



Peanut Marketing Assistance Loan and Loan Deficiency Payment Fact Sheet

Overview

The Farm Security and Rural Investment Act of 2002 provides loans for crop years from 2002 through 2007 for peanut producers. Growers may apply for marketing assistance loans for farm or warehouse stored peanuts or for peanut loan deficiency payments (LDPs).

Eligibility

To be eligible for a loan or LDP, the producer must:

- Meet the definition of an eligible producer, according to the "Marketing Assistance Loans and Loan Deficiency Payments for 1999 and Subsequent Crop Years" (8-LP) handbook.
- Be compliant with conservation and wetland requirements.
- Have and retain beneficial interest in the peanuts until the loan is repaid or the Commodity Credit Corporation (CCC) takes title to the commodity.

A producer is considered to have beneficial interest in the commodity if he/she has control and title of the commodity and is exposed to risk of loss. County offices and applicants may reference 8-LP to determine if the producer has beneficial interest.

To be eligible for a loan or LDP, the peanuts must:

- Have been produced and harvested by an eligible producer and be in storable condition.
- Be merchantable for feed, food or other uses as determined by CCC.
- Meet the specific commodity eligibility requirements for nonrecourse loans.
- Be one of the following types, Virginia, Runner, Spanish, or Valencia.
- Not have been shelled or crushed.
- Be inspected and graded if warehouse stored.
- Be inspected and graded upon delivery if farm stored.

Loan Limit and Terms

For each of the 2002 through 2007 crop years, there is a combined \$75,000 payment limitation for marketing loan gains and LDPs for peanuts, honey and wool. For warehouse stored loans, CCC will pay storage charges accrued from the date on which all required documents are provided until the date of repayment or forfeiture.

Farm-stored loans are either certified or measured. Certified loans refer to the producer's personally verifying crop quantity; measured loans refer to on-site measurement conducted by a county agent, who requires payment for the service at the time of request.

Producers who request warehouse-stored loans must present an acceptable warehouse receipt issued by a CCC-approved warehouse. To obtain a warehouse-stored peanut loan, the CCC loan collateral peanuts must be stored in a CCC-approved warehouse.

Application Process

Marketing Assistance Loan

For a marketing assistance loan, producers can request a farm-stored or warehouse-stored loan. Warehouse-stored loans will be adjusted for premiums and discounts if applicable.

Loan Deficiency Payment

LDP provisions are active when the national posted price repayment rate for peanuts are less than the applicable national loan rate. When the LDP provisions are active, producers can request to receive an LDP in lieu of securing a marketing assistance loan. LDPs can be either certified or field-direct. Producers must have beneficial interest in the peanuts at the time of the request.

Exception: The Farm Security and Rural Investment Act of 2002 provided a special rule for the 2002 crop of peanuts. For the 2002 crop year ONLY, the Secretary

Fact Sheet

*Peanut Marketing Assistance Loan and
Loan Deficiency Payment Fact Sheet*

authorized that LDPs be made available to eligible producers, using the LDP rate on the earliest date in effect: (1) the date of request, or (2) the date beneficial interest was lost. This legislation waived the beneficial interest requirement for producers who produced and harvested 2002 crop year peanuts.

Basic LDPs for any stored quantity in which the producer maintains a beneficial interest is requested on a CCC-633 LDP; which cannot be cancelled at any time. LDPs are assignable; and not subject to premiums or discounts.

Repayment Rates

Marketing Assistance Loan

The CCC will announce the national posted price for peanuts weekly on the FSA Web site and in local FSA offices.

Peanut loans mature on demand, but no later than the last day of the ninth calendar month after the month in which the loan is disbursed.

Service Fees

The peanut marketing assistance loan service fee, which is nonrefundable, shall be the smaller of the following:

- \$45.00 for each farm-stored loan plus \$3 for each storage bin over one.
- ½ of 1 percent times the gross amount.

Loan Deficiency Payment

The basic LDP rate (CC-633-LDP) is the rate in effect on the date of request in the county where the peanuts are stored. The rate for field-direct LDPs (CCC-709) is based on the rate in effect for the county on the date commodities are delivered or harvested.

Application Deadline

During the year following a normal harvest, applications for peanut loans or LDPs must be made by January 31. Loans or LDPs cannot be possessed until regulations are published in the Federal Register.

For More Information

Additional information on the loans for peanut producers is available from local USDA Service Centers and on the FSA Web Site at www.fsa.usda.gov.

The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.