

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

**Cooperative Marketing Association (CMA) and Loan Servicing Agency (LSA)
Reminders, Questions, and Answers**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A

**CMA
Background**

Cooperatives approved to be CMA's for CCC, play an important role in providing CCC marketing assistance loans and LDP's to producers. CMA's:

- enter into uniform marketing agreements with cooperative members
- submit member identification numbers to the automated CMA eligibility process for processing against producer subsidiary file records
- receive producer and farm eligibility records
- obtain warehouse or farm stored loans and LDP's on behalf of eligible producers on eligible farms

Note: CMA may obtain grain and rice loans and LDP's from a service County Office or cotton loans and LDP's through the Automated Cotton Reporting System (ACRS). CMA may receive a loan that covers a quantity delivered by multiple cooperative members.

- allocate market gains and LDP's within a producer's established payment limitation
- issue loan or LDP proceeds to applicable members according to the marketing agreement
- repay or forfeit loan collateral.

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<p>Disposal Date</p> <p>May 1, 2002</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices and FAX to CMA's and LSA's</p>
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1 Overview (Continued)

B

LSA Background

LSA's as CCC's agent:

- prepare and execute cotton loan and LDP documents
 - ensure that cotton to be pledged as security for a loan is eligible for price support and is free of liens
 - ensure that cotton for which loans and LDP's are requested, is eligible
 - submit member identification numbers to the automated CMA eligibility process
 - monitor producer and farm eligibility
 - request loans and LDP's through ACRS for eligible producers
 - obtain loan and LDP funds from CCC through a Cotton Commercial Bank for disbursement to producers
 - collect loan repayments.
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C

County Office Background

Because CMA's and LSA's rely upon County Office producer subsidiary file records, State and County Offices must be familiar with subsidiary file procedures and CMA program provisions, even though CMA or LSA may not be headquartered within the State or county.

D

Purpose

Questions and concerns were raised at the national CMA/LSA training held in Houston, Texas. This notice provides:

- clarification of County Office responsibilities
 - a series of questions and answers in Exhibits 1 and 2
 - problems and concerns expressed at the meeting and CCC's responses in Exhibit 3.
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2 County Office Responsibilities

A Administrative County Office

Administrative County Offices shall:

- update applicable files with information on producers and their farm operations

Note: Producer subsidiary records are only created for active producers. When creating files for new producers, be sure the producer is added to a farm record as owner, operator, or other producer so that the active producer flag in the NAM record is updated to “Y”. If a producer is not ‘active’, an eligibility record is not created for the producer.

- review, correct, and return information submitted by other administrative and control County Offices
- follow policy in 1-CMA, paragraph 46, to resolve farm number discrepancies
- review the CMA status report and take corrective action

Note: The CMA status report is accessed through Common Management Menu MA0000, option 8. See 1-CMA, paragraph 153.

- provide responses to CMA and LSA inquiries based on the CMA status report
 - upload automated files as required for subsidiary file processing
 - refer outstanding issues to the State Office.
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2 County Office Responsibilities (Continued)

B
Control
County Office

Control County Offices shall:

- verify ID and entity type discrepancies between County Offices
- review, and if necessary, reallocate PLM amounts to administrative County Offices, CMA's, and LSA's, as applicable, according to 1-CMA, paragraphs 88 and 89.

Note: All changes to a CMA producer's PLM shall be documented on CCC-732. All changes shall be agreed upon by CMA or LSA and the Control County Office in advance of the increase or decrease.

- upload files as required for subsidiary file processing
- review the CMA status report and take corrective action

Note: The CMA status report is accessed through Common Management Menu MA0000, option 8. See 1-CMA, paragraph 153.

- provide responses to CMA and LSA inquiries based on the CMA status report
 - research and validate 6-CP problems reported by administrative County Offices
 - refer outstanding issues to the State Office.
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General Policy Questions and Answers

Who is responsible for collecting delinquent FSA debt when CMA obtains a loan on behalf of a member who is delinquent to FSA and the applicable other agency claim flag was not set properly by the administrative County Office?

Until further notice, when a delinquent FSA debt is inadvertently not taken from a producer's loan or LDP proceeds as required by Notice FLP-195, CCC will not demand a refund from the producer.

When notified by Farm Loan Managers of FSA borrowers that are 31 days past due, CED's shall be sure the other agency claim flag in the name and address file is set to "Y". CMA's shall monitor field 67 in the eligibility download file and process offsets according to 1-CMA, paragraph 53.

A. Is the LDP module lock-in policy going to be effective for crop year 2001?

B. If so, are the module numbers recorded on CCC-877 or is a new form going to be created to record the module numbers?

A. Yes, the lock in policy will continue until changed by legislation.

B. A revised CCC-Cotton AA will contain a section for module identification for seed cotton.

Can the statement be incorporated on CCC-697 that asks, "Do you understand that you can not use a certificate exchange to repay this loan during the lock in period?"

PSD will consider entering the question on CCC-697.

Can County Offices release FSA-578 data to CMA's?

No, CMA's and LSA's are expected to obtain acreage data from the eligibility download process. Obtaining data from County Offices would place an additional workload burden on County Offices that is unwarranted.

Can CMA's use CCC forms for internal use?

Example: CMA takes an application for LDP on CCC-666 LDP or CCC-633 LDP from a cooperative member.

No, CMA's shall only use CCC forms to request loans and LDP's at the service County Office.

Automation Related Questions and Answers

Is there any possibility of CMA's receiving an AS/400 system to obtain producer eligibility information? If not, would it be possible for CMA's to query the appropriate subsidiary files at Kansas City to determine producer eligibility in real time?

No AS/400's will be deployed to CMA's.

Long range plans provide for producer records to be available to County Offices from a centralized database. PSD will promote granting CMA/LSA secured access to those records provided CMA's/LSA's only has access to producer data associated with that specific CMA/LSA.

Why don't County Offices receive the same eligibility weekly output file that CMA's receive so they both can view the same information?

County Offices can see the same information that is provided to CMA's, only in a slightly different format. See 1-CMA, paragraph 154.

What can CMA's do to make the CMA eligibility process better for County Offices?

CMA's shall:

- **when they enroll members under marketing agreements each crop year, notify the applicable County Office of the members who will obtain loans and LDP's through CMA**
- **not request loans and LDP's for members until they are absolutely sure the producer is eligible, see 1-CMA, paragraph 48**
- **keep State Office Price Support specialists informed of problems by email, if available.**

When will the State CMA summary report be available?

The State CMA summary report is available according to 1-CMA, paragraph 145. PSD discovered that the report retains the date of the last report until the report changes. Therefore, some States are receiving reports that seem to be outdated but are not. The report will be modified.

Some producers, such as honey producers, do not have farm numbers. How does a County Office set up subsidiary files for producers with no farm numbers?

A County Office shall set up a 'bogus' farm that makes these producers 'active' on a farm. Multiple producers may be added to the 'bogus' farm.

Problems and Concerns

CMA did not receive PLM's on new producers and members of partnership/joint operations until October 27, 2000.

County Offices must establish subsidiary files for new producers and make them 'active' on a farm before subsidiary files can be created. The problem with partnerships resulted from a 'clean up' of subsidiary files.

The eligibility process reports a record as eligible when reported and determined acres are zero with no farm number.

The eligibility output file does not report acreage and applicable farm number information until acreage data is uploaded from the County Office. A producer eligibility record lacking acreage and applicable farm number data will not trigger an ineligible flag for the producer.

CMA receives the AD-1026 flag set to "Y" where the control County Office is not the administrative County Office. The control County Office is unable to update the flag.

CMA' are unable to obtain payment limits for a few eligible producers.

CMA receives an ineligible record for a producer after receiving numerous eligible records for the same producer.

When such problems are encountered, CMA should send PSD enough detailed information, such as producer ID and farm numbers, to research the problem.

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Problems and Concerns (Continued)

The eligibility process should report producers as eligible on non-PFC contract farms.

Since the non-PFC contract provision was applicable for only the 2000 crop year, a programming change and the resulting costs could not be justified.

Output files were not available for download on Friday at the scheduled time.

Unavoidable delays occur. When download times are delayed, the Kansas City Complex will try to notify affected parties.

Changes in processing times at KCAO were not implemented to return payment limitations to CMA's and LSA's more timely.

After much discussion, it was determined that making changes to the processing schedule is not feasible at this time.

County Offices are not using the CMA status reports available to them.

PSD will make every effort to ensure County Offices are aware of the reports.

Provide time at national CMA/LSA meeting for 'breakout' discussions.

Begin CMA/LSA training with an overview of FSA and CMA/LSA roles in fundamental terms.

This suggestion will be seriously considered for future training sessions.

CMA's need advance notice of changes planned by KCAO such as deleting BBS.

PSD will try to provide as much advance notice as possible of upcoming changes.
