

**For:** State and County Offices and LSA's

**Revised Cotton Program Checklists**

**Approved by:** Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

Before a cotton loan or LDP is disbursed, the appropriate checklist for the application process and an accompanying CCC-770 Eligibility must be completed and given second-party review.

Checklists:

- do **not** supersede or replace handbook procedure
- are used as reminders of required actions.

**B Purpose**

This notice informs State and County Offices of:

- the revised CCC-770 CottonMAL and CCC-770 UPLDP applicable to the cotton loan and LDP programs
- procedure for CCC-770 CottonMAL and CCC-770 UPLDP.

**C Contact**

For suggestions or questions about this notice, State Offices shall contact Gene Rosera, PSD by either of the following:

- e-mail at [gene.rosera@wdc.usda.gov](mailto:gene.rosera@wdc.usda.gov)
- telephone at 202-720-8481.

<b>Disposal Date</b>	<b>Distribution</b>
December 1, 2007	State Offices; State Offices relay to County Offices and LSA's

## Notice CN-1016

### 2 Applicable Checklists and Availability

#### A Checklist Availability

The following checklists applicable to the cotton program are available on the FFAS Employee Forms Online web site at <http://165.221.16.90/dam/ffasforms/forms.html>:

- for cotton loans:
  - CCC-770 CottonMAL
  - CCC-770 Eligibility
- for upland cotton LDP:
  - CCC-770 UPLDP
  - CCC-770 Eligibility.

The checklists developed by the National Office are the only authorized checklists for cotton MAL and LDP. County Offices shall not use State- or locally-developed checklists for administration of cotton MAL or LDP.

#### B Instructions for CCC-770 CottonMAL

State and County Offices shall complete CCC-770 CottonMAL according to the following.

Item	Instructions
1	Enter the name of the loan applicant.
2	Enter the loan number.
3	Enter the State name.
4	Enter the County Office name.
5	Enter the farm number.
6	Enter crop year.
7 through 11	Check (✓) “Yes”, “No”, or “N/A”, as applicable for each entry, and initial and date checked items. <b>Note:</b> Initials and date apply to the day the checklist is completed and by whom.
12	Enter any remarks that may explain special circumstances or explanation for items checked “No.”
13A and 13B	Any employee that initials items 7 through 11 shall certify CCC-770 CottonMAL by signing as the preparer and entering the date of signature.

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2 Applicable Checklists and Availability (Continued)

B Instructions for CCC-770 CottonMAL (Continued)

Item	Instructions
14A through 14C	<p data-bbox="391 369 1450 436">CED or designated representative shall certify CCC-770 CottonMAL according to the following:</p> <ul data-bbox="391 478 1425 737" style="list-style-type: none"><li data-bbox="391 478 1425 583">• indicating if CCC-770 Cotton MAL items have or have not been verified and completed, as applicable by checking “Concur” or “Do Not Concur” in item 14A</li><li data-bbox="391 625 1032 661">• signing item 14B as the second party reviewer</li><li data-bbox="391 703 932 737">• entering date of signature in item 16C.</li></ul>
15A through 15C	<p data-bbox="391 747 1458 814">If CCC-770 CottonMAL is selected for spot check, then DD shall certify according to the following:</p> <ul data-bbox="391 856 1419 1115" style="list-style-type: none"><li data-bbox="391 856 1419 961">• indicating if CCC-770 CottonMAL items have or have not been verified and completed, as applicable by checking “Concur” or “Do Not Concur” in item 15A</li><li data-bbox="391 1003 911 1039">• signing item 15B as the spot checker</li><li data-bbox="391 1081 932 1115">• entering date of signature in item 15C.</li></ul> <p data-bbox="440 1157 1442 1226"><b>Note:</b> Items 15A, B, and C will remain blank if CCC-770 CottonMAL is <b>not</b> selected for spot check.</p>

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2 Applicable Checklists and Availability (Continued)

C Example of CCC-770 CottonMAL

The following is an example of CCC-770 CottonMAL.

This form is available electronically.

<b>CCC-770 CottonMAL</b> (01-24-07)  <b>WAREHOUSE-RECEIPTED COTTON AND                  OUTSIDE-STORED ELS                  MARKETING ASSISTANCE LOAN CHECKLIST</b>	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1. Applicant's Name	2. Loan Number
		3. State Office Name	4. County Office Name
		5. Farm Number	6. Crop Year

Note: Complete this checklist for each individual loan application. Provisions of 7-CN are applicable.

7. Loan Request (ELS Outside-Stored Only)	Handbook or Other Applicable References	YES	NO	N/A	Initials	Date
A. Are CCC Cotton A-5 and CCC-601 ELS Appendix completed, signed by producer, and signed and dated (date received) by CCC representative?	7-CN, paragraphs 182, 222.7, 223.8 and 224					
B. Are bales represented by warehouse receipts? (If "YES", cotton is ineligible for outside-stored loan.)	7-CN, paragraph 189					
C. Is CCC-10 on file? (except for turn-around loans)	7-CN, paragraphs 181 and 223.7					
D. Is the cotton located in an area approved for outside storage?	7-CN, Exhibit 18.5					
8. Loan Request (Warehouse-Stored, ALL Types)						
A. Is CCC Cotton A-5 completed, signed by producer, and signed and dated (date received) by CCC representative?	7-CN, paragraphs 182, 222.7, 223.8 and 224					
B. Is CCC holder of the cotton EWR's and has acceptable classing information for all bales been obtained?	7-CN, subparagraph 166 and 167					
C. Is CCC-10 on file? (except for turn-around loans)	7-CN, subparagraphs 181, and 223.7					
D. Is the warehouse an approved cotton storage warehouse that is not in removed or terminated status?	7-CN, paragraph 121					
9. Producer/Commodity Eligibility						
A. Has the FSA-578 been properly completed and filed?	7-CN, subparagraph 118B					
B. Has the CCC-770 Eligibility checklist been completed and verified?	7-CN, subparagraph 53A					
C. Did the producer answer "No" to the question, "Are you or any co-applicant delinquent on any Federal non-tax debt on CCC Cotton A-5?"	7-CN, subparagraph 101B					
D. Has the loan been requested on or before the final loan availability date of May 31 following harvest?	7-CN, subparagraph 162A					
E. Is the quantity requested within the COC-established reasonable yield for the commodity? County Offices MUST run queries.	7-CN, subparagraph 119B					
F. Has a second party review been properly completed? Ensure that the loan application was initiated by the reviewer.	7-CN, subparagraph 182B					
10. MAL Processing/Approval						
A. Has lien search been performed for each application?	7-CN, subparagraph 124A					
B. Has CCC-679 (lien waiver) been obtained from all parties with a security interest in the producer's crop?	7-CN, paragraph 163					
C. If producer is signing in a representative capacity, was indicator "by" or "for" used?	7-CN, paragraph 189					
D. Has "date documents received" (Item A8 of Cotton A-5) been determined based on the latter of either: • date CCC Cotton A-5 is received and all other forms (such as lien waiver, CCC-10) are received • date CCC is made holder of EWR's	7-CN, paragraph 181					
E. Is there any evidence or knowledge that the commodity is no longer in existence or has been damaged from the indicated quantity?	7-CN, paragraph 189					
F. Has a bale data file been created using preprocessed bale data in Cotton PC by diskette, email, or by manual entry?	7-CN, paragraph 321					
G. Have EWR's and classing information been downloaded in Cotton PC?	7-CN, paragraph 321					

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2 Applicable Checklists and Availability (Continued)

C Example of CCC-770 CottonMAL (Continued)

CCC-770 CottonMAL (01-24-07)		Page 2			
<b>10. MAL Processing/Approval, Continued from Page 1</b>					
H. Has UCC-1 been filed and verification of the filing received?	7-CN, paragraphs 163, 226, and 223.7				
I. Has loan file been transferred from Cotton PC to APSS?	7-CN, paragraph 189				
J. Has loan been completed in APSS, or if loan is saved for later disbursement was the loan printed out and saved?	7-CN, paragraph 189				
K. If applicable, has form CCC-674 or SF-LLL been obtained for loans greater than \$150,000?	7-CN, paragraph 37				
L. Have CCC-601 (version 08/29/06) and the CCC-601 ELS Appendix been provided to producer?	7-CN, paragraph 222.7, 223.8 and 224				
<b>11. Distribution of Loan Documents</b>					
A. Has CCC Cotton A-5 been distributed as follows? <ul style="list-style-type: none"> <li>• copy in County Office records</li> <li>• copy to producer</li> <li>• copy to cotton loan clerk, if applicable</li> </ul>	7-CN, paragraph 182				
B. Are the following documents filed in a locked, fireproof custody file? <ul style="list-style-type: none"> <li>• original signed and approved CCC Cotton A and Continuation, if applicable</li> <li>• original CCC Cotton A-1</li> <li>• original transaction summary report</li> </ul>	7-CN, paragraph 190				
C. Are the following documents filed in the producer's loan folder? <ul style="list-style-type: none"> <li>• copy of signed and approved CCC Cotton A</li> <li>• copy of signed CCC Cotton A Continuation, if applicable</li> <li>• copy of CCC Cotton A-1</li> <li>• copy of transaction summary report</li> <li>• other documents signed by producer pertaining to this loan</li> <li>• original of Producer's Disbursement Transaction Statement</li> <li>• all printouts from Cotton PC, including Validation Review Reports, Classing Data, and Bale Recap Listings</li> </ul>	7-CN, paragraph 190				
D. Have the following documents been provided to the producer? <ul style="list-style-type: none"> <li>• copy of signed and approved CCC Cotton A</li> <li>• copy of signed CCC Cotton A Continuation, if applicable</li> <li>• copy of CCC Cotton A-1</li> <li>• copy of transaction summary report generated by APSS</li> <li>• copy of Producer's Disbursement Transaction Statement</li> <li>• CCC-601</li> <li>• copy of Bale Recap List</li> <li>• copies of other documents signed by producer pertaining to this loan</li> </ul>	7-CN, paragraph 190				
<b>12. Remarks</b>					
<p><i>Certifications:</i>  <b>I (we) the undersigned certify the above items have been verified or updated accordingly.</b></p>					
13A. Signature of Preparer(s)				13B. Date (MM-DD-YYYY)	
14A. I concur/do not concur the above items have been verified or updated accordingly.				<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur	
14B. CED Signature for Spotcheck				14C. Date (MM-DD-YYYY)	
15A. I concur/do not concur the above items have been verified or updated accordingly.				<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur	
15B. DD Signature for Spotcheck				15C. Date (MM-DD-YYYY)	
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**2 Applicable Checklists and Availability (Continued)**

**D Instructions for CCC-770 UPLDP**

State and County Offices shall complete CCC-770 UPLDP according to the following.

<b>Item</b>	<b>Instructions</b>
1	Enter the name of the applicant.
2	Enter last four digits of the producer ID number.
3	Enter the State name.
4	Enter the County Office name.
5	Enter the farm number.
6	No entry required.
7	Enter crop year.
8	Enter LDP number.
9 through 27	Check (✓) “Yes”, “No”, or “N/A”, as applicable for each entry, and initial and date checked items.  <b>Note:</b> The date is applicable to the day the checklist is completed.
28	Enter any remarks that may explain special circumstances or explanation for items checked “No”.
29A and 29B	Any employee that initials items 9 through 27 shall certify CCC-770 UPLDP by signing as the preparer and entering the date of signature.
30A through 30C	CED or designated representative shall certify CCC-770 UPLDP according to the following: <ul style="list-style-type: none"> <li>• indicating if CCC-770 UPLDP items have or have not been verified and completed by checking “Concur” or “Do Not Concur” in item 30A</li> <li>• signing item 30B as the second party reviewer</li> <li>• entering date of signature in item 30C.</li> </ul>
31A through 31C	If CCC-UPLDP is selected for spot check, then DD shall certify according to the following: <ul style="list-style-type: none"> <li>• indicating if CCC-770 UPLDP items have or have not been verified and completed by checking “Concur” or “Do Not Concur” in item 31A</li> <li>• signing item 31B as the spot checker</li> <li>• entering date of signature in item 31C.</li> </ul> <p style="text-align: center;"><b>Note:</b> Items 31A, B, and C remains blank if CCC-770 UPLDP is <b>not</b> selected for spot check.</p>

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**2 Applicable Checklists and Availability (Continued)**

**E Example of CCC-770 UPLDP**

The following is an example of CCC-770 UPLDP.

<b>This form is available electronically.</b>						
<b>CCC-770 UPLDP</b> (12-15-06)  <b>UPLAND COTTON LOAN DEFICIENCY PAYMENT (LDP) CHECKLIST</b>	<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation		1. Producer's Name	2. Producer ID (Last 4 Digits)		
	3. State Office Name		4. County Office Name			
	5. Farm Number		6. Program <b>Upland Cotton LDP</b>			
	7. Crop Year		8. LDP Number			
<b>Note:</b> Complete this checklist for each LDP application. Provisions of 7-CN are applicable.						
	<b>Handbook or Other Applicable References</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>	<b>Initials</b>	<b>Date</b>
9. If signed in a representative capacity, was the contract signed using an indicator such as by or for?	1-CM, Part 25					
10. Is there a properly completed CCC-633EZ page 1 and 3 on file? (Explain "NO" answer):	7-CN, subparagraphs 261.5 and paragraph 274					
11. Is the quantity requested for LDP within the COC-established reasonable yield for the commodity? (Use Price Support queries)	7-CN, Subparagraph 119B					
12. Is LDP rate correct for the date beneficial interest was lost, if on the date of the request the producer no longer has beneficial interest?	7-CN, subparagraph 262A					
13. If signed in a representative capacity, is proper signature authority on file?	1-CM, Part 25					
14. Did the COC or designated authority approve the contract/application?	7-CN, subparagraph 261.5					
15. Has acceptable production evidence been submitted, namely either a bale list (date-stamped on arrival) or acceptable warehouse receipts?	7-CN, paragraph 266					
16. To best of knowledge, has applicant been convicted of a controlled substance violation making the applicant ineligible under provisions of 1-CM?	1-CM					
17. Did the producer certify that they were not delinquent on a Federal non-tax debt on form CCC-633EZ?	7-CN, subparagraph 261.5 and paragraph 274					
18. If request is for LDP based on date BI was lost, was the CCC-633EZ page 1 filed prior to loss of beneficial interest? <i>Reject application if answer is "NO".</i>	7-CN, subparagraph 261.5 and paragraph 274					
19. If request is for a module-lock-in LDP, is the request date after the beginning-of-harvest-date for the County?	7-CN, subparagraph 261.5 and paragraph 274					
20. If request is for a module-lock-in LDP, does production evidence from the gin indicate that the bales were produced from the modules identified on the original application?	7-CN, subparagraph 275B					
21. Was classification information downloaded before LDP was issued? (Explain "NO" answer):	7-CN, subparagraph 267B					
22. Was acreage reported according to 2-CP using FSA-578?	7-CN, subparagraph 100A 2-CP, paragraph 15					
23. Was a 2 <sup>nd</sup> party review of application completed and the request initiated?						
24. Was eligibility checklist CCC-770 Eligibility completed?	7-CN, subparagraph 53A					
25. Has form CCC-674 or SF-LLL been obtained, if applicable? (LDP greater than \$100,000)	7-CN, subparagraph 37B					
26. Is assignment, if applicable, on file and recorded in Financial Services as "LDP" and LDP Web?	15-PS					
27. For eLDP ONLY:						
A. Has eLDP customer profile been established?	7-CN, subparagraph 285B					
B. Has eLDP application been submitted and printed?	7-CN, subparagraph 285.2 15-PS, Part 3					
C. Has eLDP payment been "certified" and "signed" in National Payment Services (NPS)?	15-PS, paragraphs 502 and 503					

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2 Applicable Checklists and Availability (Continued)

E Example of CCC-770 UPLDP (Continued)

**CCC-770 UPLDP** (12-15-06) Page 2

28. Remarks:

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**Certifications:**  
*I (we) the undersigned certify the above items have been verified or updated accordingly.*

29A. Signature of Preparer(s)	29B. Date (MM-DD-YYYY)
<b>30A. I concur/do not concur the above items have been verified or updated accordingly.</b> <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur	
30B. CED Signature for Spotcheck	30C. Date (MM-DD-YYYY)
<b>31A. I concur/do not concur the above items have been verified or updated accordingly.</b> <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur	
31B. DD Signature for Spotcheck	31C. Date (MM-DD-YYYY)

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**2 Applicable Checklists and Availability (Continued)**

**F CCC-770 Eligibility Instructions**

See 3-PL for CCC-770 Eligibility instructions.

**G Spot Check Policy**

CCC-770 CottonMAL and CCC-770 UPLDP shall be randomly selected for spot check.

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

**H CED Spot Checks**

CED's:

- are required to perform spot checks of CCC-770 CottonMAL's and CCC-770 UPLDP's
- shall spot check CCC-770 CottonMAL's and CCC-770 UPLDP's every FY quarter, according to the following:

Number of Checklists	Number of Checklists to Spot Check
10 or less	5
11 through 1,000	10
more than 1,000	20

- shall spot check every CCC-770 CottonMAL and CCC-770 UPLDP for STC, COC, and/or employee
- shall sign CCC-770 CottonMAL's and CCC-770 UPLDP's and check "Concur" or "Do Not Concur" for the randomly selected CCC-770 CottonMAL's and CCC-770 UPLDP's
- shall report to COC and the STC representative any CCC-770 CottonMAL or CCC-770 UPLDP that is checked "Do Not Concur".

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**2 Applicable Checklists and Availability (Continued)**

**I State Office Spot Check Selection**

The State Office shall select the following number of CCC-770 CottonMAL's and CCC-770 UPLDP's for spot check by STC or their representative, at a minimum, every FY.

<b>Number of Checklists</b>	<b>Number of Checklists to Spot Check</b>
10 or less	3
11 through 1,000	5
more than 1,000	10

**J STC or Designee Spot Checks**

STC or their designee shall:

- spot check:
  - the checklists selected by the State Office as selected according to subparagraph I, plus
  - at a minimum, 50 percent of the CED's spot checks in subparagraph H
- sign CCC-770 CottonMAL and CCC-770 UPLDP and check "Concur" or "Do Not Concur" for the selected determination or certification changes
- submit the results of the spot checks to SED.

## Notice CN-1016

### 2 Applicable Checklists and Availability (Continued)

#### K National Report

At the end of FY, State Offices shall compile a report of spot check results from each quarter for submission to the National Office. Each report must be categorized by the following:

- quarter
- county
- number of MAL's and LDP's received in County Office
- number of CCC-770 CottonMAL's and CCC-770 UPLDP's:
  - selected for spot check
  - concurred by CED or designee
  - concurred by STC or designee
  - not concurred by CED or designee
  - not concurred by STC or designee.

Reports of results are due to PSD no later than October 31 of each year. Reports may be submitted by either of the following:

- e-mail to [gene.rosera@wdc.usda.gov](mailto:gene.rosera@wdc.usda.gov)
- FAX to 202-690-1536.

### 3 Action

#### A County Office Action

County Offices shall implement using CCC-770 CottonMAL and CCC-770 UPLDP for all cotton loan and LDP requests