

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice CMA-143

For: State and County Offices, CMA's, DMA's, and LSA's

**CMA, DMA, and LSA Interim LDP and Marketing Loan Gain (MLG)
Reconciliation Process and Deadlines for 2014 and 2015 Crop Years**

Approved by: Acting Deputy Administrator, Farm Programs



1 Payment Limitation and Eligibility Process for 2014 and 2015 LDP's and MLG's

A Background

The Agricultural Act of 2014 (2014 Farm Bill) provides:

- that direct attribution and payment limitation provisions are applicable for:
 - LDP's
 - MLG's resulting from MAL repayments
- that the \$125,000 payment limitation is shared with payments earned through the Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC) Program for all commodities **except** peanuts. Peanuts have a separate \$125,000 payment limitation for MLG, LDP, and ARC/PLC payments.

Section 740 of the Consolidated Appropriations Act, 2016 amended Section 166 of the Federal Agriculture Improvement and Reform Act of 1996 and beginning with the 2015 crop year MAL's, the Secretary shall provide commodity certificates in the same terms and condition as were in effect for the 2008 crop year for loans. Effective with the 2015 crop year MAL's, CCC authorized the purchase of commodity certificates referred to as Commodity Certificate Exchange (CCE), which must be immediately exchanged for outstanding nonrecourse MAL collateral by a producer or designated agent.

To monitor direct attribution and payment limitation provisions, FSA provided an Interim 2014 LDP and MLG attribution process. An import process was created to record all LDP's and MLG's issued by CMA's, DMA's, and LSA's. The additional CCE provision added for crop year 2015 changed the criteria for eligibility and the process for attributing gains and reducing payment limitation. The interim attribution process was updated to include the revised 2015 criteria for CCE purchases.

Disposal Date	Distribution
May 1, 2017	State Offices; State Offices relay to County Offices, CMA's, DMA's, and LSA's

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1 Payment Limitation and Eligibility Process for 2014 and 2015 LDP's and MLG's (Continued)

B Purpose

This notice:

- updates instructions issued in Notice CMA-138 and CMA-139
- provides instructions for reconciling 2015
- informs CMA's, DMA's, and LSA's of the following:
 - interim attribution process overview and report options
 - crop years 2014 and 2015 reconciliation instructions and deadlines.

2 Interim LDP and MLG Attribution Process

A Interim LDP and MLG Attribution Process Development and Purpose

The LDP and MLG attribution process is a web-based system for FSA County Offices that records attribution amounts to a payment entity and members, if applicable, resulting from LDP's and MLG's on MAL repayments, and also for CCE transactions. For crop year 2015, this web-based system was enhanced to:

- correctly process eligibility, attribute LDP amounts and allocate against payment limitation
- attribute CCE purchases for eligible producers but not reduce their effective payment limitation for a CCE.

Through this process, reports can be provided as needed to control the \$125,000 payment limitation applicable to LDP's and MLG's. Data exists to determine the available payment limitation if ARC/PLC payments are triggered.

An import process was developed to accommodate CMA's, DMA's, and LSA's to electronically provide data to incorporate into the interim LDP and MLG attribution process for verifying payment eligibility and monitoring payment limitation.

B CMA, DMA, and LSA Process

The Market Gains and LDP's Import Process User Guide (User Guide) was provided by e-mail to all CMA's, DMA's, and LSA's in March 2015, instructing each entity of the 3-step process required for the 2014 interim LDP and MLG attribution process. An updated version was distributed on November 2, 2015 that included changes for the 2015 crop year.

2 Interim LDP and MLG Attribution Process (Continued)

B CMA, DMA, and LSA Process (Continued)

The process required the following.

- Customer Verification. All CMA's, DMA's, and LSA's **were required** to submit files with all customers to verify the customer data matches FSA's customer profile. FSA subsequently transmitted the results back to each entity. See User Guide, Part 2 for CMA's, DMA's, and LSA's.
- Import Process. Provided instructions for all entities to prepare transmission files and the format to use for electronically submitting all LDP's and MLG's for each customer. Provisions were also included to modify transmissions. See User Guide, Part 3 for CMA's, DMA's, and LSA's. When LDP's and MLG/CCE's have been issued an updated import file should be submitted as soon as practicable. CMA's, DMA's, and LSA's who did **not** issue 2014 LDP's or MLG's did **not** have to complete the import process.
- Reports. Interim process included report functions to assist all entities in reconciling LDP's, MLG's, denied MLG's, and ineligible LDP's. See User Guide, Part 4 for CMA's, DMA's, and LSA's.

C 2014 Data Import Deadline

For crop year 2014, after the customer was verified, LDP's and MLG's were required to be correctly entered and electronically imported to FSA each week they were issued, but no later than 14 calendar days after the benefit was issued. If it is determined there are missing records or records not submitted, they **must** be submitted no later than **October 15, 2016**.

2 Interim LDP and MLG Attribution Process (Continued)

D 2015 Data Import Process and Deadlines

The crop year 2015 customer verification process first utilized the previously verified 2014 customers for each ADP who submitted files. New customers must be submitted in accordance with Part 2 of the User Guide. For crop year 2015 LDP transactions, all LDP's issued **must** be correctly entered and electronically imported to FSA no later than **September 15, 2016**. If the LDP is issued after that date, the LDP must be electronically imported no later than 14 calendar days after the benefit is issued. All MLG/CCE transactions, which will be recorded through MLG process, must also be recorded and imported. The 2015 process "assumes" all MLG transactions are to be converted to CCE provisions (signed CCC-694-2) and does so by checking proper eligibility flags and not attributing against the payment limitation. Therefore, if there is any producer that the LSA/DMA does **not** have a signed CCC-694-2 on file, who received an MLG, the producer and payment information must be submitted to PSD, ATTN: Frankie Coln, no later than **September 15, 2016**. These producers who did not sign the CCC-694-2, will be processed requiring manual intervention, which could result in a delayed ARC/PLC payment. Ensure all efforts are made to obtain the proper signatures, subject to the producer's election.

2015 ARC/PLC payments, if triggered, will be issued in October 2016. It is imperative that all LDP benefits are imported, and MLG (ineligible CCE) gains are **manually reported** no later than **September 15, 2016**. All transactions that are processed after September 15, 2016, through CCE, with a signed CCC-694-2, must be imported **no later than June 1, 2017**.

2015 Interim Process Clarification	
Customer Verification	
IF...	THEN...
the customer was verified in 2014	the CMA/LSA/DMA must submit the list of customers to be "rolled" to 2015. This list should only include customers that are still active.
new customer for 2015	submit the required customer data to be verified.
Data Import	
LDP was issued before September 15, 2016	import electronically according to User Guide, Version 3.0, no later than September 15, 2016 .
LDP issued after September 15, 2016	import electronically according to User Guide, Version 3.0, no later than 14 calendar days after the benefit is issued.
CCE transaction	import electronically according to User Guide, Version 3.0, no later than April 1, 2017 .
MLG transaction, where producer did not sign CCC-694-2 in LSA or DMA	notify PSD the name of the producer, the amount of the MLG, and the loan number to Frankie Coln via e-mail to frankie.coln@wdc.usda.gov .

3 Interim LDP and MLG Attribution Process Reconciliation Overview

A Interim LDP and MLG Attribution Process Reports

Reports included in this notice, along with instructions provided in the User Guide, Part 4 for CMA's, DMA's, and LSA's, shall be followed in the reconciliation process.

A Reconciliation Report has been created to assist in the reconciliation process, which expands the Reduction Report. Following is an overview of the usage and completion of the reports.

- **Customer Verification Report.** This report is the first step in the reconciliation process. The report is used to verify all customers in FSA's database. The following is an example of the report.

Company CCID	Tax ID	Tax ID Type	Company Customer Name	FSA CCID	FSA Common Customer Name	Recording State	Recording County
123456783	XXXXXXXXXX	S	JOHN DOE	11111111	JOHN DOE	05	021

- **Attribution Report.** This report lists the accumulated attribution amount for each customer across all organizations. Use this report to verify that attribution amounts are correct and all amounts issued by users CMA's, DMA's, or LSA's have been attributed. The following is an example of the report.

```
core_customer_idenfifier,common_customer_name,total_payment_attribution_amount
12345678,JOHN DOE,14948.51
11111111,JANE DOE,1526.65
```

- **Reduction Report.** This report only includes customers with an ineligibility condition. However, any member of the applicable CMA, DMA, or LSA with a reduction will be included and the reduction reason will indicate why LDP or MLG could **not** be attributed. The following is an example of the report.

```
company_ccid,customer_ccid,common_customer_name,reductions
12345789,11111111,JOHN DOE LLC, No Entity File Record
```

3 Interim LDP and MLG Attribution Process Reconciliation Overview (Continued)

A Interim LDP and MLG Attribution Process Reports (Continued)

- **Reconciliation Report.** This report uses the Reduction Report information, but is expanded to list the producer's State and County Office. This report will furnish the CMA, DMA, or LSA the producer's name and ID, reduction reason code, and the State and county code to which the error is assigned. This report shall be used when working with customers and specific State and County Offices to correct the error, if possible. The following is an example of the report.

Producer CCID	Producer Name	Reduction Reason	State	County
12345678	John James LLC	AGI	48	017

The Attribution Report and Reduction Report should both be used to determine if the correct amount was issued and attributed.

Note: More specific instructions and descriptions of each report are in the User Guide, Part 4.

4 Reconciliation of the Interim LDP and MLG Attribution Process

A Completing the 2014 Reconciliation

CMA's, DMA's, and LSA's shall complete the steps in the following table to complete the initial reconciliation.

Step	Description	Action
1	Customer Verification	Complete the customer verification process. This includes the initial verification and correction of any rejected records through a subsequent transmission. User Guide, Part 2, pages 3 through 5 shall be followed. Review the Customer Verification Report according to User Guide, Part 4, Reports, page 8.
2	Import Process	After customer data has been verified, submit LDP and MLG transaction data to FSA to be imported into the interim process to verify eligibility and attribute amounts for payment limitation purposes. Files are processed nightly. This process can be initiated once each day if CMA, DMA, or LSA has issued LDP and MLG transactions. Ensure that records are modified and resubmitted if corrections are needed. User Guide, Part 3, pages 6 and 7 shall be followed.
3	Attribution and Reduction Reports	Monitor the reports generated from the import process. Review the Attribution Report according to User Guide, Part 4, Reports, page 9, and the Reduction Report, page 10. The reports can be processed daily based on the previous night's processing.

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4 Reconciliation of the Interim LDP and MLG Attribution Process

A Completing the 2014 Reconciliation (Continued)

Step	Description	Action
4	Reconciling Attribution Report	If the Attribution Report reflects incorrect attributed amount for CMA, DMA, or LSA customer, and the customer is not on the Reduction Report, delete the transaction, load correctly, and upload correction in a new import file.
5	Reconciling Reduction Report	If the Reduction Report reflects a customer with an error code, contact the customer to verify and correct the error if the producer has not filed required forms.
6	Reconciliation Report	If CMA, DMA, or LSA cannot determine the error causing the reduction, or if producer stated that forms have been previously filed, contact the State and county listed on the corresponding reconciliation report for the producer. The County Office will be able to review their nonpayment report, common payment reports, and if necessary, subsidiary files to identify the issue. (Provided by PSD to the CMA/LSA/DMA, if the report lists any of their customers).
7	Submitting Import File for Corrections if Record needs to be deleted	The original record must be submitted as a “modified” record with \$0 according to User Guide, Part 3.
8	Reporting Ineligible Benefits Issued (Ineligible LDP or Denied MLG)	If it is determined that LDP or MLG issued exceeded the producer payment limitation, or if LDP or MLG was issued to an ineligible producer, the producer and amount from reconciliation report must be e-mailed to Frankie Coln, PSD, according to subparagraph 5 A using Exhibit 1 by October 15, 2016. A report is required from all CMA/LSA/DMA’s, who received a report from PSD, including negative if producer’s records were corrected and no longer indicate ineligible benefit was received.
9	Collecting Ineligible Benefits Issued	Follow paragraph 5 for collecting ineligible benefits.

4 Reconciliation of the Interim LDP and MLG Attribution Process (Continued)

B Completing the 2015 Initial Reconciliation

CMA's, DMA's, and LSA's shall complete the steps in the following table to complete the initial reconciliation.

Step	Description	Action
1	Customer Verification	Complete the customer verification process by reviewing the Customer Verification Report initially based on the 2014 customer data. Correct any rejected records through a subsequent transmission. User Guide, Part 2, pages 3 through 5 shall be followed. Review the Customer Verification Report after each verification file submitted according to User Guide, Part 4, Reports, page 8.
2	Import Process	After customer data has been verified, submit LDP and CCE transaction data to FSA to be imported into the interim process to verify eligibility and attribute LDP amounts for payment limitation purposes. Files are processed nightly. This process can be initiated once each day if CMA, DMA, or LSA has issued LDP and MLG/CCE transactions. Ensure that records are modified and resubmitted if corrections are needed. User Guide, Part 3, pages 6 and 7 shall be followed.
3	Attribution and Reduction Reports	Monitor the reports generated from the import process. After each import file is submitted, review the Attribution Report according to User Guide, Part 4, Reports, page 9, and the Reduction Report, page 10. The reports can be processed daily based on the previous night's processing.
4	Reconciling Attribution Report	If the Attribution Report reflects an incorrect attributed amount for CMA, DMA, or LSA customer, and the customer is not on the Reduction Report, then further review is needed. After the error is corrected, upload the correction in a new import file.
5	Reconciling Reduction Report	If the Reduction Report reflects a customer with an error code, contact the customer to verify and correct the error if it is a situation that the producer has not filed required forms.
6	Reconciliation Report	If CMA, DMA, or LSA cannot determine the error causing the reduction, or if producer stated that forms have been previously filed, contact the State and county listed on the corresponding Reconciliation Report for the producer. The County Office will be able to review their nonpayment report, common payment reports, and if necessary, subsidiary files to identify the issue. (Provided by PSD to the CMA/LSA/DMA, if the report lists any of their customers).

4 Reconciliation of the Interim LDP and MLG Attribution Process (Continued)

B Completing the 2015 Initial Reconciliation

Step	Description	Action
7	Submitting Import File for Corrections if record must be deleted	The original record must be submitted as a “modified” record with \$0 submitted according to User Guide, Part 3.
8	Reporting Ineligible Benefits Issued (Ineligible LDP or Denied MLG)	If it is determined that LDP or MLG issued exceeded the producer payment limitation, or if LDP or MLG was issued to an ineligible producer, the producer and amount must be e-mailed to Frankie Coln, PSD, according to subparagraph 5 A using Exhibit 1. Submit a final report by June 1, 2017 .
9	Collecting Ineligible Benefits Issued	Collect ineligible benefits according to paragraph 5.

5 Ineligible LDP Benefits and Denied Market Gain Collections

A Collection of Denied LDP or MLG Benefits

Denied MLG (D-MLG) and LDP overpayments occur when MAL repayment and/or LDP transactions for a producer result in exceeding the applicable payment limitation, or other eligibility requirements have not been met.

If a member benefits from an LDP and/or MLG and their payment limitation eligibility has been exceeded, then DMA or LSA is required to request a refund from that member on behalf of CCC for the D-MLG and/or LDP overpayment. For DMA and LSA producers, the County Office is responsible for requesting a refund to CCC.

Any amount owed CCC may be offset from any CCC or FSA payments the producer may be entitled to receive. CMA’s, DMA’s, and LSA’s shall refund D-MLG and LDP overpayments for their members according to this paragraph.

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5 Ineligible LDP Benefits and Denied Market Gain Collections (Continued)

B CMA, LSA, DMA Action

Due process must be provided to any producer who must refund D-MLG to CCC. CMA's are considered the producer in relation to administering MAL's and LDP's on behalf of CCC. CMA is responsible for refunding any overpayment of D-MLG or LDP overpayments.

CMA's, DMA's, and LSA's:

- who have member and/or producers with a known D-MLG or LDP overpayment as of the date of this notice, may collect the amount due from the producer according to their own established procedures
- shall follow instructions provided in this notice to report and monitor payment limitation for their members.

C PSD Action

PSD will begin the final reconciliation collection process, on behalf of CCC, for D-MLG according to Exhibit 2, after the final loan maturity date in May, 2017.

Notification letters will be issued to applicable producers to inform them of D-MLG amounts due to CCC with instructions for refunding the determined amount to CCC.

6 Contacts

A Contacts

CMA's, DMA's, and LSA's shall direct **policy** questions according to the following table.

IF the policy question is about...	THEN contact...
cotton CMA's and LSA's	Frankie Coln by either of the following: <ul style="list-style-type: none"> e-mail to frankie.coln@wdc.usda.gov telephone at 202-720-9011.
cotton LDP's or MAL's	Kelly Hereth by either of the following: <ul style="list-style-type: none"> e-mail to kelly.hereth@wdc.usda.gov telephone at 202-720-0448.
peanut DMA's	Kathy Sayers by either of the following: <ul style="list-style-type: none"> e-mail to kathy.sayers@wdc.usda.gov telephone at 202-834-5879.

B LDP and MLG Interim Process Contacts

State Offices shall direct LDP and MLG interim process **automation** questions according to the following table.

IF the automation question is about...	THEN contact...
importing data into the LDP and MLG interim reporting process	Tracey Smith by either of the following: <ul style="list-style-type: none"> e-mail to tracey.smith@wdc.usda.gov telephone at 202-720-4365.
errors in any of the LDP or MLG reports listed in subparagraph 3 A	

REPRODUCE FORM FROM NOTICE.

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Final Reconciliation Collection Process

The following table outlines the process for collecting D-MLG's after the final reconciliation period.

IF D-MLG or LDP overpayment is applicable to...	THEN...
CMA	<p>the PSD Program Manager shall request that:</p> <ul style="list-style-type: none"> • a receivable be manually established for the CMA in the National Receivable and Receipts System (NRRS) for the D-MLG or LDP overpayment amount owed by CMA, according to instructions in 64-FI. Interest will not be applied if the refund is made according to the terms of the notification letter. Letter will be issued through NRRS and will contain address in which to mail the check and/or instructions for submitting a wire transfer. <p>If the receivable is not repaid by CMA according to the notification letter, interest will then be applied to the amount due CCC based on the date the receivable was created, and NRRS shall automatically:</p> <ul style="list-style-type: none"> • generate a 1st demand letter to CMA on the 31st day after the date of the notification letter • generate a 2nd demand letter to CMA on the 31st day after the 1st demand letter • notify TOP on the 120th day after the date of the notification letter.
LSA and/or DMA producer	<p>The PSD Program Manager will utilize the reconciliation reports submitted to request that:</p> <ul style="list-style-type: none"> • A receivable be manually established for the producer in NRRS for the D-MLG or LDP overpayment amount owed by the producer according to instructions in 64-FI. Interest will not be applied if the refund is made according to the terms of the notification letter. Notification letter will be issued through NRRS. Refer to 8-LP, Exhibit 11, using letter example F <p>If the receivable is not repaid by the producer according to the notification letter, interest will then be applied to the amount due CCC based on the date the receivable was created and NRRS shall automatically:</p> <ul style="list-style-type: none"> • generate a 1st demand letter to the producer on the 31st day after the date of the notification letter • generate a 2nd demand letter to the producer on the 31st day after the 1st demand letter • notify TOP on the 120th day after the date of the notification letter. <p>Note: County Offices shall deposit the collection according to 64-FI.</p>