§ 1469.9 Transfer of producer's interest prohibited.

Absent written approval from CCC, the producer shall not transfer either the remaining interest in, or right to redeem, the mohair pledged as collateral for a loan nor shall anyone acquire such interest or right. Subject to the provisions of §1469.12, a producer who wishes to liquidate all or part of a loan by contracting for the sale of the loan mohair must obtain written approval of the county office on a form prescribed by CCC to remove a specified quantity of the mohair from storage. Any such approval shall be subject to the terms and conditions set forth in the applicable form, copies of which may be obtained by producers at the county office.

§ 1469.10 Loss or damage.

The producer is responsible for any loss in quantity or quality of the mohair pledged as collateral for a loan. CCC shall not assume any loss in quantity or quality of the loan collateral.

§ 1469.11 Personal liability of the producer.

(a) When applying for an individual or joint loan, each producer agrees:

(1) When signing any document, including Form CCC–633 (Mohair), (Mohair Loan Certification and Worksheet) and Form CCC–677 (Farm Storage Note and Security Agreement), that the producer will:

(i) Provide correct, accurate, and truthful certifications and representations of the loan quantity and all other matters of fact and interest; and

(ii) Not remove or dispose of any amount of the loan quantity without prior written approval from CCC in accordance with this section; and

(2) That violation of the terms and conditions of this part and Form CCC–677 will cause harm or damage to CCC in that funds may be disbursed to the producer for a loan quantity which is not actually in existence or for an amount of mohair for which the producer is not eligible.

(b) For purposes of this section, a "violation" shall refer to any violation of the loan agreement and this part which shall include, but not be limited to, any incorrect certification made with respect to obtaining a loan, any misrepresentation with respect to a loan, or any mis-disposition of loan collateral.

(c) The producer and CCC agree that it will be difficult, if not impossible, to prove the amount of damages to CCC for conduct which is in violation of this part or the loan agreement. Accordingly, if the county committee determines that the producer has engaged in any such violation, liquidated damages shall be assessed and shall be due in addition to any loan refund that may be due plus interest and charges. The amount of such liquidated damages shall be computed using the quantity of mohair that is involved in the violation and the formula set out below. If CCC determines the producer:

(1) Acted in good faith when the violation occurred, liquidated damages will be assessed by multiplying the quantity of mohair involved in the violation by:

(i) 10 percent of the loan rate applicable to the loan note for the first offense; or

(ii) 25 percent of the loan rate applicable to the loan note for the second offense; or

(2) Did not act in good faith with regard to the violation, or for cases other than the first or second offense, liquidated damages will be assessed by multiplying the quantity involved in the violation by 25 percent of the loan rate applicable to the loan note.

(d) When liquidated damages are assessed in accordance with paragraph (c)(1) of this section, the county committee shall:

(1) Require repayment of the loan principal applicable to the loan quantity which was the subject of the violation plus charges, plus interest applicable to the amount repaid; and

(2) If the producer fails to pay such amount within 30 calendar days from the date of notification, call the applicable loan in its entirety, plus charges, plus interest assessed from the date of the loan disbursement.

(e) When liquidated damages are assessed in accordance with paragraph