

**The Commodity Credit Corporation (CCC) Announces  
An Interim Loan Cotton Transfer Process  
Effective Starting January 22, 2007**

CCC is providing a new, interim process for allowing a one-time transfer of cotton pledged as collateral for a CCC loan from one approved warehouse to another. The process will allow merchants to respond more quickly to domestic and export sales opportunities.

This interim process will be replaced about March 1, 2007 by a process that is more fully supported by CCC loan software. Thus, CCC requests that merchants limit use of this initial transfer process to loan bales that can be scheduled for transfer and re-receipting by March 15, 2007.

Any registered user of a "Provider" system for cotton electronic warehouse receipts (EWR) may apply to use the interim process by contacting: Kansas City Commodity Office, Contract Reconciliation Division, Financial Review Branch, Stop 8758; P O Box 419205; Kansas City, MO 64141-6205; Telephone: 816-926-6525; Fax: 816-823-1805; or by e-mail at: [crdfrb@kcc.usda.gov](mailto:crdfrb@kcc.usda.gov). Users must establish an account before any transfer request can be submitted.

Users may request transfers by submitting an endorsed Cotton Transfer Agreement, CCC-699C, and its attachment. The attachment must be submitted as an electronic spreadsheet of the transfer information. This form and attachment are available online at: <http://www.sc.egov.usda.gov/>

A diagram of the interim transfer process is provided below. This process provides for the initial EWR's to be released and cancelled when shipped, and for issuance of a new EWR's at the receiving warehouse.

The redemption from CCC loan of transferred bales will be based on original loan terms and conditions, bale weights, and locations, and will be processed through CCC's normal automated processes. For loans made at Farm Service Agency County Offices (COF), redemptions must be made through the Centralized Cotton Redemption process. Cash loan redemptions of such loans may not be submitted to any COF.

Upon redemption of transferred bales, and to enable CCC to release the new EWR's for shipment, requestors will be required to provide an electronic record to CCC's Commodity Office of the original EWR's that were redeemed. CCC will cross-reference the original and new EWR's and provide for the release of the new EWR's to the requestor.

**Transfer Requirements**

- Transfers are authorized only for loan cotton for which the producer has authorized such transfers by completing Part G and endorsing part H of Designation of Agent,

CCC-605. The requestor must submit documentation of producer transfer authorization before the transfer is approved if requested by CCC.

- One transfer agreement may be submitted for multiple shipping orders (S/O) provided that transfer S/O's are referenced on the agreement.
- The shipping and receiving warehouses must use the same EWR Provider system for an individual S/O.
- S/O's must be for loan bales only and may not mix bales from different loan sources. For example, bales pledged as loan collateral at a COF cannot be included on the same S/O as bales placed under loan at Cooperative Marketing Association.
- Only the subholder of a bale EWR may request its transfer.
- Transfer bales may not be redeemed at any time during the transfer process unless CCC is holder of an EWR for the bales at either the shipping or receiving warehouse.

### **Other Provisions**

An individual S/O may be for all or a portion of the collateral of a single loan or multiple loans.

The receiving warehouse may accept a previous weight or re-weight transferred bales at their discretion. The receiving warehouse must establish FSA as holder of EWR's for all transferred bales.

Bales will not be approved for transfer unless the loan maturity date is at least 30 days after the date of the transfer approval. Additionally, any transfers that are approved but not shipped by the 15<sup>th</sup> day before loan maturity are subject to cancellation by CCC. In such cases, the original EWR's would be returned to CCC.

A subsequent-agent designation may not occur for bales once they are submitted for transfer. The loan obligation must be repaid either by the agent of record at the time of the transfer request or by the producer.

Transferred cotton that matures before being repaid shall be considered forfeited. If, at the time CCC takes ownership, the cotton is not in an approved cotton storage warehouse, CCC will sell such cotton to the requestor at the prevailing adjusted world price for the cotton as determined by CCC.

## Interim Transfer Process (1-16-07)

