

**TITLE 7 - AGRICULTURE**  
**CHAPTER 35A - PRICE SUPPORT OF AGRICULTURAL COMMODITIES**  
**SUBCHAPTER I - GENERAL PROVISIONS**

**§ 1425. Producer rights and liabilities**

**(a) Liability for deficiencies**

Except as otherwise provided in section 1425a of this title, no producer shall be personally liable for any deficiency arising from the sale of the collateral securing any loan made under authority of this Act unless such loan was obtained through fraudulent representations by the producer. This provision shall not, however, be construed to prevent the Commodity Credit Corporation or the Secretary from requiring producers to assume liability for deficiencies in the grade, quality, or quantity of commodities stored on the farm or delivered by them, for failure properly to care for and preserve commodities, or for failure or refusal to deliver commodities in accordance with the requirements of the program. There is authorized to be included in the terms and conditions of any such nonrecourse loan a provision whereby on and after the maturity of the loan or any extension thereof Commodity Credit Corporation shall have the right to acquire title to the unredeemed collateral without obligation to pay for any market value which such collateral may have in excess of the loan indebtedness.

**(b) Sugarcane and sugar beets**

The security interests obtained by the Commodity Credit Corporation as a result of the execution of security agreements by the processors of sugarcane and sugar beets shall be superior to all statutory and common law liens on raw cane sugar and refined beet sugar in favor of the producers of sugarcane and sugar beets and all prior recorded and unrecorded liens on the crops of sugarcane and sugar beets from which the sugar was derived. The preceding sentence shall not affect the application of section 1421 (e)(2) of this title.

(Oct. 31, 1949, ch. 792, title IV, § 405, 63 Stat. 1054; Pub. L. 85–835, title V, § 502, Aug. 28, 1958, 72 Stat. 996; Pub. L. 99–198, title X, § 1004, Dec. 23, 1985, 99 Stat. 1447; Pub. L. 100–460, title VI, § 634(a), Oct. 1, 1988, 102 Stat. 2263; Pub. L. 102–237, title I, § 111(b), Dec. 13, 1991, 105 Stat. 1830.)

**References in Text**

This Act, referred to in subsec. (a), is act Oct. 31, 1949, ch. 792, 63 Stat. 1051, as amended, known as the Agricultural Act of 1949, which is classified principally to this chapter (§ 1421 et seq.). For complete classification of this Act to the Code, see Short Title note set out under section 1421 of this title and Tables.

**Amendments**

1991—Subsec. (b). Pub. L. 102–237 amended subsec. (b) generally. Prior to amendment, subsec. (b) read as follows:

“(1) Notwithstanding any other provision of law, the Secretary may provide a negotiable certificate to any producer who repays, together with interest, a price support loan made available to such producer under any of the annual programs, for wheat, feed grains, upland cotton, or rice established under this Act.

“(2) The amount of such certificates shall be equal to the amount of the interest paid by the producer on such loan.

“(3) Such certificate shall be redeemable in wheat, feed grains, upland cotton, or rice, as the case may be, owned by the Commodity Credit Corporation.

“(4) The issuance of such certificate shall be subject to the availability of commodities owned by the Corporation.”

1988—Subsec. (a). Pub. L. 100–460 substituted “Except as otherwise provided in section 1425a of this title, no producer” for “No producer”.

1985—Pub. L. 99–198 temporarily designated existing provisions as subsec. (a) and added subsec. (b). See Effective and Termination Dates of 1985 Amendment note below.

*NB: This unofficial compilation of the U.S. Code is current as of Jan. 8, 2008 (see <http://www.law.cornell.edu/uscode/uscpri.html>).*

1958—Pub. L. 85–835 authorized the Commodity Credit Corporation to acquire title to agricultural commodities on which nonrecourse price-support loans have been made without the necessity of computing and making payments to the farmer.

### **Effective Date of 1988 Amendment**

Section 634(a) of Pub. L. 100–460 provided that the amendment made by that section is effective beginning with 1989 crop year for honey.

### **Effective and Termination Dates of 1985 Amendment**

Section 1004 of Pub. L. 99–198 provided that the amendment made by that section is effective only for 1986 through 1990 crops.

### **Exceptions From Transfer of Functions**

Functions of Corporations of Department of Agriculture, boards of directors and officers of such corporations; Advisory Board of Commodity Credit Corporation; and Farm Credit Administration or any agency, officer, or entity of, under, or subject to supervision of said Administration excepted from functions of officers, agencies, and employees transferred to Secretary of Agriculture by 1953 Reorg. Plan No. 2, § 1, effective June 4, 1953, 18 F.R. 3219, 67 Stat. 633, set out as a note under section 2201 of this title.

### **Inapplicability of Section**

Section inapplicable to 2002 through 2007 crops of covered commodities, peanuts, and sugar and inapplicable to milk during period beginning May 13, 2002, through Dec. 31, 2007, see section 7992 (b)(10) of this title.

Section inapplicable to 1996 through 2002 crops of loan commodities, peanuts, and sugar and inapplicable to milk during period beginning Apr. 4, 1996, and ending Dec. 31, 2002, see section 7301 (b)(1)(J) of this title.