

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 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 in-handling charges applicable to either warehouse-stored commodities pledged as collateral for MAL's, or farm-stored commodities forfeited to CCC as published in FR V. 73, No. 90 on May 8, 2008.

8-LP, subparagraph 443 F will be amended to require producers to provide documentation specifying that **all** in-handling charges have been paid or provided for **before** a warehouse-stored MAL will be disbursed for the commodity.

B Purpose

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

Disposal Date	Distribution
January 1, 2009	State Offices; State Offices relay to County Offices, CMA's, and DMA's

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 paid or provided for **before** a warehouse-stored MAL will be disbursed for the commodity, or **before** recording settlement of a forfeited farm-stored loan. Acceptable documentation includes either of the following:

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

“Arrangements for the payment of all in-handling charges have been made by the depositor of the commodity covered by receipt numbers (*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.”

B Peanut Policy Exception

Beginning with the 2008 crop of peanuts, CCC will pay handling charges and other associated costs, other than storage costs, incurred at the time in which the peanuts are placed under loan. Accordingly, CCC will require the repayment of **all** handling charges and other associated costs paid for all peanuts pledged as collateral for a loan that is redeemed. For forfeited peanuts, CCC will pay storage, handling, and other associated cost.

C County Office, CMA, and DMA Action

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

- ensure that in-handling charges have been paid or provided for by the producer **before** disbursing funds for a warehouse-stored MAL or recording settlement of a forfeited commodity
- 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 reduction of the producer's settlement value to reflect the amount of unpaid in-handling charges at the rate provided in the warehouse's public tariff rates.

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

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

D Processing Warehouse Stored MAL's Using APSS

County Release No. 642 modified the warehouse receipt validation screen in APSS to require an entry for in-handling charges, except cotton and peanuts.

Because warehouse receipts may **not** indicate a dollar value for in-handling charges, software is being enhanced to change the "Pre-Paid In Charges" field from a required entry to an optional entry.

County Offices shall enter the CCC offer shipping rate in the "Pre-Paid In Charges" field until software is received.