

the proceeds for such peanuts, the person who acquires such peanuts shall be liable to CCC for the amount of the lien, to the extent of the market value of such peanuts or proceeds of the peanuts whichever is higher.

(b) *Farmers Home Administration or Farm Service Agency lien.* If a Farmers Home Administration or Farm Service Agency lien has been recorded on the marketing card that was issued for the use of a producer when marketing peanuts, the purchaser of such peanuts shall make the check, for the proceeds from such peanuts, payable jointly to the producer and the Farm Service Agency. However, if a peanut poundage quota lien was also recorded on the marketing card against such producer, the check shall be made payable jointly to the producer, CCC and the Farm Service Agency.

[56 FR 16230, Apr. 19, 1991, as amended at 61 FR 37623, July 18, 1996]

§ 1446.204 Transmittal of collections of penalties and claims.

(a) *Commercial purchases.* A handler shall use form FSA-1012, Buyer's Transmittal of Claims and/or Marketing Penalty, to transmit to FSA any marketing penalty or peanut poundage quota lien that is collected directly or indirectly from a producer at the time such producer marketed peanuts as quota commercial or contract additional peanuts. Such collections shall be made in accordance with the requirements of part 729 of this title. A collection is considered to have been made at the time of marketing the peanuts. Each collection shall be sent to the county FSA office which issued the marketing card and, unless otherwise approved by the Executive Vice President, CCC, shall be sent within 15 days after the collection is made.

(b) *Loan peanuts.* Withholdings from the loan value due a producer which represent collections of marketing penalties, peanut poundage quota liens or U.S. claims shall be transmitted or handled in accordance with instructions issued by the marketing association or CCC.

Subpart C—Warehouse Storage Loans

§ 1446.301 Eligibility of peanuts for price support at the quota loan rate.

For peanuts to be eligible for a price support loan at the quota loan rate such peanuts:

- (a) Must be eligible peanuts that were produced by an eligible producer;
- (b) Must be Segregation 1 peanuts;
- (c) If mechanically dried, must contain at least 6 percent moisture;
- (d) Must not contain more than:
 - (1) 10.49 percent moisture;
 - (2) 10 percent foreign material; or
 - (3) 14.49 percent LSK's;
- (e) When added to prior marketing of quota peanuts from the farm, must not exceed the effective quota established for the farm on which such peanuts were produced.

§ 1446.302 Eligibility of peanuts for price support at the additional loan rate.

(a) *General.* For peanuts to be eligible for a price support loan at the additional loan rate, such peanuts:

- (1) Must be eligible peanuts that were produced by an eligible producer;
- (2) must not contain more than:
 - (i) 10.49 percent moisture;
 - (ii) 10 percent foreign material; or
 - (iii) 14.49 percent LSK's.

(b) *Exception to general requirements.* Notwithstanding the provisions in paragraph (a) of this section:

(1) *Seed peanuts.* Peanuts that were produced for seed under the auspices of a State agency that controls the production of seed peanuts may receive a price support loan at the additional loan rate if:

(i) Such peanuts are eligible peanuts that were produced by an eligible producer; and

(ii) In accordance with this part, the handler purchases the peanuts from the loan inventory for domestic seed use in accordance with this part.

(2) *Peanuts with excess moisture, foreign material, or LSK's.* Peanuts that contain excessive moisture, foreign material, and/or LSK's may receive a price support loan at the additional loan rate if the marketing association determines:

§ 1446.303

7 CFR Ch. XIV (1-1-05 Edition)

(i) That the moisture level is acceptable for storage until such peanuts may be crushed; and

(ii) That the producer made a bona fide effort to clean such peanuts prior to offering such peanuts as collateral for a price support loan.

§ 1446.303 Delivery of peanuts for price support advance.

(a) *Warehouse storage loans.* Any warehouse operator who has entered into a contract with the marketing association to receive and store peanuts shall inform producers that price support advances are available and shall make such advances on eligible peanuts tendered for price support as provided in such contract.

(b) *Where available.* Unless otherwise approved by the marketing association or by CCC, producers must deliver farmers stock peanuts to any participating warehouse that is located in the same marketing area in which the peanuts were produced. The names and locations of participating warehouses may be obtained from the office of the appropriate marketing association or from State or county FSA offices.

(c) *Contract requirements.* Any contract for receiving and storing peanuts pledged as collateral for a price support loan shall require the warehouse operator to:

(1) Examine the producer's marketing card to determine price support eligibility;

(2) Make entries on the marketing card as required by § 729.304 of this title and by this part; and

(3) Execute a form FSA-1007 in accordance with this part for each lot of peanuts on which a price support advance is made.

(d) *Time.* Price support advances to eligible producers on peanuts of any crop will be available from the beginning of the marketing year through the following January 31 or such later date as may be established by the Executive Vice President, CCC.

(e) *Inspection.* An inspector shall determine the type and quality of each lot of farmers stock peanuts that is delivered to a participating warehouse for a price support advance from the marketing association.

(f) *Producer agreement.* To obtain a price support advance, the producer shall provide written authorization to the marketing association, and in the form prescribed by the applicable marketing association, to pledge the producer's peanuts to CCC as collateral for a warehouse storage loan and in so doing, the producer shall relinquish any right to redeem or obtain possession of such peanuts.

(g) *Advance to the producer.* For each lot of peanuts delivered by a producer to a participating warehouse for a price support advance, the warehouse operator, acting in behalf of the marketing association:

(1) Shall inquire of each producer as to whether any liens, other than a statutory peanut poundage quota lien, exist on peanuts offered for loan and shall note the response on form CCC-1041, Warehouse Receipt and Draft (A failure to make such an inquiry shall render the warehouseman liable for the amount of the lien to the extent of any loss to CCC);

(2) Shall advance to the producer the applicable loan value of such peanuts. However, if a lien exists, the loan advance draft, form CCC-1041, shall be made payable jointly to the producer and each known lienholder except in those cases in which a peanut poundage quota lien was attached, as provided in part 729 of this title before any other lien was recorded. In such case the peanut poundage quota lien shall be deducted from the proceeds and a draft may be issued for any remaining balance;

(3) Shall deduct from such advances any:

- (i) Marketing penalty;
- (ii) Marketing assessment as provided in part 729 of this title;
- (iii) Peanut poundage quota lien;
- (iv) Assessment or excise tax imposed by State law;
- (v) U.S. claim;
- (vi) Farm storage facility loan installment payment that is currently due to CCC; and
- (vii) Any other debt that is owed by such producer to a United States government agency.

(4) As applicable, shall transmit, in accordance with applicable instructions, such deducted amounts to the: