

For: State and County Offices, CMA's, and DMA's

**2008 Crop Year In-Handling Charges for Commodities Pledged as
Collateral for Marketing Assistance Loans (MAL's), Except Cotton and Peanuts**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

In the past, CCC paid warehouse operators or reimbursed producers for prepaid in-handling charges on forfeited commodities pledged as collateral for warehouse-stored MAL's or delivered to CCC for settlement of a farm-stored MAL.

Starting with the 2008 crop of wheat, feed grains, soybeans, rice, pulses, minor oilseeds, honey, wool, and mohair, CCC will no longer pay warehouse operators or reimburse producers for prepaid in-handling charges applicable to either of the following:

- warehouse-stored commodities pledged as collateral for MAL's
- farm-stored commodities forfeited to CCC as published in 73 FR 90 on May 8, 2008.

B Purpose

This notice informs County Offices, CMA's, and DMA's to continue carrying out the modified policy to all commodity warehouse-stored loans and forfeitures, except cotton and peanuts.

Producers are required to provide documentation specifying that all in-handling charges have been provided for or paid before a warehouse-stored MAL will be disbursed for the commodity.

Note: 8-LP will be amended to include this policy.

<p>Disposal Date</p> <p>October 1, 2009</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices and FAX to CMA's and DMA's</p>
--	---

2 Policy and Procedures for In-Handling Charges

A Policy Change

Beginning with the 2008 crop year, producers must provide acceptable documentation specifying that all in-handling charges have been provided for or paid before either of the following:

- a warehouse-stored MAL will be disbursed for the commodity
- recording settlement of a forfeited farm-stored loan.

Acceptable documentation includes either of the following:

- prepaid in-handling charges recorded directly on the warehouse receipt
- certification signed by the warehouse operator with the following language:

“Arrangements for the payment of in-handling charges have been made by the depositor of the commodity covered by receipt number(s) (*Insert Receipt Number(s)*). No lien will be asserted by the warehouse operator against the Commodity Credit Corporation or any subsequent holder of the warehouse receipt for in-handling charges.”

Notes: A loan disbursement can be offset to provide for charges other than in-handling, if the warehouse receipt indicates in-handling charges have been provided for or paid.

If using rice electronic warehouse receipts, the prepaid in-handling indicator **must** be set to “Y” to indicate in-handling charges have been provided for or paid, for the quantity to be eligible for a warehouse-stored MAL.

B Peanut Policy Exception

Beginning with the 2008 crop of peanuts, CCC will pay handling charges and other associated costs (other than storage costs) at the time the peanuts are placed under loan. CCC will require the repayment of all handling charges and other associated costs paid for all peanuts pledged as collateral at the time the loan is redeemed. For forfeited peanuts, CCC will pay storage, handling, and other associated costs.

C County Office, CMA, and DMA Action

County Offices, CMA’s, and DMA’s shall:

- ensure that in-handling charges have been provided for or paid by the producer before either of the following:
 - disbursing funds for a warehouse-stored MAL
 - recording settlement of a forfeited commodity

Notice LP-2110

2 Policy and Procedures for In-Handling Charges (Continued)

C County Office, CMA, and DMA Action (Continued)

- contact the warehouse operator by telephone when specific information related to the in-handling charges is **not** recorded on the warehouse receipt or on acceptable documentation as specified in subparagraph A

Note: For forfeited farm-stored commodities, failure to present the required documentation will result in reducing the producer's settlement value to reflect the amount of unpaid in-handling charges at the CCC-approved rate provided in the CCC storage agreement.

- publicize the contents of this notice immediately to the maximum extent possible.

D Processing Warehouse-Stored MAL's Using APSS

County Release No. 645 modified the Warehouse Receipt Validation Screen in APSS to make the entry for in-handling charges (except cotton and peanuts) optional, because warehouse receipts may not always indicate a dollar value for in-handling charges.

Note: An APSS software enhancement will require entry of a prepaid in-handling indicator to complete a warehouse-stored loan beginning with the 2009 calendar year.