

**For:** Peanut State and County Offices and DMA's

**Questions and Answers (Q and A's) About DAFP Authorized Peanut Loan Deductions  
and CCC-679 Policies**

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



**1 Overview**

**A Background**

Notice LP-2041 has resulted in numerous questions about policy about DAFP authorized deductions from peanut loans and how applicable CCC-679's should be prepared. The questions are best answered by a series of Q and A's (see Exhibits 1 and 2) that can be shared with all interested parties.

**B Purpose**

This notice provides:

- Q and A's recently received by PSD (Exhibits 1 and 2)
- examples of prepared CCC-679's (Exhibit 3).

**C Contact**

State Offices shall direct questions about this notice to Tonye Gross by:

- e-mail to **tonye.gross@wdc.usda.gov**
- telephone at 202-720-4319.

DMA's shall direct questions about this notice to Chris Kyer by:

- e-mail to **chris.kyer@wdc.usda.gov**
- telephone at 202-720-7935.

<p><b>Disposal Date</b></p> <p>October 1, 2007</p>	<p><b>Distribution</b></p> <p>Peanut State Offices; State Offices relay to County Offices and DMA's</p>
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## Questions From a Peanut Handler/Sheller

The following questions were asked by a company that is considered to be a peanut handler/sheller. Assumptions made by the handler/sheller were:

- handler/sheller has filed UCC-1's when the producer owes handler/sheller for seed thus making the handler/sheller a lien holder on peanuts
- some buying points have also filed UCC-1's when the producer owes them for seed thus making them a lien holder on peanuts
- the producer can owe handler/sheller for the seed, owe the buying point for the cleaning and drying, and owe another entity for the custom harvesting
- some MAL's may be requested for less than \$25,000, but UCC-1's have been filed establishing a lien.

**Q1:** How should the CCC-679 be completed if the producer owes handler/sheller for seed and the loan requested is less than \$25,000? How should the CCC-679 be completed if the producer owes handler/sheller for seed and the loan requested is more than \$25,000? How should the CCC-679 be completed if the producer owes handler/sheller for seed and there are multiple loan requests - some loan requests for a given producer may be less than \$25,000 and some may be more than \$25,000?

**A1:** The CCC-679 prepared by handler/sheller and submitted to the County Office or DMA establishes that handler/sheller has a lien which must be honored by the County Office or DMA. Therefore, the loan amounts are irrelevant. One CCC-679 prepared by handler/sheller for the 2006 crop year, for all peanuts on all farms (if there is such a lien) will be sufficient to notify the County Office of the lien and will cover all loan requests regardless of the amounts.

**Q2:** How is the CCC-679 completed if the producer owes handler/sheller for seed and handler/sheller is also due money for cleaning and drying and/or custom harvesting if the loan requested is **less** than \$25,000? At what point is a statement of charges necessary?

**A2:** See A1 regarding loan amounts. Also, if the handler/sheller presents a statement of charges to the County Office or DMA for cleaning and drying and/or custom harvesting the same CCC-679 will cover all statements of charges presented, if item 8, box 3 is checked and 3 (c) includes a statement about whose charges are offset without specifying the type or amount. An example CCC-679 is illustrated in Exhibit 3. A statement of charges signed by the producer **must** be provided to the County Office or DMA before loan disbursement and offset checks issued.

**Q3:** How is the CCC-679 completed if the producer owes handler/sheller for seed and handler/sheller is also due money for cleaning and drying and/or custom harvesting if the loan requested is **more** than \$25,000?

**A3:** See A2.

**Questions From a Peanut Handler/Sheller (Continued)**

**Q4:** How should the CCC-679 be completed if the producer owes handler/sheller for seed and for cleaning and drying and/or custom harvesting if there are multiple loan requests - some loan requests for a given producer may be less than \$25,000 and some may be more than \$25,000?

**A4:** See A2

**Q5:** If there is a statement of charges submitted more than 1 time, does there have to be a CCC-679 submitted each time with the amount of the charges entered in 8-3(a) or will 1 CCC-679 with a description of what can be deducted (cleaning and drying, and/or seed receivables, and/or custom harvesting) listed in 8-3(a) be sufficient?

**A5:** If the CCC-679 is prepared according to A2, it should cover the entire crop year. In this case, County Offices and DMA's should make a copy of the original CCC-679 for each loan folder and attach a copy of each statement of charges.

**Q6:** A producer has no recorded liens, including peanut handler/sheller seed offsets. The peanut handler/sheller will be submitting a statement of charges for DAFP approved offsets. Will a CCC-679 need to be prepared for the signature of the handler/sheller submitting the charges along with each statement of charges?

**A6:** No, it is not the Agency's intent for non-lien holders to sign the CCC-679. 8-LP, paragraph 410 will be amended to clarify this. However, if lien holders do exist, County Offices and DMA's shall ensure that CCC-679 is completed for each applicable lien holder's agreement checking item 8, box 3 and in 3(c) include a statement about whose charges are offset without specifying the type or amount. See Exhibit 3 for an example of CCC-679.

**Q7:** Can there be more than 1 offset check issued for a given loan? The producer may owe handler/sheller for seed, owe the buying point for the cleaning and drying, and owe another entity for the custom harvesting.

**A7:** Yes.

**Questions from State Offices**

**Q1:** In some cases, the peanut handler/sheller submits a statement of charges that includes all offsets, including seed, cleaning and drying, and custom harvesting. Is this authorized for offset since the peanut handler/sheller is not performing each service?

**A1:** County Offices or DMA's shall issue checks to the payee showing on the statement of charges. The producer **must** sign the statement agreeing to the offset amounts and payee; therefore, it is an issue between the producer and handler/sheller. CCC is honoring a request by the producer of a DAFP authorized offset.

**Q2:** Does the statement of charges have to be signed by the producer?

**A2:** Yes, 8-LP will be amended.

CCC-679 Examples

The following is an example of CCC-679 prepared according to Exhibit 1, A2:

This form is available electronically.		Form Approved - OMB No. 0560-0087		
CCC-679 (06-20-03)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		
LIEN WAIVER				
1. NAME AND ADDRESS OF PRODUCER (Include Zip Code): Joe Producer 100 East Road Dothan, GA 12311	2. CROP YR.  2006	3. COMMODITY Peanuts	4. FARM NO. ALL	5. ST. & CO. CODE 13-101
6. QUANTITY COVERED ALL		7. STATE AND COUNTY WHERE PRODUCED Calhoun, GA		
<p><b>N O T E</b> The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Federal Agriculture Improvement and Reform Act of 1996 and the Commodity Credit Corporation Charter Act, as amended and regulations at 7 CFR Parts 1421, 1427, and 1435. The information will be used to determine to whom program benefits will be paid. Furnishing the requested information is voluntary; however, failure to furnish the correct and complete information will result in a determination of ineligibility for program benefits. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.</p> <p>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0087. The time required to complete this information collection is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. <b>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</b></p>				
<p>8. The undersigned is the holder of a lien on the commodity identified above. In order for the producer identified above to pledge such commodity as collateral for a Commodity Credit Corporation ("CCC") loan, with respect to CCC only, the undersigned waives all interest in, and title to, such commodity. The undersigned agrees that the proceeds of the loan shall be disbursed (lienholder must check one of the following):</p> <p>(1) <input type="checkbox"/> To the producer.</p> <p>(2) <input type="checkbox"/> Jointly to the producer and the undersigned lienholder.</p> <p>(3) <input checked="" type="checkbox"/> Jointly to the producer and the undersigned lienholder, less \$ (a) _____ administrative offset as of (b) _____ and charges due (c) (name) as authorized by USDA/FSA/DAFP and producer _____ (DATE)</p>				
<p>9. If administrative offsets are deducted from the loan proceeds enter estimated net disbursement amount: \$ _____.</p>				
<p>10. NAME AND ADDRESS OF LIENHOLDER OR AUTHORIZED AGENT</p> <p>Peanut Sheller Company 100 East Main Street Dothan, GA 12122</p>				
11A. SIGNATURE			11B. DATE (MM-DD-YYYY)	
<p>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (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 to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</p>				

CCC-679 Examples (Continued)

The following is an example of CCC-679 prepared according to Exhibit 1, A6:

This form is available electronically.		Form Approved - OMB No. 0560-0087		
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LIEN WAIVER				
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6. QUANTITY COVERED ALL		7. STATE AND COUNTY WHERE PRODUCED Calhoun, GA		
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8. The undersigned is the holder of a lien on the commodity identified above. In order for the producer identified above to pledge such commodity as collateral for a Commodity Credit Corporation ("CCC") loan, with respect to CCC only, the undersigned waives all interest in, and title to, such commodity. The undersigned agrees that the proceeds of the loan shall be disbursed (lienholder must check one of the following):				
(1) <input type="checkbox"/> To the producer. (2) <input type="checkbox"/> Jointly to the producer and the undersigned lienholder. (3) <input checked="" type="checkbox"/> Jointly to the producer and the undersigned lienholder, less \$ (a) _____ administrative offset as of (b) _____ and charges due (c) (name) as authorized by USDA/FSA/DAFP and producer _____ (DATE)				
9. If administrative offsets are deducted from the loan proceeds enter estimated net disbursement amount: \$ _____				
10. NAME AND ADDRESS OF LIENHOLDER OR AUTHORIZED AGENT  Bank of Georgia 1001 East Main Street Dothan, GA 12122				
11A. SIGNATURE			11B. DATE (MM-DD-YYYY)	
<p>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (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 to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</p>				