



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Farm Service
Agency

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March 7, 2006

BCD-127

NOTICE TO THE TRADE

TO: All Warehouse Operators Approved Under the Cotton Storage Agreement (CSA)

SUBJECT: Clarification of Certain Criteria for Temporary Storage Space in Outside Yards for the 2005-Crop of Upland Cotton.

Background:

The Notice to the Trade (BCD-117) published on January 18, 2006 describes certain criteria that are necessary to be met for consideration by Commodity Credit Corporation (CCC) for approval of short-term temporary storage space in outside yards for 2005-crop upland cotton pledged as security for CCC marketing assistance loans. This Notice clarifies certain of the criteria found in BCD-117 with specific regard to their relationship to existing insurance clauses at the warehouse.

Purpose:

Notice BCD-117 requires the warehouse operator to have "All Risk Insurance" in full effect before storing any loan cotton on open yards. Any criteria listed in BCD-117 that may conflict with any clause in the All Risk Insurance Policy shall be reviewed on a case-by-case basis by CCC. CCC may, at its discretion, defer to the Insurance Policy clause if CCC is clearly identified as the loss payee for loan collateral under control of the warehouse operator.

Contacts:

Any questions regarding Notice BCD-117 or this clarification should be addressed to Paul Rodriguez, Storage Contract Branch, Kansas City Commodity Office, Phone: (816)926-6662 or E-mail: paul.rodriquez@kcc.usda.gov.

/s/ Bert Farrish

Bert Farrish
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