UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Marketing Assistance Loans and Loan Deficiency Payments for 2002 and Subsequent Crop Years 8-LP (Revision 1)	**Amendment 21**

Approved: Acting Deputy Administrator, Farm Programs

Amendment Transmittal

A Reasons for Amendment

Subparagraph 25 D, item 14 has been amended to change MAL request to LDP request.

Subparagraphs 25 B, G, H, I, and J have been amended to provide revised CCC-770 LDP/eLDP and CCC-770 MAL policy.

Subparagraph 443 E has been amended to clarify when warehouse-stored loan rates shall be adjusted.

Page Control Chart		
TC	**Text**	**Exhibit**
	1-57, 1-58 1-61, 1-62 1-65 through 1-68 4-101, 4-102	

.

*--25   CCC-770 LDP/eLDP's and CCC-770 MAL's

   A   Using CCC-770 LDP/eLDP's and CCC-770 MAL's

   The Improper Payments Information Act of 2002 required each agency to:

   - identify programs and activities susceptible to significant improper payments

   - estimate the annual amount of improper payments and report that estimate to Congress

   - report actions taken to reduce improper payments, including possible causes and a description of the steps in place to ensure accountability for reducing improper payments.

   As a result of this mandate, it has been determined that CCC-770 LDP/eLDP's and CCC-770 MAL's will be used as tools to help minimize the number of improper payments.

   It is not the intent that CCC-770 LDP/eLDP's and CCC-770 MAL's supersede or replace procedure. County Offices should use CCC-770 LDP/eLDP's and CCC-770 MAL's as reminders of the most frequent "erred" determinations/certifications when recording LDP's and MAL's in APSS or eLDP system.**--***

25   CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

   B   Handling CCC-770 LDP/eLDP's and CCC-770 MAL's

 *--FSA employees shall:

   - complete CCC-770 LDP/eLDP or CCC-770 MAL for each of the first 5 requests they
     process, including requests from CMA's, at the beginning of the applicable crop year**--***
     availability period

   Example:

FSA County Office Program Technician	MAL Requests Received	CCC-770 MAL's Required	LDP Requests Received	CCC-770 LDP/eLDP's Required
John	10	First 5	7	First 5

   - ***--**in addition, complete CCC-770 LDP/eLDP or CCC-770 MAL for **all** FSA employees
     requesting an LDP/eLDP or MAL, including STC's and COC's**--***

   - obtain CCC-770 LDP/eLDP or CCC-770 MAL (see Exhibits 6 and 13) at
     http://165.221.16.90/dam/ffasforms/currentfroms.asp

   - maintain a copy of CCC-770 LDP/eLDP or CCC-770 MAL in the producer's LDP or
     MAL folder.

   The signature of the preparer certifies that each item necessary was completed. All
   employees that are directly involved with issuing each LDP or disbursing each MAL shall
   certify and date CCC-770 LDP/eLDP's or CCC-770 MAL's, as applicable.

25   CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

D   CCC-770 LDP/eLDP Instructions

The following are FSA employee CCC-770 LDP/eLDP instructions.

Item	Instructions
1	Enter name of producer. This should be the name of the individual, joint operation, or entity for which benefits may be requested.
2	Enter date of LDP application.
3 and 4	Enter the State and county name.
5	Enter crop year.
6	Enter LDP or eLDP number.
7	Enter the farm number.
8	Enter commodity/class/type.
	LDP Request/Application
9 A - G	Enter: • a check (✓) in the appropriate box to designate either "Yes" or "No" • preparer's initials and the date the items were verified by preparer. **Note:** For CCC-770 questions not applicable, enter "N/A"
	Producer/Commodity Eligibility Verification
10 A - I	Enter: • a check (✓) in the appropriate box to designate either "Yes" or "No" • preparer's initials and the date the items were verified by preparer. *--**Note:** For CCC-770 questions not applicable, enter "N/A". Questions 10 A through 10 E are **not** applicable to CMA's.**--***
	LDP Processing/Approval
11 A and B	Enter: • a check (✓) in the appropriate box to designate either "Yes" or "No" • preparer's initials and the date the items were verified by preparer. *--**Note:** For CCC-770 questions not applicable, enter "N/A". Question 11 B is **not** applicable to CMA's.**--***

D   CCC-770 LDP/eLDP Instructions (Continued)

Item	Instructions
	eLDP Processing
12 A and B	Enter: • a check (✓) in the appropriate box to designate either "Yes" or "No" • preparer's initials and the date the items were verified by preparer. **Note:** For CCC-770 questions not applicable, enter "N/A". Question 12 A is **not** applicable to CMA's.
13	Enter any remarks pertaining to any questions included on CCC-770.
	Certification
14 A and B	*--At the time of completing the LDP request, the preparer shall sign and date.--*
15 A - C	CED shall enter (✓) in applicable box (Concur or Do Not Concur) and date. **Note:** This item will **only** be completed, if the applicable CCC-770 is selected for spot check.
16 A - C	DD shall enter (✓) in applicable box (Concur or Do Not Concur) and date. **Note:** This item will **only** be completed if the applicable CCC-770 is selected for spot check.

   F   CCC-770 MAL Instructions

      The following are FSA employee CCC-770 MAL instructions.

Item	Instructions
1	Enter name of producer. This should be the name of the individual, joint operation, or entity for which benefits may be requested.
2	Enter the date of MAL request (MM-DD-YYYY).
3	Enter (✓) by applicable loan type (warehouse, farm-stored, or farm-stored measured).
4 and 5	Enter State and County Office, DMA, or CMA name.
6 and 7	Enter commodity and class or type.
8	Enter crop year.
9	Enter farm numbers.
10	Enter warehouse code, for warehouse-stored loans.
11	Enter number of warehouse receipts pledged as collateral for MAL.
	MAL Request/Application
12 A - D	Enter: • a check (✓) in the appropriate box to designate either "Yes" or "No" • preparer's initials and the date the items were verified by preparer. **Note:** For CCC-770 questions not applicable, enter "N/A". **Example:** Question 12 A, "Is the CCC-666 properly completed and signed for farm-stored commodities?" is only applicable to farm-stored. Therefore, for warehouse-stored loans, this question is **not** applicable and "N/A" should be entered in the "NO" column.
	Producer/Commodity Eligibility Verification
13 A - I	Enter: • a check (✓) in the appropriate box to designate either "Yes" or "No" • preparer's initials and the date the items were verified by preparer. *--**Note:** For CCC-770 questions not applicable, enter "N/A". Questions 13 A, 13 B, 13 G, and 13 H are **not** applicable to CMA's.--*

25   CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

F   CCC-770 MAL Instructions (Continued)

Item	Instructions
	MAL Processing/Approval
14 A - I	Enter: • a check (✓) in the appropriate box to designate either "Yes" or "No" • preparer's initials and the date the items were verified by preparer. **Note:** For CCC-770 questions not applicable, enter "N/A". Questions 14 A and 14 E are **not** applicable to CMA's.
15	Enter any remarks pertaining to any questions included on CCC-770.
	Certification
16A and B	*--When completed, for the MAL request, preparer shall sign and date.--*
17 A - C	CED shall enter (✓) in applicable box (Concur or Do Not Concur) and date. **Note:** This item will **only** be completed, if the applicable CCC-770 is selected for spot check.
18A - 19C	DD shall enter (✓) in applicable box (Concur or Do Not Concur) and date. **Note:** This item will **only** be completed, if the applicable CCC-770 is selected for spot check.

25   CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

G   Spot Check Policy

CCC-770 LDP/eLDP and CCC-770 MAL shall be randomly selected for spot check.

CCC-770 LDP/eLDP's and CCC-770 MAL's shall be spot-checked to verify that CCC-770 LDP/eLDP's and CCC-770 MAL's were properly completed, filed, and to ensure that accurate MAL and LDP approvals and denials were completed.

H   CED Spot Checks

*--CED CCC-770 LDP/eLDP and CCC-770 MAL spot checks shall be conducted **before** payment disbursement.**--***

CED's or designee's:

- are required to perform spot checks of CCC-770 LDP/eLDP's and CCC-770 MAL's

- ***--**shall spot check the first five CCC-770 LDP/eLDP's and CCC-770 MAL's:

  - completed by FSA employees in subparagraph B
  - per program
  - each FY

- shall randomly spot check a minimum of five CCC-770 LDP/eLDP's and CCC-770 MAL's in each County Office:

  - completed for each FSA employees, including STC's and COC's
  - per program
  - each FY

  Note: FSA employee CCC-770 LDP/eLDP's and CCC-770 MAL's spot checks are **in addition** to required CED spot checks.**--***

- shall sign CCC-770 LDP/eLDP and CCC-770 MAL and check the "Concur" or "Do Not Concur" box for the randomly selected CCC-770 LDP/eLDP's and CCC-770 MAL's

- shall report to COC and the STC representative any CCC-770 LDP/eLDP's and CCC-770 MAL's that is checked "Do Not Concur"

- are **not** required to spot check every CCC-770 LDP/eLDP's and CCC-770 MAL's completed in their county.

CED's are encouraged to copy and file, by program, all CCC-770 LDP/eLDP's and CCC-770 MAL's that were spot-checked by CED.

25   CCC-770 LDP/eLDP's and CCC-770 MAL's (Continued)

I   State Office Spot Check Selection

 --The State Office shall select a minimum of 5, not to exceed 10, CCC-770's--
    (CCC-770 LDP/eLDP's and CCC-770 MAL's):

- according to subparagraph J
- per program
- per FY.

SED's may require additional spot check reviews, at their discretion, provided the SED
determines or identifies problems or concerns with existing internal controls.

J   DD, STC, or Designee Actions

DD, STC, or their designee shall:

- *--spot check a minimum of 5, not to exceed 10, CCC-770's that have been spot checked by
   CED or designee:

  - per program
  - in each County Office
  - per FY--*

- sign CCC-770 LDP/eLDP and CCC-770 MAL and check the "Concur" or "Do Not
  Concur" box for the selected determination or certification changes

- submit the results of the spot checks to SED.

 *--Additional CCC-770 LDP/eLDP's and CCC-770 MAL's will be required if apparent internal
    control deficiencies are found during CED and STC representative reviews.--*

Section 3   Warehouse-Stored Loans

443   Requesting Warehouse-Stored Loans

A   Warehouse Receipts

[7 CFR 1421.106] When requesting warehouse-stored loans, producers shall present acceptable warehouse receipts from a warehouse operating under UGRSA to the County Office.

See 2-LP Grains and Oilseeds for commodity-specific warehouse receipt requirements.

B   Warehouse-Stored Quantity

Warehouse-stored loans stored in an approved warehouse will be limited to 100 percent of the eligible net weight specified on the warehouse receipt or, if applicable, KC-350.

If the quantity on the receipt represents eligible and ineligible quantities, require the producer to obtain a receipt representing only the eligible quantity.

Any cost for replacement receipts shall be at the producer's expense.

Loan commodities stored in a warehouse or a facility not approved by CCC must be repaid on the same day as loan disbursement with a commodity certificate exchange, according to Part 9, Section 8.

C   Commodity Loan Eligibility

To be eligible for a CCC commodity loan, the quantity and quality of grain represented by a warehouse receipt must reflect the commodity produced and delivered by the producer.

D   Substitution Not Authorized

Substituted or purchased commodities are ineligible for loan.

443   Requesting Warehouse-Stored Loans (Continued)

E   Loan Rates

  *--Use the loan rate for the county where the commodity is stored **except** for situations covered
    in the following table.**--***

IF the commodity is both of the following...	THEN use the loan rate...
• warehouse-stored • stored in a warehouse operating under a merged code agreement	for the location to which the producer delivered the commodity *** * ***. The warehouse receipt issued under merged warehouse code agreements must show the location and county to which the commodity was delivered.
• warehouse-stored • represented by a warehouse receipt indicating the "grain covered by this receipt has been redeposited"	where the receipt is issued. The commodity is considered stored at the original point of delivery.
• warehouse-stored • physically moved to the warehouse location indicated on the warehouse receipt	where the receipt is issued. The commodity is eligible because the commodity was physically moved to the location on the warehouse receipt.

  *--In any case, the loan rate shall be adjusted:

  • for premiums and discounts on the applicable crop year specific schedule

  • to 20 percent of the loan rate when grading factors fall to the additional schedule of
    discounts.**--***