



United States
Department of
Agriculture

Farm and
Foreign
Agricultural
Services

Farm Service
Agency

Kansas City
Commodity Office
P.O. Box 419205
Kansas City,
Missouri
64141-6205

NOTICE TO THE INDUSTRY - BCD-1

DATE: May 15, 2000

TO: All Warehouse Operators Approved Under the Uniform Grain and Rice Storage Agreement (UGRSA)

SUBJECT: Disposition of 1999-Crop Forfeitures

Background.

The Commodity Credit Corporation (CCC) will make available for immediate sale 1999-crop forfeitures using the following procedures.

Common Policies and Procedures.

- A. Warehouse operators may purchase commodities with cash, money orders, company, cashier or certified checks. The warehouse operator may present one payment to cover several purchases (with each contract number and dollar amount listed).
- B. Farm Service Agency (FSA) county offices will collect the CCC-691 sale proceeds from warehouse operators.
- C. The warehouse operator accepting the farm-stored delivery for CCC or who issued the forfeited warehouse receipt will be offered the first opportunity to purchase the commodity.
- D. CCC will not pay the warehouse operator any storage charges that may have accrued after the maturity date.
- E. CCC will not pay any receiving charges on the purchased commodity.
- F. When purchasing the commodity, the warehouse operator:
 1. Must purchase the entire quantity shown on the:
 - a. Form CCC-691, Commodity Delivery Notice, Section 2, Column I; or
 - b. Forfeited warehouse receipt. No split warehouse receipts will be allowed.

2. Certifies that:
 - a. Payment for the commodity will be made to the county FSA office within 5 business days of purchase date. If payment is not received within 5 business days after the purchase date, CCC shall charge interest at the rate published in the CCC Sales List that is in effect on the date of purchase.
 - b. The grade and grading factors reported to the Kansas City Commodity Office (KCCO) are a true representation:
 - (1) Of the farm-stored delivery and such grade and grading factors are identical to those agreed to with producer and FSA county office for loan settlement purposes.
 - (2) As shown on the forfeited warehouse receipt.

For Farm-Stored Delivery and Low Quality Sales.

- A. In lieu of issuing warehouse receipts for CCC's account, warehouse operators may elect to purchase farm-stored loan collateral when delivered by producers. Also, CCC's current policy to not store low quality commodities remains in effect. For low quality commodities, UGRSA warehouse operators are required to notify KCCO by telephone of such commodities delivered by producers before issuing a warehouse receipt for CCC's account.
- B. Low quality commodities are commodities that meet the following criteria:
 1. The commodity grades one of the following:
 - a. U.S. No. 3 because of damage for all grain, rice and oilseeds,
 - b. U.S. No. 4 for all grain, rice and oilseeds,
 - c. U.S. No. 5 for all grain, rice and oilseeds,
 - d. U.S. No. 6 for rice, or
 - e. Sample Grade for all grain, rice and oilseeds.
 2. Contains moisture in excess of 14.5 percent for all grain, rice and oilseeds.
- C. When purchasing the commodity, the warehouse operator shall:
 1. Inform KCCO of the:
 - a. Commodity delivered,
 - b. Loan number,
 - c. Crop year of the loan,
 - d. State and county code,
 - e. Quantity,
 - f. Grade and grading factors,
 - g. Moisture, if applicable, and
 - h. Date the CCC-691 was signed by the producer.

2. Prepare CCC-691 in the normal manner, except enter:
 - a. Contract number in Section 2, Column A, in place of the warehouse receipt number,
 - b. "N/A" in Section 2, Column J, in place of the storage start date, and
 - c. Total sales proceeds for the quantity sold on separate line.
3. For low quality commodities, when the quality of the commodity has deteriorated to the point that it is only suitable for animal feed or industrial use, certify that the commodity will only be used for these purposes. The warehouse operator must:
 - a. Certify on Form CCC-691-2, Low Quality Grain, and
 - b. Retain documentation as to disposition of the commodity.
4. Present to the FSA county office the:
 - a. CCC-691,
 - b. CCC-691-2, if purchasing the commodity for animal feed or industrial use only, and
 - c. Payment.

For Warehouse-Stored Loan Forfeitures.

- A. Warehouse operators may purchase warehouse-stored loans that have been forfeited to CCC provided the warehouse receipts are still in possession of the FSA county office. FSA county offices have been instructed to hold forfeited warehouse receipts for 10 business days before submitting the warehouse receipts to KCCO in the normal manner.
- B. Warehouse operators will be responsible for contacting their local FSA county office to determine which warehouse-stored loans have been forfeited by producers and for which warehouse receipts remain in the possession of the FSA county office.
- C. When purchasing the commodity, the warehouse operator shall:
 1. Inform KCCO of the:
 - a. Commodity forfeited,
 - b. Quantity,
 - c. Grade and grading factors,
 - d. Moisture, if applicable,
 - e. Fax number of FSA county office, and
 - f. Warehouse Receipt number.
 2. Present payment to the FSA county office to obtain the forfeited warehouse receipt.

KCCO Responsibilities.

KCCO shall:

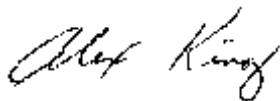
- A. Determine the market value of the commodity being sold.
- B. If the value is agreed to by the warehouse operator, assign a contract number to the lot sold.
- C. In the event the warehouse operator does not buy low quality commodities, immediately sell to third party buyer after recordation in CCC inventory.
- D. Advise the Food and Drug Administration of all commodities sold for non-food use.
- E. Invoice the warehouse operator for interest due CCC on delinquent payments.

Contacts.

To purchase forfeited stocks, contact the applicable KCCO merchandising area as follows:

AL, AR, CT, DE, FL, GA, IL, IN, IA, KY, LA, ME, MD, MA, 816-926-3816
MI, MS, MO, NH, NJ, NY, NC, OH, PA, SC, RI, TN, VT, VA,
WV

AZ, CA, CO, ID, KS, MN, MT, NE, NV, ND, NM, OK, OR, SD, 816-926-3401
TX, UT, WA, WI, WY



Alex King
Acting Deputy Administrator
Commodity Operations