall send to the State office a complete statement of the facts together with the recommendation of the county committee concerning the action to be taken. If the loan is held by CCC and the State committee approves such recommendation, the State office will notify the borrower that the whole of the indebtedness is due and payable, and that payment shall be made to the county office within 10 days after the date of the notice. A copy of such notice will be sent to the county office. If payment is not made within the time specified, the loan shall be considered to be in default and the unpaid balance of the loan shall be transferred to the debt record. If the loan is held by a lending agency, and if the State committee approves the recommendation of the county committee, the State office will request the county committee to purchase the note from the lending agency. It is necessary that the note be purchased from the lending agency before notice is given because only the mortgagee or holder of the note is entitled to accelerate the indebtedness under the circumstances here involved. After the note is purchased, the State office will notify the borrower that the whole of the indebtedness is due and payable, and that payment shall be sent to the county office. If payment is not made within the time specified, the loan shall be considered to be in default and the unpaid balance of the loan shall be transferred to the debt record.

accounting copy of the sight draft. The amount of the expense shall be entered on the loan records as an addition to loan principal, unless the loan has been transferred to the debt record. Expenses incident to foreclosure action shall be paid by the *--county--* office by issuance of a sight draft in accordance with Handbook *--1-FI--*.

SECTION 9. REINSPECTIONS

24. WHEN DONE.

Mobile drying equipment and driers shall be reinspected whenever there is any question concerning the loan collateral, or if the borrower is in default, and whenever the county office considers that reinspection service is warranted. In addition, it is suggested that the mobile drying equipment or drier be inspected when inspecting the commodities under loan. The borrower shall maintain the mobile drying equipment and/or drier in good condition and available for use during the life of the loan.

SECTION 10. MODIFICATION OF LEGAL FORMS

25. UTILIZATION OF PROCEDURE AND FORMS.

County committees may utilize the procedure and forms furnished in this handbook, except in those instances where the Attorney in Charge may suggest modifications necessary to comply with the laws of a particular State or to cover any special circumstances which may exist.

26. MODIFICATION OF PROCEDURE AND FORMS.

Where it has been, or may at a subsequent date become, necessary for the Attorney in Charge to modify legal forms or procedure for use in the mobile drying equipment loan program, county committees shall incorporate any additions, deletions, or changes in such forms which are suggested by the Attorney in Charge who services the particular State.

A. Correction of Documents. Where it appears necessary to record corrective instruments the document to be executed should bear the word "Corrective" immediately below the title. All dates except those with reference to the date of another document, for example, the date of the promissory note,

should be shown as the date on which the corrective instrument is being executed. In addition, immediately prior to the signature lines there be inserted the following:

1. "This instrument is intended to be merely corrective of an earlier instrument dated _____ filed or recorded in Volume _____, Page _____, as Document No. _____, and is not intended to change in any way the rights, duties or obligations of the parties hereto as to such rights, duties, or obligations as were set out in the original instrument heretofore recorded, except insofar as said instrument is corrected hereby."

SECTION 11. FORMS AND DOCUMENTS

27. FORMS.

A. General. The application, promissory note, and disbursement report shall be used for both "direct" and "indirect" type loans. There appears a table in Figure 1, page 22, showing the form and copies required for each type of loan.

B. Number Each Form. Each form shall be numbered by showing in the space provided, the State and county codes and the commitment serial number, hereinafter called "serial no.". Only one series of numbers shall be used for all equipment loans.

C. "Application for Loan on Mobile Drying Equipment" Commodity Credit Corporation Form 302.

1. Number of Copies. Two copies of this form shall be executed by the applicant and spouse, if any, in the county office.

2. Prior Approval of Applications For Loans of \$5,000 or Over. All applications for mobile drying equipment loans in the amount of \$5,000 or over shall be submitted through the State office to the Deputy Administrator, Operations for review and approval PRIOR to the issuance of the commitment.

3. Disposition of Copies. If the commitment is approved by the county committee, all copies of the "loan commitment" must be signed by a member of the county committee. One copy shall be delivered to the borrower, and a copy shall be kept in the producer's file in the county office. When the loan is completed, the borrower's copy must be turned over to the lending agency in the case of an indirect loan, or is retained in the county office custody file in the case of a direct loan.

4. Voiding of Undisbursed Loan Commitment. Unless the loan has been completely and totally disbursed, the loan commitment shall become null and void four months after its date unless extended in writing by the county committee on or before its expiration date.

D. "Promissory Note - Mobile Drying Equipment Loan" - Commodity Credit Corporation Form 303.

1. Execution of Note. The note shall be signed by the borrower(s) and spouse(s), if any, and it must be witnessed in the space provided. The note should be executed at the time of disbursement and dated accordingly.

2. Payee, Direct Loan. If the loan is a direct loan, the Commodity Credit Corporation shall be named as payee in the note, and the original and two copies shall be executed. The draft number, amount and date of disbursement shall be entered on the note at the time of disbursement of the loan. The original shall be placed in the county office custody file, one copy placed in the producer's file, and a copy furnished to the borrower.

3. Payee, Indirect Loan. If the loan is an indirect loan, the lending agency shall be named as payee in the note, and the original and two copies of the note shall be prepared by the county office. The note shall be executed at the time disbursement is to be made by the lending agency. The lending agency will indicate the date and amount disbursed on the original and all copies of the note. Within one week after the loan is disbursed, the lending agency will furnish one copy of the note to the producer and shall transmit a copy to the county office, which will place the note in the producer's loan file.

E. "Mobile Drying Equipment Chattel Mortgage" - Commodity Credit Corporation Form 304.

1. Execution of Chattel Mortgage. The chattel mortgage shall be executed by the borrower and spouse (if any), and promptly filed or recorded in accordance with the requirements of the State law. The chattel mortgage shall be recorded in the proper recording books, which, in some States, is the chattel mortgage record, and in some States, a special

record for that purpose. Information as to the proper place for recording the chattel mortgage may be obtained from the recording clerk or the Attorney in Charge. The cost of recording shall be paid by the applicant. The cost of filing any extension or annual statement shall also be paid by the borrower (see paragraph 13 F).

2. Copy and Filing Requirements, Direct Loan. If the loan is a direct loan, the original and three copies shall be executed and the original of the chattel mortgage shall be promptly filed or recorded. After recording or filing of the chattel mortgage, one copy shall be furnished to the borrower with his copy of the note, one copy shall be placed in the producer's file, and one copy placed in the custody file. Indicate on the county office copy, the date of recording or filing, place book number, and page number.

3. Copy and Filing Requirements, Indirect Loan. If the loan is an indirect loan, the original and three copies of the chattel mortgage shall be prepared by the county office, and the original and two copies shall be furnished to the lending agency. The lending agency shall be responsible for the recording or filing of the chattel mortgage and shall indicate on the copies, the date of recording or filing, place, book number and page number. After recording or filing of the chattel mortgage, the lending agency shall furnish a copy of the mortgage to the producer and shall transmit one copy to the county office. The county office copy of the mortgage shall be placed in the producer's file.

F. "Certification for Disbursement of Proceeds for Mobile Drying Equipment Loan" - Commodity Credit Corporation Form 305.

1. Execution and Copy Requirements, Direct Loan. For direct loans, the original and three copies of this form will be executed. This form will be used for certification of disbursement, and may be signed by a representative of the county committee. Copies shall be placed in the producer's file and the custody file. The original shall be sent to the commodity office with the copy of the related sight draft. A copy shall ~~also~~ be furnished to the borrower.

2. Execution and Copy Requirements, Indirect Loan. For indirect loans, the original and three copies of this form will be prepared by the county office, and the original and two copies shall be furnished to the lending agency.

When disbursement is made by the lending agency, the date of disbursement shall be indicated on the original of the form which must be returned to the county office, and placed in the producer's file. One copy of the form shall be retained by the lending agency, and a copy shall be furnished to the borrower.

3. Receipted Bills. The borrower shall be required to furnish receipted bills, furnishing information including but not limited to showing the cost of the drier or mobile drying equipment and amount of cash down-payment, before the loan is disbursed. A copy of the receipted bill shall be retained in the producer's file in the county office.

4. Notation of Compliance With Insurance Requirements. Notation shall be made on the county office copy of CCC Form 305 that insurance requirements have been complied with by the borrower.

G. "Assumption Agreement" - Commodity Credit Corporation Form 306. When required, four copies of the assumption agreement shall be prepared by the county office and must be signed by the parties. In case of direct loans, one copy shall be furnished to the borrower, copies shall be placed in the producer's file and custody file in the county office. The original shall be recorded or filed. (See paragraph 19 for additional information concerning the use of this or similar form.)

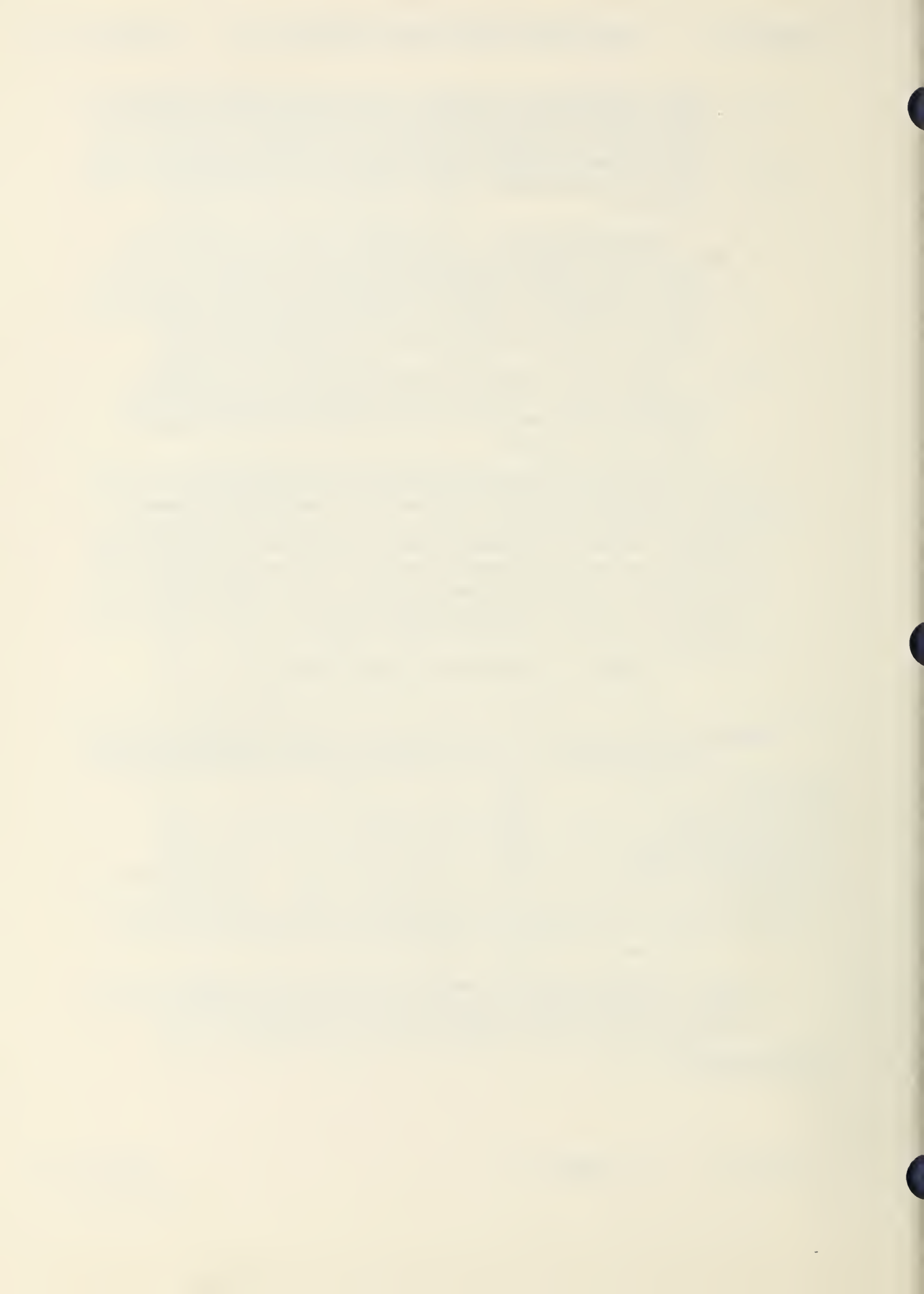
FIGURE 1. FORMS AND COPIES REQUIRED

Commodity Credit Corporation Form Number		Copies Required	
		Direct Loans	Indirect Loans
Application for Loan	302	2 <u>1/</u>	2 <u>1/</u>
Promissory Note	303	3	3
Chattel Mortgage	304	4	4
Disbursement Report	305	4	3
Assumption Agreement	306	4-If Required	4-If Required

1/ Copy to be furnished to applicant after approval of loan commitment by county committee.

NOTE. If application for drying equipment loan in amount of \$5,000 or over, withhold approval of commitment pending review and approval by Deputy Administrator, Operations.

28-40 RESERVED.



PART 3. RECORDS, REPORTS AND LOAN CUSTODY

SECTION 1. SCOPE

41. GENERAL.

This part prescribes the records to be maintained by ASC county offices for mobile drier loans (also referred to as "Mobile Drying Equipment" loans and "Storage Equipment" loans), the reports relating to such loans to be submitted to commodity offices and the operations to be performed in county offices in connection with the custody of the original notes and supporting documents representing loans in which CCC funds are invested.

SECTION 2. RECORDS OF INDIVIDUAL LOANS

42. PRODUCERS' FILES.

A separate file folder shall be maintained in the county office for each loan. Copies of all documents and pertinent material relating to the loan shall be filed in the folder.

43.*--LOAN SERIAL NUMBER CONTROL RECORD.--*

--Maintain a loan serial number control record with columns for (a) loan serial number, (b) name and address of applicant and (c) date application received. Enter applications for loans upon receipt in numerical sequence and enter the assigned loan serial number on each application and related documents.--

SECTION 3. SUMMARY RECORD OF LOANS (FORM 274)

44. GENERAL.

Each county office shall maintain a summary record covering mobile drier loans on Commodity Credit Corporation Form 274, County Office Loan and Custody Record and Report. This summary

record shall continue until all loans disbursed by the county office or lending agencies have been repaid, or removed from the record by other actions as described in this part. Form 274 is a 3-part form which serves as a summary record of all loan transactions and balances and as a report of such transactions and balances to the State office and the CSS Commodity Office.

45. ESTABLISHMENT AND MAINTENANCE OF FORM 274.

--Start a new page of the record on the first business day after each reporting date prescribed in paragraph 51. If all the lines on a page are used before the next reporting date, start another page.-- *--Make--* entries in the spaces provided in the heading of the form as follows:

- A. The box for "Mobile Drying Equipment" should be checked.
- B. Enter State name and code.
- C. Enter county name and code.
- D. Enter loan record page number. The first page of the record shall be page "1" and subsequent pages shall be numbered in sequence until the record is discontinued at the end of the program.
- E. Enter the period covered by the record page, for example: "July 1 - *--July 31, 1959--*". If more than one page is used during the same period, all pages should show the same period in this space.

46. RECORDING TRANSACTIONS ON FORM 274.

A. General. Entries shall be made on Form 274 daily as transactions occur in the county office or documents are received from lending agencies. Transactions should be recorded on the record covering the period in which they occur (as indicated in the heading of Form 274) if the document to be recorded is available before copies of the record are forwarded to the State office. This is particularly important at June 30 of each year in order that all transactions will be recorded before closing the records for the fiscal year. Transactions represented by documents received after copies of the record for a particular period have been forwarded to the State office shall be entered on the record for the succeeding period.

B. Loans Disbursed by Lending Agencies. Disbursements of loans by lending agencies shall be recorded on Form 274 from the executed "Certificate for Disbursement of Proceeds for Mobile Drying Equipment Loan" (Form 305) returned to the county office by such agencies. The date of disbursement shall be recorded in column 1, the loan serial number in column 2, and the amount disbursed in column 5.

C. Loans Disbursed by the County Office. Disbursement of direct loans (by CCC sight draft) shall be recorded on Form 274 from the "Certificate for Disbursement of Proceeds for Mobile Drying Equipment Loan" (Form 305). The date of disbursement shall be recorded in column 1, the loan serial number in column 2, and the total amount disbursed in column 8.

D. Additional Charges Paid by the County Office. If any additional charges, relating to loans are paid by CCC sight drafts while the loan remains on the loan record (Form 274) the amount of such charges shall be recorded on Form 274 from Form CL-49. The date of disbursement shall be entered in column 1, the loan number in column 2, and the amount paid in column 8. Charges paid after a loan has been removed from the loan record by transfer to the debt record according to paragraph 46 H shall not be recorded on Form 274 but shall be entered on the debt record.

E. Lending Agency Loans Repaid. Amounts of principal repaid to lending agencies on loans held by them shall be recorded on Form 274 from the copies of Form 500 received from them. The repayment date will be recorded in column 1, the loan serial number in column 2 and the amount of principal repaid in column 6. The amount of interest paid shall not be recorded on Form 274.

F. CCC Loans Repaid. Amounts of principal collected by county offices on loans held by CCC, including insurance proceeds applied as repayments of loan principal, will be recorded on Form 274 from the Schedule of Deposits, Form 257. The date of the Form 257 shall be recorded in column 1, the serial number of the schedule in column 3 and the amount of principal repaid in column 9. The amount of interest repaid shall not be entered on Form 274. Each loan repayment may be entered separately, showing the loan number in column 2; however, the serial number of the Form 257 must be shown in column 3.

G. Loans Purchased by CCC. The principal amount of each loan purchased from a lending agency shall be recorded on Form 274 from the note and related lending agency transmittal. The date of purchase will be recorded in column 1, the loan number in column 2, and the amount of loan principal purchased in column 7. The amount of interest paid to the lending agency shall not be entered on Form 274.

H. *--Loans Called and Defaulted. In any case where a loan is called under the procedures set out in this handbook, and the borrower does not repay the loan upon demand, the total unpaid balance of principal and charges shall be removed from the loan records and entered on the debt record. The transfer shall be recorded on Form 274 on the basis of the notice to the borrower--*. The date *--of transfer--* will be recorded in column 1, the loan number in column 2, and *--total--* amount of *--unpaid principal and charges--* in column 11.

I. Totals. At the end of each period in which any transactions are recorded, totals shall be computed and entered in columns 4 through 11. If more than one page has been used during the period, the totals of all transactions recorded during the period shall be entered on the last page and the total lines on the preceding pages shall be left blank.

47. CORRECTIONS OF ERRORS IN CCC FORM 274.

A. Corrections Prior to Release of Form 274. Any error caused by posting an item incorrectly on Form 274 may be corrected at any time before releasing the copies of Form 274 by lining out the incorrect entry and making the correct entry or by correcting the original entry. All corrections must appear and be legible on all copies of Form 274.

B. Correction After Release of Copies of Form 274. Posting errors discovered after releasing the copies of Form 274 shall be corrected by making correction entries to the Form 274 for the period in which the error is discovered or brought to the attention of the county office. To correct an error, enter on one line of the form "Correction of entry dated _____, on page _____." On the next line, repeat the entry as originally recorded except: indicate a minus amount by enclosing the amount of parenthesis, e.g., (\$1,282.09). If the transaction is proper for entry on Form 274 covering mobile drier loans, enter it correctly on the next line. It should be noted that amounts enclosed in parenthesis are to be subtracted in computing the totals to be entered in columns 4 through 11.

48. ENTERING LOAN BALANCES ON FORM 274.

A. General. Loan balances at the beginning of the period and at the end of the period shall be entered in block E, lines (1) and (2) of Form 274 at the end of each record period, prior to separation of copies of the form. If more than one page has been used for the loan record during the period, the balances shall be entered on the last page. These balances represent the total unpaid principal balance of all loans, excluding any balance on defaulted loans which have been transferred to the debt record.

B. Balances Brought Forward. *--Obtain--* the "Balances Brought Forward" to be entered in block E, line (1) of all Forms 274 from block E, line (2) of the Form 274 for the preceding period.

C. Balances at End of Period. The balances to be entered in block E, line (2) of all Forms 274 shall be computed as follows:

1. Lending Agency Loans. Compute the ending balance for lending agency loans by adding the total in column 5 of Form 274 to the balance of lending agency loans entered in block E, line (1) (as explained above) and subtracting therefrom the totals in columns 6 and 7. The principal balance of any loans transferred to other county offices should also be subtracted and the principal balance of any

loans transferred from other county offices should be added (show footnote explanation). Enter the balance in block E, line (2) in the column headed "Lending Agencies."

2. CCC Loans. Compute the ending balance for CCC loans by adding the totals in columns 7 and 8 of Form 274 to the balance of CCC loans entered in block E, line (1) (as explained above) and subtracting the totals in columns 9, 10 and 11. The principal balance of any loans transferred to other county offices should also be subtracted and the principal balance of any loans transferred from other county offices should be added (show footnote explanation). Enter the balances in block E, line (2) in the column headed "CCC (County Office Custody)."

49. ENTERING SUMMARY DATA ON FORM 274.

A. General. Summary data, as required by the form, shall be entered on Form 274 at the end of each record period, prior to separation of copies of the form, except that accrued interest receivable shall be entered only on Form 274 covering the period ending at June 30 each year. If more than one page has been used for the loan record during the period, the summary data shall be entered on the last page.

B. Obtaining and Entering Summary Data. The summary data shall be obtained or computed and entered on Form 274 as follows:

1. Number of Loans Disbursed This Month. Count the number of loans disbursed during the period and enter in block A, line (1). Loans disbursed by sight draft and loans disbursed by lending agencies should be included in this total.

2. Number of Loans Outstanding at End of Month. Count from the producers' files, the number of loans for which any part or all of the principal remains unpaid, excluding any defaulted loans which have been transferred to the debt record according to paragraph 46, and enter the total in block A, line (2). Loans held by lending agencies and loans held by CCC should be included in this total.

3. Loan Commitments Not Disbursed at End of Month. Compute from approved Forms 302 for loans which have not been disbursed and for which the commitments have not expired, the amount approved but not disbursed. Enter the amount in block B, line (1). No entry will be made in block B, line (2).

4. Delinquent Loans Outstanding. Determine, separately for CCC loans and lending agency loans, by reference to the producers' files, the number and outstanding principal balance of delinquent loans as of the last day of the record period. For this purpose only, a loan shall be considered delinquent (and the total outstanding principal balance included in the total for delinquent loans) whenever the whole loan, one or more installments or part of an installment in excess of \$10.00 is delinquent according to the regulations and program instructions. Enter the data in block C, lines (1) and (2) as indicated on the form.

5. Accrued Interest. At the end of each fiscal year (as of June 30) compute the total amount of accrued interest through that date on all outstanding loans held by CCC. A list of loans held by CCC should be prepared showing loan number, principal balance, date to which interest has been paid and the amount of accrued interest computed through June 30. Do not include loans held by lending agencies or loans which have been defaulted, for which the loan balances have been transferred to the debt record. Enter the total amount of accrued interest on CCC loans in block D. The list should be held in the county office files.

SECTION 4. LOAN AND CUSTODY REPORT

50. FORM, PURPOSE AND GENERAL REPORTING REQUIREMENTS.

The copies of Form 274, "County Office Loan and Custody Record and Report," shall be submitted to the State office at the end of each record period. These copies represent the loan and custody report. One copy will be forwarded by the State office to the commodity office, where it will be used to record transactions relating to lending agency loans and to reconcile the loan balances shown on the form with the summary records in the commodity office. The summary data shown on the form will be used by the commodity office for reporting loan data to the Washington office. Prior to submission of the copies of Form 274 to the State office, the balance of CCC loans shall be proved or reconciled to the notes in the county office custody file as prescribed in paragraph 52 and the form shall be signed by the county office manager or his designee. The signature should appear on both copies.

51. DATES FOR SUBMISSION OF LOAN AND CUSTODY REPORT.

Submit Loan and Custody Reports, Form 274, as of the *--last day--* of each month * * * except June--* so as to reach the State office not later than the *--5th--* of the month. Submit the report as of June 30 of each year so as to reach the State office not later than July 10, unless another date is specified in special instructions relating to the annual closing of CCC accounts.

52. BALANCING OF CUSTODY FILES TO FORM 274.

A. Proof of Total Balance of CCC Loans in Custody File to Related Total on Form 274. As of the close of business the last day of each record period the unpaid principal amounts of the individual original notes for mobile drier loans held in the county office custody file shall be totaled. The total obtained should agree with the balance of CCC loans shown on Form 274 in block E, line (2).

B. Locating Differences. In the event of disagreement the columnar totals and the balance of CCC loans on the Form 274 should be proved. If no error is found in the Form 274 all documents representing notes received in custody, loans repaid, and notes released since the last proof of balance shall be obtained and postings to the Form 274 shall be verified.

C. Submission of Form 274 Prior to Locating Difference. If the original notes in the custody file for the mobile drier loans cannot be balanced to the related total on Form 274 prior to submitting the loan and custody report according to the dates prescribed in paragraph 51, the Form 274 shall be signed and forwarded without final balancing. In such cases, "See attached statement" should be typed immediately above the signature, and a statement shall be attached to the report (both copies) indicating the total principal amount of notes held in custody (per adding machine tape of notes in custody file) and any additional information which can be furnished regarding the difference. The county office shall complete final balancing as soon as possible. Any necessary corrections to the Form 274 as a result of final balancing shall be entered on the Form 274 for the period in which the error is discovered, as prescribed in Paragraph 47.

53. STATE OFFICE HANDLING OF LOAN AND CUSTODY REPORTS.

The State office shall obtain loan and custody reports from all counties having any mobile drier loan activity or balances as of each reporting date prescribed in paragraph 51. The first copy shall be forwarded to the commodity office. The second copy is for use of the State office. If possible, all required reports, except the reports as of June 30 each year, should be obtained and the first copies forwarded so as to reach the commodity office not later than the *--10th--* of the month. The reports as of June 30 should be received by the commodity office by July 15 unless another date is prescribed in special instructions relating to the fiscal year closing of CCC accounts. If all reports cannot be obtained in time to forward them according to the above schedule, the available reports should be forwarded on time and the commodity office should be advised of the missing reports. The other reports should be forwarded as soon as possible. The State office should not make any corrections of the entries on Form 274. Attention is invited to the instructions in paragraph 47 for correcting entries on this form. If any corrections are necessary in the loan balances or summary data, they shall be made on both copies and the county office shall be instructed to correct the original. The totals of loans made by lending agencies and loans repaid to lending agencies shown in columns 5 and 6 of Form 274 are the most important data to be recorded from the form by the commodity office; therefore, it is preferable that reports showing such activity not be delayed, even though other data may be questioned by the State office. If errors in summary data or loan balances are disclosed after forwarding the first copy to the commodity office, the commodity office should be advised of any corrections being made on the original.

SECTION 5. CUSTODY OF NOTES AND RELATED OPERATIONS

54. SAFEKEEPING OF ORIGINAL NOTES AND SUPPORTING DOCUMENTS.

A. Responsibility. The "County Office Custodian" designated in writing by the county office manager shall be responsible for the safekeeping of all original notes and supporting documents representing CCC Loans (direct loans and purchased loans). In the absence of the custodian the designated alternate shall be likewise responsible for the duration of such absence. Maintain the original notes and supporting documents in a vault, safe, or locked file cabinet with adequate fire preventative features. The control of keys and knowledge of combinations shall be restricted to the least possible number of employees.

B. Maintenance of Custody File.

1. Receipt of Notes. The original notes and supporting documents shall be placed in the custody file immediately after disbursement of the loans by sight draft or purchase of the loans from lending agencies. All documents required to support disbursement or purchase of the loans shall be included. Where an original supporting document has been retained by a recording official, a copy showing evidence of recording should be placed in the custody file. It is suggested that the custody file be maintained in sequence by loan serial number within program.

2. Endorsement of Partial Repayments on Notes. Each partial repayment shall be endorsed on the reverse side of the original note (date and amount of principal repaid) and the "Lending Agency Copy" of Form 500 shall be attached to the note except for full or final repayments.

3. Release of Notes. The original notes shall be removed from the custody file and released from custody upon full or final repayment of the loan. Notes may be removed from the file for other authorized purposes (such as for use in legal proceedings); however, a receipt or other document showing the loan number, name of borrower, unpaid principal balance and purpose of removal shall be held in the file in such cases and shall be used in lieu of the note in balancing the custody file to Form 274. After a loan has been defaulted and entries have been made on Form 274 to transfer the principal balance to the debt record, the note shall be removed from the regular custody file and held in a separate file, but shall not be added in the total of CCC loans obtained to balance the custody file with the total on Form 274.

55. PURCHASE OF LOANS FROM LENDING AGENCIES.

A. General. Mobile drier loans shall be purchased from lending agencies whenever submitted by them.

10. Item 4. Deduct the amount in item 3 a from the amount in item 2 and enter the remainder in item 4. If there is no remainder, enter "None".

11. Item 5. Deduct the amount (if any) in item 4 from the amount in item 1 and enter the remainder in item 5. If the loan is fully repaid, enter "None".

12. Lending Agency. Enter "Commodity Credit Corporation".

13. By. Enter signature.

B. Distribution of Form 500. Form 500 will be distributed as follows:

1. Original. To payee.

2. 1st Copy. File in the producers' file.

3. 2nd Copy. Attach to the note in the county office custody file. If the loan is completely repaid, this copy may be destroyed.

58. NOTICE TO THE COMMODITY OFFICE REGARDING LOANS TRANSFERRED TO THE DEBT RECORD.

In any case where the unpaid balance of a loan is transferred to the debt record as provided in paragraph 46, it is necessary that the commodity office be advised. *--Such advice shall be furnished by preparation and distribution of CCC Form 364 in accordance with 58-FI.--*

SECTION 6. RECONCILIATION OF LOAN RECORDS AND ACCOUNTS

59. PERIODIC RECONCILIATION BETWEEN COMMODITY OFFICE AND COUNTY OFFICE RECORDS.

Periodically the commodity office will reconcile its loan accounts with the balances reported by the county office on Form 274. Differences may result from erroneous entries made by the counties or the commodity office or from omissions by either office. If the reconciliation discloses differences which require action or explanation by the county office, the

commodity office will write to the county office through the State office regarding the differences. In order to facilitate correction of any errors, the county office shall comply promptly with any requests received for information regarding particular transactions, for submission of copies of lost documents or for other action necessary to correct or complete the accounting records.

60. PERIODIC RECONCILIATION OF COUNTY OFFICE RECORDS OF LOANS HELD BY LENDING AGENCIES.

Semi-annually, or more frequently, the county office shall reconcile the balance of loans held by lending agencies as reflected in Form 274, block E, (2) with the total of the loan balances reflected on the copies of notes (or the latest Form 500, if repayments have been made on the loan) in the producers' files. An adding machine tape of the balances may be prepared and the total compared to the balance shown on Form 274. If they are not in agreement and the differences cannot be identified, a listing should be prepared showing loan number and principal balance for each loan. The listing should then be verified to * * * the individual entries on Forms 274. Errors found in Forms 274 should be corrected in accordance with paragraph 47. Work papers reflecting the reconciliations should be retained in the county office files.





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