

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

Processing 2006 Peanut Loans and LDP's Using APSS County Release Nos. 593 and 594

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

County Release Nos. 593 and 594, mailed on July 17 and July 25, 2006, respectively, include enhancements to APSS to process peanut loans and LDP's, including the updated 2006 crop year:

- loan rates
- warehouse charges
- discount tables
- commodity assessments.

B Purpose

This notice provides general instructions to State and County Offices for processing peanut loans and LDP's for the 2006 crop year.

2 Basic Peanut Loan and LDP Program Information

A General Information

County Offices shall refer to the following:

- 12-PS for general instructions about APSS
- 15-PS for general instructions about eLDP processing
- 8-LP for general policies and procedures about loans and LDP programs
- Notice LP-2039 for additional policies and procedures for loans and LDP's
- a future CMA notice for additional policies and procedures for peanut DMA's.

Disposal Date

August 1, 2007

Distribution

State Offices; State Offices relay to County Offices,
Peanut CMA's, and DMA's

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2 Basic Peanut Loan and LDP Program Information (Continued)

B Loan Availability and Maturity Dates

The final loan availability date for peanuts will be **January 31** of the year following the harvest. Loans shall mature no later than the last day of the 9th calendar month following the month in which CCC-677 or CCC-678 was approved.

C Peanut Loan Rate for the 2006 Crop Year

APSS will **automatically upload** the 2006 loan rates and rate per percent of the total sound mature kernels (SMK) for peanuts for each peanut type. The loan rates can be viewed by accessing the county-maintained tables and selecting the "Commodity Loan Rate Table" for peanuts.

See Notice LP-2028 for peanut loan rates for the 2006 crop year. Loan rates for Seg. 2 and Seg. 3 warehouse-stored peanuts shall be 35 percent of the 2006 national loan rate (NLR) by peanut type.

D Peanut Loan and LDP Processing

Process peanut loans and LDP's in APSS by selecting the applicable option from Price Support Main Menu PCA005. These options, which include the ability to use pre-processed files, are the same as the previous crop year.

MAL's may be:

- farm-stored certified
- farm-stored measured
- warehouse-stored.

LDP's may be processed in APSS as:

- farm- or warehouse-stored certified
- farm-stored measured
- receipted warehouse-stored quantity
- load summary sheets or scale ticket quantities.

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2 Basic Peanut Loan and LDP Program Information (Continued)

D Peanut Loan and LDP Processing (Continued)

External LDP applicants and County Offices may also use eLDP according to 15-PS and applicable notices. The following eLDP options are currently available for peanuts:

- farm-stored certified
- field direct
- load summary.

Note: The eLDP system does **not** have the ability to automatically upload electronic warehouse receipt (EWR) data when processing an application. However, EWR's may be used as production evidence for eLDP applications.

E Other Peanut Loan and LDP Features

The following program features are the same as the 2005 crop year:

- assignments
- commodity certificate exchange
- commodity code and peanut type abbreviation
- interest rate
- program codes for loans and LDP's
- service fees.

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3 County-Maintained Table Files

A Updating the Peanut Offer Shipping Rate Table

County Offices must update the Peanut Offer Shipping Rate Table in APSS with the 2006 rates of peanut warehouse charges according to the following.

Step	Action
1	On Price Support Main Menu PCA005, ENTER "9".
2	On Menu PAA010, ENTER "3".
3	On Menu PAA015, ENTER "1".
4	On Menu PAA020, ENTER "3".
5	On Menu PAA79000, ENTER "6".
6	On the Peanut Offer Shipping Rate Table: <ul style="list-style-type: none">• ENTER "U" to update the table• enter the warehouse code assigned to the warehouse• ENTER "7/01/06" as the "Effective Date"• ENTER "N" or "Y" to the question, "Is this a merged warehouse?"• enter or verify the State and county codes where the warehouse is located. <p>Note: If the warehouse is not in the Name and Address File, the message, "Warehouse is not in the Name and Address File. Please correct or press Enter", will be displayed. PRESS "Enter" and Screen PAA79035 will be displayed.</p>
7	On Screen PAA79035, enter the following warehouse rates: <ul style="list-style-type: none">• \$8.00 per ton for load-out rate• \$2.71 per ton per month for storage rate. <p>Note: The rates for load-in charges shall be hard coded in the software and will be used to calculate the amount of load-in charges to be paid for the loan. See Notice LP-2039 for the rates of warehouse charges for the 2006 crop year.</p>

B Commodity Loan Rate Table

Verify that the loan rates were uploaded properly on Menu PAA020 by entering "2" or "8". See Notice LP-2028 for the 2006 crop year loan rates.

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4 Warehouse-Stored Loan Processing in APSS

A General Warehouse-Stored Loan Information

When processing warehouse-stored loans, ensure that each loan has the same:

- date documents received date
- peanut type
- producer
- State where peanuts were inspected
- warehouse code.

B Peanut Warehouse Receipt

Acceptable warehouse receipts may either:

- paper receipts
- EWR's.

EWR's must have CCC as the receipt holder to be acceptable for MAL's. CCC does **not** have to be the holder of EWR's used to request LDP's. Access the Peanut EWR User Guide at <http://www.fsa.usda.gov/dafp/psd/Peanut.html>. Under "Training Materials", CLICK "Peanut EWR-User Guide". The Peanut EWR User Guide may be downloaded and printed with the **notes** pages.

A future CMA notice will provide additional instructions on processing receipts associated with DMA loans.

C Warehouse Information

If a user enters a warehouse code on Screen PLC10000 that is **not** in the Other Name and Address file, the message, "Whse code not found. Please correct, or if approved code, press Enter", will be displayed. **Stop** the process and update the Peanut Offer Shipping Rate Table according to subparagraph 3 A.

A list of approved peanut warehouses is available at http://www.fsa.usda.gov/approved_whses/peanuts/approved_whses_uswa.asp.

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4 Warehouse-Stored Loan Processing in APSS (Continued)

D Date Document Received and Inspection State

On Screen PLC10005, enter the “Date Documents Received” date which shall be the actual date all required loan documents were received by the County Office. This shall be the later of the dates the following documents were received by the County Office:

- loan application
- the date when CCC becomes the holder of EWR

Note: The County Office shall download EWR as soon as the request for loan is received.

- other applicable documents, like lien waiver (excluding lien search).

Note: The “Date Documents Received” date for the DMA-prepared MAL shall be the date of DMA loan disbursement. FSA Service County Offices shall process DMA loans using the same “Date Documents Received” date and “Disbursement Date” as the DMA-prepared loan.

On Screen PLC10005, enter the 2-digit State code where the peanuts were inspected. This shall be the first 2 digits of the buying point number, if using a paper receipt. If using EWR, the field will automatically be filled. Verify that the “State of Inspection” corresponds to what is shown on the EWR file review list.

E Calculating the Receipt Loan Value

Starting with the 2006 crop year, APSS shall calculate the receipt loan value of Seg. 1 peanuts by determining the kernel value of peanuts (excluding loose shelled kernels (LSK)) represented by the receipt before applying additional discounts according to subparagraph F.

See Exhibit 1 for rates approved for the 2006 crop year and Exhibit 2 for an example of receipt loan value calculations.

The receipt loan value of Seg. 2 and Seg. 3 peanuts shall be the loan quantity according to subparagraph G times the Seg. 2 or Seg. 3 loan rate according to Exhibit 1.

Note: The manner of calculating the receipt loan value from the 2002 through the 2005 crop year remains unchanged.

F Discounts for Peanuts

Seg. 1 warehouse-stored peanuts shall have additional discount based on the percent damage, foreign material (FM), and sound splits, as indicated on the warehouse receipt. The manner of applying discounts shown on Exhibit 3 remains unchanged from the previous crop year.

No additional discounts shall be applied to Seg. 2 and Seg. 3 peanuts.

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4 Warehouse-Stored Loan Processing in APSS (Continued)

G Determining Loan Quantity and Loan Amount

APSS shall determine the loan quantity (Total Tons) in the same manner as the 2005 crop year which shall be the net tons (excluding LSK) plus LSK tons.

The loan amount shall be the total of the receipt loan values determined according to subparagraph E.

H Warehouse Receipt Summary for Peanuts Report

The Warehouse Receipt Summary for Peanuts Report contains data associated with each loan. Use the Warehouse Receipt Summary for Peanuts Report to verify the following:

- grade factors shown on the report match with the warehouse receipt information
- receipt loan amount and total loan amount are correct
- disbursement date in block 4 is correct
- warehouse code in block 5 is correct
- date document received in block 6 is correct
- the amount of load-in charges in block 8, by multiplying the loan quantity (Total Tons) times the load-in rate applicable to the State
- inspection State shown in block 9 corresponds with the State code where the peanuts were inspected
- research and promotion fee is correct according to subparagraph 6 B

Note: This amount should be the same as the “Marketing Assessment” amount printed on CCC-677 and CCC-678.

- assessments approved for the applicable State is correct according to subparagraph 6 B

Note: This amount shall be the same as the “Assessments” amount printed on CCC-677 and CCC-678.

File a copy of the report in the producer’s loan folder for future reference.

Note: Correct errors in the loan by reversing the loan using Menu PCA005, option 7 then, re-entering the correct loan as a manual loan and answering “Y” that it is a re-entry of a corrected loan on Screen PCA12000. See 12 PS, Part 11 for additional instructions on corrections.

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4 Warehouse-Stored Loan Processing in APSS (Continued)

I Peanut Load-In Charges

The manner of determining the amount of load-in charges paid to warehouses is the same as the 2005 crop year. The applicable load-in rate is hard coded in APSS, and shall be based on the physical location of the buying point where the official farmer's stock inspection was conducted as shown on the paper receipt or EWR.

The peanut warehouse load-in payments are paid to the warehouse by KCAO on a monthly basis using the data transmitted to the FSA Kansas City mainframe computer system. Warehouses receiving payments shall be provided with a Warehouse Load-in Charges Report generated by Accounting.

Load-in charges associated with a correction and loan violation are reflected as a negative load-in amount due.

5 Commodity (Peanut) Assessments

A General Information

APSS shall automatically calculate and deduct the authorized amount of assessment from MAL's at disbursement and display these deductions on:

- Screens PLC12000 and PLC12005 when completing warehouse-stored loans
- Screens PLB13500 and PLB13505 when completing farm-stored loans.

The amount of assessment deductions shall be printed on CCC-677 and CCC-678 as:

- "Assessments" for authorized State commodity assessment
- "Marketing Assessments" for the national research and promotion fee.

Verify these amounts according to subparagraph 4 B.

Notes: DMA and CMA Service County Offices must ENTER "0" in the "Marketing Assessment Amount" field when completing CMA and DMA loans in APSS.

Peanut DMA's and CMA's shall be responsible for collecting and remitting **all** authorized commodity assessment including the national research and promotion fee to the applicable entity.

The National Peanut Board and State commodity assessments shall be remitted by KCAO to the applicable entities on a monthly basis. A report indicating the amounts deducted from each MAL shall be provided with each remittance.

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5 Commodity (Peanut) Assessments (Continued)

B Authorized Peanut Assessment Deductions

The following entities are the authorized peanut assessment deductions for the 2006 crop year.

Entity Name	Applicability	Rate
National Peanut Board	All farm-stored and warehouse-stored MAL's.	1 percent of total loan amount
North Carolina Peanut Growers Association	All farm-stored and warehouse-stored MAL's for peanuts produced in North Carolina.	\$.15 per lbs. or \$3.00 per ton of loan quantity
Oklahoma Peanut Commission	All farm-stored and warehouse-stored MAL's for peanuts produced in Oklahoma.	\$2.00 per ton of loan quantity
Texas Peanut Producers Board	All farm-stored and warehouse-stored MAL's for peanuts produced in Texas. Note: The APSS enhancement allowing the commodity assessment deduction for Texas shall be provided in a future software release.	\$2.00 per ton of loan quantity

6 Processing LDP's in APSS

A General Information

LDP's will be calculated in the same manner as the previous crop years. See <http://www.fsa.usda.gov/dafp/psd/Peanut.htm> for LDP rates for peanuts.

Note: When using a receipt as production evidence, use the "Total Tons" shown on the receipt when determining the quantity in the "Net Tons" field.

See 15-PS and applicable notices for instructions on processing eLDP's.

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6 Processing LDP's in APSS (Continued)

B LDP's for Green Peanuts and Peanuts for Hay

Green peanuts and peanuts for hay are eligible for certified LDP's only. On LDP Screen PGA10000, enter the following:

- commodity = "PNUT"
- class/variety = "GRN" for green peanuts or "HAY" for peanuts for hay
- crop year = enter the last 2 digits of the applicable crop year
- the question, "Does this LDP have multiple producers", will be displayed, ENTER "Y" or "N".

PRESS "Enter".

Note: The system will display an additional line, labeled "Class/Variety" (if other than grain). Enter the applicable peanut type according to the LDP application being processed. See Notice LP-2039 for additional information.

7 Processing Peanut Loan Repayment in APSS

A Loan Repayment Options

Screen PPD00000 will display the available loan repayment options. These are the same as the 2005 crop year. Select the type of repayment to be processed according to the following.

Description	Menu Option
Regular Repayment - calculates repayments at principal plus interest (P+I).	Option 1
Commodity Certificate Repayment - calculates certificate exchange at CCC determined value based on the National Posted Price (NPP) (alternative repayment amount).	Option 2
Market Price Repayment - calculates repayments at the lower of: <ul style="list-style-type: none">• P+I• CCC determined value based on the NPP (alternative repayment amount).	Option 3

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7 Processing Peanut Loan Repayment in APSS (Continued)

B Regular Repayment

Select the regular repayment option to repay the loan at P+I. APSS will calculate the interest applicable to the loan subject to January 1 adjustment. See 8-LP, Part 9 for general policies on repayments. Applicable interest is assessed at the earlier of:

- date of settlement
- repayment date for loans disbursed by CCC-184
- 2nd day before date of repayment for loans disbursed by electronic funds transfer (EFT).

Seg. 2 and Seg. 3 peanuts shall be repaid using the regular repayment option.

See 12-PS, Part 7, Section 2 for additional APSS instructions.

C Commodity Certificate Repayment

Select the commodity certificate repayment option for outstanding loan collateral eligible for commodity certificate exchange. See:

- 8-LP, Part 9, Section 8 for policies on commodity certificate exchanges
- 12-PS, Part 7 for additional APSS instructions.

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7 Processing Peanut Loan Repayment in APSS (Continued)

D Market Price Repayment

APSS will calculate market price repayment at the lower of the calculated P+I or the CCC-determined value based on NPP (alternative repayment amount). Select the market price repayment option if the loan will not be redeemed using a commodity certificate or repaid using regular repayment.

The following provides general information on market price repayment.

IF the...	AND is...		
	equal to NLR, THEN...	less than NLR, THEN...	greater than NLR, THEN...
repayment is at NPP	repayment is the alternative repayment amount.	repayment is the alternative repayment amount.	repayment is P+I. Note: Shall not be greater than the alternative repayment amount.
interest is at NPP	interest is forgiven.	interest is forgiven.	interest is partially forgiven if P+I is greater than the alternative repayment amount.
market gain is at NPP	market gain is not applicable.	market gain is the difference between principal liquidated and alternative repayment amount.	market gain is not applicable.
storage credit is (warehouse-stored loans) at NPP	calculated from “date documents received” to date of repayment.		

See:

- 8-LP, Part 9, Section 2 for policies on market loan repayments
- 12-PS, Part 7, Section 4 for additional instructions on processing market loan repayments.

E Storage Credit

The amount of storage credit shall be calculated from the “Date Documents Received” date to the date of repayment and shall be applied at loan repayment.

Note: CCC shall **not** be responsible for storage due on loan collateral peanuts before the “Date Documents Received” date.

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8 Loan Forfeitures and Settlements

A Recording Forfeiture in APSS

Record peanut forfeiture in APSS on Menu PCA005, option 6, "Forfeit a Loan".

B Storage Due at Forfeiture

CCC shall **not** be responsible for storage before peanuts are put in the loan. However, to facilitate movement of the commodity, CCC shall advance the storage payment to the warehouse when the loan is forfeited and will collect from the producer, the storage amount due before "Date Documents Received" date.

When forfeiture is recorded in APSS, the system shall establish a receivable for the amount of storage from the "Storage Date" to the date before "Date Documents Received" date. The storage rate is calculated in the same manner as the storage credit calculations.

Screen PFA12000 will display the storage charges due on each forfeited warehouse receipt. Print Screen PFA12000 and file the printout in the loan folder.

Note: Make sure to scroll to the next page by pressing "Roll" or "Page Up/Down" until all forfeited receipts are shown.

CMA's and DMA's shall see a future CMA notice for further instructions.

C Forfeited EWR's

County Offices shall release forfeited EWR's to KCCO upon completing the forfeiture process in APSS. Using the PC Peanut EWR System for peanuts, access the release receipt option from Peanut EWR Menu 001.

On Screen PNC50000, ENTER "**C000002**" for the "New Holder ID" and PRESS "Enter". On Screen PNC53000 select the forfeited receipts from the list of receipts. Complete the release process according to Notice PS-561.

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8 Loan Forfeitures and Settlements (Continued)

D Reversing Forfeitures

If a loan transaction associated with forfeited peanuts has to be corrected, according to 12-PS, Part 11, County Offices should **immediately**:

- call Tonye Gross, Peanut Program Manager, at 202-720-4319
- send an e-mail to **Tonye.Gross@wdc.usda.gov**
- cc: **Cecile.Wynne@wdc.usda.gov**, **Lori.Kirkland@kcc.usda.gov**, **David.Kirkland@kcc.usda.gov**, and the State Office Price Support Specialist.

Include the following information in the e-mail:

- State and county code
- loan number
- warehouse receipt numbers
- indicate if paper or electronic warehouse receipt
- warehouse code
- peanut type/seg.
- loan quantity
- loan amount
- forfeiture date
- reason for correction.

Important: Indicate in the e-mail if the loan is being corrected because of an error in loan maturity date and the producer or the holder of CCC-605-P or CCC-211 intends to repay the loan or any receipt in the loan. The request **must** be approved by PSD before it can be processed.

E Farm-Stored Settlement

APSS shall determine the settlement value of farm-stored peanuts using the grade factors based on official inspection. For the 2006 and subsequent crop years, APSS shall calculate settlement value in the same manner as the receipt loan value calculations according to paragraph 4.

Peanut Rates for 2006 Crop Year

The following provides peanut rates for the 2006 crop year.

Peanut Rates for the 2006 Crop Year		
Seg. 1 Peanuts		
Peanut Type	NLR Per Ton	Rate per Percent Total SMK
Virginia	\$354.86	\$4.911
Runner	\$355.43	\$4.815
Spanish-SW	\$343.61	\$4.791
Spanish-SE	\$343.61	\$4.791
Valencia	\$354.86	\$5.196
ALL PEANUT TYPES (Premiums)		
Loose Shelled Kernels (LSK)	\$140.00	
Other Kernels (OK)		\$1.40
Extra Large Kernels (ELK) – Virginia only		\$.35
Seg. 2 and Seg. 3 Peanuts		
Virginia	\$124.20	No Additional Premium and Discount
Runner	\$124.40	
Spanish-SW	\$120.26	
Spanish-SE	\$120.26	
Valencia	\$124.20	

Example of Receipt Loan Value Calculation

The provides an example of a receipt loan value calculation.

Example Receipt Loan Value Calculations						
		VIRGINIA	RUNNER	SPANISH	VALENCIA	
Rates:						
1	Loan Rate	\$354.86	\$355.43	\$343.61	\$354.86	
2	Value Per % Total SMK	\$4.911	\$4.815	\$4.791	\$5.196	
Loan Quantity (from Receipt):						
3	Net Tons (Excluding LSK)	10.00	10.00	10.00	10.00	
4	LSK Tons	0.50	0.50	0.50	0.50	
5	Total Tons	10.50	10.50	10.50	10.50	
6	Segregation	1	1	1	1	
Grade Factors (Percent from Receipt):						
7	Moisture	5.21	5.21	5.21	5.21	
8	Foreign Materials (FM)	4.75	4.75	4.75	4.75	
9	Sound Splits (SS)	4.60	4.60	4.60	4.60	
10	Total Sound Mature Kernels (Total SMK)	SMK + SS	75.40	75.40	75.40	
11	Other Kernels (OK)		4.75	4.75	4.75	
12	Damaged Kernels (DK)		0.06	0.06	0.06	
13	Hulls		19.92	19.92	19.92	
14	Total Kernels + Hulls (Total Knls + Hulls)		100.13	100.13	100.13	
15	Extra Large Kernles (ELK) - Virginia Only		35.11	35.11	35.11	
CALCULATIONS:						
16	Total SMK (% Tot. SMK x Value Per % Tot. SMK)	Line 10 x Line 2	\$370.29	\$363.05	\$361.24	\$391.78
17	Other Kernel (% OK x \$1.40 per % OK)	Line 11 x \$1.40	\$6.65	\$6.65	\$6.65	\$6.65
18	ELK (% ELK x \$.35 per % ELK) - Vir only	Line 15 x \$.35	\$12.29	n/a	n/a	n/a
19	Total Kernel Value	Lines 16 + 17 + 18	\$389.23	\$369.70	\$367.89	\$398.43
Discounts:						
20	Damaged Kernels (% DK x Rate)	Line 12 - See Disc. Table for DK	\$0.00	\$0.00	\$0.00	\$0.00
21	Excess FM (% FM X Rate)	Line 8 - See Disc. Table for FM	\$1.00	\$1.00	\$1.00	\$1.00
22	Excess Splits (% SS x Rate)	Line 9 - See Disc. Table for SS	\$0.80	\$0.80	\$0.80	\$0.80
23	Total Discounts	Lines 20 + 21 + 22	\$1.80	\$1.80	\$1.80	\$1.80
24	Net Loan Rate Excluding LSK	Line 19 - Line 23	\$387.43	\$367.90	\$366.09	\$396.63
25	Value Excluding LSK (Net Tons x Net Loan Rate Excluding LSK)	Line 3 x Line 24	\$3,874.30	\$3,679.00	\$3,660.90	\$3,966.30
26	Value of LSK (LSK Tons x \$140)	Line 4 x \$140	\$70.00	\$70.00	\$70.00	\$70.00
27	Receipt Loan Value	Line 25 + Line 26	\$3,944.30	\$3,749.00	\$3,730.90	\$4,036.30

Peanut Discounts

Damage	
Percent	Deduction
1	
2	\$3.40

Foreign Material	
Percent	Deduction
1	
2	
3	
4	
5	\$1.00
6	\$2.00
7	\$3.00
8	\$4.00
9	\$5.00
10	\$6.00
11	\$7.00
12	\$8.50
13	\$10.00
14	\$11.50
15	\$13.00
Above 15 percent	\$13.00 + \$2.00 for each percent over 15 percent

SS	
Percent	Deduction
1	
2	
3	
4	
5	\$0.80
6	\$1.60
7	\$2.40
8	\$3.20
9	\$4.00
10	\$4.80
11	\$5.60
12	\$6.40
13	\$7.20
14	\$8.00
15	\$8.80
Above 15 percent	\$8.80 + \$0.80 for each percent over 15 percent