

For: State and County Offices and DMA's

Crop Year 2019 MAL and LDP General Policies

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The Agriculture Improvement Act of 2018 (2018 Farm Bill) authorized 2019 through 2023 crop year MAL's and LDP's on barley, canola, corn, cotton, crambe, dry peas, flaxseed, grain sorghum, honey, large chickpeas, lentils, mohair, mustard seed, oats, peanuts, rapeseed, rice, safflower, sesame seed, small chickpeas, soybeans, sunflower seed, wheat, and graded and nongraded wool.

MAL's provide producers interim financing at harvest to meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. Allowing producers to store their production at harvest facilitates and provides a more orderly marketing of commodities throughout the year.

LDP's are payments issued to producers with harvested commodities instead of MAL's when the CCC-determined value is below the applicable loan rate. The LDP amount is the difference between the county loan rate and the CCC-determined value for the applicable commodity or class of commodity multiplied by the eligible quantity.

Graze-Out payments are LDP's applicable only to wheat, oats, barley, and triticale that is grazed by livestock instead of harvested.

Major changes of the 2018 Farm Bill include:

- the removal of payment limitation for all commodities for MLG and LDP
- cash rent tenant and actively engaged provisions no longer apply to MLG or LDP
- the eligibility of merchantable contaminated commodities for a recourse loan at the full loan rate.

Disposal Date	Distribution
May 1, 2020	State Offices; State Offices relay to County Offices and DMA's

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1 Overview (Continued)

B Purpose

This notice reminds State and County Offices of the:

- specific eligibility requirements for MAL's and LDP's that are needed before:
 - MAL disbursements
 - cash MAL repayments using CCC-determined value
 - LDP and Graze-Out approvals and disbursements
 - Commodity Certificate Exchange (CCE) on MAL
- general policies and procedures for 2019 crop MAL's and LDP's, including the Interim Attribution Process to determine producer eligibility for LDP's and Graze-Out
- MAL application and LDP request requirements

Note: For information specific to Graze-Out, see 8-LP.

- warehouse-stored loans
- MAL repayment options and farm-stored MAL marketing authorizations
- LDP rates
- MAL and LDP CCC-770 checklists.

Note: See Exhibit 1 for an index of topics and subjects in this notice.

Notice LP-2254

2 Eligibility Requirements for MAL Disbursements, MLG Repayments, LDP's, Graze-Out Payments, and CCE's

A Requirements Before MAL Disbursements

The following annual program requirements **must** be completed **before** MAL disbursements:

- acreage report is filed showing a share in crop on which MAL is requested with all cropland fully reported

Notes: According to 2-CP, paragraph 22, all cropland must be fully reported on a farm that produced MAL or LDP commodity pledged for collateral. Failure to report this cropland will be considered noncompliance with program requirements and a violation according to 2-CP.

To ensure a farm's compliance with 2-CP requirements, County Offices **must** manually review the Crop Acreage Reporting System (CARS) report for identifying "Farms with Fully Reported Cropland" for all producers requesting loans, LDP's, and Graze-Out payments **before** disbursing loans or processing LDP's and/or Graze-Out payments. See 2-CP, paragraph 339. If a farm number is listed on the CARS "Farms with Fully Reported Cropland" report, it is considered fully reported and in compliance with 2-CP, and all production from the farm is eligible for MAL, LDP, and Graze-Out payments.

It is possible that a producer could request and receive MAL, LDP, and/or Graze-Out benefits before fully completing FSA-578 for the farm and before the final reporting date. In these situations, the producer must be informed that if all cropland on the farm is not reported by the final reporting deadline, or late filed according to current policy, the MAL loan maturity date will be accelerated, and any payments for LDP's or Graze-Out will have to be repaid.

- AD-1026 completed and in compliance according to 6-CP for producer and all affiliated persons in a legal entity
- compliance with:
 - DCIA
 - fraud provisions
 - foreign person rules according to 5-PL
 - controlled substance provisions.

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2 Eligibility Requirements for MAL Disbursements, MLG Repayments, LDP's, Graze-Out Payments, and CCE's (Continued)

A Requirements Before MAL Disbursements (Continued)

Notes: The following sections of CCC-902 must be completed before MAL disbursement to determine foreign person status:

- CCC-902I for an individual, Parts A and B, question 1, and if applicable, questions 2 and 3, and Part 1
- CCC-902E for an entity, Parts A, B, C, and L.

While CCC-941 and a complete CCC-902 are **not** required for MAL disbursements, both CCC-941 and a complete CCC-902 are required **before** the following:

- MLG repayments
- LDP's and Graze-Out payments.

CCC-941 and a complete CCC-902 are not required for CCE's, although the applicable parts of CCC-902 are required for foreign person determination.

County Offices will encourage producers to submit CCC-941 and a complete CCC-902, if not already updated for that crop year, when requesting MAL's.

The applicable eligibility flags are checked for the producer and all affiliated members of a legal entity when MAL is processed and disbursed through the Commodity Loan Processing System (CLPS). Because CLPS is **not** able to verify that a farm was fully reported, this **must** be verified by County Office personnel by manually reviewing the CARS "Farms with Fully Reported Cropland" report.

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2 Eligibility Requirements for MAL Disbursements, MLG Repayments, LDP's, Graze-Out Payments, and CCE's (Continued)

B Requirements Before MAL Repayments With MLG Repayments, LDP Disbursements, and Graze-Out Payments

Producers **must** meet the following requirements **before** MLG repayments at CCC-determined value, LDP disbursements, and Graze-Out payments:

- eligibility under member contribution provisions according to 5-PL

Notes: CCC-902 and CCC-901, if applicable, **must** be submitted and current for the 2019 crop year with a COC determination made and the subsidiary files updated according to 3-PL and 5-PL for all producers and entity members to determine member contribution.

If these determinations have **not** been made and the subsidiary files updated, an MLG repayment, LDP disbursement, and Graze-Out payment may be denied or reduced for the producer or payment entity.

- acreage report showing a share in the crop on which LDP, MLG, or Graze-Out is requested and the farm(s) producing the commodity is listed on the CARS "Farms with Fully Reported Cropland" report

Note: For additional information on this report, see subparagraph A.

- AD-1026 completed and in compliance according to 6-CP for producer and all affiliated persons in a legal entity
- compliance with AGI requirements, according to 5-PL and 8-LP, with CCC-941 filed by producer and all interest holders in a legal entity

Note: IRS will re-verify the information submitted for tax year 2017.

- compliance with:
 - DCIA from producer certification
 - controlled substance provisions
 - fraud provisions
 - foreign person rules according to 5-PL.

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2 Eligibility Requirements for MAL Disbursements, MLG Repayments, LDP's, Graze-Out Payments, and CCE's (Continued)

B Requirements Before MAL Repayments With MLG Repayments, LDP Disbursements, and Graze-Out Payments (Continued)

All eligibility documents for all producers or entities on LDP and/or Graze-Out applications must be submitted to the applicable County Office:

- by the final availability date for that commodity for crop year 2019
- before LDP and/or Graze-Out payments can be processed and disbursed.

For MLG repayments, all eligibility documents must be on file when the MLG payment is processed in CLPS or the gain will be denied or reduced.

The applicable eligibility flags for the producer and all required affiliated members of an entity are checked for loans repaid with MLG through CLPS except for ensuring that the farms producing the MAL collateral are listed on the CARS "Farms with Fully Reported Cropland" report. County Office personnel must manually verify this requirement at MAL disbursement.

LDP and Graze-Out payments are **not** automatically restricted by AGI or eligibility records in the eLDP system. County Offices are responsible for ensuring that producers are eligible for payment **before** certifying and signing LDP and Graze-Out disbursements using the Interim Attribution Process according to the Interim Attribution Process Users Guide available to FSA employees on the FSA Intranet. The Interim Attribution Process does not have the ability to verify that the farms producing the LDP or Graze-Out commodity are listed on the CARS "Farms with Fully Reported Cropland" report. County Office personnel must manually verify this requirement.

C Eligibility and Requirements for CCE's

CCE's:

- apply to harvested and shorn crops that are warehouse- or farm-stored in which the commodity is first placed under a nonrecourse MAL
- have the same producer eligibility requirements as an MAL disbursement in subparagraph A
- apply only to outstanding **nonrecourse** MAL's, not past maturity

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2 Eligibility Requirements for MAL Disbursements, MLG Repayments, LDP's, Graze-Out Payments, and CCE's (Continued)

C Eligibility and Requirements for CCE's (Continued)

- use the CCC-determined value based on the date the certificate is purchased, and use the following:
 - AWP for rice and upland cotton
 - National posted price (NPP) for peanuts
 - posted county price (PCP) for all other MAL commodities
- are only applicable when the loan rate exceeds the applicable AWP, NPP, or PCP exchange rate
- must **not** be applied to any quantity for which an outstanding CCC-697 exists
- require a signed CCC-694-2 with the purchase price of the commodity certificate to be filed in the County Office on the day of redemption to **immediately** exchange the commodity certificate for loan collateral. See 8-LP, paragraph 794 and subparagraphs 795 A through C.

Note: For peanuts and cotton only, producers may designate on the applicable CCC-605P or CCC-605 that all transactions be processed as CCE's if the exchange rate is in effect at the time of the redemption.

Commodity loan gains from CCE's are:

- **not** subject to:
 - member contribution provisions
 - AGI provisions
- reported to IRS on IRS 1099-G.

For turn-around loans, see subparagraph 3 M and 8-LP, subparagraphs 796 B and 796.5 B.

3 General MAL and LDP Policies

A Commodity Eligibility

Eligible loan commodities **must** have been produced by an eligible producer.

The following commodities are eligible for 2019 crop year MAL's and LDP's, if applicable.

Commodities Eligible for 2019 Crop Year MAL's and LDP's		
barley	large chickpeas	safflower seed
canola	lentils	sesame seed
corn	mohair	small chickpeas
crambe	mustard seed	soybeans
dry peas	nongraded wool	sunflower seed
flaxseed	oats	upland cotton
graded wool	peanuts	wheat
grain sorghum	rapeseed	
honey	rice	

Hay, silage, and unshorn pelts derived from an eligible loan commodity are eligible for LDP's, but **not** for MAL's.

Extra long staple cotton is only eligible for a recourse MAL.

B Beneficial Interest Requirement

Beneficial interest policy for the 2019 crop year is unchanged from the 2018 crop year. See 8-LP, paragraph 227 for more detailed information.

A producer is considered to have beneficial interest in a commodity if **both** of the following remain with the producer:

- title to the commodity
- control of the commodity.

As a reminder, beneficial interest in the commodity **must** be retained by the producer from harvest continuously for:

- loans until the loan is repaid
- LDP at the time the LDP agreement request on CCC-633 EZ, page 1 is submitted.

Note: If CCC-633 EZ, page 1 has been submitted for the crop year, LDP may be based on the day the producer lost beneficial interest. Quantities in which the producer lost beneficial interest before the date CCC-633 EZ, page 1 is submitted are ineligible for LDP.

3 General MAL and LDP Policies (Continued)

C Lien Search Requirements

County Offices **must** perform lien searches on producers:

- requesting both farm- and warehouse-stored loans with a loan amount over \$50,000
- with aggregate loan principal for the crop year equaling or exceeding \$50,000
- if CCC is notified by the producer, lending institution, or lienholder that a lien exists on the commodity
- if, at the time of the loan request, either of the following apply to the producer:
 - involved in a bankruptcy
 - under investigation by OIG
- who committed a MAL/LDP violation in the current or preceding crop year
- if STC **requires** additional search actions.

In addition, a lien search **must** be performed if both of the following apply:

- lien searches are a free service performed through the State
- a buyer authorized on the applicable form requests a loan for a producer.

All lienholders identified through a lien search or by the producer, lending institution, or lienholder, are required to sign CCC-679 that must be on file in the County Office before a loan is disbursed.

D UCC Filings

To protect CCC's security interests, the applicable UCC required in the State **must** be filed for all farm-stored loan requests. UCC must be filed with the appropriate State recording official according to State law.

CCC-10 must be obtained with the applicable producer signatures before UCC can be filed. If CCC-10 is already on file, and all information is still correct, a new CCC-10 is **not** required.

County Offices must ensure that a previously filed UCC will not lapse before maturity.

See 8-LP, paragraphs 504 and 521 for additional information on UCC filings.

3 General MAL and LDP Policies (Continued)

E AGI Requirements

AGI provisions are unchanged from the 2018 crop year. Persons and legal entities whose average AGI exceeds \$900,000 are **not** eligible to receive MLG, LDP, or Graze-Out payments.

Example: The 3-year average AGI for crop year 2019 will be calendar years 2015, 2016, and 2017.

Note: Persons and legal entities will still be allowed to receive MAL's if their AGI exceeds \$900,000, but MAL **must** be repaid at principal plus interest or with CCE. In the case of a producer repaying with CCE, AGI provisions do not apply and all producers on the loan are eligible to repay the loan at the CCE exchange rate.

F Payment Limitation

For all commodities, crop year 2019 MLG, LDP, and Graze-Out payments are not subject to payment limitation.

G 2019 Loan Rates

The 2019 crop loan rates are posted to PSD's website. State and County Offices may print loan rates applicable to their State and counties from <http://www.fsa.usda.gov/programs-and-services/price-support/commodity-loan-rates/index>. Select the applicable commodity under "2019" for the 2019 loan rates.

3 General MAL and LDP Policies (Continued)

H 2019 Premiums and Discounts

The premiums and discounts applicable to 2019 crop year commodities will be:

- announced and inserted in the following applicable policy handbooks:
 - 2-LP Grains and Oilseeds
 - 2-LP Honey
 - 2-LP Peanuts
 - 2-LP Rice
 - 8-LP for wool
 - 7-CN for cotton

- posted on PSD's website at <http://www.fsa.usda.gov/programs-and-services/price-support/commodity-loan-rates/index>, in the section below the loan rates.

For all MAL commodities except peanuts and cotton, premiums and discounts are **not** applied at loan making but are applied if the commodity is forfeited to CCC after the loan matures.

I Graze-Out Payments

See forthcoming LP notices and 8-LP, Part 11 for information specific to Graze-Out payments.

J Sequestration of MAL's and LDP's

Sequestration applies to crop year 2019 MAL, LDP, and Graze-Out disbursements. Sequestration reductions are taken using CCC funds according to the 2018 Farm Bill from the program budget; therefore, there will be **no** reduction to the amount the producer receives.

3 General MAL and LDP Policies (Continued)

K Commodities Exceeding the Applicable Moisture Standard

All harvested loan commodities with moisture falling between the applicable 2-LP standards and maximum STC level are eligible for nonrecourse loans and LDP's. Eligible quantities must be adjusted for moisture to the applicable standard.

For crop year 2019, County Offices must manually shrink farm-stored commodities with excess moisture using the tables in 8-LP, Exhibit 12 **before** entering the quantity for loan into CLPS.

L Distress Loans

Distress loans are recourse commodity loans stored on the ground or in temporary facilities when there is a shortage of storage on the farm or in local warehouses at harvest.

When a distress loan program is initiated in a State or in a designated area within a State, State Offices **must** notify both of the following:

- PSD with the names of the approved County Offices
- the applicable County Offices.

Notes: PSD may be notified by sending an e-mail to MALLDP@usda.gov.

County Offices must immediately notify producers of the availability of distress loans for commodities stored in ineligible storage.

Distress loans:

- must be requested, and loan documents signed, within 30 calendar days after the completion of harvest
- will not exceed 75 percent of the eligible quantity
- will have the full loan rate
- mature on demand but no later than 90 calendar days from the date the loan is approved
- must be repaid at principal plus interest
- can be repledged for the remainder of the 9-month loan **only if** the commodity is moved to eligible storage on or before the original 90-calendar-day maturity date.

3 General MAL and LDP Policies (Continued)

M Turn-Around Loans With Immediate CCE

Turn-around loans are only applicable when the loan rate exceeds the exchange rate. A turn-around loan is a loan that is requested, approved for disbursement, and exchanged with a commodity certificate purchased the same day.

A turn-around loan:

- must be requested by the producer at the loan servicing office
- must exchange the entire loan quantity
- requires the producer to complete and sign CCC-694-2 when requesting the loan.

Note: Agents designated on CCC-605P, applicable only to peanuts, are not authorized to request turn-around loans.

For additional policy and procedure on processing turn-around loans, see 8-LP, subparagraphs 796 B and 796.5 B.

N Approval of CCC-677 and CCC-678

County Office employees authorized to approve MAL's can do so only after:

- all required producer signatures are received on CCC-677 or CCC-678
- receiving all required lien waivers
- all producer eligibility requirements have been met.

If the County Office employee prints CCC-677 or CCC-678 for the producer to sign, a second CCC-677 or CCC-678 will print with the approval date and interest date included after a County Office employee approves the loan in CLPS. It is **not** necessary for the producer to sign the second CCC-677 or CCC-678. However, County Office employees must:

- write "See attached for Producer's signatures" on the second CCC-677 or CCC-678
- attach the signed CCC-677 or CCC-678 to the second CCC-677 or CCC-678 that includes the approval date and interest rate
- give a copy of both to the producer for their files.

Notes: CED **must** sign both copies.

If CED or authorized individual does not sign both copies of CCC-677 or CCC-678, the disbursement could be considered an improper payment.

3 General MAL and LDP Policies (Continued)

O Contaminated Commodities

Beginning with the 2019 crop year, contaminated commodities that remain merchantable are eligible to receive the full loan rate if pledged as a recourse loan. Recourse loans can only be repaid at principal plus interest and are not eligible to be settled or forfeited. Test results must be provided to show the levels of contaminants are within acceptable standards for human or animal consumption.

4 MAL and LDP Application Requirements

A MAL Application Requirements

An application for MAL is requested after the commodity is harvested and stored in either:

- an approved farm storage structure
- a CCC-authorized warehouse.

When requesting a farm-stored MAL, the producer may request either a:

- certified loan
- measured loan.

For a warehouse-stored MAL, the producer **must** present acceptable warehouse receipts from an approved or authorized warehouse that **must** be either:

- a negotiable paper receipt containing **all** required information in 1 of the following handbooks:
 - 8-LP, paragraph 545
 - 2-LP Rice, paragraph 35
 - 2-LP Peanuts, paragraph 36
- EWR issued by an AMS-approved EWR provider.

Note: When requesting a warehouse loan with EWR's, the producer must provide the County Office with a list of EWR's for:

- rice
- peanuts
- other approved EWR commodities.

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4 MAL and LDP Application Requirements (Continued)

A MAL Application Requirements (Continued)

CCC-666 **must** be completed for all farm- and warehouse-stored loan requests, **except** peanuts and cotton.

Notes: For peanut MAL requests in the State, the State Office may **require** CCC-666.

In addition, for measured farm-stored loan requests, CCC-677-1 and FSA-409 are also **required**.

B LDP Request Requirements

An LDP request submitted by the producer is complete when a County Office receives the following:

- CCC-633 EZ, page 1, signed and approved in the County Office before beneficial interest is lost, **and**
- CCC-633 EZ, page 2 or 4, submitted when LDP is requested with payment determined either by the day beneficial interest was lost, based on submitted evidence, or date request approved, **or**
- CCC-633 EZ, page 3, for cotton.

In addition, all eligibility documents for all producers or entities on the LDP request, including all interest holders in a legal entity, must be submitted to the applicable County Office by the final availability date for that commodity for crop year 2019. See subparagraph 2 B for the applicable documents that are required.

C Graze-Out Request Requirements

A Graze-Out request is submitted by a producer with wheat, barley, oats, and triticale planted that has elected to let the field be grazed by livestock and not harvested. A Graze-Out payment is requested on CCC-633 GRAZING.

See 8-LP, Part 11 and forthcoming LP notices for detailed information on Graze-Out payments.

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5 Warehouse-Stored MAL's

A Approved Warehouses

A warehouse must be approved or authorized to store CCC commodities for warehouse MAL's. Approved and authorized warehouses for grains and rice are available at <https://www.fsa.usda.gov/programs-and-services/commodity-operations/warehouse-services/approved-storage-warehouses/index>. In the fourth paragraph under the "Approved Uniform Grain and Rice Storage Agreement (UGRSA) Warehouse" heading, CLICK "List of Approved UGRSA Warehouses" and select the applicable State.

If a specific warehouse is not listed on this website, and instead has a State license issued by a State identified in 8-LP, subparagraph 536 B, then an assigned CCC warehouse code must be obtained **before** a County Office can process and disburse a warehouse MAL. See 8-LP, subparagraph 537 A for additional information.

B Valid Warehouse Codes

UGRSA warehouse codes for grain, oilseed, and rice commodities are 5 digits. When entering the warehouse code into CLPS, employees must enter the numbers **without** any of the following:

- leading zeros
- dashes.

Examples: The code on a warehouse receipt is 084848. In CLPS, enter only 84848 for the warehouse code. CLPS will automatically add a leading "0" if 5 digits are entered. Leading zeros must not be entered.

If the warehouse receipts display an additional digit identifying the warehouse branch, for example 084858-6, the leading zero (0), dash (-), and additional number (6) in this case must **not** be entered in CLPS.

If the incorrect warehouse code is entered in CLPS, the County Office will be required to correct MAL. The warehouse code entered in CLPS **must** match the warehouse code number on the Warehouse and Commodity Management Division's UGRSA-approved list.

C Validation of Warehouse Receipts

All warehouse receipts presented to CCC as loan collateral must be verified before the loan request is entered into CLPS to ensure that the commodity is graded correctly and includes all the required grading factors. See Notice LP-2255.

6 MAL Repayment Options

A Types of Repayments

Nonrecourse MAL's can be repaid at the lesser of the following:

- loan principal plus interest
- CCC-determined value under the marketing loan provisions.

Notes: Marketing loan repayment provisions are not applicable to recourse loans. Recourse loans **must** be repaid at principal plus interest.

CCE is also an option for nonrecourse loans. A commodity certificate is purchased in the County Office and immediately exchanged for outstanding MAL collateral. See 8-LP, paragraphs 794 through 796.

B Marketing Authorizations

A producer with an outstanding farm-stored MAL **must** request CCC-681-1 **before** moving any loan collateral to a buyer for sale, even if the loan is open after maturity.

The buyer must be identified on CCC-681-1 or the authorization will not be approved.

Delivery evidence **must** be submitted with all CCC-681-1 repayments for delivered quantities. Delivery evidence:

- must show:
 - dates of delivery
 - quantity delivered
- can be in the form of:
 - delivery statements
 - settlement sheets
 - other acceptable delivery evidence approved by COC.

See 8-LP, paragraphs 741 through 748 for additional information on marketing authorizations.

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7 LDP Rate

A Effective LDP Rate

The LDP rate is the rate in effect on the date:

- the request is submitted, if beneficial interest is maintained on the date of request
- beneficial interest is lost according to acceptable production evidence if CCC-633 EZ, page 1 was submitted before beneficial interest was lost
- of delivery, if the producer requests the date of delivery option on the applicable CCC-633 EZ, page 2 or 4, **before** delivering the requested quantity.

Note: If the signed CCC-633 EZ, page 1 has an issue date before May 21, 2019, the producer must re-sign CCC-633 EZ, **only** if LDP is requested for crop year 2019. If LDP is not requested for crop year 2019, the producer does not have to re-sign CCC-633 EZ issued on May 21, 2019.

B Determining LDP Rates and LDP Amounts

LDP rates are determined by the amount the applicable commodity loan rate exceeds the CCC-determined value for the location where:

- the requested commodity is stored if the producer maintains beneficial interest
- beneficial interest was lost in the requested commodity.

LDP amounts are calculated by multiplying the applicable LDP rate times the LDP quantity requested.

8 CCC-770 LDP and CCC-770 MAL

A Using CCC-770 LDP and CCC-770 MAL

At the beginning of each crop year, all County Office employees working with LDP's and MAL's are required to complete:

- CCC-770 LDP for the first five LDP's they process
- CCC-770 MAL for the first three MAL's they process.

Additionally, CCC-770 LDP or CCC-770 MAL, as applicable, is required to be completed for any LDP or MAL that was disbursed, reversed with a receivable established, and is being re-entered. CCC-770 LDP or CCC-770 MAL is required to be completed before LDP or MAL are re-entered to ensure that all eligibility requirements and required signatures have been obtained.

8 CCC-770 LDP and CCC-770 MAL (Continued)

B CCC-770 LDP

CCC-770 LDP has been updated to include entering the payment in the Interim Attribution Process after inputting the LDP request in eLDP, but before certifying and signing the payment in NPS. The Interim Attribution Process does not check that the producer's farms are listed on the CARS "Farms with Fully Reported Cropland" report, so County Office personnel must manually verify this requirement. For crop year 2019, County Office employees are required to complete CCC-770 LDP for the first five LDP's they process.

SED, STC or designee, DD, or CED can determine:

- when County Offices shall complete additional CCC-770 LDP's, if internal control deficiencies are found during CORP reviews by CED, STC representative, or DD
- when additional internal controls are necessary to reduce improper payments.

See Exhibit 2 for a copy of the updated CCC-770 LDP, which is available in a fillable format at <https://inside.fsa.usda.gov/>. CLICK "Employee Forms" at the top of the page and CLICK "Find Current Forms Using Our Form Number Search". In the "Form Number" field, ENTER "770LDP" and CLICK "Submit".

C CCC-770 MAL

CLPS checks the producers' eligibility at disbursement except for verifying that the farms producing the MAL collateral are listed on the CARS "Farms with Fully Reported Cropland" report. County Office personnel must manually verify this requirement.

To make certain that County Office employees understand the specific application, eligibility, and processing requirements for MAL disbursement, County Office employees are required to complete CCC-770 MAL for the first three MAL's they process each crop year. CCC-770 MAL includes items concerning the completion of CCC-666 and other forms required before loan approval and disbursement.

See Exhibit 3 for a copy of the updated CCC-770 MAL, which is available in a fillable format at <https://inside.fsa.usda.gov/>. CLICK "Employee Forms" at the top of the page and CLICK "Find Current Forms Using Our Form Number Search". In the "Form Number" field, ENTER "770MAL" and CLICK "Submit".

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9 Action

A State Office Action

State Offices must ensure that County Offices are aware of and follow the contents of this notice.

B County Office Action

County Offices must:

- administer 2019 crop year MAL's, LDP's, and Graze-Out payments, if applicable, according to policy
- continue to use 2-LP Honey, 2-LP Peanuts, 2-LP Rice, and 8-LP for additional guidance **except** as provided in this notice
- follow the Interim Attribution Process User Guide for all 2019 LDP's and Graze-Out payments.

C Contacts

State Offices must direct questions to the applicable contact according to this table.

IF the question is about...	THEN contact...
MAL and LDP policy for all commodities except peanuts and cotton	Shayla Watson-Porter by either of the following: <ul style="list-style-type: none">• e-mail to shayla.watson-porter@usda.gov• telephone at 202-690-2350.
peanuts or DMA's, MAL and LDP policy	George Pryor by either of the following: <ul style="list-style-type: none">• e-mail to george.pryor@usda.gov• telephone at 202-690-4799.
cotton or CMA and LSA policy	Kelly Hereth by either of the following: <ul style="list-style-type: none">• e-mail to kelly.hereth@usda.gov• telephone at 202-720-0448.
general MAL or LDP policy questions	MALLDP@usda.gov.

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Example of CCC-770 LDP

The following is an example of CCC-770 LDP.

This form is available electronically.

CCC-770 LDP (10-24-17) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation LOAN DEFICIENCY PAYMENT (LDP) PROCESSING CHECKLIST	1. Producer/Applicant Name		2. Date of Application (MM-DD-YYYY)	
	3. Administrative or Producing State & County Office		4. Disbursing County Office	
	5. Crop Year		6. LDP Number	
	7. Farm Number (Not Required)		8. Commodity/Class/Type	

NOTE: Properly completed forms mean completed according to the applicable procedure. This shall include proper signatures, shares, ID numbers, addresses, date stamp, etc.

9. LDP Request/Application	Handbook or Other Applicable References	YES	NO	N/A	Initials
A. Is there a properly completed and signed CCC-633 EZ Page 1 on file? Explain "NO" answer: (Note: If "NO", LDP shall not be processed.):	8-LP, Paragraphs 1002 and 1007; 7-CN, Subparagraph 287F, and Paragraph 288	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B. Was the CCC-633 EZ Page 1 filed prior to loss of beneficial interest? Explain "NO" answer: (Note: If "NO", LDP shall not be processed.)	8-LP, Paragraph 1002 7-CN, Paragraphs 288 and 305	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
C. Was the CCC-633 EZ, Page 1 approved by a county office employee, after all required signatures have been obtained?	8-LP, Paragraphs 2 and 1007; 7-CN, Paragraph 14	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
D. Has CCC-633 EZ, Page 1 been forwarded to other county offices, if applicable?	8-LP, Paragraph 1002; 7-CN, Subparagraph 287G	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
E. Was the completed CCC-633 EZ, Page 1 and applicable LDP benefit request page (page 2, 3 or 4) received in the county office on or before the final loan / LDP availability date?	8-LP, Paragraph 226; 7-CN, Paragraph 291	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
F. Was CCC-633 EZ, Page 1 and applicable LDP benefit request page (Page 2, 3 or 4) completed according to instruction, and signed by all applicable and required producers?	8-LP, Paragraph 1007; 7-CN, Paragraph 289	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
G. Do individuals signing in a representative capacity have the documentation on file in the county office allowing them to sign for that individual or entity and request an LDP?	8-LP, Paragraph 1007; 7-CN, Paragraph 45	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
H. Are CCC-633 EZ, Page 1 and Page 2, 3, or 4 date-stamped and was the date of receipt verified according to procedure?	8-LP, Subparagraph 1001E; 7-CN, Paragraph 291	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
I. Did the producer answer the question, "Are you or any co-applicant delinquent on any Federal Non-tax debt?"	8-LP, Subparagraph 202A; 7-CN, paragraph 101	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
J. Has a second party reviewer verified and initialed the applicable LDP benefits page (CCC-633 EZ, Page 2, 3 or 4) to ensure the applicable LDP request was properly completed and ready for approval and processing?	8-LP, Paragraph 234; 7-CN, Paragraphs 301 and 303	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
K. Is the applicable page 2, 3 or 4 approved by an individual delegated or re-delegated to approve CCC-633 EZ's, after all producers signatures have been obtained AND before processing?	8-LP, Paragraphs 2 and 1007; 7-CN, Paragraphs 14, 288 and 301	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

10. Producer/Commodity Eligibility	Handbook or Other Applicable References	YES	NO	N/A	Initials
A. Has the County Office verified that the farm(s) on which the crop requested for this LDP was produced is listed on the "Farms with Fully Reported Cropland" from CARS? If this LDP request is prior to the final crop reporting date in the State, does the applicant understand that if the farm(s) is not on this list after the final crop reporting date, all production from that farm is ineligible for LDP? (Not applicable for CMA's)	8-LP, Paragraph 200 Notice LP-2237 2-CP, Paragraphs 16 and 318 7-CN, Paragraph 100	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

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To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

Example of CCC-770 LDP (Continued)

CCC-770 LDP (10-24-17)		Page 2 of 2			
10. Producer/Commodity Eligibility (Continuation)	Handbook or Other Applicable References	YES	NO	N/A	Initials
B. Is the quantity requested for LDP within the COC established reasonable yield for the commodity and profile established?	8-LP, Paragraph 230, 7-CN, Subparagraph 119B	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
C. If the requested quantity exceeds COC established reasonable yield, did the COC determine the quantity reasonable? (Explain "NO" answer):	8-LP, Paragraph 230, 7-CN, Subparagraph 119C	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
D. If LDP is based upon date beneficial interest is lost, was acceptable Production evidence provided and was the LDP rate verified? (Explain "NO" Answer):	8-LP, Paragraphs 227 and 1004; 7-CN, Paragraph 290	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
E. Is LDP rate correct for request date and county where marketed or stored, if beneficial interest is maintained? (N/A for cotton)	8-LP, Paragraph 1004	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
F. Is LDP rate correct for "Dates of Delivery", if LDP requested based on date of delivery? (N/A for cotton)	8-LP, Paragraph 1004	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
11. LDP Processing					
A. Prior to certifying and signing the payment in NPS, was the LDP entered into the interim Process for Loan Deficiency Payments to Check Eligibility and Control Payment Limitation according to the User Guide? Did the interim process indicate that the producer eligible for the entire LDP? If not, was the LDP reduced or cancelled prior to certifying and signing the payment in NPS according to the instructions in the User Guide?	Interim Process User Guide 4.0 and 15 PS (Rev. 2) Paragraphs 400 - 412	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B. For LDP's exceeding \$100,000, has CCC-674 or SF-LLL been obtained before LDP is processed?	8-LP, Paragraph 28 7-CN, Paragraph 37	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
C. Has the FSA Financial Services Web Application (FSAFS) been updated to reflect assignments, if applicable?	63-FI, Parts 3 and 4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
D. Has LDP summary page been printed, filed in LDP folder, and a copy given to producer?	15-PS, Part 2, 7-CN, Paragraph 317	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
12. Cotton – Specific LDP Processing					
A. If request is for a module-lock-in LDP, is the request date after the beginning-of-harvest-date for the County?	7-CN, Paragraph 304	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B. 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, Paragraphs 304 and 290	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
C. Has CCC-Cotton AA-1 been printed, filed in LDP folder and a copy given to producer?	7-CN, Subparagraph 3171	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
D. Before the payment was certified and signed in NPS, was the payment entered into the interim Loan Deficiency Payment Attribution process to determine eligibility and track payment limitation?	DAFP Home Page https://inside.fsa.usda.gov/progrm-areas/dafp/index Interim Process User Guide 4.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
13. Remarks					
14. Certification:					
<i>I (we) the undersigned certify the above items have been verified or updated accordingly. I also certify that the applicable LDP documents will be filed in accordance with handbook 32-AS and that the producer will receive the applicable LDP documentation according to policies and procedures found in applicable handbooks.</i>					
14A. Signature of Preparer(s)			14B. Date (MM-DD-YYYY)		
15A. Signature of 2 nd Party Reviewer			15B. Date (MM-DD-YYYY)		
16A. I concur/do not concur the above items have been verified or updated accordingly.		<input type="checkbox"/> Concur	<input type="checkbox"/> Do Not Concur		
16B. CED Signature / STC Designee signature		16C. Date (MM-DD-YYYY)			

Example of CCC-770 MAL

The following is an example of CCC-770 MAL.

This form is available electronically.

CCC-770 MAL (07-18-19)			U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation			1. Name of Applicant							
MARKETING ASSISTANCE LOAN (MAL) PROCESSING CHECKLIST (FOR ALL COMMODITIES EXCEPT COTTON)						2. Date of Application (MM-DD-YYYY)			3. Loan Type:				
									Warehouse Stored		Farm Stored		
						4. State Office Name			5. County Office, DMA or CMA Name				
6. Commodity		7. Class/Type		8. Crop Year		9. Loan Number		10. Warehouse Code Code		11. No. of Warehouse Receipts:			
										Paper:			
										EWR:			
12. MAL Request/Application:								Handbook or Other Applicable References		YES	NO	N/A	Initials
A. Is the CCC-666 properly completed and signed for all certified and measured farm stored loans and warehouse stored loans for all commodities.								8-LP, Paragraphs 500, 540 and 524					
B. For warehouse-stored loans, has the paper receipt been properly endorsed by borrower or CCC made holder of the Electronic Warehouse Receipt (EWR)?								8-LP, Paragraph 545					
C. For warehouse-stored loans for all commodities except peanuts, have the entires on the warehouse receipts been verified using the Excel "Warehouse Receipt Validation" worksheet with a screen print in the loan folder indicating that the receipt includes all required information and is correctly graded? If not, why?								Notice LP-2235					
D. If measurement service is requested, has the CCC-666 been completed and signed, and the applicable portions of the FSA-409 and CCC-677-1 been completed?								8-LP, Paragraphs 524 and 525					
E. Is a CCC-10 properly completed, signed and on file for all types of loan applications and for all producers on the loan?								8-LP, Paragraph 502					
13. Producer/Commodity Eligibility Verification:								Handbook or Other Applicable References		YES	NO	N/A	Initials
A. Has the County Office verified that the farm(s) on which the crop pledged as collateral for this loan was produced, is listed on the "Farms with Fully Reported Cropland" from CARS? If this MAL request is prior to the final crop reporting date in the State, does the applicant understand that if the farm(s) is not on this list after the final crop reporting date, all production from that farm is ineligible for MAL? (Not applicable for CMA's)								8-LP, Paragraph 200 and Notice LP-2237					
B. On the CCC-666, did the producer answer the question, "Are you or any co-applicant delinquent on any Federal non-tax debt?"								8-LP, Paragraphs 202, 523 and 524					
C. Has commodity eligibility (in existence and in storable condition) been verified via certification on CCC-666 or by measurement service?								8-LP, Paragraphs 225, 522 and 525					
D. Has the loan been requested on a properly completed CCC-666 on or before the final loan availability date?								8-LP, Paragraph 226					
E. Is the quantity requested within the COC-established reasonable yield for the commodity based on profile established?								8-LP, Paragraph 230					
F. If the requested quantity exceeds COC established reasonable yield by more than 10 percent, did the COC determine the quantity reasonable and document determination in COC minutes? (Explain "NO" answer):								8-LP, Paragraph 234					
G. Has a second party review been properly completed on CCC-666? Ensure that CCC-666 was initialed by the reviewer.								8-LP, Paragraph 234					
H. Will the producer have title and control in the commodity until the earlier of repayment or loan maturity?								8-LP, Paragraph 227					
I. For warehouse stored as applicable, does the open storage production evidence by the warehouse include the required signed certification statement?								8-LP, Paragraph 335					

Example of CCC-770 MAL (Continued)

CCC-770 MAL (07-18-19)		Page 2 of 2			
14. MAL Processing/Approval:	Handbook or Other Applicable References	YES	NO	N/A	Initials
A. Has a lien search been performed, as applicable? Results of lien search must be printed and filed in the loan folder. (Not applicable for CMA's)	8-LP, Paragraph 504				
B. Have all required lien waivers been signed by lienholders and are on file in the county office?	8-LP, Paragraph 505				
C. Has the UCC-1 been properly filed and verification of the filing received on all farm stored loans? (Not applicable for CMA's).	8-LP, Paragraph 521, and Subparagraphs 504B and C				
D. For DAFP authorized loan deductions, were the deductions submitted on a statement of charges signed by the producer?	8-LP, Paragraphs 505 and 547				
E. Were authorized deductions and joint payments made according to lienholder instructions on CCC-679?	8-LP, Paragraph 505				
F. Were CCC-683, Commodity Loan Seals provided for farm stored MAL?	8-LP, Paragraph 523 and Exhibit 16				
G. Has the CCC-665, Agreement for Grain Pledged as Collateral for CCC Commodity Loans, been properly completed and all required signatures obtained, if applicable for commingled production?	8-LP, Paragraph 527				
H. Was the applicable loan rate for the stored commodity requested for loan verified? Note: Loan rate is based on where the commodity is stored.	8-LP Paragraph 506				
I. For MAL disbursements greater than \$150,000, if loan proceeds will be used for lobbying, has SF-LLL been obtained?	8-LP, Paragraph 28				
J. Are all required producer signatures on the CCC-677 or CCC-678, and all individuals signing in a representative capacity authorized to sign for the individual or entity with the required documentation on file in the County Office?	1-CM				
K. Is the CCC-677 or CCC-678 approved by an individual delegated or re-delegated to approve these forms?	8-LP, Paragraphs 2 and 509				
L. Is the approval the same day or after the date all producer signatures were obtained AND before processing the disbursement?	8-LP, Paragraph 509				
15. Remarks					
16. Certifications:					
<i>I (we) the undersigned certify the above items have been verified or updated accordingly. I also certify that the producer will be provided the applicable Note and Security Agreement and the Note and Security Agreement Terms and Conditions upon the approval of the requested marketing assistance loan and that the policies and procedures were followed according to the applicable handbooks.</i>					
16A. Signature of Preparer(s)				16B. Date (MM-DD-YYYY)	
17A. Signature by 2 nd Party Reviewer				17B. Date (MM-DD-YYYY)	
18A. I concur/do not concur the above items have been verified or updated accordingly. <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur					
18B. CED Signature /STC Designee Signature				18C. Date (MM-DD-YYYY)	

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