

Wool & Mohair MAL and LDP Policy



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Agenda



WOOL/UNSHORN PELT
POLICY



QUESTIONS

What is a Wool MAL and LDP?

LDP (Loan Deficiency Payment Program)-The LDP payment rate is determined by using the difference of the National Set Loan Rate and the announced repayment rate.

MAL (Marketing Assistance Loan Program)- This program provides interim financing to Wool producers to assist with cash flow before marketing.



Who is eligible?

- **Must meet the definition of eligible producer**
- **Must have beneficial interest in the wool, unshorn pelts, or mohair**
- **Must produce and shear in the U.S. during the applicable crop year**
- **Must have own the sheep and goats, other than through a security interest mortgage, or lien that produced the wool and mohair for a period of more than 30 days before shearing**
- **Must report all cropland acreage on applicable farms. Acreage reports are not required before a loan or LDP is disbursed to producer however if the producer is associated and has not reported it will flag the producer as ineligible. If the producer is not associated with cropland on a farm than an acreage report is not required.**

Producer Eligibility

Must report all cropland*

Complete the AD-1026 according to 6-CP for producer and all affiliated persons

Complete the CCC-941 for producer and all interest holders in a legal entity according to 5-PL

completing applicable CCC-902 according to 5-PL

The 2018 Farm Bill removed the payment limitation provisions as a result the requirement to meet cash rent tenant and actively engaged provisions no longer apply, but member contribution is still required

Must not have an average AGI that exceeds \$900,000

What is eligible?

Wool/ Unshorn Pelt/ Mohair

- **produced and sheared by the eligible producer**
- **in existence and in storable condition**
- **of merchantable quality suitable for loan**
- **produced and shorn in the U.S.**
- **produced and shorn from live animals of domestic origin and located in the U.S. unprocessed.**



Unshorn Pelt Eligibility

Producer must:

- **Sell the unshorn lamb for immediate slaughter or slaughter the unshorn lamb for personal use**
- **Must submit acceptable production evidence according to 8-LP Par. 1558.**

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

What is ineligible?

Commodities covered under this part are ineligible for a nonrecourse MAL or LDP, if the commodity is:

- **purchased**
- **substituted**
- **gifted**
- **traded or bartered**
- **processed or altered from natural form**
- **burned**
- **buried**
- **destroyed by any other means.**
- **an unshorn lambs killed by predators would not be considered for unshorn pelt**

Producer Ineligibility

Must not:

- **have a conviction under Federal or State law of a controlled substance violation according to 1-CM**
- **have a delinquent nontax debt to the Federal Government**
- **violate FCIC provisions as determined by FCIC**
- **violate WC and HELC provisions according to 6-CP**

Common Terms

Mohair- A hair type that is silky and long. This is sheared from an Angora goat

Graded Wool- Clean ungreasy wool that is typically sent to be tested

Ungraded Wool- Known as greasy wool and is what most of us are familiar with

Unshorn Pelt- Removed skin and wool that comes from a slaughtered lamb that has never been shorn

Final Loan Availability- The final date to request a wool loan or LDP. The date is January 31 of the following year



Graded Wool Testing

To obtain a loan or LDP at the graded rate, the wool must be core tested at a CCC-approved testing facility to objectively measure the micron and yield through laboratory analysis.

The current approved testing facility that is:

**New Zealand Wool Testing Authority Ltd.
Cnr Bridge Street and Lever Street
P.O. Box 12065
Ahuriri, Napier, New Zealand 4144
06-835-1086**

Two more facilities have requested approval - Texas and New Zealand, currently under review with National Office

If a facility wanted to become a CCC certified facility, please have them contact the National program manager.

What is needed to complete a MAL application?

- **Check the following eligibility**
 - **AD-1026**
 - **CCC-941 (make sure you have the correct year and that it matches your application year)**
 - **CCC-902 and CCC-901 (this applies to the member contribution)**
- **Check to see if the producer is associated with cropland; if so ensure all acres are reported on the 578**
- **Complete the CCC-633WM Certification Worksheet (This form is used to certify the type, quantity, and identification of the production pledged to secure a MAL.)**
- **Ensure the producer has provided production evidence (Follow 8-LP Par. 1558)**

What is needed to complete a LDP application?

- **Take 633-EZ (complete fully, date stamp application and ensure the application is properly signed according to 1-CM)**
 - **indicate the producer's intentions to receive LDP benefits before losing beneficial interest in the eligible commodity using CCC-633 EZ, page 1**
 - **submit a request for an LDP benefit for wool, mohair, and unshorn pelts at any time during the loan/LDP availability period before or after losing beneficial interest in the commodity, using CCC-633 EZ, page 4.**
- **Check the following eligibility**
 - **AD-1026**
 - **CCC-941 (make sure you have the correct year and that it matches your application year)**
 - **CCC-902 and CCC-901 (this applies to the member contribution)**

What is needed to complete a LDP application?

- **Check to see if the producer is associated with cropland; if so, ensure all acres are reported on the 578**
- **Ensure the producer has provided production evidence (Follow 8-LP Par. 1558)**
- **Keep in mind that if the producer provides production evidence at the time of payment, the LDP will not be subject to spot check**
- **COF will need to check the reasonableness of the quantity provided. The chart is listed in 8-LP Par. 1559**

LDP Quantities

Eligible Producer's may request LDP quantities by the following methods:

- **certifying the quantity**
- **providing verifiable quantity evidence**
- **providing herd characteristics by recording flock size**
- **date of shearing**
- **breed of animals in herd**


LDP Rates

Wool and Mohair Rates are posted every week on Tuesday late afternoon.

This data is provided by EPAS. The data displays the repayment rate and loan deficiency payment rate for wool and mohair (as applicable). The effective repayment rate is the lower of either the 30-day average or weekly rate.

Subscribe to the report: [Weekly National Market Price for Wool and Mohair \(govdelivery.com\)](https://www.govdelivery.com)

Weekly National Market Rates Report

 USDA ANNOUNCEMENT					
United States Department of Agriculture					
WEEKLY NATIONAL MARKET RATES FOR WOOL AND MOHAIR					
Farm Production and Conservation					
On Behalf of Farm Service Agency			Cassandra Goings-Colwell 202-692-0192 Cassandra Goings-Colwell@usda.gov		
1400 Independence Ave. Washington, DC 20250					
Washington, Tuesday, June 14, 2022 - The U. S. Department of Agriculture's Commodity Credit Corporation today announced the repayment rate and loan deficiency payment rate for wool and mohair. The effective repayment rate is the lower of either the 30-day average or weekly rate.					
2022 Graded Wool Posted prices (per pound, clean basis)					
Microns	Loan Rate	Repayment Rate	Weekly Rate *	30-Day Weighted Average **	LDP ***
Less than 18.6	\$3.87	\$5.73	\$5.93	\$5.73	\$0.00
18.6 to 19.5	\$3.56	\$4.52	\$4.68	\$4.52	\$0.00
19.6 to 20.5	\$3.44	\$3.74	\$3.89	\$3.74	\$0.00
20.6 to 22.0	\$3.40	\$3.51	\$3.67	\$3.51	\$0.00
22.1 to 23.5	\$3.06	\$2.80	\$2.80	\$3.33	\$0.26
23.6 to 25.9	\$2.96	\$2.62	\$2.72	\$2.62	\$0.35
26.0 to 28.9	\$0.98	\$1.16	\$1.17	\$1.16	\$0.00
29.0 and over	\$0.40	\$0.72	\$0.73	\$0.72	\$0.00
2022 Ungraded Wool Posted Prices (per pound, greasy basis)					
	Loan Rate	Repayment Rate 1/	Weekly Rate *	30-Day Weighted Average **	LDP ***
	\$0.40	\$0.00	\$0.00	\$0.00	\$0.40
1/ Effective Jan 6, 2021, repayments rates are calculated off the weekly AWEX Point of Micron Report.					
2022 Mohair Posted Price (per pound)					
	Loan Rate	Repayment Rate	Weekly Rate *	30-Day Weighted Average **	LDP ***
	\$4.20	\$10.03	\$10.03	\$10.60	\$0.00
These prices become effective at 12:01 a.m., Eastern Time, on Wednesday, June 15th 2022 and are used to determine alternative loan repayment rates for marketing assistance loans and to determine loan deficiency payments.					
* Weekly rate is based on the current price					
** weights = 7/30 for each of the 4 most recent weeks plus 2/30 for the earliest week					
*** The LDP rate is the difference of the announced repayment rate from the loan rate and may differ due to rounding calculations					

LDP Rates

- **LDP Rates are also provided on the Price Support Website:
[Price Support \(usda.gov\)](https://www.usda.gov/price-support)**
- **Scroll down to Weekly Commodity Rates, then select the
Wool and Mohair LDP Spreadsheet**
- **[mktpriclean.xlsx \(live.com\)](https://www.fsa.usda.gov/mktpriclean.xlsx)**
- **PSD Weekly Report**

Unshorn Pelt LDP's

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

- **sell the unshorn lambs for immediate slaughter according to Par. 1540 subparagraph E**
- **slaughter the unshorn lamb for personal use according to Par. 1540 subparagraph F**
- **retain the unshorn pelt according to subparagraph 1542 D.**

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

Unshorn Pelt LDP's

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

- the unshorn pelts are stored, for LDP's in which producer maintains beneficial interest
- The date the producers loses beneficial interest.

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

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

Unshorn Pelt Computation

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

Example:	\$0.40	(effective LDP rate)
	<u>x 6.865</u>	(standard weight)
	\$2.746	(payment per pelt)

LDP System will calculate and round as applicable!

Payment per unshorn pelt	\$2.746
Quantity of unshorn pelts	<u>x 10</u>
Payment	\$27.46

Approved Storage

Approved farm storage can be located on or off the farm, including the storage facility of a commissioned agent, that provides safe storage for the commodity through the maturity date for the loan.

Commodities stored outside in an open area or temporary structure that does not protect the or wool from natural elements will not be considered stored in eligible storage, even if packaging requirements are met.

There are no CCC approved warehouses for wool, however wool can be stored with commissioned agents.

Commissioned Agents

Storing mohair and wool in a storage facility that receives payment for the storage of the mohair and wool at the time of sale to a buyer is considered storage with a commissioned agent.

Producers requesting certified farm-stored loans for wool stored with a commissioned agent will be required to obtain the following from the commissioned agent and provide to the County Office:

- **wool weight ticket**
- **core test for graded wool (as applicable for graded wool)**
- **name, address, and county of producers associated with commingled lot, if applicable**

Questions



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