

AMENDMENT 3 TO THE COTTON STORAGE AGREEMENT (CSA)

(1) **Warehouse Code No.** _____

NOTE: *The authority for collecting the following information is 15 U.S. C. 714 et seq. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.*

*The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting the following information is 15 U.S.C. 714 et seq. and regulations promulgated thereunder (7 CFR Parts 1427 and 1403). The information will be used to complete the terms of an agreement between the warehouse operator and CCC. Furnishing the requested information is voluntary, however, without it, eligibility to enter into an agreement with CCC cannot be determined. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 1001; 1014, 15 USC 714m; and 31 USC 3729, may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO THE KANSAS CITY COMMODITY OFFICE, Mail Stop 8748, P.O. BOX 419205, KANSAS CITY, MO 64141-6205***

The Commodity Credit Corporation (CCC) and (2) _____ (warehouse operator or contractor) hereby agree to amend the CSA as follows:

Part 1, is amended to read as follows:

PART 1 – DEFINITION OF TERMS

* * * * *

Additional Surcharge – An additional surcharge is 1) a charge that is not clearly defined in the warehouse tariff; 2) a charge that, relative to other non CCC-interest cotton, would discriminate against cotton that was CCC-interest cotton; or 3) a charge made in addition to the published storage charge and associated with the length of time the bale has remained in storage.

Facility – All buildings or other protective structures used or able to be used by the warehouse operator to store cotton. Under certain circumstances an approved facility may include outside “yard” storage, as determined by CCC.

* * * * * Replace terms **Nonreconcentrated CCC-loan cotton** and **Reconcentrated CCC-loan cotton** with **Nontransferred CCC-loan cotton** and **Transferred CCC-loan cotton**.

Nontransferred CCC-loan cotton – Cotton in storage at the warehouse which was placed in the warehouse by a third party, and pledged to CCC as security for a marketing assistance loan.

Transferred CCC-loan cotton – CCC-loan cotton which was originally pledged for a marketing assistance loan at another CCC-approved warehouse, and was subsequently moved to a second CCC-approved warehouse with permission from CCC.

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Yard Storage – Cotton stored outside of approved space, but on property legally controlled by the warehouse operator. Yard storage will be approved only in storage deficit areas, as determined by CCC. Written concurrence from any applicable licensing authority for the use of yard storage must be submitted to CCC prior to approval.

Part 2 (A), is amended to read as follows:

Part 2 – GENERAL TERMS

A. Scope

- (1) Unless otherwise specified in this Agreement –
 - (a) the provisions of this Agreement shall apply to all warehouse operators storing, or intending to store, CCC-interest cotton that have entered into this Agreement; and
 - (b) the rates specified in the Schedule of Rates shall apply to all CCC-interest cotton.
- (2) With respect to CCC-interest cotton, the title of which has been transferred by CCC (or its authorized sales agent) to a transferee, a warehouse operator shall not apply any additional surcharge until the transferee has subsequently transferred such cotton.

Part 2 (B), is amended to read as follows:

Part 2 – GENERAL TERMS

B. Documents Incorporated by Reference

* * * * *Delete Item (5) and amend Item (4) as follows

- (4) 7 C.F.R. parts 1403, 1407, 1423, and 1427.

Part 3 (A), is amended to read as follows:

Part 3. WAREHOUSE OPERATOR'S RESPONSIBILITIES

A. Storage Requirements

- (1) The warehouse operator shall:

* * * * * Redesignate Items (1) through (7) as (a) through (g), and add:

- (h) For other than Federally licensed warehouses, maintain a current and valid license for the kind of storage operation for which the warehouse operator seeks approval, if such license is required by State or local regulations or law.
- (2) In addition to the above, for warehouses located in storage deficit areas approved for yard storage, the warehouse operator shall:
 - (a) Notify CCC prior to placing CCC-loan cotton in yard storage;
 - (b) Provide written consent from any applicable licensing authority clearly describing the alternative storage methods approved by such licensing authority;
 - (c) Mark all warehouse receipts with dates that bales are moved in to and out of yard storage;
 - (d) Provide written evidence of all-risk insurance;

- (e) Provide bale location files for all CCC-loan cotton in a format determined by CCC; and
- (f) Comply with special handling requirements as directed by CCC.

Part 3 (C), is amended to read as follows:

Part 3. WAREHOUSE OPERATOR'S RESPONSIBILITIES

C. Shipping

* * * * Delete Item (6) and Insert after Item (5)

- (6) CCC will not pay delivery or receiving charges as defined in Part 4(D) to either the shipping or receiving warehouse operator when CCC-loan cotton is transferred using the CCC-699C Cotton Transfer Agreement.
- (7) If the warehouse operator fails to loadout CCC-interest cotton in accordance with loading orders, CCC-699C Cotton Transfer Agreement, or other terms of this Agreement, the warehouse operator agrees to allow CCC to remove the CCC-interest cotton ordered out. Any costs incurred by CCC to recover such cotton will be paid by the warehouse operator.

Part 3 (H), is amended to read as follows:

Part 3. WAREHOUSE OPERATOR'S RESPONSIBILITIES

H. Insurance

- (1) The warehouse operator shall at all times keep insured all CCC-loan cotton against loss or damage by fire for its full market value as determined by the United States Department of Agriculture (USDA) at the time and place of loss under a policy or policies providing coverage equivalent to that afforded under the standard fire policy of the state in which such cotton is stored. Such insurance shall include damage to such cotton by water from the warehouse sprinkler system. Without in any way limiting the warehouse operator's liability under this section, the warehouse operator shall carry a standard form of insurance policy approved for cotton warehouse operators in the state in which the warehouse is located with a deductible provision on baled cotton not to exceed \$10,000 for each loss to baled cotton in such warehouse.

* * * * Redesignate Items H(2) and H(3) as H(3) and H(4) respectively, and insert:

- (2) In addition to the above provisions, any CCC-interest cotton approved for yard storage must be insured against all risks including (but not limited to) flood and country damage. Proof of such all-risk insurance, showing CCC as the loss payee, shall be required prior to approval for yard storage.

Part 3 (I), is amended to read as follows:

Part 3. WAREHOUSE OPERATOR'S RESPONSIBILITIES

I. Notices of Damage to CCC-interest Cotton

The warehouse operator shall, no later than the next business day, notify CCC of any damage to CCC-interest cotton while it is in the warehouse operator's custody. If the warehouse operator is uncertain as to whether cotton which is damaged is CCC-interest cotton, the warehouse operator shall promptly (no later than the next business day) notify CCC that it may have an interest in cotton which has been damaged. CCC may require transmission of electronic bale listings in a format determined by CCC.

Part 3 (K)(1)(b), is amended to read as follows:

Part 3. WAREHOUSE OPERATOR'S RESPONSIBILITIES

K. Records

* * * * *

- (b) Location of each bale in store provided by an electronic open bale location file in a format determined by CCC.

Part 3 (N), is amended to read as follows:

Part 3. WAREHOUSE OPERATOR'S RESPONSIBILITIES

N. Financial Statements

Financial Statements must be submitted to the Kansas City Commodity Office, Beacon Facility, Mail Stop 8758, P.O. Box 419205, Kansas City, Missouri, 64141-6205, within 90 days after the close of warehouse operator's fiscal year.

Part 3 (Q), is amended to read as follows:

Part 3. WAREHOUSE OPERATOR'S RESPONSIBILITIES

Q. Payment of Fees

- (1) Application fees for each new warehouse code or successor agreement are eighty five dollars (\$85) per thousand bales of approved capacity, with a minimum of one hundred seventy dollars (\$170), and a maximum of seventeen hundred dollars (\$1,700).
- (2) If a warehouse operator defaults in carrying out the terms of this Agreement, CCC may assess a fee as part of the requirements for reinstatement to the CCC List of Approved warehouses.
- (3) Annual renewal fees will be announced if applicable.

Part 4 C, is amended to read as follows:

Part 4 - CCC'S RESPONSIBILITIES

C. Notices to Warehouse Operators Regarding Shipment of CCC-Owned Cotton

When CCC-owned cotton is shipped to another approved warehouse for reconcentration, CCC will furnish the shipping and receiving warehouse operators a listing of such CCC-owned cotton by tag and receipt numbers. This section does not apply to CCC-loan cotton shipments using CCC-699C Cotton Transfer Agreement procedures.

