

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

**Clarifications for Processing Peanut Repayment**

**Approved by:** Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

There have been questions about processing peanut repayments. Guidelines for processing repayments can be found in:

- 8-LP, Part 9 for policies for repayments and transfers
- 12-PS, Part 7 for automated procedures for processing repayments using APSS.

APSS provides the following repayment options for peanuts:

- regular repayment
- commodity certificate repayment
- market price repayment.

**B Purpose**

This notice reminds the State and County Offices of the instructions for peanut repayments.

<b>Disposal Date</b>	<b>Distribution</b>
August 1, 2008	State Offices; State Offices relay to County Offices, Peanut CMA's, and DMA's

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### 2 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 previous crop years. Select the type of repayment to be processed according to the following.

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

#### B Regular Repayment

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 the following:

- 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).

Use the regular repayment option for either of the following:

- to process **Seg. 2** and **Seg. 3** peanut repayments
- when specific instructions to use this option are issued.

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, Section 3 for additional APSS instructions.

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**2 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).

Use the market price repayment option to process **Seg. 1** peanut repayments and when the loan will not be redeemed using a commodity certificate.

The following provides general information on market price repayment.

<b>IF NPP is...</b>	<b>THEN...</b>
equal to National loan rate (NLR)	<ul style="list-style-type: none"> <li>• repayment is the alternative repayment amount</li> <li>• interest is forgiven</li> <li>• market gain is <b>not</b> applicable</li> <li>• storage credit is calculated from “date documents received” to date of repayment.</li> </ul>
less than NLR	<ul style="list-style-type: none"> <li>• repayment is the alternative repayment amount</li> <li>• interest is forgiven</li> <li>• market gain is the difference between principal liquidated and alternative repayment amount</li> <li>• storage credit is calculated from “date documents received” to date of repayment.</li> </ul>
greater than NLR	<ul style="list-style-type: none"> <li>• repayment is P+I</li> </ul> <p style="text-align: center;"><b>Note:</b> Repayment shall <b>not</b> be greater than the alternative repayment amount.</p> <ul style="list-style-type: none"> <li>• interest is partially forgiven, if P+I is greater than the alternative repayment amount</li> <li>• market gain is <b>not</b> applicable</li> <li>• storage credit is calculated from “date documents received” to date of repayment.</li> </ul>

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.

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### 2 Processing Peanut Loan Repayment in APSS (Continued)

#### E Storage Credit

Storage credit shall be applied to warehouse-stored loans only. The amount of storage credit shall be:

- calculated from the “date documents received” date to the date of repayment
- 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.

### 3 Processing Corrections

#### A Correcting Repayments

Repayments processed in error shall be corrected according to 8-LP, Part 11, Section 1.  
Re-enter corrected repayment according to 12-PS, Part 7, Section 8.