

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

**Policy on Non-Federally Licensed Warehouses in States
With an Operating Warehouse Licensing Program**

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

Notice LP-2138 addressed authorized warehouse storage policy in effect for the 2009 crop and its impact on UGRSA's.

With the implementation of the new provisions codified in 7 CFR 1421.103 and, starting with the 2009 crop, CCC is no longer requiring Federally-licensed and some State-licensed (see Exhibit 1) warehouse operators to execute UGRSA.

To better track CCC's interest commodities in those States where UGRSA is no longer required, KCCO will assign a code to warehouse facilities participating in price support programs. This code will **not** be included on the warehouse receipt.

Notes: Federally-licensed warehouse operators operating under the U.S. Warehouse Act (USWA) will continue to contact KCCO, Warehouse License and Examination Division, Licensing Branch for guidance.

Important: Warehouse operators in States listed in Exhibit 2 are **not** affected by this policy.

B Purpose

This notice announces new:

- policy for non-Federally licensed warehouse operators for States listed in Exhibit 1 who want to provide warehouse storage services for CCC's interest commodities
- responsibilities for County Offices, FSA State Offices, and KCCO.

Disposal Date	Distribution
December 1, 2010	State Offices; State Offices relay to County Offices, CMA's, DMA's, and LSA's

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1 Overview (Continued)

C Contact

If there are questions about this notice, County Offices shall contact the State Office program specialist. State Offices shall contact either of the following:

- Jose Gonzalez, PSD, by either of the following:
 - e- mail at **jose.gonzalez@wdc.usda.gov**
 - telephone at 202-690-2534
- Toni Williams, PSD, by either of the following:
 - e-mail at **toni.williams@wdc.usda.gov**
 - telephone at 202-720-2270.

D Warehouses in States With an Operating Warehouse Licensing Program Participating in Price Support Programs

To be eligible the warehouse must:

- be licensed and in good standing with the State licensing authority
- issue warehouse receipts according to State law and the criteria set forth in 7 CFR 1421.107 and 8-LP, paragraph 448.

The policy provided in this notice is specific **only** for non-Federally licensed warehouses in States listed in Exhibit 1.

2 Responsibilities

A County Office

County Offices shall:

- determine the licensing status of all warehouses used by producers in the county by accessing the web site at **https://saltlake.sc.egov.usda.gov/approved_whses/ugrsa/approved_ugrsa_whses.asp**
- if the warehouse has a State license and an assigned KCCO warehouse code, follow FSA State Office procedure to determine whether the warehouse is in good standing

Note: If good standing is confirmed, proceed as normal.

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2 Responsibilities (Continued)

A County Office (Continued)

- if the warehouse is **not** listed on the web site, obtain the following information from warehouse and provide to KCCO, Commodity Management Division (CMD), through the State Office:
 - warehouse name
 - location
 - point of contact
 - telephone number
 - State licensing number
 - capacity
- verify that no duplication of loan benefits occurs when the warehouse operator is also a producer on the same commodity that may already be erroneously under a farm-stored loan.

B FSA State Office

State Offices shall develop, establish, and implement State-wide policy by working with the State licensing authority to aid County Offices in:

- determining good standing status of warehouses
- identifying:
 - warehouse structures approved under the State licensing authority
 - warehouses operating under State merged code agreement
 - when a warehouse changes name and/or ownership
- obtaining KC-350, if applicable.

2 Responsibilities (Continued)

C KCCO

KCCO shall:

- maintain an authorized listing on the web site of all Federal USWA, State-licensed, and unlicensed warehouses participating in price support programs
 - respond to calls received from State or County Offices, and request warehouse contact information including the following:
 - warehouse name
 - location
 - point of contact
 - telephone number
 - State licensing number
 - capacity
 - verify contact information by contacting inquiring warehouse
 - assign warehouse code
- Note:** Warehouse code will **not** be required in warehouse receipts.
- send authorization letter to all of the following:
 - FSA State Office
 - State licensing authority
 - KCCO, Warehouse Licensing and Examination Division, if applicable.
 - DACO, Commodity Operations Division.

D Making a Warehouse-Stored Loan and Processing Commodity Forfeitures

Storage deductions will no longer be applied at loanmaking. Only apply storage owed to CCC if the loan is forfeited. See Notice LP-2135, paragraph O, for further instructions on making warehouse-stored MAL's.

Before processing loan forfeitures in APSS, County Offices shall contact the storing warehouse operator to obtain applicable storage or public tariff rates. This information **must** be submitted to KCCO, CMD for **every** forfeited loan transaction.

Note: A future notice will instruct County Offices on processing forfeited commodities resulting from warehouse-stored MAL's

2 Responsibilities (Continued)

E When Warehouse Operator Is a Producer

For States listed in Exhibit 1, warehouse-stored loans may be made to a warehouse operator who is operating:

- under State law allowing the warehouse operator to issue and pledge warehouse receipts covering the warehouse operator's own commodity
- under USWA.

3 General Warehouse Receipt Requirement

A General Requirements

All warehouse receipts shall:

- represent eligible commodity actually stored in the State-licensed warehouse
- be negotiable
- be issued to the eligible producer or CCC, as applicable, if/when loans are made to CMA's, the receipt should be issued to CMA
- be endorsed in blank to vest title in the holder, if issued to the eligible producer or CMA
- show ownership, if commodity is owned by the warehouse operator, solely, jointly, or in common with others
- contain a statement that commodity is insured.

Furthermore, all warehouse receipts shall show **all** of the following:

- type of commodity
- name and location of storing warehouse
- warehouse code assigned by the licensing authority or State licensing number
- warehouse receipt number
- date receipt was issued
- date commodity was deposited or received
- date which storage has been paid **or** storage start date
- whether commodity was received by rail, truck, or barge
- whether handling charges (in or out charges) have been paid or provided for
- signature of the warehouse operator or authorized agent.

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3 General Warehouse Receipt Requirement (Continued)

B Merged Warehouse Receipt Requirements

Warehousemen operating under a State merged code agreement shall show, on warehouse receipts, the location and county in which the producer delivered the commodity.

C County Loan Rates

Follow the table in 8-LP, subparagraph 405 A to determine the appropriate loan rate for warehouse-stored loans stored in warehouses operating under a State merged code agreement.

States With an Operating Warehouse Licensing Program (UGRSA Not Required)

The following States have an operating warehouse licensing program and warehouse operators will **not** be required to execute UGRSA for MAL loanmaking purposes:

- Alabama
- Arkansas
- Colorado
- Georgia
- Idaho
- Illinois
- Indiana
- Iowa
- Kansas
- Kentucky
- Louisiana
- Michigan
- Minnesota
- Mississippi
- Missouri
- Montana
- Nebraska
- North Dakota
- Ohio
- Oklahoma
- South Carolina
- South Dakota
- Tennessee
- Texas* (except rice)
- Washington
- Wisconsin
- Wyoming.

Note: A CCC storage agreement may be required if commodities are forfeited to CCC.

* CCC will execute UGRSA in rice warehouses participating in price support programs.

States Without an Operating Warehouse Licensing Program (UGRSA Required)

The following States do **not** have an operating warehouse licensing program and warehouse operators will **be** required to execute UGRSA for MAL purposes:

- Alaska
- Arizona
- California
- Connecticut
- Delaware
- Florida
- Hawaii
- Maine
- Maryland
- Massachusetts
- Nevada
- New Hampshire
- New Jersey
- New Mexico
- New York
- North Carolina
- Oregon
- Pennsylvania
- Rhode Island
- Utah
- Vermont
- Virginia
- West Virginia.