

For: Cotton CMA's and LSA's

Requirement for CCC to Hold Warehouse Receipts Before Loan Disbursement

Approved by: Deputy Administrator, Farm Programs



1 Automated Cotton Reporting System (ACRS) Software to Validate CCC Holdership of Cotton Receipts

A Background

Marketing assistance loans are provided on the basis of warehouse receipts that CCC has been designated as holder. Existing regulations allow that receipts be either of the following:

- pre-numbered, pre-punched negotiable warehouse receipt
- electronic warehouse receipt (EWR) recorded in a central filing system approved by CCC.

Cotton Cooperative Marketing Associations (CMA's) and Loan Servicing Agents (LSA's) use ACRS to provide warehouse receipts to:

- CCC through their EWR providers
- obtain authorization from CCC to receive loan proceeds through their commercial bank.

CCC informed CMA's and LSA's in a letter dated June 11, 2002, of CCC's documentation requirements for loans. The letter stated:

“Before the Commodity Credit Corporation will approve any cotton loan request and dispense loan proceeds, CCC requires that it be made holder of all warehouse receipts for which the loan is requested. This requirement is provided for by Title 7 of the Code of Federal Regulations, Part 1427.5, General Eligibility Requirements.”

Disposal Date	Distribution
September 1, 2003	State Offices; State Offices relay to cotton CMA's and LSA's

Notice CMA-77

1 ACRS Software to Validate CCC Holdership of Cotton Receipts (Continued)

B Purpose

This notice informs CMA's and LSA's that ACRS software will be revised to validate that each EWR submitted as loan collateral is held by CCC before loan disbursement authorization is provided for a bale.

C ACRS Software Revision

ACRS software revision is scheduled to be implemented July 1, 2003.

The software revision will:

- reject any individual EWR not showing CCC as holder
- not authorize loan disbursements for any individual EWR not showing CCC as holder
- authorize loan disbursements for **only** validated bales contained in a multiple-receipt request.

D CMA/LSA Action

Bales that were initially rejected by ACRS because of lack of holdership by CCC, may be resubmitted to ACRS after CCC has been made holder.