



Peanut Marketing Assistance Loan and Loan Deficiency Payment

Overview

The Farm Security and Rural Investment Act of 2002 provides loans for crop years 2002 through 2007 for peanut producers.

Producers may apply for marketing assistance loans for farm or warehouse stored peanuts or for peanut loan deficiency payments (LDPs).

The regulations authorizing this program are in 7 CFR Part 1421 Marketing Assistance Loans and Loan Deficiency Payments. The regulations, which cover peanuts, pulse crops, wheat, feed grains, soybeans and other oilseeds, were published on October 11, 2002.

Eligibility

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

- Share in the risk of producing the commodity;
- 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 the producer 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, which 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.

2003 Price Support Levels by Peanut Type

The loan level by type for an average grade ton of 2003 crop peanuts will be:

- Virginia-type peanuts: \$353.27
- Runner-type peanuts: \$355.98
- Spanish-type peanuts: \$338.67
- Valencia-type peanuts: \$353.27

The method of computing the loan levels for 2003 crop peanuts and the grades within the types are the same as last year.

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.

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Beneficial Interest

Producers must have beneficial interest in the peanuts at the time of the request to obtain a marketing assistance loan or LDP. Beneficial interest consists of the producer maintaining control of the commodity, risk of loss, and title to the commodity. If any of these are lost, the producer does not have beneficial interest in the peanuts. There are no provisions for waiving beneficial interest for the 2003 and subsequent crop years.

Loan Deficiency Payment

LDP provisions are activated when the national posted repayment rate for peanuts is less than the applicable national loan rate for that peanut type. When the LDP provisions are activated, producers can request an LDP in lieu of securing a marketing assistance loan. LDPs can be either certified or field-direct. Basic LDPs for any stored quantity in which the producer maintains 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. The basic LDP rate is the rate in effect on the date of request in the county where the peanuts are stored.

The rate for field-direct LDPs is based on the rate in effect for the county on the date commodities are delivered or harvested. A producer must request the LDP on a CCC-709 before harvest if beneficial interest will be lost immediately at

harvest and upon delivery to a warehouse, buyer, cooperative, etc. The CCC-709 can only be terminated if the producer has not harvested any of the peanuts covered by the CCC-709. Once harvest has begun, producers cannot terminate the CCC-709.

Note: For the 2003 crop year only, an FSA-1007 form may be considered acceptable production evidence only if a producer has filed a completed CCC-709 LDP form and the peanuts are immediately sold upon delivery. The date the peanuts are sold will be printed on the FSA-1007, and this date used to determine when the beneficial interest is lost.

Repayment Rates Marketing Assistance Loan

CCC will announce the national posted price for peanuts weekly on Tuesdays at 3:00 p.m. EST on the FSA Web site and in local FSA offices. The repayment rate will become effective Wednesday at 12:01 a.m. EST.

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 or ½ of 1 percent times the gross amount.

Designation of Agent (CCC-605P, CCC-605P-1, and CCC-605P-2)

Producers may designate an agent to redeem all or a portion of the peanuts pledged as collateral for a marketing assistance loan.

Designation of an agent does not relieve the producer from the terms and conditions of the note and security agreement. Designated agents may transfer the designation to a subsequent agent on CCC-605P, by endorsement. Agents who are subsequently designated may transfer the designation to other subsequent agents on CCC-605P-2, by endorsement. County offices will make the CCC-605P, CCC-605-1, and CCC-605P-2 available to the public. Producers should be advised that a separate CCC-605P is required for each loan. These forms are available at <http://forms.sc.egov.usda.gov/eforms/mainervlet>.

Authorized Offsets

Offsets from the loan proceeds may be made for amounts contained on a separate statement of unpaid charges or a separate bill for unpaid charges. These charges must be associated with the handling of the commodity represented by the warehouse receipt and the marketing of the commodity pledged as loan collateral. The Farm Service Agency (FSA) county office is authorized to offset charges associated with cleaning and drying

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of peanuts from the producer's loan proceeds. These charges are not considered a lien, and must be included on a CCC-679, block 8(3), if an offset will be made for these charges. The Deputy Administrator for Farm Programs must approve all other requests for offset of charges.

**Application Deadline/Loan
Availability Period**

During the year following a normal harvest, applications for peanut loans or LDPs must be made by January 31.

For More Information

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

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