

For: State and County Offices, Cotton CMA's and LSA's

Requirement to Notify Warehouses When Cotton Is Under Loan

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

Cotton must be stored in a warehouse with an existing cotton storage agreement at the time of disbursement of the loan to be eligible for loan. This requirement is in 7 CFR Part 1427.5. Although most cotton is in approved warehouses before it is established as loan collateral, some is not. Such cotton might remain outdoors or in unapproved storage unless the warehouse is informed of its loan status.

Warehouses need notification that cotton should be used as collateral for a CCC loan to ensure that it is being stored in compliance with CCC requirements. When a loan is processed through a County Office, notification to warehouses occurs by e-mail through COPS at the time the loan is disbursed. However, that notification process does not include loans processed through the Automated Cotton Reporting System (ACRS).

Cotton CMA's and LSA's obtain authorization for loan proceeds through ACRS. Such authorizations are currently provided without evidence from either the storing warehouse or loan applicant that the cotton is in an approved storage facility.

B

Purpose

This notice informs CMA's and LSA's of the requirement to notify warehouses of cotton placed under loan with CCC.

<p>Disposal Date</p> <p>April 1, 2003</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices and FAX to Cotton CMA's and LSA's</p>
--------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------

Notice CMA-71

2 Notifying Warehouses

A

Policy

Cotton to be used as collateral for a CCC loan processed through ACRS **must** be in approved storage.

CMA's and LSA's **must** advise storing warehouses of cotton placed under loan.

B

**CMA and LSA
Action**

CMA's and LSA's shall notify storing warehouses of cotton placed under loan at the time of the loan disbursement.
