

**For:** State and County Offices

**2002 Through 2007 Crop Year Peanut Marketing Assistance  
Loan and LDP Program**

**Approved by:** Deputy Administrator, Farm Programs



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**1 Overview**

**A**

**Background**

The Farm Security and Rural Investment Act of 2002 (the Act) provides for the 2002 through 2007 crop years peanut marketing assistance loans and LDP's be made available to eligible producers who produce and harvest peanuts.

Eligible producers who produce and harvest peanuts can request a 9-month marketing assistance loan or agree to forgo the loan to obtain LDP.

Producers began harvesting peanuts in late July. State and County Offices have requested guidance on implementing the peanut marketing assistance loan and LDP program.

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**B**

**Purpose**

This notice provides general policies and procedures for implementing the 2002 through 2007 crop years peanut marketing assistance loan and LDP program.

<p><b>Disposal Date</b></p> <p>June 1, 2003</p>	<p><b>Distribution</b></p> <p>State Offices, State Office relay to County Offices and FAX to CMA's</p>
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## Notice LP-1857

### 2 General Policies

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#### A

##### General Policy Overview

Peanuts are eligible for marketing assistance loans and LDP's; therefore, general marketing assistance loan and LDP policies in 8-LP are applicable to peanut loans and LDP's. The policy included in this notice is specific to peanuts and will be incorporated in the appropriate handbooks.

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#### B

##### Producer Eligibility

Producers must:

- meet the definition of an eligible producer, according to 8-LP
- be compliant with conservation and wetland requirements
- have beneficial interest in the commodity.

A producer is considered to have beneficial interest in the commodity if all of the following remain with the producer:

- control of the commodity
- risk of loss
- title to the commodity.

County Offices shall reference 8-LP, paragraph 129 to determine whether the producer has beneficial interest.

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#### C

##### Commodity Eligibility

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

- have been produced and harvested by the eligible producer
- be in existence and in storable condition
- be merchantable for feed, food, or other uses as determined by CCC.

**Exception:** Peanuts graded as Segregation 2 or 3, containing aflatoxin or A. Flavus mold, are eligible for loan at a reduced loan rate.

- meet the specific commodity eligibility requirements for nonrecourse loans
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2 General Policies (Continued)

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**C**

**Commodity Eligibility (Continued)**

- be 1 of the following types:
  - Virginia
  - Runner
  - Spanish
  - Valencia
  
- not have been shelled or crushed.

Peanuts that are cleaned for the removal of excess foreign material are eligible for loan.

Warehouse stored peanuts must be inspected and graded. Farm-stored peanuts do not have to be inspected at the time of loanmaking. If farm-stored peanuts are delivered for settlement, the peanuts will be inspected and graded and are subject to discounts.

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**D**

**Final Loan Availability Date**

The final loan availability date to request peanut loans or LDP is January 31 of the year following the year in which peanuts are normally harvested.

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**E**

**Payment Limitation**

For each of the 2002 through 2007 crop years, there is a \$75,000 payment limitation for marketing loan gains and LDP's for peanuts, wool, mohair, and honey.

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**F**

**Beneficial Interest Rules**

Producer's must retain beneficial interest in the peanuts to obtain a loan or LDP. Any contract signed by a producer must conform to all provisions for beneficial interest. Beneficial interest must be retained by a producer from harvest continuously through:

- for LDP, the date requested
  - for loan, the earlier of the following date:
    - the loan is repaid
    - CCC takes title to the commodity.
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**2 General Policies (Continued)**

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**F  
Beneficial  
Interest Rules  
(Continued)**

If peanuts are delivered to a buying point and marketed, then beneficial interest is considered to be lost at the time of delivery, unless other events cause beneficial interest to be lost before delivery.

Peanuts stored in storage facilities that are not CCC approved may be placed under loan; however, the peanuts must be redeemed with a commodity certificate on the same day as the loan disbursement.

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**G  
2002 Crop  
Beneficial  
Interest Waiver  
for LDP's**

Section 1307 (e) of the Act provides that the Secretary make producers, who lost beneficial interest in 2002 crop peanuts before submitting an LDP request, eligible to receive LDP.

Eligible producers who lost beneficial interest must submit a CCC-633 LDP to the County Office. The LDP rate will be the LDP rate in effect on the date the producer lost beneficial interest. The final date for accepting 2002 crop LDP request is the January 31, 2003, which is final loan availability date.

Producers who retain beneficial interest can request LDP's in the normal manner. The LDP rate will be based on the date of the request.

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**3 Peanut Marketing Assistance Loans**

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**A  
Loanmaking**

Producers can request either a farm-stored or warehouse-stored marketing assistance loan. Farm-stored loans can be certified or measured loans. Producers requesting warehouse-stored loans must have the peanuts stored in a CCC approved warehouse.

For measured peanut loans, producers must pay for the measurement service at the time of request.

County Offices shall:

- conduct lien searches according to 8-LP, paragraph 403
  - file UCC-1 according to 8-LP, paragraph 423.
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**Notice LP-1857**

**3 Peanut Marketing Assistance Loans (Continued)**

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**B**

**Loan Forms**

Producers will request:

- certified loans, by completing CCC-666
- measured loans, by completing CCC-666, FSA-409, and signing a completed CCC-677-1.

**Note:** State and County Offices will receive authorization to issue payments in a future notice. Loan proceeds **cannot** be disbursed until regulations are published in the Federal Register.

Until software becomes available, County Offices shall complete a manual:

- CCC-677 for farm-stored loans
- CCC-678 for warehouse-stored loans.

APSS will be enhanced to include software for entering and disbursing peanut loans and LDP's. Instructions will be included in a future PS notice.

**Note:** County Offices shall make pen and ink changes to CCC-677 according to Exhibit 1.

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**C**

**Loan Service Fees**

The loan service fee shall be the smaller of the following for:

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

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3 Peanut Marketing Assistance Loans (Continued)

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**D**

**Loan Rates**

The 2002 crop year base National loan rates for peanuts are included in the table.

Type	Loan Rate
Virginia	353.66
Runner	355.72
Spanish	337.20
Valencia	353.66

Loan rates are subject to premiums and discounts. The 2002 crop year premiums and discounts will be included in LP Peanuts.

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**E**

**Loan Maturity**

Peanut marketing assistance loans mature on demand, but no later than the last day of the ninth calendar month after the month in which CCC-677 or CCC-678 is approved.

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**F**

**Eligible Storage**

County Offices shall refer to 8-LP, paragraph 424 to determine eligible storage for peanuts. Peanuts wagons located on the farm are **ineligible** farm-storage structures.

For the 2002 through 2006 crop years, CCC will pay storage charges accrued from the date all documents required from the producer for the peanut warehouse-stored loan are provided to the County office through the date of repayment or forfeiture. CCC will reduce the repayment amount by the applicable storage charges.

**Note:** The producer will be responsible for any charges incurred before the date all documents were provided.

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**3 Peanut Marketing Assistance Loans (Continued)**

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**F**

**Eligible Storage  
(Continued)**

Producers who store peanuts in facilities that have received temporary CCC approval for storing CCC loan collateral are eligible for warehouse-stored loans provided the warehouse issues a negotiable receipt approved by CCC.

Peanuts that are **not** stored in an approved or temporarily approved CCC warehouse are not eligible for a loan, unless the producer agrees to redeem the loan with a commodity certificate on the same day as the loan disbursement.

Warehouse operators that are interested in becoming CCC approved warehouses must contact Verna Garrett, DACO at 816-926-6198.

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**G**

**CCC Approved  
Peanut  
Warehouses**

Warehouses intending to store peanuts under this program must obtain a Peanut Storage Agreement, similar to the Uniform Grain and Rice Storage Agreement. KCCO will administer and approve the Peanut Storage Agreement. Warehouse operators may contact the KCCO, Bulk Commodities Division, Storage Contract Branch at 816-926-6198 for information on becoming an approved peanut warehouse.

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#### 4 Peanut Loan Deficiency Payments

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##### A

##### General LDP Provisions

Producers, who otherwise are eligible to obtain to a peanut marketing assistance loan, can agree to forgo the loan in return for LDP on the eligible peanuts.

LDP requests are complete when a County Office receives a completed and signed:

- CCC-633 LDP
- CCC-709.

LDP's are:

- assignable
- **not** subject to premiums and discounts
- approved when all eligibility requirements are met.

LDP's must be requested on or before the final loan availability date.

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##### B

##### LDP Requests

Producers who will lose beneficial interest in a commodity at harvest or who want to receive LDP based on the date of delivery to a buying point, buyer, warehouse, or cooperative must request LDP on CCC-709.

**Note:** Producers who will lose beneficial interest at the buying point must complete CCC-709.

CCC-709 can be terminated if the producer has not harvested any of the commodity covered by CCC-709. Once harvest has begun, producers cannot terminate CCC-709.

Basic LDP's are requested on a CCC-633 LDP. Basic LDP's may be requested for any stored quantity for which the producer has maintained beneficial interest. CCC-633 LDP requests cannot be canceled at any time.

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#### 4 Peanut Loan Deficiency Payments (Continued)

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##### C

##### LDP Rates

The LDP rate:

- for basic LDP's (CCC-633 LDP), is the rate in effect on the date of request in the county where the peanuts are stored
  - for field direct (CCC-709) LDP's, is:
    - based on the rate in effect for the administrative county for the farm
    - the rate in effect on the date:
      - of delivery, for commodities immediately delivered
      - harvested.
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##### D

##### LDP Forms

Producers must request LDP' on the CCC-633 LDP or CCC-709 forms. The forms were modified to reflect the 2002 Act changes. The revised forms are available in PDF format at the following:

- the PSD website at <http://www.fsa.usda.gov/dafp/psd>
  - the FFAS Intranet website at <http://intranet.fsa.usda.gov>.
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**Notice LP-1857**

**5 Action**

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**A**

**State Office  
Action**

State Offices shall:

- publicize the contents of this notice immediately to the maximum extent possible
  - instruct County Offices to notify all producers immediately of the contents of this notice using all available resources
  - inform County Offices **not** to disburse loan proceeds or issue any LDP's until authorization is received in a future PS notice.
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**B**

**County Office  
Action**

County Offices shall:

- notify producers immediately of the contents of this notice using all available resources.
  - accept loan or LDP request from producers
  - **not** disburse loans or LDP's until regulations are published in the Federal Register.
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Example of CCC-677

READ THE ENTIRE INSTRUMENT BEFORE SIGNING (See CCC-601 for Privacy Act Statement) Form Approved - OMB No. 0560-0087

CCC-677 U.S. DEPARTMENT OF AGRICULTURE Form CCC-684 is incorporated into this  
 (03-23-99) Commodity Credit Corporation Form CCC-677 when this box is marked:

**FARM STORAGE NOTE AND SECURITY AGREEMENT**

Name & Mailing Address of Contact Producer | Commodity Storage Location | St. & Co. Codes & Farm No. Where Produced

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Loan No.: | Total Loan Amount:

Crop Year: | Assessments: | Marketing Assessments:

Commodity: | Service Fee: | TOTAL DISBURSEMENT:

Class: | Total Loan Quantity:

SEAL NUMBER	MORTGAGED QUANTITY 1/	LOAN RATE	LOAN QUANTITY	LOAN AMOUNT
A	B	C	D	E

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PRODUCER	ID NUMBER	PRODUCER SHARE
F	G	H

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The terms and conditions of the Note and Security Agreement are set forth in this Form CCC-677 ("Note") and Form CCC-601, "Commodity Credit Corporation Note and Security Agreement Terms and Conditions", Form CCC-677A (for sugar only), and any appendix or addendum to these forms. By signing this Form CCC-677, each producer agrees to all terms and conditions specified in these forms and acknowledges receipt of Form CCC-601 and any appendix or addendum thereto. By signing this form, the producer agrees that: (1) the interest rate applicable to the loan will be determined in accordance with 7 CFR Part 1405 and will be the rate of interest charged by the U.S. Treasury for funds borrowed by CCC, plus 1 percent, on the date the loan proceeds are disbursed to each producer and (2) the maturity date of the loan for all commodities except peanuts and mohair shall be the last day of the ninth month following the month in which such loan proceeds are disbursed. For peanuts, the maturity date of the loan shall be April 30 of the marketing year established for that crop of peanuts. For mohair, the maturity date of the loan shall be the last day of the twelfth month following the month in which such loan proceeds are disbursed. Notwithstanding the foregoing provision, the producer agrees that if the commodity pledged as collateral for this loan is a commodity which had been previously pledged as collateral for a CCC loan that the maturity date of this loan will be the maturity date of such initial loan. The loan disbursement date, actual interest rate and maturity date for the loan may be obtained at the County FSA office listed below. CCC may at any time accelerate the maturity date of this loan upon demand for payment.

The producer hereby sells, assigns, and mortgages to CCC as collateral for the payment of this Note all of the commodity described in this Note, together with all authorized replacements, substitutions, additions, and accessions thereto, which is stored in the bins or storage structures specified in this Note (even though a larger quantity than the quantity shown in the item above entitled "Total Loan Quantity" is stored in such structure). In addition, for mohair loans, it is agreed that the loan shall be secured not only by the mohair on which the loan is obtained but such other mohair in which, now or in the future, the producer may have an interest and it is agreed that until the loan is repaid, the interest of CCC in such additional collateral shall be superior to all others in the same manner as CCC's interest in the mohair itself.

This program will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, gender, age, sexual orientation, marital or family status, disability, or political beliefs.

Signature | Date | Signature | Date

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APPROVED FOR CCC BY | DATE | Name and Address of County FSA Office

| TELEPHONE NO.

1/ As is provided elsewhere in the text of the Note, mohair loans are also secured by other mohair in which the producer has an interest now or in the future.