

Loans on Farm Stored Grain

Manhattan, Kansas, July 6, 2009-- USDA's Farm Service Agency would like to remind producers that maintaining the condition of farm stored grain is a requirement if producers wish to obtain a commodity loan.

Producers who take out Marketing Assistance Loans (MALs) and use the farm-stored grain as collateral are responsible for maintaining the quality of the grain throughout the term of the loan.

MALs are available for producers who share in the risk of producing the crop, and maintain beneficial interest in the crop through the duration of the loan. Beneficial interest means retaining the ability to make decisions about the commodity; responsibility for loss or damage to the commodity; and title to the commodity. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan — even if you regain beneficial interest.

For commodities to be eligible they must have been produced by an eligible producer, be in existence and in a storable and measurable condition.

Producers do not have to participate in the Direct and Counter-Cyclical Program to be eligible for commodity loans.

Violating provisions of a marketing assistance loan may trigger administrative actions, such as assessing liquidated damages, calling the loan and denial of future farm-stored loans. The most common violations are removing or disposing of a commodity being used as loan collateral without prior authorization and providing an incorrect quantity certification.

Additional information about FSA commodity farm stored loans is available at county FSA offices or online at www.fsa.usda.gov.