



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-61

DATE: October 27, 2003

TO: All Warehouse Operators Approved Under the Peanut Storage Agreement

SUBJECT: Sale of Commodity Credit Corporation (CCC)-Owned Peanuts

Background

The Farm Security and Rural Investment Act of 2002 authorizes nonrecourse marketing assistance loans on farm-stored and warehouse-stored peanuts. Loans may be repaid at anytime during the loan period. In the event a warehouse-stored loan is not repaid on or before the loan maturity date, CCC immediately takes title to the total loan value of the peanuts represented on the warehouse receipt.

General CCC Policy

As a matter of general policy, CCC does not accumulate and store stocks of government owned commodities, except when required by law. Accordingly, 2002-crop peanuts acquired by CCC through loan forfeitures will be sold back into the marketplace.

Currently, CCC owns approximately 3,000 tons of peanuts. Beginning with the date of this Notice, these inventories are available for immediate sale through negotiated sales to the applicable storing warehouse operators. On November 12, 2003, any remaining inventories will be made available for sale to all interested parties for cash.

Information on CCC-inventoried peanuts available for sale to all interested parties may be obtained at <http://www.fsa.usda.gov/catalogs>. Any warehouse receipts added to the peanut catalog will be available for sale to all interested parties immediately.

For October 31, 2003 forfeitures, County FSA Offices will hold warehouse receipts in the county office for 10 calendar days, during which time the storing warehouse operator will have an opportunity to purchase the peanuts from CCC. Unsold warehouse receipts will be sent to the Kansas City Commodity Office (KCCO) on the 11th day following the loan maturity date, after which the peanuts will be cataloged and posted on the Internet as being available for immediate sale to all interested parties.

Peanut Warehouse Receipts

Storing warehouse operators are reminded that peanut warehouse receipts represent a value of peanuts, based on USDA's price table file for the applicable crop year, for the quantity and quality of peanuts represented by the warehouse receipt. The warehouse operator's obligation shall be to deliver the total value upon demand, including deliveries prompted by third party sales.

Sales Provisions

All interested parties must submit bids by calling the KCCO at 816-926-3816. The bidder must supply the following information: receipt number, warehouse code and location (city, county, and State), and an in-store bid. Receipts, regardless of size, must be bid on in their entirety. Partial receipt bids will be rejected.

CCC-owned peanuts will be sold and released in-store at the point of origin using the factors shown on the warehouse receipt. Although CCC does not guarantee the quality of peanuts that will be loaded out, warehouse operators are obligated to deliver the total loan value of peanuts, as represented by the warehouse receipt.

Prior to submitting a bid, interested parties are advised to check with the storing warehouse operator regarding applicable loadout rates, scheduling, and quality and location of peanuts. Any differences must be settled between the buyer and the storing warehouse operator.

Title and risk of loss will transfer from CCC to the contractor upon payment for the peanuts and warehouse receipts will be mailed within two business days after notification of payment. Failure to pay within five business days of the date of the contract will subject the contractor to interest charges as stated in the CCC Sales List.

CCC will pay storage through the date of the transfer of title, but no later than five business days after the date of sale. Storing warehouse operators are obligated to maintain the CCC storage and load-out rates after CCC transfers title in accordance with Part 2 of the Peanut Storage Agreement.

CCC will not pay the out-elevation charges. When CCC transfers title to the peanuts in-store to a third party, the storing warehouse operator is expected to load out for the third party the number of tons per day specified in the Peanut Storage Agreement.

Buyer is responsible for the 1% assessment fee to the National Peanut Board.

CCC reserves the right to accept or reject any or all bids.

The buyer must include the contract number on payment, and remit payment to CCC at the following address within five business days after the date of the contract:

Kansas City Finance Office
Attn: DMD/DCAB
P.O. Box 419205
Kansas City, Missouri 64141-6205

Any questions regarding this Notice should be directed to KCCO at (816) 926-3816.

/s/ Steven P. Miteff
for
George Aldaya
Director