

PROCESSED COMMODITIES STORAGE AGREEMENT (PCSA)

Agreement No. _____

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This Processed Commodities Storage Agreement ("agreement" or "PCSA") between the Commodity Credit Corporation (CCC) an agency of the United States Department of Agriculture, and _____

("contractor" or "warehouse operator") whose principal place of business is _____

is for the storage and handling of processed commodities ("commodities") which are owned by CCC or subject to any other interest of CCC.

Subject to space being available, the warehouse operator offers to store and handle commodities in the warehouse identified on the Schedule of Warehouses ("warehouse") which is owned or operated by the warehouse operator at the rates specified on the Schedule of Rates.

The warehouse operator and CCC agree as follows:

I. SCOPE OF AGREEMENT -

A. Applicability of Agreement - This agreement will apply to all commodities:

1. As of the date of their deposit by CCC in the warehouse; and
2. Until such commodities are loaded into railroad car, truck, or other transportation conveyance for shipment and such shipment is accepted by the carrier or until title is transferred by CCC in store (See subsection I E 2).

B. Documents Incorporated by Reference - This PCSA includes and hereby incorporates by reference the following and amendments thereto:

1. Form CCC-560, the warehouse operator's Application for Approval of Warehouse,
2. Form CCC-29-1, Schedule of Warehouses,
3. Form CCC-29-2, Schedule of Rates,
4. Form WA-51, Financial Statement or a substitute determined to be acceptable to CCC;
5. Applicable sections of 7 CFR Part 1403; and
6. Form CCC-20, Supplement to Uniform Storage Agreements.

- C. **Standards of Storage** - This agreement adopts by reference the Standards for Approval of Dry and Cold Storage Warehouses for Processed Agricultural Commodities, Extracted Honey and Bulk Oils, (7 CFR Part 1423). Any violation of these standards by the warehouse operator is a material breach of this agreement.
- D. **Limitations - Storage Period** - Nothing in this agreement obligates CCC to tender commodities to the warehouse operator for storage or handling. The storage period for commodities will be at the option of CCC.
- E. **Terms of Agreement to Prevail** -
 - 1. Applicable federal laws and the terms of this agreement will prevail over the warehouse operator's tariff or posted rates, and State and local laws or regulations to the extent that such laws or regulations are inconsistent with the terms of this PCSA.
 - 2. If CCC transfers title to the commodities in store (other than to an applicable agency (See section 23 of the Supplement to Uniform Storage Agreements)), such commodities will cease to be covered by the terms of this agreement as of 11:59 p.m. local time at the warehouse location on the day title and risk of loss is transferred to the purchaser, except that any prepaid charges for service not performed prior to the transfer of title will inure to the benefit of the purchaser. The rights and obligations of the parties with respect to commodities so transferred and charges for storage and other services furnished thereafter are subject to the terms and conditions of the warehouse receipts and published tariff rates and applicable federal or State laws and regulations or subject to further agreement between the warehouse operator and the purchaser of such commodities unless otherwise specifically provided herein. Such transfer of title does not affect the rights and obligations between the warehouse operator and CCC with respect to any matter arising prior to such transfer.
 - 3. This agreement supersedes any other agreement between CCC and the warehouse operator for the storage and handling of commodities.
- F. **Termination** - Notwithstanding the provision of section 24 of the Supplement to Uniform Storage Agreements, this agreement may be terminated by either party upon written notice to the other party. If commodities are in store at, or enroute to the warehouse, the terms of this agreement will remain in effect until the commodities are removed from the warehouse.

II. RECEIVING, UNLOADING, AND INSPECTION -

- A. **Place of Receipt** - If CCC requests that the warehouse operator store commodities pursuant to this agreement, and if the warehouse operator accepts such request, CCC will deliver the commodities to the warehouse or the warehouse operator will accept delivery of such commodities in store in the warehouse.
- B. **Inspection and Report of Damage** - Before unloading, the warehouse operator will inspect the delivering conveyance for apparent damage either to the conveyance or to the commodities. The warehouse operator will immediately notify CCC and the carrier by telephone if any defect or discrepancy in the commodities exists, including but not limited to:
 - 1. A broken seal or a seal discrepancy;
 - 2. A shipment which is over, short, damaged or contains torn bags, boxes or cases; or
 - 3. A shipment with visible insect infestation or other apparent damage.

The warehouse operator will confirm such notifications in writing to CCC. The warehouse operator will also complete the consignee receipt immediately upon receipt of commodities and will immediately mail the receipt to CCC. Damaged commodities will be handled in accordance with instructions issued by CCC. The warehouse operator is responsible for all damaged commodities not reported even if such commodities are received on pallets.

III. RECEIPTS, STORAGE, AND CONDITION -

A. Receipts

1. **Commodities Accepted for Storage** - The warehouse operator, on receipt of commodities accepted for storage under this agreement or when commodities in store are purchased by CCC, must promptly issue non-negotiable warehouse receipts to CCC representing such commodities. Such warehouse receipts must be issued by the warehouse operator on a form approved by CCC, for each lot of commodities stored, in accordance with CCC's instructions, and must designate the warehouse in which the commodities are stored. A computer generated warehouse receipt is acceptable.
2. **Commodities Accepted for Handling Only or Direct Transfer** - The warehouse operator, on receipt of commodities for handling only or direct transfer, must promptly furnish documents in such form as CCC may prescribe and in accordance with CCC's instructions.

B. Place and Manner of Storage, Lot Identity - The warehouse will store the commodities:

1. Only at a warehouse listed in the Schedule of Warehouses unless otherwise authorized in writing by CCC, (CCC may specify the warehouse in which commodities will be stored);
2. In such manner that lot identity is maintained to the extent that, when delivery of any lot is ordered by CCC, the identical commodities deposited will be delivered; and
3. At the temperatures and relative humidities required on the Schedule of Rates, or as required by CCC in writing.

C. Condition and Protection of Commodities -

The warehouse operator will take all steps necessary to preserve the condition of commodities and will follow good commercial practices in storing and maintaining the commodities.

IV. TARIFF REQUIREMENTS - TRANSIT TONNAGE - DEMURRAGE -

- A. **General** - The warehouse operator must observe the carrier's lawful tariffs, rules, regulations, and loading and unloading requirements. The warehouse operator will indemnify CCC against losses in weight due to the warehouse operator's error in weighing or failure to remove all the commodities from the transportation conveyance on unloading. The warehouse operator will also indemnify CCC against minimum weight penalties (except where losses in weight were incurred due to circumstances beyond the warehouse operator's control), detention, and demurrage (including storage in transportation equipment). The warehouse operator will assume all switching charges (inbound or outbound) which are recoverable or which are absorbed by the carrier. Prepayment of freight will be allowed only if authorized in writing by CCC. The warehouse operator will be liable for any deviation from original shipping instructions and all excess freight charges resulting from routing at variance with instructions issued by CCC.
- B. **Recording of Transit** - Except as otherwise directed by CCC, the warehouse operator must hold and, subject to the provisions of this section, record for transit in the warehouse operator's name, each freight and switching bill, transit tonnage, or credit slip within the period of time required by and in accordance with the carrier's lawful published tariffs.
- C. **Transit Use** - The warehouse operator must apply transit rail freight billing as directed by CCC. The warehouse operator must take all actions necessary to assure full use and protection of transit billing privileges, including applying for all renewals permitted under applicable tariffs. When further renewal cannot be obtained the warehouse operator must notify CCC at least ninety (90) days prior to the expiration date of such billing, furnishing a description of the billing and the quantities represented thereby.
- D. **Demurrage** - If the warehouse operator knows, anticipates, or reasonably should have known that demurrage charges may be incurred, the warehouse operator must immediately notify CCC by telephone and confirm such notification in writing. The warehouse operator will pay all appropriate demurrage charges. CCC will reimburse the warehouse operator for all appropriate demurrage charges paid by the warehouse operator, if the demurrage was incurred due to circumstances beyond the warehouse operator's control, unless the warehouse operator fails to notify CCC as provided in this section.

V. RESPONSIBILITY FOR CONDITION OF WAREHOUSE AND PROTECTION OF COMMODITIES -

- A. The warehouse operator must maintain the warehouse in a sound, clean condition and take all reasonable steps to keep it free of insects, rodents, birds, and other conditions which may adversely affect the condition of the commodities or their containers.
- B. The warehouse operator must take all reasonable steps to promptly detect any deterioration, insect infestation, rodent damage, mold, or any other condition which may adversely affect the condition of the commodities or their containers.
- C. If any of the conditions in subsections V A or B are detected, the warehouse operator must notify CCC by telephone and confirm such notification in writing. Pending receipt of instructions from CCC, the warehouse operator must take all reasonable steps necessary to protect and preserve the affected commodities or their containers.
- D. If loss of or damage to the commodities occur for which the warehouse operator is not liable (see section VI), CCC will pay the warehouse operator for labor services performed at the rate specified in the Schedule of Rates and reimburse the warehouse operator for other reasonable costs incurred in performing those services which are not included among the protective and preservative services ordinarily performed by the warehouse operator for other depositors without additional charge.

VI. REJECTION OF DAMAGED COMMODITIES -

- A. The warehouse operator will maintain the commodities in a sound, undamaged condition and will deliver to CCC the identical commodities received from CCC. The warehouse operator will be liable to CCC for any loss in value of such commodities from the time of delivery to the warehouse until the commodities are delivered to CCC.
- B. If CCC determines at any time that any quantity of commodities held by the warehouse operator is damaged or is in unsound condition, CCC may reject such commodities and the warehouse operator will be liable to CCC for the full value of the rejected commodities.
- C. If CCC has determined that any commodities are damaged the warehouse operator will pay CCC, in cash, an amount equal to the value of the commodities, or upon approval of CCC, may:
 - 1. Replace the damaged commodities with commodities of the same quality and quantity as the commodities received from CCC for storage;
 - 2. Recondition the damaged commodities and restore them to a condition acceptable to CCC except that the warehouse operator will be liable to CCC for any decrease in quantity or quality of such commodities; or
 - 3. Sell or otherwise dispose of such damaged commodities and remit the proceeds of such disposition to CCC except the warehouse operator must pay CCC the difference between the proceeds from such disposition and the value of the commodities received from CCC for storage. All such dispositions shall be in accordance with Federal, State, and local regulations and requirements. All government markings on both inner and outer containers must be completely obliterated prior to disposition with a permanent opaque paint, and all labels which bear such government markings must be removed. Any such markings so obliterated or removed must be overlaid or replaced with commercial labelings.
- D. Notwithstanding the provisions of section XI of this agreement, upon a determination by CCC that any commodities delivered to the warehouse operator by CCC are damaged, storage charges with respect to such damaged commodities will cease to accrue for the account of CCC. Storage charges for the account of CCC will resume only upon the date such damaged commodities have been reconditioned or replaced in accordance with subsections C 1 and C 2 of this section.

- E. Notwithstanding any other provisions of this section, if CCC determines that the warehouse operator is not liable for the loss in value of damaged commodities:
 - 1. The warehouse operator will remit the proceeds derived from any sale of such damaged commodities to CCC, and CCC will reimburse the warehouse operator for the expenses of such sale at the hourly rates specified in the Schedule of Rates; and
 - 2. Storage charges will continue to accrue for the account of CCC with respect to the damaged commodities until such time as the damaged commodities are sold or delivered in accordance with instructions issued by CCC.

VII. INSURANCE AND BONDS -

- A. **Insurance** - Without in any way limiting the warehouse operator's obligation under other provisions of this agreement or under the provisions of State laws and regulations under which the warehouse is operated:
 - 1. **Insurance on Commodities** - The warehouse operator is not obligated to insure commodities against loss or damage resulting from fire, lightning, explosion, windstorm, cyclone, tornado, nuclear incident, nuclear reaction, nuclear radiation, radioactive contamination, flood, strike, riot, or war.
 - 2. **Insurance to Inure to CCC** - If the warehouse operator insures commodities against hazards for which insurance is not required by the terms of this agreement, such insurance will inure to the benefit of CCC.
- B. **Bonds** -
 - 1. The warehouse operator must, at the warehouse operator's expense, furnish CCC such bonds or other financial protection as CCC requires. If CCC acquires a blanket insurance policy or blanket bond it will not relieve the warehouse operator of any of the warehouse operator's obligations under this agreement nor will any such insurance policy or bond inure to the benefit of the warehouse operator. If the insurance company or surety company providing blanket coverage to CCC pays any amounts to CCC for which the warehouse operator is liable, such company will, to the extent permitted by law, be subrogated to CCC's right of recovery against the warehouse operator and any other person to the extent of such payment.
 - 2. The warehouse operator must, at the warehouse operator's expense, furnish CCC such bonds or other financial protection as CCC may require to make up for deficiencies in net worth or other inadequacies in the warehouse operator's financial responsibility as determined by CCC.

VIII. LIABILITY OF WAREHOUSE OPERATOR -

The warehouse operator will be liable to CCC for loss or damage to commodities caused by the warehouse operator's failure to discharge promptly and properly the warehouse operator's obligations under this agreement and by the failure of the warehouse operator to exercise such care in regard to commodities as a reasonable and prudent warehouse operator would exercise under like circumstances, but the warehouse operator will not be liable for damages which could not have been avoided by the exercise of such care.

IX. LOADOUT OF COMMODITIES -

In accordance with instructions issued by CCC, the warehouse operator must loadout, or transfer in store, the identical commodities received from CCC, unless substitution has been approved by CCC. For commodities ordered loaded out by CCC, the warehouse operator must:

- A. Loadout such commodities as directed by CCC. The shipping instructions issued by CCC will allow the warehouse operator at least seven (7) calendar days from the date of issuance of such instructions to begin loadout and will provide for loadout at a rate not to exceed that specified in the Schedule of Warehouses. Shipments may be checkloaded or loaded out under the supervision of a CCC representative, as provided in the shipping instructions.

- B. If shipment of the commodities will be delayed, promptly notify CCC by telephone as soon as the delay is apparent. The warehouse operator must promptly furnish documentary evidence of the cause for the delay. CCC will not assess the warehouse operator for damages or demurrage if CCC determines that the delay was without the fault of, and beyond the control of, the warehouse operator.

X. SETTLEMENT -

Subject to other applicable sections of this agreement, settlement will be made by CCC in accordance with this section X with respect to each individual warehouse for differences in value between commodities loaded out by the warehouse operator and the commodities ordered shipped by CCC. The value of the commodities will be determined by CCC at the time and place of loss by reference to applicable markets and adjusted for freight, if necessary, or in the absence of generally recognized markets, CCC's investment in the commodity as determined by CCC.

XI. CHARGES -

- A. **Schedule of Rates** - Unless otherwise provided, charges payable by CCC for handling, storing, or servicing commodities pursuant to this agreement will be at the rates stated in the Schedule of Rates as follows:

1. Handling will be paid at the rates in effect at the time the commodities are deposited in the warehouse; and
2. Storing and servicing commodities will be paid at the rate in effect when the services are performed.

- B. **Storage Start Date** - Storage charges for the account of CCC begin:

1. For commodities in store at the time this agreement becomes effective, on the date this agreement is executed by CCC;
2. For commodities delivered to the warehouse on or after the effective date of this agreement, on the date of movement of such commodities into the warehouse; and
3. For commodities which are acquired by CCC in store, on the day immediately following the date through which storage charges have been paid by the previous owner.

- C. **Storage End Date** - Storage charges will cease to accrue for the account of CCC:

1. If CCC orders commodities to be delivered, on the date the bill of lading is receipted for by the carrier or on the final shipment date specified in the shipping instructions as issued or amended in writing by CCC, whichever is earlier, or
2. If commodities are sold by CCC in store, upon the date specified by CCC.

- D. **Storage Charges For Partial Periods** -

1. Storage charges payable for a fractional part of the first calendar month during which the commodities are in storage in the warehouse will be prorated to the same extent as the days in storage relates to the full calendar month. Storage charges payable thereafter, except for the final partial calendar month, will be at the full monthly storage rate.
2. Storage charges payable for any fractional part of the final calendar month during which the commodities are in storage in the warehouse will be prorated to the same extent as the days in storage relates to the full calendar month and will be paid after receipt and entry into CCC's accounting records of the applicable bill of lading or other delivery documents acceptable to CCC.

- E. **Payment** - Payment will be made monthly by CCC with respect to commodities which are recorded in CCC's inventory after presentation by the warehouse operator of a properly certified invoice in such manner and form as may be prescribed by CCC. The first payment after receipt of such commodities will include any amount due from CCC for handling charges. The warehouse operator must promptly reimburse CCC for any overpayment made by CCC.

F. Restrictions on Payment -

1. CCC will not pay for any service (including overtime, Sunday, and holiday labor service) not specifically authorized by this agreement or in writing by CCC. Services not specifically authorized by this agreement will be performed only after CCC determines that such services are required and should be performed.
2. CCC will not be liable for any charges which are for account of previous or subsequent owners of commodities nor will CCC be liable for handling charges with respect to commodities which are acquired by CCC by transfer of title in store.
3. Nothing in this agreement authorizes or requires payment for services already paid for by CCC or any other party.
4. If any commodities are lost or rejected to the warehouse operator, all storage charges for the account of CCC with respect to those commodities will cease as of the date of loss or rejection to the warehouse operator. CCC may recover from the warehouse operator one-half of the total handling charge on the quantity of commodities lost or rejected to the warehouse operator, representing the cost for loading out the commodities. No charges of any kind will be payable for commodities disposed of contrary to the terms of this agreement and the instructions of CCC, and any such charges already paid by CCC will be immediately refunded by the warehouse operator.

XII. RECORDS, INSPECTIONS/EXAMINATIONS, AND REPORTS -

- A. Records -** The warehouse operator must maintain current and complete records at all times with respect to all commodities which are stored in the warehouse. The warehouse operator must, unless otherwise authorized by CCC, retain such records as required in section 27 of the Supplement to Uniform Storage Agreements.
- B. Inspection/Examination Privileges -** At any time during business hours or at any other reasonable time, the warehouse operator must permit CCC, as well as any other United States Government agency, to examine the warehouse and its equipment; inspect and take inventories of all commodities stored therein; and examine the stock records, receipt books, and other documents, including insurance policies, which pertain to commodities stored therein. The warehouse operator will furnish, without charge, whatever supervisory assistance is necessary to enable CCC to perform such inspection and examination.
- C. Effects of Inspections/Examinations -** Examinations and inspections will not relieve the warehouse operator of any responsibilities or requirements under the terms of this agreement or under any law or regulation applicable to the warehouse operator.
- D. Reports -** The warehouse operator will furnish to CCC such reports with respect to receiving, storing and delivering commodities and with respect to the financial condition of the warehouse as CCC may request. The warehouse operator must immediately notify CCC in writing of any change in ownership or operation of the warehouse or of any change in the nature or capacity of the warehouse.

XIII. DEFINITIONS

For the purpose of the PCSA the following terms are defined:

- A. Checkloaded -** The loading of a conveyance under direct supervision of an employee of the U.S. Department of Agriculture. Checkloading includes, but is not limited to conveyance check, verification of lot numbers, count and condition of containers, rejection of damaged containers, and the sealing of each conveyance by the checkloader;
- B. Delivery -** The receiving of CCC commodities by a warehouse operator listed in the Schedule of Warehouses or the return of CCC commodities by the warehouse operator to CCC or CCC's designee;
- C. Demurrage -** The detention of ship, freight car, or other cargo conveyance during loading or unloading beyond the scheduled time of departure;

- D. Handling Charges** - The payment due for receiving and loading out commodities;
- E. Loadout** - The shipping of CCC commodities from a warehouse listed in the Schedule of Warehouses;
- F. Processed Commodities** - Goods which have been changed from their natural state to a more marketable form (such as butter, cheese, nonfat dry milk, and canned foods); and
- G. Warehouse** - Each warehouse listed on the Schedule of Warehouses. The rights and obligations of the parties under this agreement shall apply to each such warehouse.

WAREHOUSE OPERATOR:	COMMODITY CREDIT CORPORATION:
(WAREHOUSE OPERATOR)	By _____ (CONTRACTING OFFICER)
By _____ (SIGNATURE)	Effective Date _____
Title _____	

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