

**For:** Cotton State and County Offices

**Centralized Cotton Redemption (CCR) System**

**Approved by:** Acting Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

State and County Offices were notified in October 2003 that PSD had developed a new CCR system that:

- resided on the Cotton Online Processing System (COPS)
- would allow a merchant to redeem upland cotton from multiple loans in multiple counties in a single transaction
- would be deployed in 2 phases.

Phase 1, which was a Beta Test phase conducted with a limited number of merchants and County Offices, has now been successfully completed.

**B Purpose**

This notice provides information to State and County Offices about the new CCR system.

**C Contact**

State Offices shall direct questions about this notice to Julie Floriani by:

- telephone at 202-720-8374
- e-mail to [julie\\_floriani@wdc.usda.gov](mailto:julie_floriani@wdc.usda.gov).

<b>Disposal Date</b>	<b>Distribution</b>
February 1, 2005	Cotton State Offices; State Offices relay to County Offices

## Notice CN-969

### 2 Redeeming Loans Using CCR System

#### A General Information

Phase 2, full deployment of CCR to all States, counties, and merchants, will occur on July 1, 2004, making CCR fully functional on a nationwide basis.

CCR is a web based system that:

- provides a centralized process for merchants to redeem upland cotton loans disbursed by County Offices
- allows receipts from multiple loans and multiple counties to be redeemed in a single transaction
- uses the new Electronic Agent Designation (EAD)
- releases receipts automatically to the merchant once funds have been received and posted to COPS.

Repayments are considered to be a:

- commodity certificate exchange when AWP is less than the National Average Loan Rate (NALR)
- principal plus interest repayment when AWP is equal to or greater than NALR.

#### B CCR Business Rules

The following business rules apply to the CCR process:

- to be a valid CCR redemption request, each receipt requested must:
  - be under a County Office issued loan
  - not be in forfeiture status
  - not be in a pending status for another CCR request
  - be a valid electronic warehouse receipt (EWR)
  - reflect CCC as the current holder
  - not have any of the COPS errors listed in Exhibit 1
  - contain EAD holder ID that matches the COPS record
- requested repayment date must be within the current AWP period of Friday through Thursday

Notice CN-969

2 Redeeming Loans Using CCR System (Continued)

B CCR Business Rules (Continued)

- storage credit will be calculated up to the applicable due date or repayment date plus 2 calendar days for certificate exchanges regardless of the date the bales are released
- CCR invoice is valid for 21 calendar days, but may be canceled by the merchant any time before payment is submitted.

CCR will accept repayments according to the following table.

<b>IF the repayment is received...</b>	<b>THEN the repayment amount will...</b>
<b>earlier</b> than the due date	<b>not</b> be recalculated and bales will be automatically released the later of: <ul style="list-style-type: none"><li>• date payment is processed</li><li>• original due date.</li></ul>
<b>later</b> than the due date, but before the invoice expires	be recalculated based on: <ul style="list-style-type: none"><li>• the repayment rate in effect on the date of the wire transfer</li><li>• a storage credit up to the wire transfer date plus 2 days for certificate exchanges.</li></ul>

If insufficient funds are received:

- only bales for which funds are sufficient will be redeemed
- a new request will be required for remaining bales.

CCR system will refund any overpayment due the merchant by direct deposit to the merchant's account.

## Notice CN-969

### 2 Redeeming Loans Using CCR System (Continued)

#### C Merchant Action

To use CCR, a merchant must:

- register to use the system
- obtain producer signature on CCC-605, dated June 21, 2004, or later, which provides authorization for the merchant to redeem the loan using CCR
- ensure that a copy of the completed CCC-605 giving authorization to use CCR is submitted to the administrative County Office
- coordinate with the EWR provider to make merchant the EAD holder for bales that are being redeemed
- transmit an electronic redemption request to the CCR system, which includes requested payment due date and receipts
- wire funds to the Federal Reserve Bank according to invoice instructions.

#### D County Office Action

The CCR system performs all calculation, collection, and release functions for cotton loans redeemed using CCR. County Offices shall:

- indicate that loan is EAD eligible, which begins the CCR process
- receive email that CCR has been initiated for a loan
- download CCR repayment file
- liquidate loan in APSS, which completes the CCR process.

## Notice CN-969

### 3 Processing CCR Transactions in APSS

#### A Modified Software

Modified APSS software to process CCR repayments was included in previous software releases. These modifications allow the user to process the CCR repayment file to liquidate the loan in APSS.

Cotton PC software was modified to include the process for:

- downloading the CCR repayment file from COPS
- transferring the CCR repayment file to APSS for processing.

This modified software was included in PC Release No. 35 mailed June 23, 2004.

#### B Processing Instructions

A forthcoming 7-CN amendment will include instructions for:

- completing revised CCC-605
- updating the EAD indicator
- downloading and transferring the CCR repayment file
- recording a CCR repayment in APSS.

County Offices shall not process CCR repayments until this amendment is issued.

CCR will reject bales that have any of the following COPS errors.

<b>COPS Error Code</b>	<b>Error Description</b>
R030	Duplicate gin code/gin tag
R031	Gin code/gin tag was duplicated by another bale. Confirm bale information.
R040	State and/or county code are invalid
R050	Disbursement date is invalid
R122	CCC cannot be the holder of an LDP
R125	Selected warehouse is not an approved warehouse or is not in active status
R130	Loan number is invalid
R140	Disbursement date is prior to storage start date
R141	Disbursement date is less than document received date
R142	Disbursement date is less than storage start date
R143	Disbursement date is less than crop year start date
R201	Loan or LDP made without AMS classing
R202	Loan or LDP must be recalculated