

§ 1421.11

7 CFR Ch. XIV (1–1–12 Edition)

(l) When the proceeds of the sale of the commodity are needed to repay all or a part of a farm-stored loan, the producer must request and obtain prior written approval on a CCC-approved form and comply with the terms and conditions of such form, to remove a specified quantity of the commodity from storage. Approval does not constitute release of CCC's security interest in the commodity or release of producer liability for amounts due CCC for the marketing assistance loan indebtedness if payment in full is not received by the county office. Failure to repay a marketing assistance loan within the time period prescribed by CCC in the case of a farm-stored loan and delivery of the pledged collateral to a buyer is a violation of the agreement. In the case of such violation, the producer must repay the loan principal and interest or another amount as determined by the Deputy Administrator, FSA, as specified in §1421.109.

(m) The producer may obtain county committee approval of a release of all or part of pledged collateral for a warehouse-stored loan at or before the maturity of such loan by paying to CCC:

(1) The principal amount of the marketing assistance loan and charges plus interest or

(2) An amount less than the principal amount of the marketing assistance loan and charges plus interest under the terms and conditions specified by CCC at the time the producer redeems the collateral for such loan.

(n) A partial release of marketing assistance loan collateral must cover all of the commodity represented by one warehouse receipt. Warehouse receipts redeemed by repayment of the marketing assistance loan must be released only to the producer. However, such receipt may be released to persons designated in a written authorization that is filed with the county office by the producer within 15 days before the date of repayment.

(o) The note and security agreement will not be released until the marketing assistance loan has been satisfied in full.

(p)(1) If the commodity is moved from storage without obtaining prior approval to move such commodity, such removal will constitute unauthor-

ized removal or disposition, as applicable under §1421.109(b), unless the removal occurred on a non-workday and the producer notified the county office on the next workday of such removal.

(2) Any loan quantities involved in a violation of §1421.109 must be repaid under §1421.109(e).

(q) In the event of a severe disruption to marketing, transportation, or related infrastructure, the Secretary may modify the repayment rate otherwise applicable under this section for marketing assistance loans. Any adjustment made to the repayment rate for marketing assistance loans for a loan commodity under §1421.5 will be in effect on a short-term and temporary basis, as determined by the Secretary.

[74 FR 15652, Apr. 7, 2009]

§ 1421.11 Spot checks.

(a) CCC may inspect the collateral for marketing assistance loans, and producers with such loans shall allow CCC access to the farm and storage facility as necessary to conduct collateral inspections, or "spot checks" as they are called. Spot checks will verify that the quality and quantity of farm-stored commodities pledged as collateral for marketing assistance loans are maintained by the producer.

(b) Loan deficiency payments are selected for spot check to ensure that all eligibility requirements, as required by CCC, are met in order to receive such loan deficiency payment.

(c) Producers must present production evidence for commodities acceptable to CCC when a spot check is conducted.

§ 1421.12 Production evidence.

(a) Producers who redeem marketing assistance loan collateral at the prevailing world market price for rice, or the alternative repayment rate for all other commodities, as CCC determines or receives a loan deficiency payment may be required to provide CCC with:

(1) Evidence of production of the collateral such as:

- (i) Evidence of sales,
- (ii) Delivery evidence,
- (iii) Load summaries from warehouse, processor, or buyer,
- (iv) Warehouse receipts
- (v) Paid measurement service