

Is It Time for a FSA Commodity Marketing Assistance Loan?

Low market prices, rising interest rates, and tight cash flows--just three reasons why producers should consider applying for a USDA FSA Commodity Marketing Assistance Loan (MAL). These loans provide producers interim financing at harvest to meet cash flow needs without needing to sell their commodities at seasonally low prices.

MAL's allow producers to store production and plan for a more orderly marketing of commodities via improved basis and market carry. The interest rate for MAL originating in September 2018 is 3.25%. If the commodity is collateral for operating credit, MAL loan proceeds must be applied to the outstanding loans. This may free up working capital and reduce interest expense for the operation.

Qualifications for a 2018 MAL include:

1. **Producer must maintain continual beneficial interest in the commodity**, meaning the producer has control or title to the commodity until the MAL is repaid or the title to the commodity is transferred to the Commodity Credit Corporation.
2. **Sign CCC-633 EZ form** (BEFORE loss of beneficial interest)
3. **Sign CCC-666 Commodity Loan Request form** indicating:
 - a. # of grain bins
 - b. Locations of grain bins
 - c. Quantity of commodity for the loan request.

The minimum 2018 loan rates per bushel for SC are:

Corn	\$2.13
Soybeans	\$5.07
Wheat	\$3.00

Producers should also consider using FSA's measurement services. A FSA bin measurement would provide production documentation for the MAL as well as crop insurance or the Market Facilitation Program (MFP).

The Market Facilitation Program authorizes payments to producers with commodities that have been significantly impacted by actions of foreign governments resulting in the loss of traditional exports. Eligible commodities for 2018 include corn, cotton, sorghum, soybeans, wheat, dairy and hogs. Signup ENDS on January 15, 2019.

For more information, please visit your local FSA office or www.fsa.usda.gov. To find your local USDA Service Center, visit www.farmers.gov.

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