

For: State and County Offices

**Reviewing Seed Contracts to Determine Beneficial Interest**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

Questions have been raised regarding beneficial interest on seed contracts. Some of the contracts show that the producer does not have beneficial interest in the commodity.

**B Purpose**

This notice requires State and County Offices to review seed contracts on 1999 commodities to determine beneficial interest.

**2 Action**

**A County Office Action**

County Offices shall:

- require a copy of the seed contracts when the producer files CCC-709 for LDP
- review the seed contract to ensure that title, risk of loss, and control of the commodity remains with the producer until marketed
- if a determination cannot be made, send these contracts to the State Office for review.

Both parties to a contract may amend the contract by mutual consent to ensure that the producer maintains beneficial interest. FSA can accept these amendments as long as they are effective before the crop is harvested.

**B State Office Action**

State Offices shall refer any seed contracts to PSD if eligibility determination cannot be made.

<b>Disposal Date</b> May 1, 2000	<b>Distribution</b> State Offices; State Offices relay to County Office
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