

For: State and County Offices and DMA's

2019 Validating Warehouse Receipts Required Before MAL Disbursement

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

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

AMS has returned several warehouse receipts to County Offices that were forfeited to CCC because the required information was not on the receipt, the grading factors were incomplete, or the grading factors did not substantiate the grade indicated.

To correct this, a Warehouse Receipt Validation Worksheet has been developed outside of the Commodity Loan Processing System (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
- establishes the requirement to complete the Warehouse Receipt Validation Worksheet for all MAL's before disbursement.

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

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1 Overview (Continued)

C Contact

If there are policy questions about this notice, State Offices can contact Shayla Watson-Porter, PSD, by either of the following:

- e-mail to **shayla.watson-porter@usda.gov**
- telephone at 202-690-2350.

If there are questions about the worksheet in this notice, State Offices can contact Laura Schlote, Program Delivery Division, by either of the following:

- e-mail to **laura.schlote@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 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 an eligible commodity that is actually stored in an authorized warehouse
- be a paper or EWR issued through an AMS-approved EWR provider
- have a valid CCC-issued warehouse code
- be either an “approved” or “authorized” warehouse on the AMS warehouse list located at **<https://www.fsa.usda.gov/programs-and-services/commodity-operations/warehouse-services/approved-storage-warehouses/index>**
- be negotiable if a paper receipt, or loanable if an EWR
- be issued to the eligible producer or CCC, as applicable

Note: 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 the commodity is owned by the warehouse operator solely, jointly, or in common with others
- contain a statement that the commodity is insured.

2 Warehouse Receipt Requirements (Continued)

A Warehouse Receipt Requirements for MAL (Continued)

In addition, all warehouse receipts must show 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.

Commodity-specific warehouse receipt requirements 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.

2 Warehouse Receipt Requirements (Continued)

B Commodity Specific Warehouse Receipt Requirements (Continued)

Reminders: If any required elements of a warehouse receipt are missing, or if the commodity was not graded correctly according to the factors for that commodity as specified in subparagraph A, the County Office must require the producer to return the receipt to the warehouse operator 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.

AMS allows corrections on any area of a paper warehouse receipt that was not pre-printed.

3 Warehouse Receipt Validation Worksheets

A Availability of Warehouse Receipt Validation Worksheets

As they become available, Warehouse Receipt Validation Worksheets 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". CILCK on the Warehouse Grade Validation Worksheet for the applicable commodity.

At the beginning of the 2019 crop year loan season, worksheets may not be available for all warehouse-stored commodities. Worksheets for wheat, oats, barley, corn, grain sorghum, and soybeans are currently available. State and County Offices will be notified as worksheets for other commodities become available.

County Office employees must open the worksheet and save to their computer. When saved, the completed worksheet can be:

- printed clicking the printer icon in the upper-right corner
- cleared by clicking the eraser icon in the upper-left corner.

Notes: If a worksheet is unavailable for an applicable commodity, County Offices must manually check those receipts to verify they include all 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 Receipt Validation Worksheets (Continued)

B Completing the Warehouse Receipt Validation Worksheets

County Offices **must** use the Warehouse Receipt Validation Worksheet 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.

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

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

Note: These requirements can 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 G.

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

If information is missing or incorrect according to the worksheet or manual receipt check, 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 2019 MAL's that have been disbursed **before** issuing this notice, County Offices must enter the warehouse receipt information into the worksheet.

Note: Follow the guidance provided in this notice until additional directives are issued about warehouse receipt validations.

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3 Warehouse Receipt Validation Worksheets (Continued)

A Completing the Warehouse Receipt Validation Worksheets (Continued)

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

- request the warehouse operator to immediately come into the office to make corrections on 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 errors.

- correct the loan immediately **if** the loan quantity on the receipt changes by canceling and re-entering 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
- enter the correct receipt information and grading factors into CLPS if any of the corrected receipts are forfeited to CCC after loan maturity.

Note: The National Office will be tracking these loans through SharePoint to verify the correct factors are entered during forfeiture if the receipts are not repaid and subsequently forfeited to CCC after loan maturity.

4 Action

A State Office Action

State Offices must:

- ensure that County Offices are aware of and follow the contents of this notice
- assist County Offices with correcting warehouse receipts from the warehouse operator, if necessary
- assist 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:

- verify that all required information is correct on the warehouse receipts at loan disbursement
- verify that the commodity represented on the warehouse receipt is graded correctly using the Warehouse Receipt Validation Worksheet.

Note: If a Warehouse Receipt Validation Worksheet is not yet available for the commodity, the warehouse receipt must be manually checked before loan disbursement.

- return incorrect warehouse receipts to the producer to be corrected by the warehouse operator before MAL can be disbursed



Note: The warehouse operator will be required to come into the County Office to correct the receipts on MAL's that have already been disbursed.

- follow procedure specified in subparagraph 3 B when errors are identified.

Example of Warehouse Receipt Validation Worksheet

The following is an example of the Warehouse Receipt 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:	
Warehouse Code:	
Warehouse Receipt #:	
Class:	→ Class is Required
Sub Class:	
Estimated Loan Approval Date:	
Storage Paid Through Date:	
Receiving Charges Paid ?	
Grade:	
Gross lbs (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 Receipt Validation Worksheet



Instructions for completing the Warehouse Receipt 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 an approved or authorized code found on the AMS list of approved warehouses at https://www.fsa.usda.gov/programs-and-services/commodity-operations/warehouse-services/approved-storage-warehouses/index .
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 drop-down list. Example: Hard red winter wheat is “HRW”.
Sub Class	Select the subclass from the drop-down list, 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 drop-down list either “Yes” or “No” according to the information entered directly on the warehouse receipt or the signed statement from the warehouse operator.
Grade	Select the applicable grade from the drop-down list.
Gross lbs (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.

Example of Warehouse Receipt Validation Worksheet With Error Messages

The following is an example of a Warehouse Receipt Validation Worksheet for wheat with error messages.

Note: A valid receipt has no entries in the column on the right side of the page. This receipt **must** be corrected before 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	→ <i>Storage Must Be Paid Through Loan Maturity</i>
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	→ <i>Moisture must be less than 13.5%</i>
Protein %:	11.00	
(TD) Total Damage %:	8.00	→ <i>Total Damage Exceeds Grade Allowance</i>
(HD) Heat Damage %:	0.00	
(FM) Foreign Matter %:	0.20	
(SBK) Shrunken/Broken %:	0.00	
Total Defects %:	8.30	→ <i>Total Defects must equal TD+FM+SBK</i>