

For: State and County Offices and DMA's

Validation of Warehouse Receipts Required Before MAL Disbursement

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

Warehouse receipts from a CCC approved or authorized warehouse may be presented by an eligible producer as collateral for a MAL. A warehouse MAL must **not** be disbursed if the warehouse receipt does not contain all of the required information and is graded correctly according to U. S. Grading Standards.

This year, the Kansas City Commodity Office has had to return to County Offices a number of warehouse receipts forfeited to CCC because the required information was not on the receipt or the grading factors were incomplete or did not substantiate the grade indicated.

In order to alleviate this situation, an Excel worksheet has been developed outside of CLPS. County Offices must use this worksheet to verify the grading requirements before entering the warehouse MAL request into CLPS.

B Purpose

This notice reminds State and County Offices of the:

- requirements for warehouse receipts presented to CCC as loan collateral
- availability of the "Warehouse Validation" worksheet required to be completed for all MAL's before disbursement.

Disposal Date	Distribution
June 1, 2018	State Offices; State Offices relay to County Offices and DMA's

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1 Overview

C Contact

If there are policy questions about this notice, State Offices can contact DeAnn Allen, PSD, by either of the following:

- e-mail to **deann.allen@wdc.usda.gov**
- telephone at 202-720-9889.

If there are questions regarding the worksheet in this notice, State Offices can contact Laura Schlote, PECD, by either of the following:

- e-mail to **laura.schlote@wdc.usda.gov**
- telephone at 202-720-7785.

2 Warehouse Receipt Requirements

A Warehouse Receipt Requirements for MAL

A warehouse stored loan must **not** be disbursed if the warehouse receipt does not contain all of the required information and is graded correctly according to U.S. Grading Standards.

According to procedure in 8-LP, subparagraph 545 A, all warehouse receipts must:

- represent eligible commodity actually stored in an authorized warehouse
- be a paper, or Electronic Warehouse Receipt (EWR) issued through a DACO approved EWR provider
- have a valid CCC issued warehouse code
- be either an “approved” or “authorized” warehouse on DACO’s list of warehouses at **https://internet-dotnet.fsa.usda.gov/approved_whses/ugrsa/approved_ugrsa_whses.asp**
- be negotiable if a paper receipt, or loanable if EWR
- be issued to the eligible producer or CCC, as applicable, or in the case of loans made to CMA’s the receipt should be issued to CMA
- be endorsed on the back by the producer if the receipt is paper
- show ownership if commodity is owned by the warehouse operator, solely, jointly, or in common with others
- contain a statement that commodity is insured.

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2 Warehouse Receipt Requirements (Continued)

A General Warehouse Receipt Requirements Before Loan Disbursement (Continued)

In addition, all warehouse receipts must show all of the following:

- type of commodity
- name and address of storing warehouse
- CCC-assigned warehouse code
- warehouse receipt number
- date receipt issued
- date commodity was deposited or received
- prepaid handling charges or statement provided according to 8-LP, subparagraph 540 E
- date to which storage has been paid, storage start date or statement according to 8-LP, subparagraph 540 G
- whether commodity was received by rail, truck, or barge
- amount per bu. or cwt. of prepaid in or out charges
- signature of the warehouse operator or authorized agent.

B Commodity Specific Warehouse Receipt Requirements

See 2-LP Grains and Oilseeds for commodity specific warehouse receipt requirements for each eligible MAL commodity in addition to the U.S. Grading Standards for the commodity.

Example: For wheat, the commodity specific requirements are in 2-LP Grains and Oilseeds, subparagraph 1402 A.

These include but are not limited to the following:

- gross weight in pounds and net bu., cwt., pounds or tons, shown in decimal hundredths.
- class and subclass, if applicable
- grade, including special grades
- grading factors per applicable subparagraph in 2-LP Grains and Oilseeds.

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2 Warehouse Receipt Requirements (Continued)

B Commodity Specific Warehouse Receipt Requirements (Continued)

Important Reminders:

- If any of the required elements of a warehouse receipt, as specified in subparagraph 2 A, are missing or if the commodity was not graded correctly according to the factors for that commodity, the County Office must have the producer return the receipt to the warehouse to be corrected **before** loan disbursement. Warehouse operators or authorized representatives **must** initial any pen and ink changes they make on the corrected warehouse receipt.
- County Office employees are **not** to make any corrections or edits to the warehouse receipts.
- DACO allows corrections on any area of a paper warehouse receipt that was not pre-printed.

3 Warehouse Validation Worksheet

A Warehouse Receipt Validation Worksheets

An Excel “Warehouse Receipt Validation” worksheet has been developed that County Offices **must** use on all warehouse receipts presented for MAL **before** loan disbursement. See Exhibit 1 for an example of the worksheet and Exhibit 2 for instructions to complete the worksheet.

At the beginning of the 2017 crop year loan season, worksheets may not be available for all warehouse stored commodities. Worksheets for wheat, oats, and barley are currently available. Corn and soybeans worksheets will be available very soon. State and County Offices will be notified as worksheets for other commodities are available.

Notes: County Offices must not delay processing MAL requests until a worksheet for that commodity is available. Counties must manually check those receipts to make sure the warehouse receipt includes all the required information, and are graded correctly according to the U.S. Grading Standards in 2-LP Grains and Oilseeds.

County Offices must immediately use the worksheet for a commodity when it becomes available.

Information on cotton and peanuts warehouse receipts is currently verified in CLPS when processing MAL disbursement. Therefore, worksheets for cotton and peanut warehouse-stored loans will not be required.

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3 Warehouse Validation Worksheet (Continued)

A Warehouse Receipt Validation Worksheets (Continued)

The validation worksheet will check that all grading factors entered on the receipt substantiate the grade indicated. In addition, it will also verify that the producer has either paid or made arrangements for paying both of the following:

- in-charges
- storage through the loan maturity date.

Note: These requirements can either be entered by the warehouse operator directly on the warehouse receipt or the warehouse operator can provide signed certification statements with specific language according to 8-LP, subparagraphs 540 E and 540 G.

Using the validation worksheet, the receipt is valid when all fields contain data and the column on the right hand side of the page is blank. If there are grading factors not consistent with the grade indicated, error messages will display by the applicable factor in the right hand column. See Exhibit 3 for an example of a worksheet where there are error messages, and the grading factors indicate that the warehouse receipt is not correct.

If, as a result of either the warehouse validation worksheet or manual check of the receipts, information is either missing or incorrect, the County Office must:

- return the warehouse receipt to the producer presenting the receipt for loan
- not disburse the loan until the receipt has been corrected.

For crop year 2017 MAL's that have been disbursed **before** the issuance of this notice, County Offices must enter the warehouse receipt information into the warehouse validation worksheet.

If errors on the receipt or with the grading are identified after the warehouse loan has been disbursed, the County Office must:

- contact the warehouse operator and request they immediately come into the office and correct any incorrect factors or required information
- send the following information to the State Office specialist to enter on the CLPS sharepoint site:
 - State and County
 - loan number and commodity
 - maturity date of the loan
 - error identified.

Note: This information will assist the National Office in tracking these errors

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3 Warehouse Validation Worksheet (Continued)

A Warehouse Receipt Validation Worksheets (Continued)

- correct the loan immediately **if** the loan quantity on the receipt changes by cancelling and reentering the loan according to 16-PS
- allow the loan to remain as is if the correction to the warehouse receipt does not affect the loan quantity
- make sure the correct receipt information and grading factors are entered into CLPS if any of the corrected receipts are forfeited to CCC after loan maturity.

Note: The National Office will be tracking via the sharepoint site all of these loans to make sure the correct factors are entered during forfeiture if the receipts are not repaid and subsequently forfeited to CCC after loan maturity.

B Availability of Warehouse Validation Worksheets

As Warehouse Validation worksheets become available for each MAL commodity, they will be posted on the FSA Intranet at <https://inside.fsa.usda.gov/program-areas/dafp/commodity-and-facility-loans/commodity-loans/mal/index>, under “Other Resources”. Click on the Warehouse Grade Validation worksheet for the applicable commodity.

County Offices must open the worksheet and save to their computer. When the worksheet for the commodity is needed, the County Office employee must use the worksheet on their computer.

When saved on an employee’s computer, the completed worksheet can be:

- printed using the picture of the printer in the upper right hand corner
- cleared and information entered from another receipt, by clicking on the picture of the eraser in the upper left hand corner.

4 Action

A State Office Action

State Offices must:

- ensure that their County Offices are following this notice with regards to checking and verifying that the information on the warehouse receipts at loan disbursement is correct
- assist their County Offices with obtaining correction to warehouse receipts from the warehouse operator, if necessary
- assist the County Offices with correcting loans already disbursed where errors have been identified.

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4 Action (Continued)

B County Office Action

County Offices will contact their State Office with questions on anything in this notice.

County Offices must:

- check and verify that all required information is on the warehouse receipts at loan disbursement is correct
- verify that the commodity represented on the warehouse receipt is graded correctly and includes all the required grading factors using the warehouse validation worksheet, if available. If a warehouse validation worksheet is not yet available for the commodity, the warehouse receipt must be manually checked before disbursing a MAL.
- return to the producer incorrect warehouse receipts to be corrected by the warehouse operator before the MAL can be disbursed or require the warehouse operator to come into the County Office to correct the receipts on any MAL's already disbursed
- follow procedure specified in subparagraph 3 A when errors are identified.

Example of Warehouse Validation Worksheet

The following is an example of the Warehouse Validation Worksheet for wheat.

Note: The grading factors required will be those required for each specific commodity.

 Warehouse Receipt Validation 		
	Wheat	Receipt is Valid when all fields contain data and column is blank
State and County Code:		<div style="background-color: yellow; padding: 5px; margin-bottom: 10px;"> → Class is Required </div>
Warehouse Code:		
Warehouse Receipt #:		
Class:		
Sub Class:		
Estimated Loan Approval Date:		
Storage Paid Through Date:		
Receiving Charges Paid ?		
Grade:		
Gross Ibs (Inc Dock):		
Gross Bushels:		
Net Pounds:		
Net Bushels:		
Dockage%:		
Test Weight:		
Moisture %:		
Protein %:		
(TD) Total Damage %:		
(HD) Heat Damage %:		
(FM) Foreign Matter %:		
(SBK) Shrunken/Broken %:		
Total Defects %:		

Instructions for Completing the Warehouse Validation Worksheet


Instructions for completing the Warehouse Validation Worksheet for wheat are as follows:

Item	Instructions
State and County Code	Enter the State and County Code of the storing warehouse on the warehouse receipt
Warehouse Code	Enter the CCC approved warehouse code. This must be either an approved or authorized code on DACO's list of approved warehouses at https://internet-dotnet.fsa.usda.gov/approved_whses/ugrsa/approved_ugrsa_whses.asp .
Warehouse Receipt	Enter the warehouse receipt number from the receipt.
Class	Select the class of the commodity listed at the top of this column from the dropdown. Example: Hard red winter wheat is HRW.
Sub Class	Select the subclass from the dropdown, if applicable.
Estimated Loan Approval Date	Enter the estimated loan approval date in mm/dd/20XX format.
Storage Paid Through Date	Enter the storage paid through date from the warehouse receipt or the signed statement from the warehouse operator in mm/dd/20XX format.
Receiving Charges Paid?	Select from the dropdown either "Yes" or "No" pursuant to the information entered directly on the warehouse receipt or the signed statement from the warehouse operator.
Grade	Select the applicable grade from the dropdown.
Gross Pounds (Inc Dock)	Enter the Gross Pounds (Including Dockage) from the warehouse receipt.
Gross Bushels	Enter the Gross bushels from the warehouse receipt.
Net Pounds	Enter the net pounds from the warehouse receipt.
Net Bushels	Enter the net bushels from the warehouse receipt.
Dockage %	Enter the dockage percent from the warehouse receipt.
Test Weight	Enter the test weight from the warehouse receipt.
Moisture %	Enter the moisture percent from the warehouse receipt.
Protein %	Enter the protein percent from the warehouse receipt.
(TD) Total Damage %	Enter the total damage percent from the warehouse receipt.
(HD) Heat Damage %	Enter the heat damage percent from the warehouse receipt.
(FM) Foreign Matter %	Enter the foreign matter percent from the warehouse receipt.
(SBK) Shrunken/Broken %	Enter the shrunken/broken percent from the warehouse receipt.
Total Defects %	Enter the total defects percent from the warehouse receipt. The total defects must equal the TD + FM + SKB.

Warehouse Validation Worksheet

The following is an example of a Warehouse Validation Worksheet for wheat.

Note: A valid receipt has no entries in the column on the right side of the page. This receipt **must** be corrected before the MAL can be disbursed.

 Warehouse Receipt Validation 		
	Wheat	Receipt is Valid when all fields contain data and column is blank
State and County Code:	xx-128	
Warehouse Code:	XXXXXX	
Warehouse Receipt #:	1	
Class:	HRW	
Sub Class:		
Estimated Loan Approval Date:	7/29/2017	
Storage Paid Through Date:	3/31/2018	→ Storage Must Be Paid Through Loan Maturity
Receiving Charges Paid ?	Yes	
Grade:	3	
Gross lbs (Inc Dock):	120000.00	
Gross Bushels:	2,000.00	
Net Pounds:	120,000.00	
Net Bushels:	2,000.00	
Dockage%:	0.00	
Test Weight:	56.40	
Moisture %:	14.50	→ Moisture must be less than 13.5%
Protein %:	11.00	
(TD) Total Damage %:	8.00	→ Total Damage Exceeds Grade Allowance
(HD) Heat Damage %:	0.00	
(FM) Foreign Matter %:	0.20	
(SBK) Shrunken/Broken %:	0.00	
Total Defects %:	8.30	→ Total Defects must equal TD+FM+SBK