**Overview**

The paper warehouse receipt system is cumbersome, costly and inefficient. Paper receipts must be accounted for at all times and stored for a period of several years after cancellation. The paper receipt must be physically transferred between the warehouse, grain owners and lien holders to assure the control and protection offered by possession.

Paper receipts have traditionally been used by firms as sources of collateral for loans from banking organizations against grain transactions. Grain firms or trading entities would deposit paper receipts representing grain in store at state or USDA licensed warehouses with banks to cover financing activities. Banks would then hold the paper receipt as collateral against the transaction.

As the industry moves to a paperless environment, the use of paper warehouse receipts is being transitioned to electronic forms.

Electronic warehouse receipts (EWRs) are simply computer records of all of the information which is required to appear on a paper warehouse receipt. EWRs are authorized by federal law and represent title documents which make them legally equivalent in every way to paper warehouse receipts. It is important to note that the same business and regulatory rules that apply to the use of paper receipts, also apply to electronic warehouse receipts. EWRs are widely accepted by banks and lending institutions as well as federal and state regulatory agencies. EWRs are the most efficient way to securely hold grain positions in today’s market. Users have instant control of all of their EWRs with the eGrain™ System and there is no concern of loss with electronic warehouse receipts.

The eGrain™ System is versatile in its design, so additional commodities can easily be accommodated.
Electronic warehouse receipts are currently utilized for many purposes, including:

- Collateral for loans from banks and other lending institutions
- Intra-company transactions when relocating grain between warehouses
- Collateral to cover margins and/or to meet financial requirements with futures exchanges
- Ownership transfers through the delivery process at exchanges
- Producer marketing assistance loans with the USDA-FSA
- Ownership transfers between warehouses, processors, ethanol plants and end users

Grain warehouses can use EWRs to instantly transfer the ownership of grain to ethanol plants, grain processors, feed lots and milling operations when prepayment is used by the buyer. In addition, these end users may use EWRs as collateral at lending institutions and boards of trade.

Warehouses can reduce or eliminate demurrage costs on barges or rail cars by instantly surrendering the EWRs for cancellation and moving grain out of the facility.

Company Information

The people of eGrain, Inc. continually strive to improve the efficiency and profitability of the agriculture industry through the use of electronic documents. Located in Springfield, Illinois, eGrain, Inc. was approved by the USDA – Farm Service Agency on June 1, 2005 to establish and maintain a central filing system for the purpose of electronically filing grain and rice warehouse receipts and other United States Warehouse Act (USWA) documents under agreement number 19-12.

The eGrain℠ System is a highly secure and powerful web-based central filing system that is easy to use and accessible 24 hours a day, 7 days a week. The eGrain℠ System is approved and recommended by the USDA and state officials that make up the Association of Grain Regulatory Officials (AGRO). Furthermore, both federal and state licensed grain warehouses are eligible to utilize EWRs and the eGrain℠ System.

The eGrain℠ System is innovative in its design and was granted U.S. Patent 7,827,078 for its method and system for managing commodity transactions.

EWR Uses and Benefits

BANKS AND LENDERS

Through the use of EWRs, lenders can eliminate the need to designate a local bank to handle warehouse receipts. The web-based system enables loans to be processed quickly and eliminates the safeguarding of paper receipts. EWRs can also be used very efficiently in inventory financing transactions such as repurchase agreements. In addition, the eGrain℠ System improves a lender’s collateral position by allowing secure and instant access to the receipts.

WAREHOUSES

Warehouses can eliminate the need to store, file, safeguard, and track used and unused warehouse receipts. EWRs can be purchased instantly on the eGrain℠ System and warehouses can centralize their issuance. Furthermore, warehouses can view the history of every EWR issued at anytime.

CONTACT US

Contact eGrain, Inc. to subscribe to the eGrain℠ System or to schedule a demo. Further information on all of our services can be found on the web at www.egrain.com or call us toll free at (800) 278-6799.

SERVICES AVAILABLE

- Electronic Warehouse Receipts
- Electronic Price Later or Credit-Sales Contracts
- eLicensing for Warehouses
- Online Data Backup