

disbursement unless the commodity subject to the note and security agreement is an eligible harvested commodity, is in existence, and is in approved farm or warehouse storage, as determined by CCC. If the commodity was not either an eligible commodity, in existence, or in approved storage at the time of disbursement, the total amount disbursed under the marketing assistance loan and charges plus interest shall be refunded promptly by the producer.

(2) Marketing assistance loans may be disbursed to eligible producers who store eligible commodities in unlicensed storage facilities only if the producer agrees to redeem the marketing assistance loan on the date in which the loan is disbursed with a commodity certificate exchange.

(3) CCC shall limit the total marketing assistance loan quantity for a loan disbursement, or loan deficiency payment quantity for a loan deficiency payment, based on a subsequent increase in the quantity of an eligible commodity by the final loan availability date to 100 percent of the outstanding quantity of such marketing assistance loan or loan deficiency payment application. A producer may obtain a separate marketing assistance loan or loan deficiency payment before the final loan availability date for the commodity for quantities in excess of 100 percent of such quantity if such quantities are an otherwise eligible commodity.

#### § 1421.9 Basic loan rates.

(a) Basic marketing assistance loan rates for a commodity may be established on a State, regional, county basis or other basis and may be adjusted by CCC to reflect quality and location and other factors applicable to the commodity and as otherwise provided in this section.

(b) The basic marketing assistance loan rates for wheat, corn, barley, oats, grain sorghum, rice, peanuts, soybean, canola, flaxseed, mustard seed, rapeseed, safflower, sunflower seed, dry peas, lentils, small chickpeas, wool, mohair and other crops designated by CCC will be determined by CCC and made available at State and county offices.

(c)(1) For all commodities except rice, warehouse-stored loans shall be disbursed at levels based on the basic county marketing assistance loan rate for the county where the commodity is stored, adjusted for the schedule of premiums and discounts established for the commodity on the basis of quality factors set forth on warehouse receipts or supplemental certificates and for other quality factors, as determined and announced by CCC.

(2) For rice, warehouse-stored loans shall be disbursed at levels based on the milling yields times the whole and broken kernel marketing assistance loan rates, adjusted for the schedule of discounts on the basis of quality factors set forth on warehouse receipts or supplemental certificates and for other quality factors, as determined and announced by CCC.

#### § 1421.10 Market rates.

(a)(1) For the 2002 through 2007 crops of barley, corn, grain sorghum, oats, wheat, dry peas, lentils, small chickpeas, oilseeds, and other crops as designated by CCC, a producer may repay a nonrecourse marketing assistance loan at a rate that is the lesser of:

(i) The marketing assistance loan rate and charges, plus interest determined for such crop; or

(ii) The alternative repayment rate for such crop.

(2) To the extent practicable, CCC shall determine and announce the alternative repayment rate, based upon the market prices at appropriate U.S. markets as determined by CCC, to: Minimize loan forfeitures of such commodities; minimize the Federal Government-owned inventory of such commodities; minimize the storage costs incurred by the Federal Government; allow such commodities produced in the United States to be marketed freely and competitively domestically and internationally; and minimize discrepancies in marketing loan benefits across State boundaries and across county boundaries. The alternative repayment rate may be adjusted to reflect quality and location for each crop of a commodity as follows:

(i) On a weekly basis in each county for oilseeds, except soybeans;