

For: State and County Offices, and DMA's

Peanut Settlement for 2006 and Subsequent Crop Years

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

Peanut marketing assistance loans (MAL's):

- are available to eligible producers after the peanuts are harvested

Note: The final date to obtain a peanut MAL is January 31, following the month peanuts are normally harvested for the crop year.

- mature on demand, but no later than the last day of the 9th calendar month after the month in which the loan is disbursed.

Nonrecourse farm-stored loans not redeemed by maturity shall be settled according to 8-LP, Part 10 and 12-PS, Part 9.

Peanut settlement value shall be based on the quantity and quality of peanuts delivered when the loan is settled. For 2006 and subsequent crop years, APSS has been modified to determine the value of delivery in the same manner as the value of the warehouse receipt described in Notice PS-565.

B Purpose

This notice informs State and County Offices of the changes in processing peanut farm-stored settlements in APSS for 2006 and subsequent crop years.

Disposal Date	Distribution
December 1, 2008	State Offices; State Offices relay to County Offices, and DMA's

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2 Handling Peanut Settlements

A Processing Peanut Settlements in APSS

Peanuts delivered for settlement **must** be inspected by an authorized Federal or Federal-State inspector **before** delivery. APSS allows peanut settlements to be processed at delivery for:

- warehouse storage
- local sales.

Note: Settlement of DMA loans shall be processed at DMA service County Offices. DMA's shall be responsible for settling the loans with the producers and if applicable, collecting receivables from producers for remittance to the service County Office.

B Delivery Information

After selecting Option 13 from Menu PCA005 and completing the producer and loan identification routines, Screen PSA10000 will be displayed with the initial delivery information.

Verify the following information on Screen PSA10000:

- "Amount To Be Settled"
- "Maximum Quantity for Delivery".

Enter the following information:

- "Quantity for Delivery"

Note: This quantity is equal to total tons (Net Tons + LSK Tons) from the warehouse receipt or inspection certificate and **cannot** exceed the maximum quantity for delivery.

- "One ton = 2,000 pounds"
- "Final Date For Delivery" according to CCC-691
- "Y" or "N" to the question, "Is this a partial delivery"
- "Bin Number".

APSS shall prompt entering additional bin information, if applicable.

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2 Handling Peanut Settlements (Continued)

C Delivery Options

Select the applicable delivery options displayed on Screen PSA10005. Options with asterisks are disabled.

D Delivery Information

Enter additional delivery information based on the selected delivery option on Screen:

- PSA11000 for warehouse storage delivery
- PSA11015 for local sales.

Note: Enter the quantities in the delivery information screen using the warehouse receipt or inspection certificate data in the following manner:

- **Gross Pounds** shall be the Total Tons multiplied by 2,000, including LSK
- **Net Weight (bu., cwt., lb., tons)** shall be the Total Tons.

E Grading Factors Input

Enter the grading factors as shown on the warehouse receipt or grading certificate on Screen PSA02000. The grading factor input screen allows entering values with up to 2 decimal places. APSS shall handle the data entered on this screen in the same manner as the warehouse receipt grading factors when processing warehouse-stored loans. Screen PSA02000 has been enhanced to allow entry of LSK tons.

F Determining Delivery Value

For crop year 2006, the delivery value for each warehouse receipt or inspection certificate, shall be determined the same as the receipt loan value when processing warehouse-stored loans. These values shall be used in determining the final settlement value.

Note: Calculating settlement values **before** crop year 2006 remains unchanged.

G Settlement Rate Excluding LSK and LSK Rate

Screen PSA21000 shall display the settlement rate applicable to the net tons (excluding LSK). This shall be the rate resulting from the calculations shown in subparagraph 3 A, steps 1 through 6.

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2 Handling Peanut Settlements (Continued)

G Settlement Rate Excluding LSK and LSK Rate (Continued)

After pressing "Enter" to continue, Screen PSA21000 will be redisplayed prompting entering information in the following fields:

- Storage Start Date
- Date Receipt Received in County Office
- Received (R/B/A or T)

Note: R= rail; B=barge; A= for Truck; T=Truck and another type of transportation.

- Are storage charges for early delivery applicable ("Y" or "N")
- Is storage credit over 60 days applicable ("Y" or "N")
- If loan was called, enter required settlement date (MMDDYY)
- Do you have additional receipts/lots to process ("Y" or "N").

The rate for LSK shall be \$140 per ton. This rate shall be hardcoded in the software and will be used to calculate the value of the LSK tons as shown in subparagraph 3 A, step 8.

H Other Charges and Credits

Enter other charges and credits authorized for peanuts on Screen PSA24000. Print and file Screen PSA24000 in the loan folder.

I Settlement Summary

Screen PSA25000 summarizes the amount of charges and credits associated with the loan being settled. APSS has been enhanced to display "LSK Ton Amount", which is the value of the LSK tons under the "Credits" column.

Print Screen PSA25000 and file in the loan folder. Use the data on the printout to prepare a demand letter if the producer owes CCC as a result of the settlement.

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3 Examples of Determining Settlement Value

A Delivery Value for Seg. 1 Peanuts

The following is an example of a farm-stored loan being settled:

- Peanut Type: Virginia
- Farm-Stored Loan Quantity = 102 tons
- Farm-Stored Loan Amount To Be Liquidated = \$36,195.72 (\$354.86 x 102 tons).

After an authorized inspection of the quantity for delivery was completed, a warehouse receipt was issued with the following information:

- Grade: Seg. 1
- Net Tons = 93.50 tons (187,000 lbs.)
- Loose Shelled Kernels (LSK) Tons = 3.50 tons (7,000 lbs.)
- Total Tons (Net Tons + Total Tons) = 93.50 tons + 3.50 tons = 97.00 tons (194,000 lbs.).

Grade Factors	Abbreviation	Percent
Moisture	Moist	7.00
Foreign Materials	FM	5.00
Total Sound Mature Kernels (including 4% Sound Splits)	SMK (including SS)	64.45
Other Kernels	OK	5.01
Extra Large Kernels	ELK	45.20
Damaged Kernels	DK	.05
Hulls		30.49
Total Kernels & Hulls		100.00

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3 Examples of Determining Settlement Value (Continued)

A Delivery Value for Seg. 1 Peanuts (Continued)

The delivery value for Seg. 1 peanuts shall be determined according to the following.

Step	Description	Process	Example
1	Total SMK Value (including SS excluding LSK)	Total SMK Percent x Rate Per Percent Total SMK	64.45 x \$4.911 = \$316.51395
2	OK Value	OK Percent x Rate Per Percent OK (3 decimal places)	5.01 x \$1.40 = \$7.014
3	ELK Value – (For Virginia peanuts only)	ELK Percent x Rate Per Percent ELK	45.20 x \$.35 = \$15.82
4	Base Loan Rate (Excluding LSK)	Add steps 1, 2, and 3	= \$339.34
5	Total Discounts	Use Table of Discounts: DK + FM + SS discounts	\$0.00 + \$1.00 + \$0.00 = \$1.00
6	Net Loan Rate (Excluding LSK)	Step 4 - step 5	\$339.34 - \$1.00 = \$338.34
7	Total Delivery Value = Value of Net Tons (Excluding LSK Tons)	Net Tons x step 6	93.5 tons x \$338.34 = \$31,634.79
8	LSK Ton Amount Note: Included in “Other Credits”.	LSK Tons x Rate Per Ton LSK	3.5 tons x \$140 = \$490.00
9	Amount Allowed In Settlement	Step 7 + step 8 Note: Assumes no other credits.	\$31,634.79 + \$490.00 = \$32,124.79

B Settlement Value of Seg. 2 or 3 Peanuts

Using the same example in subparagraph A, the inspector determined that the grade of the peanuts is Seg. 3 because of the presence of A. flavus.

The delivery value shall be determined by adding the Net Tons + LSK Tons to come up with the Total Tons delivered times the loan rate for Seg. 2 or 3 peanuts.

Example: 97.00 tons x \$124.20 = \$12,047.40

Note: No additional premiums or discounts are applied to Seg. 2 or 3 peanuts. Refer to Notice PS-565 for the loan rates for other peanut types.

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4 Completing Settlement Process

A Updating Files and Documents

Upon selecting the option to complete the settlement process, APSS will update the appropriate files and generate the following documents:

- CCC-692 and CCC-692A, if applicable
- local sales list, if applicable.

B Amounts Due

If the settlement results in:

- amount due the producer, the accounting system shall process CCC-184 or EFT according to 6-FI
- amount due CCC, notify the producer of the deficiency and send demand letter according to 8-LP.

Note: Include a copy of CCC-691, CCC-692, and CCC-692A, if applicable, when sending notification to the producer.

5 Settlement Statement

A CCC-692

The settlement process generates CCC-692, containing information associated with the loan settlement. The amounts on the form shall correspond to the amounts summarized on Screen PSA25000.

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5 Settlement Statement (Continued)

B Example of CCC-692

The following is an example of CCC-692 generated for peanut settlements.

CCC-692 (02-16-94)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		Form CCC-692A is incorporated into this Form CCC-692 when this box is marked: <input type="checkbox"/>	
SETTLEMENT STATEMENT					
1. Name & Mailing Address of Contact Producer		2. CROP YEAR	3. COMMODITY	4. LOAN/P.A. NO.	
		06	PNUT	96104	
		5. ST. & CO. CODES		6. LN QTY. LIQUIDATED	
		05-017		102.00	
		7. GRH REDUCTION		8. TOTAL QTY. DELVRD.	
				97.00	
COMMODITY DELIVERED FOR ACCOUNT OF CCC					
9. WAREHOUSE RECEIPT OR LOT NO.	10. QUANTITY DELIVERED	11. RECEIVING ST. & CO. CODE	12. SETTLEMENT RATE	13. DELIVERY AMT.	
104	93.50	05-017	\$338.3400	\$ 31,634.79	
CHARGES					
14. LOAN AMOUNT LIQUIDATED	15. DELIVERY CHARGE	16. INTEREST ON DEFICIENCY	17. ASSESSMENTS		
\$ 36,195.72		\$ 206.93			
18. MARKETING ASSESSMENTS	19. LOAN ORIGINATION FEE	20. OTHER CHARGES	21. AMOUNT TO BE SETTLED	22. DUE CCC	
			\$ 36,402.65	\$ 4,277.86	
NOTICE TO PRODUCER - When the amount in Item 21 is greater than the amount in Item 26, there is an amount due CCC shown in Item 22. Please send to the County Office shown below, your remittance made payable to Commodity Credit Corporation for the amount indicated. When the amount in Item 26 is greater than the amount in Item 21, there is an amount due producer in Item 27.					
CREDITS					
23. TOTAL DELIVERY VALUE	24. STORAGE CREDIT	25. OTHER CREDITS	26. AMT ALLOWED IN SETTLEMENT	27. DUE PRODUCER	
\$ 31,634.79		\$ 490.00	\$ 32,124.79		
28. PRODUCER		29. ID NUMBER	30. PRODUCER SHARE		
C AND M FARMS INC		XX-XXX4959	1.0000		
31. APPROVED FOR CCC BY		DATE	32. Name and Address of County ASCS Office		
			CHICOT COUNTY FSA OFFICE BOX 152, LAKE VILLAGE, AR. 71653-0152 TELEPHONE NO. (870) 265-5312		
This program will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability.					

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5 Settlement Statement (Continued)

C CCC-692 for Peanut Settlements

CCC-692 for peanuts handles the settlement data in the following manner:

- Block 6: Loan Quantity Liquidated = Total Tons of farm-stored loan being liquidated
- Block 8: Total Quantity Delivered = Total Tons delivered (Net Tons from Block 10 + LSK Tons entered on Screen PSA02000)
- Block 10: Quantity Delivered = Net Tons (excluding LSK Tons)
- Block 12: Settlement Rate = Rate Per Net Tons (excluding LSK)
- Block 13: Delivery Amount = Amount of Net Tons (Block 10 x Block 12)
- Block 14: Loan Amount Liquidated = Total loan amount being liquidated
- Block 23: Total Delivery Value = Total Delivery Amounts in Block 13

Note: The Total Delivery Value does **not** include the Amount of LSK tons that are included with the Other Credits amount in Block 25.

- Block 25: Other Credits = credits shown on Screen PSA25000, including the Amount of LSK

All other data on CCC-692 shall be handled in the normal manner. No assessments are applied to peanut loan settlements.

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5 Settlement Statement (Continued)

D CCC-692 and Screen PSA25000 Data

If the producer owes CCC as a result of the settlement, APSS will display Screen PSA25000 with the settlement data. County Offices shall:

- print Screen PSA25000 and use it to create a demand letter
- file the screen printout with the loan documents.

The following table shows how the settlement data is shown on CCC-692 and Screen PSA25000, if applicable.

Data Description	CCC-692	Screen PSA25000
Delivery Data for Each Receipt (excludes LSK)	Blocks 9 through 13	Not displayed
Loan Amount Liquidated	Block 14	Outstanding Principal
Charges (when applicable)	Blocks 15 through 20	Listed under "Charges"
Amount To Be Settled = Outstanding Principal Liquidated + Charges	Block 21	Not displayed
Total Delivery Value = Total Amount of Net Tons (excludes LSK amount)	Block 23 Note: Total of Block 13	Delivery Value
LSK Ton Amount	Block 25	LSK Amount
Credits (when applicable)	Blocks 24 and 25	Listed under "Credits"
Amount Allowed in Settlement = Total Amount of Net Tons + LSK Amount + Credits (when applicable)	Block 26	Not displayed
Difference Between Amount To Be Settled and Amount Allowed in Settlement	If Block 21 is: <ul style="list-style-type: none"> • greater than Block 26, amount due CCC will be printed in Block 22 • less than Block 26, amount due the producer will be printed in Block 27. 	Note: The screen will only be displayed if the producer owes CCC as a result of the settlement.