UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency Washington, DC 20250

Quality Loss Adjustment Program	
1-QLA	Amendment 4

Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Paragraph 42 C has been amended to update the list of insured crops.

Paragraph 52 has been added to include special provisions for peanuts.

Page Control Chart											
TC Text Exhibit											
1, 2	3-1, 3-2 3-33, 3-34 3-35 through 3-44 (add)	1, pages 1, 2									

4-1-21 Page 1

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1 2 3 5 6 7	, 4	Reports, Forms, Abbreviations, and Redelegations of Authority Definitions of Terms Used in This Handbook (Reserved) FSA-898 Application and Instructions FSA-895 Crop Insurance and/or NAP Coverage Agreement Instructions for Completing FSA-899, Historical Nutritional Value Weighted Aver Worksheet	rage

42 Affected Production

A Overview

Affected production means the producer's ownership share of harvested production, adjusted to standard moisture, of an eligible crop that had both:

- a quality loss due to a qualifying disaster event; and
- at least a 5 percent quality loss due to all eligible disaster events combined.

--Note: All production that was discounted due to quality must be included on the FSA-898. The percent quality loss due to all eligible disaster events combined is determined by crop year, physical location state and county, crop, crop type, intended use, organic status, and nutritional category, if applicable.--

B Producer Responsibilities

A producer must certify to the producer's share of quality affected production on FSA-898 and provide acceptable production records at the time of application.

The producer's signature on FSA-898 is the producer's certification that the records provided are correct and accurate. COC may accept the producer's certification of affected production without reviewing the producer's documentation. A review is required only when COC has reason to question the producer's certification.

Example: Producer certified 50,000 bushels of 2019 corn for grain suffered a quality loss due to excessive moisture. Producer reported 100 acres planted to corn for grain on their 2019 FSA-578. COC questioned the producer's certified affected production in comparison to acres reported to the crop on the FSA-578. In this instance, COC should review the producer's documentation to determine if it substantiates the producer's certification.

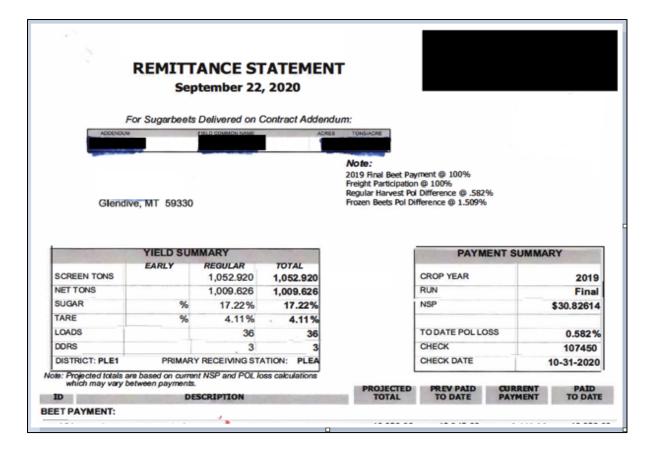
42 Affected Production (Considered)

C Ineligible Affected Production

Affected production of the following is ineligible:

- crops identified in subparagraph 24 B
- a subsequent crop if double cropping provisions are not met
- multiple market crops that were previously paid under crop insurance or WHIP+
- crops that are considered unmarketable or secondary use
- sugar beets that were compensated through cooperative agreements with cooperative processors
- by-products resulting from processing or harvesting a crop, such as, but not limited to, cotton seed, peanut shells, wheat or oat straw, or corn stalks or stovers
- for insured crops, production to count reduced because of the ratio between established insurance price and sales price and received a WHIP+ payment. This includes the following crops:
- *-- cotton
 - cranberries
 - dry beans
 - dry peas
 - grapes (processing)
 - lentils
 - peaches
 - peanuts
 - stonefruit (fresh and processed):
 - apricots
 - nectarines
 - peaches
 - plums
 - tobacco, burley and flue cured
 - tobacco, other.--*

E Example



The producer will:

- enter their individual share of the affected production from the remittance statement expressed in net tons on FSA-898, item 31 (1,009.63 tons)
- enter "sugar loss" as the type of quality loss discount on FSA-898, item 32
- calculate the total dollar value loss by multiplying the net tons by \$4.71 $(1,009.63 \times $4.71 = $4,755.36)$ and enter that total on FSA-898, item 33
- enter \$4.71 as the price before discount on FSA-898, item 34.

*--52 Peanuts

A Background

Peanuts are graded based on sound mature kernels (SMK). For segregation (Seg) 1 peanuts, the loan value is adjusted based on applicable premiums and discounts after considering all grading factors.

Seg 2 and Seg 3 peanuts are discounted to 35 percent of the national loan rate for the crop and type with no additional premiums and discounts.

B Eligibility

Affected production must have suffered a loss due to quality and have verifiable grading factors directly related to a qualifying disaster event.

C Verifiable Documentation

FSA-1007, "Inspection Certificate and Calculation Worksheet", Settlement Worksheet, and/or Farm Summary print out will be used as verifiable documentation. Verifiable documentation must include all the following:

- date of sale
- producer's name
- location of point of sale
- buyer's name
- commodity information
- affected production (net production including LSK, as shown in Item G or FSA-1007 and the Settlement Worksheet)

Note: Affected production is shown as "net production" on the Farm Summary.

• unit of measure (pounds)

Note: If the unit of measure is reflected in tons on verifiable documentation, convert to pounds by multiplying the number of tons by 2,000. For example, 22 tons equals 44,000 pounds (22 tons x 2,000 = 44,000 pounds).--*

C Verifiable Documentation (Continued)

quality discount

Note: All quality discounts on verifiable documentation are recognized for peanuts. "Loan Discount" will be entered as the quality discount factor.

- adjusted loan value based on the schedule of premiums or discounts
- price before discount if sold under contract.

Note: If the crop was **not** sold under contract, the price before discount will be the national announced loan rate for the crop/type.

National loan rates for peanuts for 2018 and 2019 are listed in the following table. The rates are announced per ton. The rate per pound should be used in QLA calculations.

	National Loan Rates													
Туре	Type 2018 Rate 2018 Rate 2019 Rate													
Runner	\$354.49	\$0.177245	\$354.13	\$0.177065										
Spanish –	\$345.84	\$0.17292	\$346.70	\$0.17335										
Valencia	\$359.80	\$0.1799	\$360.94	\$0.18047										
Virginia	\$359.80	\$0.1799	\$360.94	\$0.18047										

Verifiable documentation must be dated within 30 days of harvest unless it meets the exceptions in subparagraph 45 B.

D Determining Quality Loss

Quality loss will be determined based on total dollar value loss.

The total dollar value loss will be determined by the difference in the value of the loan before discount and the value of the loan after discount.

The data elements used in calculating the value of the loan before discount and the value of the loan after discount vary based on if the peanuts were under contract and by the Seg type. The following tables provide the data elements to use for calculating total dollar value loss for peanuts not under contract and peanuts under contract.

Note: Total dollar value loss will be determined separately for each State, county, crop, crop type, intended use, and organic status.--*

D Determining Quality Loss (Continued)

	Peanuts Not Under	Contract						
FSA-1007 or Settlement Worksheet	Seg 1 Peanuts	Seg 2 and Seg 3 Peanuts						
value of loan before discount	price before discount (national loan rate) multiplied by affected production	price before discount (national loan rate) multiplied by affected production						
value of loan after discount	loan value after discounts. (Item P on FSA-1007, and Settlement Worksheet)	 Seg 2 and Seg 3 peanuts are discounted to 35 percent of the national loan rate multiply the discounted loan rate the affected production 	by					
		Example: The loan rate for 2018 runner peanuts is \$0.177245/pound. \$0.177245/pound x 0.35 = \$0.06203575/pound. The value of the loan after discount is \$0.06203575 multiplied by the affected production.						
total dollar value	difference in the loan value	difference in the loan value before						
loss	before discount and the loan value after discount	discount and the loan value after discount						
	varue arter discoulit	uiscouiii						

D Determining Quality Loss (Continued)

	Peanuts Under Cont	tract
Settlement Worksheet/Farm Summary Printout	Seg 1 Peanuts	Seg 2 and Seg 3 Peanuts
value of loan before discount	contract price multiplied by the affected production Note: Contract price can be determined by: • multiplying the Option Percentage by the national loan rate. The Option Percentage is identified on the Farm Summary printout as "VAL OF OPTION". The result is the Option Price. • The contract price is the Option Price plus the national loan rate.	contract price multiplied by the affected production
value of loan after discount	loan value in Item P on FSA-1007/Settlement Worksheet plus Option Value Notes: Option Value is shown as "VALUE OF OPTION" on the Farm Summary printout. Option Value is shown as "Farmer Stock Cost" on Settlement Worksheets.	 Seg 2 and Seg 3 peanuts are discounted to 35 percent of the national loan rate. Multiply the discounted loan rate by the affected production. Example: The loan rate for 2018 runner peanuts is \$0.177245/pound. \$0.177245/pound x 0.35 = \$0.06203575/pound. The value of the loan after discount is equal to \$0.06203575 multiplied by the affected production.
total dollar value loss	difference in the loan value before discount and the loan value after discount	difference in the loan value before discount and the loan value after discount

__*

E Calculator

A calculator has been developed to assist producers in summarizing data and calculating total dollar value loss. The calculator and instructions for use can be accessed at: **Quality Loss Adjustment (QLA) Program (usda.gov)**.

F Examples

Example 1: Peanuts **Not** Under Contract

Producer's 2018 runner peanuts suffered quality losses due to hurricane conditions. Producer's net production was 35,866 pounds. After applying schedule of premiums and discounts, the loan value was adjusted. The loan value after discount was \$5,743.76.

FSA-1007 (INSPECTION					VFSA/AMS ATION WO		ĘT Š	Mormation w omplote this	ithout inform truction	prior matter ns. se	r OMB app on collection searching e	ornation is Pulsi- rovel mandated in is estimated to isisting data sour implier.	by the Papers sverage 30 s	ork Reduction A sinutes per resp	act of 1995 onse, inch	. The ti ading th	et e required to ve time for
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							Share										
							100.00	10	1.								
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								3.									
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No. Bags	Bulk	Туре	Se	g			1		HM	C	96	B. Weight o					34780 lbs
	X	RI		1		1018		21 PM	FM			C. Gross W					37360 lbs
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OTHERVUNUS	WAL FM				CRACKEDIBE				SMK	(of EM x E)			0 lbs
LSK			23.8 GR	1 %	CISCOLORE				SS			G. NET WE					35866 lbs
CLEANED SA			505.3 GR			IRGINIA TYI	PE ONLY		SMIK	RS		H. LSK (%					374 lbs
METER READ	INGMO	STURE	5.8	7 %	SAMPLE WT				ОК			 Net Weig 	ht excludin	g LSK (G mi	nus H)		35492 lbs
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SOUND MATE	JRE KRS		315.4 GR	62 %	KERNELS RELS			Total				L. Total (J + K)				\$/4	322.1
SOUND SPLI	rs		13.1 GR	3 % ELK DAMAG				100000000000000000000000000000000000000	Kerne			M. Damage	Excess FM	/ Excess Sp	lits	TOT	AL
TOTAL SMK			0.55	65 %	95 % NETELK				DAM			0.000	0.000	0.0	00	S/¢	0.00
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DAMAGED SE	PLITS		0.6 GR		FREEZE DAM	MGE	6.0 GR.	R 0.00% EI				(L minus M)				\$/¢	322.19
TOTAL DAMA	GE	•··	3.2 GR	1 %	CONCEALED	RMO	0,0 GR.	0.00%	FAN	ЮY		O. Value Per	Lb, Exc. LSK	(N divided by	2000)		16.10950
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Signature of	Inspect	lor		С	ate Signed	×			96	×			%	×			9
					10/10/2018	Value of	Seame	ent		Val	atue of S	egment		Value of S	egment		
						= \$				= \$		·		= \$			
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Peanut V	/ariety; C	3A-09B		OUEE I	ECEIPT -	NOT N	ECOT	IARI E									10164

F Examples (Continued)

Example 1: Peanuts **Not** Under Contract (Continued)

Calculate total dollar value loss as follows:

value of loan before discount = \$6,357.07

- national loan rate for 2018 runner peanuts (\$0.177245/pound)
 multiplied by
- affected production (35,866 pounds) (Item G, FSA-1007)

<u>value of loan after discount</u> = \$5,743.76 (Item P, FSA-1007)

Total Dollar Value Loss = \$613.31 (\$6,357.07 - \$5,743.75)

To complete FSA-898, Part D, enter:

- 35,866 in line 31. "Total Affected Production"
- "Loan Discount" in line 32. "Type of Quality Loss Discount"
- \$613.31 in line 33. "Total Dollar Value Loss on Affected Production"
- \$0.177245 in line 34. "Price Before Discount".

	98 (01-06-21)												Page 2 of 2
PART Line	D – CROPS OTHER 22. State/ County	THAN	N FORAGE WI 23 Cro			VALUE LOSS 24. rop Type		25. ded Use		26. anic Status (O/C)	27. Disaster Event	28. Disaster Event Beginning Date (MWDD/YYYY)	29. Disaster Event Ending Date (MM/DD/YYYY)
1	Georgia, Seminole		Pean	uts	Runner		NP		С		Hurricane	10/10/2018	10/12/2018
2													
3													
Line	30. Unit of Measure	Tr	31. otal Affected	32. Type			34. alue Loss Price Before		Discount			COC USE ONLY	
	Onit of measure	Production		Quality Loss				Title belote	Discount	3: COC Adju Affected F	sted Total	36. COC Adjusted Total Dollar Value Loss on Affected Production	37. COC Adjusted Price Before Discount
1	pounds		35,866	Loa disco		\$613.	31	0.177	245				
2													
3													

F Examples (Continued)

Example 2: Peanuts Under Contract

Producer's 2018 runner peanuts suffered quality losses due to hurricane conditions. The producer's peanuts were under contract. The contract price was \$450.00 per ton. After discounts, the adjusted loan value was \$5,743.76. The Option Value after discount was \$1,547.37.

				5011		:03:13 AM								
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(100				
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Cure Clean T														
Oleic: H-M-L					Н	A. Weight Including \	/chicle			1	72			
Grades:						B. Weight of Vehicle					34			
FM LSK						 C. Gross Weight (A - D. Foreign Material (i 				 	37			
Moisture						E. Weight Less FM (C - D)			ļ	35			
SMK						F. Excess Moisture (G. Net Weight (E - F	EM×E)				26			
SMK						H. LSK (LSK x C)				358 3 354				
SMK4	•					 Net Weight Excludi 								
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Hull Brigh					0.00						Purch			
In Shell Jo	ımbo		Fancy		0.00					35866 43,76				
			ELK		0.00	x				26.94				
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									_					
									-					
						1			1					

F Examples (Continued)

Example 2: Peanuts Under Contract (Continued)

R	8975-01 UN DATE: UN TIME:	03/25	/2021		9R10B9R8	7					'-PT: RE: 100	SYST	HASE	(/IDUAL FARM : COUNTY: /ENDOR:	2018 CR	rop year Farm:	STORAGE FARM NAME		TYPE: RU	
	CUMENT LABER CO	NZ# VA	S C		GROSS POUNDS		NET POUNDS	NET -	- LSK	PURCHSE VALUE		VICAM PPB	SEG 2/3	STORED LOADS	PURCHA: LOAD	SED S	PURCHASED VALUE	VALUE OF OPTION	PURCMASED + OPTION VALUES	PREMIUM/ DEDUCTION	NET AMOUNT
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	DO113 300 FD-00.0 WT TICK! PREM/DUX	SMX=6	2.0 S MB-00	5 - 03.0		O DAM	35,566 -01.0 HU 1,537.	L=27.0	35,492 EM=04. SGNAD	0 LSK-01.	CLEP S 1	.0 FAN+0	0.0 EL	5,743.76 K=00.0				1,547.37	1,547.37	1,864.17-	316.80-

Calculate total dollar value loss as follows:

value of loan before discount = \$8,069.85

- contract price (\$450.00/ton ÷ 2,000 = \$0.225 per pound) multiplied by
- affected production (35,866 pounds) (Item G, FSA-1007)

value of loan after discount = \$7,291.13

• loan value (\$5,743.76; Item P, Settlement Worksheet)

plus

• option value (\$1,547.37; Farmer Stock Cost on Settlement Worksheet/Value of Option on Farm Summary)

Total Dollar Value Loss = \$778.72 (\$8,069.85 - 7,291.13)--*

F Examples (Continued)

Example 2: Peanuts Under Contract (Continued)

To complete FSA-898, Part D, enter:

- 35,866 in line 31. "Total Affected Production"
- "Loan Discount" in line 32. "Type of Quality Loss Discount"
- \$778.72 in line 33. "Total Dollar Value Loss on Affected Production"
- \$0.225 in line 34. "Price Before Discount".

FSA-89	98 (01-06-21)												Page 2 of 2
PART D – CROPS OTHER THAN FORAGE WITH TOTAL DOLLAR VALUE LOSS													
Line	22. State/ County		23 Cro		C	24. rop Type		25. ded Use		26. anic Status (O/C)	27. Disaster Event	28. Disaster Event Beginning Date (MM/DD/YYYY)	29. Disaster Event Ending Date (MM/DD/YYYY)
1	Georgia, Seminole		Pean	uts	R	unner		NP		С	Hurricane	10/10/2018	10/12/2018
2													
3													
Line	30.		31. 32. otal Affected Type		of.	33. Total Dollar Va	34. alue Loss Price Before	Discount		COC USE ONLY			
	Unit of Measure		Production	Quality Loss		on Affected P		Filice belole	Discount	35 COC Adju Affected F	sted Total roduction	36. COC Adjusted Total Dollar Value Loss on Affected Production	37. COC Adjusted Price Before Discount
1	pounds 35,		35,866	Loan discount		\$778.72		0.22	25				
2													
3													

Example 3: Seg 2 and Seg 3 Peanuts Not Under Contract

Producer's 2018 runner peanuts suffered quality losses due to hurricane conditions. Producer's net production was 35,866 pounds. Due to quality issues, the producer's peanuts were graded as Seg 2.--*

F Examples (Continued)

Example 3: Seg 2 and Seg 3 Peanuts **Not** Under Contract (Continued)

Calculate total dollar value loss as follows:

value of loan before discount = \$6.357.07

- national loan rate for 2018 runner peanuts \$0.177245
 multiplied by
- affected production (35,866 pounds) (Item G, FSA-1007)

value of loan after discount = \$2,224.97

- 35 percent of national loan rate (\$0.177245 x 0.35) \$0.06203575
 multiplied by
- affected production (35,866 pounds).

Total Dollar Value Loss = \$4,132.10 (\$6,357.07 - \$2,224.97)

To complete FSA-898, Part D, enter:

- 35,866 in line 31. "Total Affected Production"
- "Loan Discount" in line 32. "Type of Quality Loss Discount"
- \$4,132.10 in line 33. "Total Dollar Value Loss on Affected Production"
- \$0.177245 in line 34. "Price Before Discount".

Notes: There is no Option Payment (contract payment) for Seg 2 and Seg 3 peanuts; therefore, the **value of the loan after discount** will be calculated the same for Seg 2 and Seg 3 peanuts under contract.

For Seg 2 and Seg 3 peanuts under contract, the only difference in calculating total dollar value loss is that the contract price is used as the price before discount.--*

53-61 (Reserved)

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None

Forms

The following lists all forms referenced in this handbook.

	The state of the s	Display	D 4
Number	Title	Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELC)		8, 9
	and Wetland Conservation (WC) Certification		
	(Includes AD-1026 Appendix)		
CCC-471	Non-Insured Crop Disaster Assistance		25
	Program (NAP) Application for Coverage with		
	Buy-Up Option (2015 and Subsequent Crop		
	Years)		
CCC-901	Members Information		Ex. 5
CCC-902	Farm Operating Plan for Payment Eligibility		9, 62, Ex. 5
	2009 and Subsequent Programs Years		
CCC-902E	Farm Operating Plan for an Entity		Ex. 5
CCC-902I	Farm Operating Plan for an Individual		Ex. 5
CCC-941	Average Adjusted Gross Income (AGI)		9, 62
	Certification and Consent to Disclosure of Tax		
	Information		
CCC-942	Certification of Income from Farming		9, 62
	Ranching and Forestry Operations		
FSA-578	Report of Acreage		23, 42, 62,
			76, Ex.5,
			Ex. 7
FSA-770 QLA	Quality Loss Adjustment Program Checklist	13	
FSA-850	Environmental Screening Worksheet		12
FSA-895	Crop Insurance and/or NAP Coverage	Ex. 6	25, 62
	Agreement		
FSA-898	QLA Program Application	Ex. 5	Text, Ex. 7
FSA-899	Historical Nutritional Value Weighted Average	Ex. 7	43, 44, 45,
	Worksheet (QLA Program Forage Only)		62, 76, 94,
			121, Ex. 5
FSA-1007	Inspection Certificate and Calculation		52
	Worksheet		

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not Listed in 1-CM

The following lists approved abbreviations not listed in 1-CM.

Approved Abbreviation	Term	Reference
CRM	Customer Relationship Management	23
QLA	Quality Loss Adjustment	Text
RFV	Relative Feed Value	44
RFQ	Relative Feed Quality	44
TDN	Total Digestible Nutrients	44, 76
WFRP	Whole-Farm Revenue Protection	25

Redelegations of Authority

COC can redelegate CED authority to approve routine applications.

COC can delegate CED authority to disapprove applications received after the deadline according to paragraph 4.