

**For:** State and County Offices, CMA's, DMA's, LSA's, and Cotton Clerks

**Processing Commodity Loans with Sequestration Reduction**

**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 cuts (Sequestration) to all Federal Agencies. Notice PS-706 provided guidance that commodity loan making and LDP software, including APSS, ACRS, and eLDP, were shutdown to enable modifications to reduce the gross loan principal by 5.1 percent for 2013 crop year loans and LDP's made beginning October 1, 2013. Loans that were **approved and disbursed** before October 1, 2013, were not reduced because of sequestration.

**B Purpose**

This notice informs Field Offices that software is available to process crop year 2013 commodity loans through APSS with the 5.1 percent reduction and provides instructions to process loans with the sequestration reduction.

**C Contact**

For questions about this notice, contact the following as applicable.

<b>IF question about...</b>	<b>THEN contact...</b>
<ul style="list-style-type: none"> <li>• peanut MAL's/LDP's and DMA's</li> <li>• rice MAL's/LDP's</li> </ul>	Cecile Wynne by either of the following: <ul style="list-style-type: none"> <li>• e-mail at <a href="mailto:cecile.wynne@wdc.usda.gov">cecile.wynne@wdc.usda.gov</a></li> <li>• telephone at 202-720-8413.</li> </ul>
sugar commodity loans	Stacy Carroll by either of the following: <ul style="list-style-type: none"> <li>• e-mail at <a href="mailto:stacy.carroll@wdc.usda.gov">stacy.carroll@wdc.usda.gov</a></li> <li>• telephone at 202-690-8037.</li> </ul>
<ul style="list-style-type: none"> <li>• MAL's/LDP's for all other commodities, including cotton</li> <li>• cotton CMA's, LSA's, and Cotton Clerks</li> </ul>	Shayla Watson by either of the following: <ul style="list-style-type: none"> <li>• e-mail at <a href="mailto:shayla.watson@wdc.usda.gov">shayla.watson@wdc.usda.gov</a></li> <li>• telephone at 202-690-0013.</li> </ul>

<b>Disposal Date</b>	<b>Distribution</b>
April 1, 2014	State Offices; State Offices relay to County Offices, CMA's, DMA's, LSA's, and Cotton Clerks

## Notice PS-707

### 2 Software Modifications to Loan Making

#### A Application of Sequestration Reduction

Commodity loans approved **and** disbursed before October 1, 2013, shall not be reduced because of sequestration.

If a loan is approved and disbursed through APSS after **October 16, 2013**, the loan will be sequestered. Any loan that was saved in APSS and not disbursed, regardless of COC or designee approval, **must** be cancelled and reissued.

**Important:** Because of the Government shutdown, the dates October 1 through 16, 2013, are **not** valid approval or “date documents received” dates.

<b>IF a crop year 2013 loan...</b>	<b>THEN...</b>
was entered and saved with no approval date or no “date document received” date entered in APSS	the saved loan must be cancelled and reissued in APSS according to subparagraph 2 B. The loan must be entered as a manual loan according to subparagraph 2 C for the sequestration reduction to be applied.
was approved or has “date documents received” date <b>before October 1, 2013</b> , <b>but not disbursed</b> through APSS	the loan must be cancelled and re-entered in APSS for the sequestration reduction to be applied. Enter October 17, 2013, as the approval date and/or the date documents were received, if applicable. See subparagraph 2 B to cancel loans, and subparagraph 2 C to re-enter in APSS.
was approved <b>and</b> disbursed through APSS <b>before October 1, 2013</b> , and requires a correction to loan making	the loan must be cancelled according to subparagraph 2 B and re-entered in APSS as indicated in subparagraph 2 C so the sequestration reduction is <b>not</b> applied.
was not previously entered in APSS and was approved or has a “date documents received” date <b>after</b> October 16, 2013	Follow subparagraph 2 E to process the loan. Enter the true approval date or date documents in APSS. This date must <b>after</b> October 16, 2013.

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### 2 Software Modifications to Loan Making (Continued)

#### B Procedure to Cancel/Correct a Loan in APSS

To reverse a loan to process a correction, follow these steps.

Step	Action
1	In APSS, from Price Support Main Menu PCA005, select option 7, "Correct a Loan/LDP".
2	Enter the required information to select the applicable producer and loan to correct.  <b>Note:</b> The user will have the option to view the loan details to ensure that the correct loan is chosen.
3	Once the loan is selected, Loan Correction Screen PXA00005 will be displayed showing the transaction type, transaction date, and transaction time.
4	Place a "Y" next to the Loan Making transaction to reverse the loan and PRESS "Enter" to continue.
5	Verify the loan to be reversed and PRESS "Enter" to continue.
6	A "Correction Posting Check-Off List" will automatically print listing the reversed transactions.
7	If the loan was disbursed through APSS and certified and signed in NPS, the loan will be cancelled and a receivable will be automatically created in NRRS.  <b>Note:</b> Do <b>not</b> manually create a receivable for a cancelled loan in NRRS. Verify that the receivable has been established according to 64-FI.

#### C Manual Loan Entry in APSS

Follow the instructions in the following table to enter a manual loan in APSS.

Step	Action
1	To enter a corrected loan or a loan that must be backdated, enter the loan as a manual "90000" series number.  Use form CCC-676 to determine the next available 90000 number.  <b>Notes:</b> If EWR was previously used, access the FSA EWR System according to 2-LP Rice, subparagraph 175 B. Retransfer the EWR File Sequence Number associated with MAL that has been reversed to APSS according to 2-LP Rice, paragraph 179. For loans using EWR or preprocessed file for peanuts, see Notice PS-705 for additional information. See 7-CN to reprocess cotton receipts.

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### 2 Software Modifications to Loan Making (Continued)

#### C Manual Loan Entry in APSS (Continued)

Step	Action
2	<p>To ensure that the corrected loan is not sequestered, On Screen PCA1200 enter the following:</p> <ul style="list-style-type: none"> <li>• select “Y” to the question, “Is this a recording of a manually made action”</li> <li>• select “Y” to the question, “Is this the re-entry of a corrected loan”</li> </ul> <p><b>Important:</b> If this is the re-entry of a loan that was not previously disbursed through APSS, answer “N”. The user will <b>not</b> be prompted to enter the crop year and loan number.</p> <ul style="list-style-type: none"> <li>• enter the crop year and loan number of the original loan, when prompted.</li> </ul> <p><b>Note:</b> For loans using EWR for rice, see 2-LP Rice, paragraph 180 for additional instructions. For loans using EWR for peanuts, see Notice PS-705, paragraph 6.</p>
3	<p>Continue processing the loan in the normal manner until Screen PLB13510 (farm-stored) or Screen PLC12010 (warehouse-stored) is displayed. Verify that the sequestration reduction is <b>not</b> applied, as applicable.</p> <p><b>Important:</b> If this is the entry of a saved loan that was not disbursed through APSS, the sequestration reduction will apply.</p>
4	<p>On Screen PLB13510 (farm-stored) or Screen PLC12010 (warehouse-stored):</p> <ul style="list-style-type: none"> <li>• enter the original disbursement date</li> <li>• re-enter the “Calculated” amounts under the “Manual” column.</li> </ul> <p>PRESS “Enter” to continue.</p>
5	<p>On Screen PLA005, select option 1, “Print loan documents and disburse check”.</p>
6	<p>On Screen PLD12500, be sure to enter the original manner in which payables were requested. This will facilitate further receivable processing to reconcile the original loan.</p>
7	<p>Enter the original dates for the information as requested.</p> <p>Complete APSS processing by entering:</p> <ul style="list-style-type: none"> <li>• “N” to the question, “Is the producer or co-producer delinquent on any Federal nontax debt”, if applicable</li> <li>• “Y” to the question, “Do you wish to complete the process”.</li> </ul> <p>Press “Enter” to continue.</p> <p>Ensure that CCC-677 or CCC-678 is printed and <b>not</b> CCC-677S or CCC-678S.</p>

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**2 Software Modifications to Loan Making (Continued)**

**D Reconciling Receivables in NPS for Disbursed Loans**

Reconcile the loan receivable according to the following table.

<b>Step</b>	<b>Action</b>	
1	Ensure that the corresponding receivable is available according to FMD policy. Perform a search of the receivable, if necessary.  <b>Note:</b> If the receivable has not shown up under the new loan payable in NPS, click “Reset Payment Processing” according to 1-FI.	
2	In NPS, offset the receivable from the new loan.	
3	<b>IF the reconciliation results in a...</b>	<b>THEN...</b>
	negative difference because the receivable is not fully paid off by the new loan	demand the unpaid portion.
	positive difference because the receivable is cleared and additional funds are available for disbursal	transmit those funds to the producer, as applicable.
4	Continue the certification and signing or demand process according to 1-FI.	

**E Entering Loans in APSS with the Sequestration Reduction**

If a loan is approved and disbursed through APSS after **October 16, 2013**, the loan will be sequestered. The loan shall be processed in the normal manner, with attention paid to the screens emphasized in the following table.

<b>Step</b>	<b>Action</b>
1	<p>On Price Support – ID Entry Screen PCA11000, enter the appropriate information to identify the producer, such as the name or TIN. Ensure that “13” is entered for the crop year and “N” is entered for a new loan.</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <pre> 069-NATCHITOCHES                                PCA11000 PRICE SUPPORT - ID ENTRY                          Version: AE20  10-29-13 16:03 Term V1 ----- Enter Producer's Last Name FARMER..... or Producer's ID (Numeric) ..... and (Optional) Type (S, I, or E) . Crop Year 13          Loan/LDP Number N.... (nnnnn)  Press "Enter" To Continue      Cmd3=Previous Menu      Cmd7=End Of Job                     </pre> </div> <p>Processing will continue as normal until Screen PLB13000 for farm-stored or Screen PLC11000 for warehouse-stored is displayed.</p>

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2 Software Modifications to Loan Making (Continued)

E Entering Loans in APSS with the Sequestration Reduction (Continued)

Step	Action
2	<p>Screen PLB13000 will display the reduced loan amount for farm-stored loans.</p> <pre data-bbox="391 426 1295 898"> 069-NATCHITOCHE\$          PLB13000 PRICE SUPPORT - LOAN MAKING  Version: AE20  10-29-13 16:07 Term V1 ----- JOE FARMER                  CY 13 LOAN#    26 COMM CORN  Calculations determined on the following Seals:    SEAL  MORTGAGED  LOAN  LOAN  TOTAL NUMBER QUANTITY QUANTITY RATE  LOAN                                 AMOUNT -----     1    10,000.00  10,000.00  3.5600  33,784.40  Press "Enter" To Continue  Cmd3=Previous Screen  Cmd7=End Of Job                     </pre>
	<p>Screen PLC11000 will display the reduced loan amount for warehouse-stored loans.</p> <pre data-bbox="391 1003 1295 1491"> 069-NATCHITOCHE\$          PLC11000 PRICE SUPPORT - LOAN MAKING  Version: AE20  10-29-13 18:24 Term V1 ----- JOE FARMER                  CY 13 LOAN#    27 COMM CORN  Receipt Number              123456 Receipt Loan Quantity       10,000.00  Receipt Loan Amount    33,784.40            Basic Commodity Loan Rate    3.5600  Total Premiums Amount      .0000          Total Discounts Amount    .0000            Net Loan Rate                  3.5600  Press "Enter" To Continue  Cmd3=Previous Screen  Cmd7=End Of Job                     </pre>
	<p>In these examples, the loan rate for corn is \$3.56 per bu. The quantity placed under loan is 10,000 bu.; however, the total loan amount displayed is \$33,784.40.</p> <p><b>Notes:</b> The loan amount with the sequestered reduction is carried throughout loan making in APSS. See step 4 for the actual loan amount before the reduction. This is the calculation to determine the loan amount before the reduction for fees:</p> <p style="margin-left: 40px;"> <math>10,000 \text{ bu.} \times \\$3.56 \text{ loan rate} = \\$35,600</math>  <math>\\$35,600 \times 0.051 = \\$1,815.60</math>  <math>\\$35,600 - \\$1,815.60 = \\$33,784.40 \text{ total loan amount.}</math> </p> <p>PRESS "Enter" to continue.</p>

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2 Software Modifications to Loan Making (Continued)

E Entering Loans in APSS with the Sequestration Reduction (Continued)

Step	Action
3	<p>In addition to the loan quantity and reduced loan amount, Screen PLB13500 displays the service fee for farm-stored loans and assessment deductions, if applicable. Review this screen and make any authorized adjustments to the fees, if applicable.</p> <div data-bbox="391 541 1295 1024" style="border: 1px solid black; padding: 5px;"> <pre> 069-NATCHITOCHE\$          PLB13500 PRICE SUPPORT - LOAN MAKING      Version: AE20  10-29-13 16:08 Term V1 ----- JOE FARMER                      CY 13 LOAN#    26 COMM CORN  The figures below are the total calculation for the loan:  Mortgaged Quantity              10,000.00 Loan Quantity                    10,000.00  Loan Amount                      33,784.40  Please enter the following information:  Service Fees                      █.....45.00  Press "Enter" To Continue      Cmd3=Previous Screen      Cmd7=End Of Job                     </pre> </div> <p>For warehouse-stored loans, Screen PLC12000 displays service fees and assessment deductions, if applicable. Review this screen and make any authorized adjustments to the fees, if applicable.</p> <div data-bbox="391 1209 1295 1705" style="border: 1px solid black; padding: 5px;"> <pre> 069-NATCHITOCHE\$          PLC12000 PRICE SUPPORT - LOAN MAKING      Version: AE20  10-29-13 18:24 Term V1 ----- JOE FARMER                      CY 13 LOAN#    27 COMM CORN  The figures below are the total calculation for the loan:  Loan Quantity                    10,000.00  Loan Amount                      33,784.40  Please enter the following information:  Service Fees                      █.....45.00  Press "Enter" To Continue      Cmd3=Previous Screen      Cmd7=End Of Job                     </pre> </div> <p>PRESS "Enter" to continue.</p>

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2 Software Modifications to Loan Making (Continued)

E Entering Loans in APSS with the Sequestration Reduction (Continued)

Step	Action
4	<p>Screen PLB13505 for farm-stored loans, or Screen PLC12005 for warehouse-stored loans, displays the following:</p> <ul style="list-style-type: none"> <li>• gross loan amount before sequestration</li> </ul> <p><b>Note:</b> For:</p> <ul style="list-style-type: none"> <li>• cotton and peanut loans, the gross loan amount is after adjustments for premiums and discounts</li> <li>• rice loans, the gross loan amount is based on the milling yield.</li> </ul> <ul style="list-style-type: none"> <li>• reduction amount (gross loan amount x sequestration factor of 5.1 percent for 2013 CY)</li> <li>• total loan amount (gross loan amount – reduction amount)</li> <li>• reduction factor (5.1% CY 2013)</li> <li>• applicable fees and/or charges (such as the assessment fee or service fee)</li> </ul> <p><b>Note:</b> The fees and/or charges are commodity and/or area specific as authorized by FSA.</p> <p><b>Important:</b> Fees are applied to the loan after the sequestration reduction. Any applicable fee will be reduced from the loan total on the following screen.</p> <p>This is an example of Screen PLB13505 for farm-stored loans.</p> <div data-bbox="391 1472 1239 1936" style="border: 1px solid black; padding: 5px;"> <pre> 069-NATCHITOCHE\$          PLB13505 PRICE SUPPORT - LOAN MAKING      Version: AE20  10-29-13 16:08 Term V1 ----- JOE FARMER                      CY 13 LOAN#    26 COMM CORN                                  ORIGINAL                                 LOAN AMOUNT Gross Loan Amount                35,600.00 Reduction Amount                 1,815.60 Total Loan Amount                33,784.40 Reduction Factor                 5.10 %  The following are applicable fees and/or charges:  Service Fees                      45.00  Press "Enter" To Continue   Cmd3=Previous Screen   Cmd7=End Of Job </pre> </div>

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2 Software Modifications to Loan Making (Continued)

E Entering Loans in APSS with the Sequestration Reduction (Continued)

Step	Action
<p>4 (Cntd)</p>	<p>This is an example of Screen PLC12005 for warehouse-stored loans.</p> <div data-bbox="402 436 1305 932" style="border: 1px solid black; padding: 5px;"> <pre> 069-NATCHITOCHE\$          PLC12005 PRICE SUPPORT - LOAN MAKING  Version: AE20  10-29-13 18:24 Term V1 ----- JOE FARMER                  CY 13 LOAN#   27 COMM CORN                                  ORIGINAL                                 LOAN AMOUNT  Gross Loan Amount             35,600.00 Reduction Amount              1,815.60 Total Loan Amount             33,784.40 Reduction Factor              5.10 %  The following are applicable fees and/or charges:  Research and Promotion Fee  Service Fees                   45.00  Press "Enter" To Continue   Cmd3=Previous Screen   Cmd7=End Of Job                     </pre> </div> <p><b>Important:</b> Screen PLD13505 or Screen PLC12005 <b>must</b> be printed and saved in the producer's loan folder to record the original loan amount, reduction amount and total loan amount. A copy of this screen may also be given to the producer.</p> <p>PRESS "Enter" to continue.</p>
<p>5</p>	<p>For farm-stored loans, Screen PLB13510 redisplay the information from screen PLB13505 with the disbursement amount.</p> <div data-bbox="402 1304 1305 1793" style="border: 1px solid black; padding: 5px;"> <pre> 069-NATCHITOCHE\$          PLB13510 PRICE SUPPORT - LOAN MAKING  Version: AE20  10-29-13 16:09 Term V1 ----- JOE FARMER                  CY 13 LOAN#   26 COMM CORN  Mortgaged Quantity            10,000.00 Loan Quantity                 10,000.00  Loan Amount                   33,784.40  Disbursement Amount           33,739.40  Press "Enter" To Continue   Cmd3=Previous Screen   Cmd7=End Of Job                     </pre> </div>

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**2 Software Modifications to Loan Making (Continued)**

**E Entering Loans in APSS with the Sequestration Reduction (Continued)**

<b>Step</b>	<b>Action</b>
<p>5 (Cntd)</p>	<p>For warehouse-stored loans, Screen PLB12010 redisplay the information from screen PLB12005 with the disbursement amount.</p> <div data-bbox="402 472 1305 961" style="border: 1px solid black; padding: 5px;"> <pre> 069-NATCHITOCHEs                PLC12010 PRICE SUPPORT - LOAN MAKING      Version: AE20  10-29-13 18:24 Term V1 ----- JOE FARMER                        CY 13 LOAN#   27 COMM CORN  Loan Quantity                      10,000.00 Loan Amount                        33,784.40 Disbursement Amount                33,739.40  Press "Enter" To Continue  Cmd3=Previous Screen  Cmd7=End Of Job                     </pre> </div> <p>PRESS "Enter" to continue to the next screens and complete the loan in the normal manner.</p>
<p>6</p>	<p>Ensure that CCC-677S or CCC-678S and continuation CCC-684 or CCC-684-1, as applicable, are printed.</p> <p><b>Note:</b> An update to the current transaction statement will be provided in a future enhancement.</p>

**F Software Broadcast**

Software was broadcast to the field on October 31, 2013. See:

- Information Bulletin 6707 for additional information
- Notice LP-2187 for policy guidelines.