

For: FSA Offices, CMA's, Peanut DMA's, and LSA's

Immediate Sales of Warehouse-Stored Loan Forfeited and Farm-Stored Delivered Commodities

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

Notice LP-1880 provided policy to State and County Offices to no longer immediately sell forfeited or delivered rice to warehouses. State and County Offices were instructed to take all rice into inventory upon loan forfeiture or delivery to CCC. This policy has changed and Notice LP-1880 is obsolete.

As producers choose to deliver or forfeit eligible loan commodities at loan maturity, CCC will make these commodities available to warehouse operators for immediate sale. All eligible loan commodities that are stored in a warehouse or can be delivered for settlement are eligible for immediate sale, including rice. 8-LP, Parts 11 and 12, provided policy and procedure for completing warehouse-stored loan forfeitures and farm-stored loan settlements to CCC.

KCCO offers warehouse operators who issued the forfeited warehouse receipt or who accepts farm-stored delivered commodities the first opportunity to purchase the commodity.

B Purpose

This notice clarifies policies for:

- completing immediate sales of warehouse-stored forfeited rice
- accepting sales of farm-stored delivered rice and other loan commodities from warehouse operators.

<p>Disposal Date</p> <p>June 1, 2005</p>	<p>Distribution</p> <p>State Offices; States Offices relay to County Offices, CMA's, Peanut DMA's, and LSA's</p>
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Notice LP-1962

2 Immediate Sale of Forfeited Warehouse Receipts and Farm-Stored Delivered Commodities

A Immediately Sold

The warehouse operator must purchase the applicable forfeited warehouse receipts within 10 workdays after the loan maturity to be considered “immediately sold.”

B Holding Warehouse Receipts

County Offices shall hold forfeited warehouse receipts for 10 workdays after the loan maturity before submitting the forfeited warehouse receipt to KCCO. If the warehouse operator contacts the County Office to purchase the forfeited commodity, then the warehouse operator must make payment to the County Office within 5 workdays of the purchase date.

C Forfeited Receipts Not Purchased

For forfeited receipts not purchased, County Offices shall complete the forfeiture process in APSS in the normal matter on the 11th workday after loan maturity.

D Forfeited Receipts Purchased Immediately by Warehouse Operator

If forfeited receipts are purchased immediately by the warehouse operator, the warehouse operator:

- must purchase the entire quantity shown on the forfeited warehouse receipt
- shall provide:
 - the contract sales number for the corresponding warehouse receipt
 - payment to the County Office to obtain the forfeited warehouse receipt within 5 workdays of the purchase date.

E Local Sale of Farm-Stored Loan Collateral Purchased by Warehouseman

Follow procedures provided in Handbooks 8-LP and 12-PS for handling local sales of farm-stored nonrecourse loan collateral delivered to and purchased by the warehouse operator.