

For: State and County Offices

Peanut Repayment Policies

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

Peanut marketing assistance loans may be repaid at any time during the 9-month loan period. The following types of repayments are available:

- principal, plus interest
- market loan
- commodity certificate exchange.

Notices PS-437 and PS-439 provided automation instructions for disbursing loans and LDP's and processing peanut marketing assistance loan repayments.

State and County Offices have received large volumes of peanut loan and LDP requests. Because of the large volume of peanut loan requests, County Offices are experiencing delays in approving and disbursing loan proceeds. A marketing assistance loan must be approved and disbursed before a repayment can be processed.

Note: When APSS is inoperable, County Offices may manually estimate a loan repayment amount and deposit the repayment amount on a manual schedule of deposit.

B

Purpose

This notice reminds State and County Offices of policies and procedures for:

- processing marketing assistance loan repayments
- calculating estimated repayment amounts.

Disposal Date	Distribution
March 1, 2003	State Offices; State Offices relay to County Offices

2 Peanut Market Loan Repayments

A

Market Loan Repayments

The market loan repayment provisions allow producers to repay outstanding marketing assistance loans at the alternative repayment rate. When the National Posted Price (NPP) is less than the principal plus interest for the outstanding peanut marketing assistance loan, the loan repayment rate is NPP in effect on the date of the repayment.

The difference between the loan rate and NPP is the market loan gain. When peanut loans are redeemed at NPP, all or some of the loan interest may be waived and the repayment amount is reduced by the storage credit.

Note: Waived interest and the storage credit are **not** subject to payment limitation.

Producers may request a market loan repayment:

- on all grades of peanuts, including Seg 2 and 3 if NPP is below the loan rate
 - at anytime during the 9-month loan period
 - when NPP is less than the principal plus interest.
-

B

Commodity Certificate Exchange Repayments

Eligible producers may purchase commodity certificates to acquire loan collateral. Eligible producers must:

- have an outstanding commodity loan, not past maturity, to purchase a commodity certificate
- sign CCC-694-2, according to 8-LP, paragraph 992.

The commodity certificates must be:

- immediately exchanged for the loan collateral
 - purchased for the exact dollar value.
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2 Peanut Market Loan Repayments (Continued)

B

**Commodity
Certificate
Exchange
Repayments
(Continued)**

Producers may request commodity certificate repayment:

- on all grades of peanuts, including Seg 2 and 3 if NPP is below the loan rate
- at anytime during the 9-month loan period
- when NPP is less than the principal plus interest.

County Offices shall follow procedures in 8-LP, paragraph 991, to determine the commodity certificate exchange value.

Commodity certificate exchange purchases (repayments) are **not** subject to payment limitation.

C

**Accepting
Market Loan
Repayments
When Marketing
Assistance Loans
Have Not Been
Disbursed**

Marketing assistance loans may not be redeemed if the loan has not been disbursed. If a producer has a loan request on file, and the loan has not been approved and disbursed, the producer may request an immediate commodity certificate exchange.

The commodity must meet all eligibility requirements at the time of the loan request.

In the case of warehouse-stored loans, warehouse receipts cannot be released to the producer or a buyer until a loan has been disbursed and redeemed.

D

**Processing
Commodity
Certificate
Exchanges After
Loans Are
Disbursed**

When the County Office disburses the loan proceeds, the County Office shall process the commodity certificate exchange immediately.

The repayment date is the date the transaction is processed in APSS, even if the commodity certificate repayment was requested at an earlier date.

Note: Some producers who request to lock-in a repayment rate are unable to lock-in a rate because the loan has not been approved and disbursed. County Offices shall consider processing marketing assistance loan requests when a lock-in is also requested before processing other loan requests.

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2 Peanut Market Loan Repayments (Continued)

D

**Processing
Commodity
Certificate**

Use the alternative repayment rate (NPP for peanuts) in effect on the date the loan and immediate exchange for commodity certificates were requested.

**Exchanges After
Loans Are
Disbursed
(Continued)**

For warehouse-stored loans, do not release receipts until after the loan is processed and repaid.

E

**Accepting and
Processing
Market Loan
Repayments
After Loans Are
Disbursed**

For marketing assistance loans that have been disbursed, County Offices shall accept:

- cash repayments
- commodity certificate exchanges.

If the County Office is unable to process the repayment in APSS, the County Office shall estimate the repayment amount for cash repayments by:

- multiplying the outstanding loan amount times the applicable NPP
- **not** reducing the estimated repayment rate by the storage credit.

County Offices shall release the warehouse receipts, explain to producers that the repayment amount is an estimated amount, and the producer may receive a refund or be required to repay any outstanding loan amount due.

Note: Commodity certificate repayments cannot be processed in APSS unless the repayment amount is equal to the exact loan repayment amount due.

County Offices shall not estimate commodity certificate repayments. Commodity certificates must be purchased for the exact dollar value to acquire the loan collateral.

F

**CCC-697
Lock-In
Repayments**

Producers cannot lock-in an alternative repayment rate on CCC-697 if the marketing assistance loan has not been disbursed.

County Offices shall follow policies and procedures in 8-LP, paragraph 952 for locking-in repayment rates.
