



**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-4

DATE: April 20, 2001

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

SUBJECT: Disposition of Commodity Credit Corporation (CCC) - Owned Inventory

Background.

CCC will make available for immediate sale wheat, feed grains, rice and oilseed inventories (all grades) using the procedures described below.

Storing warehouse operators are reminded that all CCC-owned inventory which is not committed to statutory reserves and/or program uses, in their warehouse, is available to them at any time for cash sale. Effective May 21, 2001, all CCC-owned inventory, except that committed to statutory reserves and/or program uses, will be made available for sale to third parties for cash.

Common Policies and Procedures For All Sales.

- A. When available, CCC inventories will continue to be sold and released “instore” at the point of origin. Cash offers meeting CCC pricing requirements may be accepted by the Kansas City Commodity Office (KCCO) without prior notification to the storing warehouse operator. Cash sales may be made at anytime without benefit of cataloging stocks.
- B. Warehouse operators and third party purchasers may purchase commodities with cash, money orders, company, cashier or certified checks. The contractor may present one payment to cover several purchases (with each contract number and dollar amount listed).
- C. CCC will not pay the out-elevation.

For Sales of CCC Loan Collateral Immediately After Forfeiture.

- A. CCC will not pay any storage charges that accrued after the loan maturity date or receiving charges when loan collateral is purchased immediately after forfeiture through



the FSA county office.

- B. When purchasing the forfeited commodities, 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 five business days of purchase date. If payment is not received within five 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 Sales of Delivered Farm-Stored or Low Quality Loan Collateral Immediately After Forfeiture.

- A. In lieu of issuing warehouse receipts for CCC's account, warehouse operators are encouraged to purchase all farm-stored loan collateral when delivered by producers.
- B. CCC's current policy to not store low quality commodities remains in effect. For low quality commodities, warehouse operators are required to notify KCCO by telephone of such commodities delivered by producers before issuing a warehouse receipt for CCC's account. 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 and oilseeds,
 - 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 Sales of Warehouse-Stored Loan Collateral To Storing Warehouse Operators Immediately After Forfeiture.

- A. Warehouse operators are encourage to 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.

For Sales of Warehouse-Stored CCC-Owned Inventory To Storing Warehouse Operators or Other Third Parties.

- A. Effective May 21, 2001, all CCC-owned inventory, except that committed to statutory reserves and/or program uses, will be made available for sale to any third party. Storing warehouse operators are encouraged to purchase these commodities at any time.
- B. Prior to the sale, interested parties are advised to check with the storing warehouse regarding applicable loadout rates, scheduling, quality, and location of grain. Interested parties are strongly urged to establish, prior to making an offer, the premium and discount schedules in cases of quality or location discrepancies. Any commodity quality or quantity difference are to be settled between the buyer and the storing warehouse operator.
- C. If CCC transfers title to the grain instore to a third party, the storing warehouse operator is expected to load out for the third party the number of bushels per day specified in the Uniform Grain and Rice Storage Agreement, including unit train load out rates applicable to CCC.
- D. CCC will pay storage through the date of the transfer of title but no later than five business days after the date of sale.
- E. Storing warehouse operators are obligated to maintain the CCC storage and load-out rates after CCC transfers title in accordance with Part 2 of UGRSA.
- F. When purchasing the commodity, the third party shall inform KCCO of the:
 - A. Commodity location
 - B. Warehouse code
 - C. Quantity
 - D. Quality
 - E. Price they are willing to purchase commodity for.
- G. Buyer must remit payment to CCC at the following address within five business days after

the date of contract to:

Kansas City Finance Office
Attn: DMD/DCAB
P.O. Box 419205
Kansas City, Missouri 64141-6205
(Include the contract number on payment)

KCCO Responsibilities.

KCCO shall:

- A. Determine the market value of the commodity being sold.
- B. If the value is agreed to by the buyer, assign a contract number to the lot sold.
- C. Effective May 21, 2001, when the storing warehouse operator does not immediately buy commodities, offer to sell this inventory to a third party after recordation into CCC inventory.
- D. Advise the Food and Drug Administration of all commodities sold for non-food use.
- E. Invoice the buyer for interest due CCC on delinquent payments.

Contacts.

To purchase forfeited stocks or CCC-owned inventory, contact KCCO, Bulk Commodities Division, Merchandising Branch at 816/926-3816 or 816/926-3401.

George Aldaya
Director
Kansas City Commodity Office