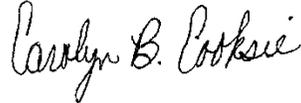


For: State and County Offices

Updated Procedures for Entering Correct Program and Late Payment Interest Rates in NRRS

Approved by: Associate Administrator for Operations and Management



1 Overview

A Background

The NRRS software has been revised to streamline the process of entering interest rates and to assist users with applying the appropriate interest to receivables according to 58-FI.

B Purpose

This notice informs State and County Offices of the NRRS software updates and provides definitions, uses, and clarification for the fields and the different interest rates charged by FSA.

C Contacts

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact the appropriate office as follows.

Issues	Contact
Policy	Contact either of the following: <ul style="list-style-type: none"> • Steve Huckaby by: <ul style="list-style-type: none"> • e-mail at stephen.huckaby@kcc.usda.gov • telephone at 816-926-2850 • Tom Harris by: <ul style="list-style-type: none"> • e-mail to tom.harris@wdc.usda.gov • telephone at 703-305-1439.
Software	Contact the National Help Desk at 800-255-2434 or 816-926-1552. Select either of the following options: <ul style="list-style-type: none"> • “1” for problems with NRRS • “3” for hardware and other software.

Disposal Date	Distribution
July 1, 2011	State Offices; State Offices relay to County Offices

2 Interest Rate Definitions and Uses

A Program Interest

Each CCC/FSA program dictates if program interest will be charged on a payment issued to a producer. See the program procedural handbook to determine whether program interest should be charged. When program interest is applied, it should be charged on the refund/payment from the date the payment is disbursed until the earlier of first demand letter date or the date the receivable is paid. The payment disbursement determines the month and year of the rate to use according to 50-FI, Exhibit 7.

If program interest applies, the user shall manually enter the program interest rate on the Receivable Establishment Screen or manually adjust the receivable on the Receivable Adjustment Screen.

The interest start date for program interest in NRRS is the date of indebtedness. The date of the original payment should be entered as the “Date of Indebtedness” field in NRRS.

B Definition of Late Payment Interest

Late payment interest is the rate of interest FSA charges on debts that are 60 calendar days or older and accrues from the date of the first demand letter. The “Late Payment Interest Rate” is automatically assigned by NRRS using the date of the first demand letter. No user intervention is required.

C Definition of Additional 3 Percent Penalty Interest

Additional 3 percent penalty interest is interest automatically added to the “Late Payment Interest Rate” in NRRS when 90 calendar days has lapsed from the first demand letter date. No user intervention is required.

D How Different Interest Rates Are Applied to Receivables

Program interest accrues until the first demand letter is generated. The accrued program interest is added to the principal amount of the receivable. Late payment interest accrues on the total of the principal plus the accrued program interest when 30 calendar days has lapsed from the first demand letter date. The additional 3 percent penalty interest is added to the late payment interest when 90 calendar days lapses from the first demand letter date. This becomes the new late payment Interest.

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3 Applying Program Interest and Late Payment Interest Rates to Receivables

A Entering Program Interest When Establishing and Adjusting Receivables

The late payment interest rate shall never be entered by the user. This rate will be determined by NRRS and will be automatically applied to the receivable when the first demand letter is generated.

The following is an example of the Create New Receivable Screen for entering program interest when establishing or adjusting a receivable.

Create New Receivable

All required fields are denoted by an asterisk (*).

* Date of Indebtedness: (mm/dd/yyyy) ?

* Budget Fiscal Year: ?

* Select State / County: 55 WI - 065 Lafayette ?

Principal Amounts
Program Code: 11BRLYLN - LOAN - BARLEY

* Program Amount : (\$) ?

* Program Charges : (\$) ?

Debt Management Fees

Fee Code: None ? Fee Amount: (\$) ?

Interest Information

* Program Interest Rate (e.g. 3.25) : (%) ?

Warning: Do not enter a program interest rate unless program interest applies to this receivable. Refer to 5B-F1 handbook for program interest rate.

Late Payment Interest
Late Payment Interest will apply. The rate will be automatically assigned when the first demand letter is issued.

Other
An explanation and rate will be input on the next screen.

None
An explanation will be input on the next screen.

Reference Fields

Establishment
Discovery Code: Program Operations ?

Basis Reason
Code: Due Process Suspended ?

Audit
Number: ?

Reference Type Code	Reference Number
Select a Reference Code ?	<input type="text"/>
Select a Reference Code ?	<input type="text"/>
Select a Reference Code ?	<input type="text"/>
Select a Reference Code ?	<input type="text"/>
Select a Reference Code ?	<input type="text"/>

Remarks (limit 255 characters):

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3 Applying Program Interest and Late Payment Interest Rates to Receivables (Continued)

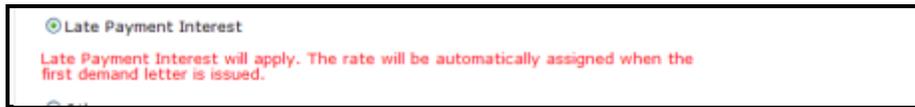
A Entering Program Interest When Establishing and Adjusting Receivables (Continued)

When program interest applies only, enter the date the original payment was disbursed in the “Date of Indebtedness” field. In the “Budget Fiscal Year” field, enter the FY the payment was disbursed.

If program interest applies, user shall enter the rate in the “Program Interest Rate” field, and the rate shall be based on the month and year the payment was disbursed, according to 50-FI, Exhibit 7.

B Late Payment Interest

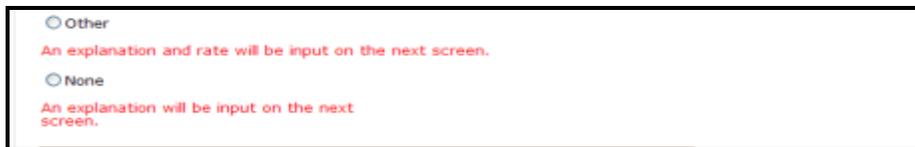
The following is an example of the “Late Payment Interest” default field. **Do not change** the “Late Payment Interest” default. See 58-FI, subparagraph 150 E for exceptions to the general policy to determine whether interest applies and before making any changes to interest.



The screenshot shows a radio button labeled "Late Payment Interest" which is selected. Below it, a red text message reads: "Late Payment Interest will apply. The rate will be automatically assigned when the first demand letter is issued."

C “Other” and “None” Interest Options

The “Other” and “None” options add clarification statements for changing the interest. The interest rate “Other” option is for Bankruptcy or Judgments Orders. Choose “None” if no interest is to be charged. See 58-FI, subparagraph 150 E for exceptions to the general policy to determine whether interest applies.



The screenshot shows two radio button options. The first is "Other" with a red text message: "An explanation and rate will be input on the next screen." The second is "None" with a red text message: "An explanation will be input on the next screen."

If the user checks “Other” or “None”, the following message will appear requiring the user to add remarks for a different interest rate or for no interest.



The screenshot shows a form titled "Create New Receivable". At the top, there is a warning icon and the text "Remarks are required." Below this, a note states: "All required fields are denoted by an asterisk (*)." The form has a section titled "Interest Information - Other" with two input fields: "* Other Rate (e.g. 3.25):" and "*Remarks (limit 255 characters):". At the bottom of the form are three buttons: "Save & Add Customers", "Back", and "Cancel".