

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice LP-2189

For: State and County Offices and Peanut CMA's and DMA's

MAL Sequestration Policy for Peanut Handling Charges

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, provided legislation to apply automatic spending reductions, known as sequestration, to Federal Agencies.

Notices LP-2184 and LP-2186 addressed sequestration of MAL's, LDP's, and commodity loans. These notices did **not** address the applicability of sequestration to peanut handling.

Sequestration also applies to peanut handling charges for MAL's. Handling charges applicable to peanut MAL's will be subject to the sequestration reduction rate for FY for which they are issued, and **not** the crop year for which MAL was issued. FY 2014 sequestration reduction rate is 7.2 percent.

Peanut handling charges are included in the amount due CCC when MAL is repaid. Handling charges will be calculated based on when MAL was disbursed and the actual handling charges paid to the handler will be the amount that will be required at repayment.

MAL repayments will be processed manually until revised software is received.

Note: Sequestration will also apply to storage charges calculated when a peanut MAL is forfeited. The forfeiture software will be updated to accommodate this. Instructions will be provided in a forthcoming notice.

Disposal Date	Distribution
July 1, 2014	State Offices; State Offices relay to County Offices, Peanut CMA's, and DMA's

1 Overview (Continued)

B Purpose

This notice provides the following information to State and County Offices and peanut CMA's and DMA's:

- sequestration applies for peanut handling charges on all MAL's issued after September 30, 2013
- FY 2014 sequestration reduction rate of 7.2 percent is applicable to all peanut MAL handling charges disbursed between October 1, 2013, through September 30, 2014
- FY 2014 peanut handling charge payments issued to handlers is manually adjusted by OBF in Kansas City for 2013 crop year MAL's and **no** corrections to 2013 peanut MAL loanmaking are necessary in County Offices
- for MAL's disbursed after October 1, 2013, peanut handling charge refunds due at MAL repayment will be manually calculated
- for MAL's disbursed after October 1, 2013, peanut MAL repayments will be entered manually by County Offices until the revised APSS repayment software is received
- **after** corrected loan repayment software is received in County Offices, all MAL repayments received will be entered and/or corrected in APSS according to a forthcoming notice.

2 Action

A County Office, Peanut CMA and DMA Action

County Offices shall:

- continue accepting new peanut MAL requests through the final loan availability date of January 31, 2014
- disburse 2013 crop peanut MAL's through APSS loanmaking software **without** adjustments
- process 2013 crop peanut MAL repayments according to the table in subparagraph B.

2 Action (Continued)

B Repayment of Handling Charges for Peanut MAL's

Handling charges are included in the amount due CCC when MAL is repaid. The handling charges will be calculated based on when MAL was disbursed and the actual handling charges paid to the handler will be the amount that will be required at repayment.

County Offices shall determine the specific MAL's date of disbursement by reviewing CCC-678 and use the following table for processing the repayment.

IF loan is disbursed...	THEN...
before October 1, 2013	no additional action is necessary. Repayment can be completed in APSS with current software.
beginning October 1, 2013, and repayment received after January 14, 2014	follow subparagraph C to calculate repayment manually using APSS and enter into NRRS according to 64-FI, paragraph 35.
beginning October 1, 2013, but repayment was received before January 14, 2014	No additional action is necessary. A forthcoming notice will contain instructions for processing refunds after software has been corrected.

2 Action (Continued)

C Processing Peanut MAL Repayments Before Updated Software Is Received for Sequestration

Repayment of peanut MAL's **before** repayment software to handle sequestration of handling charges is available will be handled according to the following table.

Step	Action																																																																				
1	Verify that the disbursement date is later than September 30, 2013, and the loan maturity date is August 31, 2014, or later.																																																																				
2	<div>Access APSS, select “Option 4”, and go through the repayment screens in the normal manner up to Screen PPD13800 that displays the breakdown of the repayment amount due. The following is an example Screen PPD13800.</div> <div><table><tr><td colspan="2">069-NATCHITOCHES</td><td colspan="2">PPD13800</td></tr><tr><td colspan="2">PRICE SUPPORT - LOAN REPAYMENTS</td><td colspan="2">Version: AE22 12-27-13 8:14 Term V4</td></tr><tr><td colspan="2">-----</td><td colspan="2">-----</td></tr><tr><td colspan="2"></td><td>CY 13 LOAN#</td><td>44 COMM PNU</td></tr><tr><td>Repayment Date</td><td>12-27-13</td><td>Maturity Date</td><td>08-31-14</td></tr><tr><td>Cost Per TON</td><td>346.7126760</td><td>Principal Remaining</td><td>35,652.61</td></tr><tr><td></td><td></td><td>Principal Liquidated</td><td>7,384.52</td></tr><tr><td>Quantity Remaining</td><td>96.27</td><td>Interest Amount</td><td>.46</td></tr><tr><td>Quantity Liquidated</td><td>21.30</td><td></td><td></td></tr><tr><td>Class</td><td>VIR</td><td>Total Amount</td><td>8,134.74</td></tr><tr><td colspan="2"></td><td></td><td></td></tr><tr><td colspan="2"></td><td>STORAGE DEDUCTION APPLIED</td><td>.00</td></tr><tr><td colspan="2"></td><td>HANDLING CHARGE</td><td>749.76</td></tr><tr><td colspan="4"></td></tr><tr><td colspan="4">Do you wish to complete this Repayment? (Y or N) █</td></tr><tr><td colspan="4">Press "Enter" To Continue</td></tr><tr><td colspan="4">Cmd2=Return To Repayments Menu Cmd3=Previous Screen Cmd7=End Of Job</td></tr></table></div> <div>Note: If repayment is at market price, the summary of repayment amount due will be displayed on Screen PPD64400.</div>	069-NATCHITOCHES		PPD13800		PRICE SUPPORT - LOAN REPAYMENTS		Version: AE22 12-27-13 8:14 Term V4		-----		-----				CY 13 LOAN#	44 COMM PNU	Repayment Date	12-27-13	Maturity Date	08-31-14	Cost Per TON	346.7126760	Principal Remaining	35,652.61			Principal Liquidated	7,384.52	Quantity Remaining	96.27	Interest Amount	.46	Quantity Liquidated	21.30			Class	VIR	Total Amount	8,134.74							STORAGE DEDUCTION APPLIED	.00			HANDLING CHARGE	749.76					Do you wish to complete this Repayment? (Y or N) █				Press "Enter" To Continue				Cmd2=Return To Repayments Menu Cmd3=Previous Screen Cmd7=End Of Job			
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3	Screen print Screen PPD13800 .																																																																				
4	PRESS “ Cmd7 ” to exit from Screen PPD13800.																																																																				
5	<div>Calculate the handling charge reduction because of sequestration using the data from Screen PPD13800 screen print:</div> <div><div><div>Handling Charge x 7.2% (Sequestration Rate) =</div><div>Handling Charge Sequestration Reduction.</div></div><div>Example: Screen PPD13800 Handling Charge is \$749.76 x .072 = \$53.98.</div></div>																																																																				

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2 Action (Continued)

C Processing Peanut MAL Repayments Before Updated Software Is Received for Sequestration (Continued)

Step	Action
6	<p>Calculate the reduced handling charge amount using handling charge sequestration reduction amount calculated in step 5:</p> $\text{Handling Charge} - \text{Sequestration Reduction Amount} = \text{Reduced Handling Charge Amount.}$ <p>Example: Screen PPD13800 Handling Charge is \$749.76 - \$53.98 = \$695.78.</p>
7	<p>Calculate the total repayment amount using Screen PPD13800 and data obtained in steps 5 and 6:</p> $\text{Principal Liquidated} + \text{Interest} + \text{Reduced Handling Charge Amount} = \text{Total Repayment Amount}$ <p>Example: Screen PPD13800 Principal Liquidated is \$7,384.52 + Interest is \$.46 + Reduced Handling Charge is \$695.78 = \$8,080.76 (Total repayment amount due for the quantity liquidated).</p>
8	<p>File Screen PPD13800 screen print and the manual calculation worksheet in the loan folder.</p>
9	<p>Record the collection in NRRS according to 64-FI, paragraph 35.</p>

Note: The repayment will be processed in APSS **after** the correct repayment software is deployed.

D State Office Action

State Offices shall ensure that all County Offices in their State are notified of and comply with the actions in this notice.