

For: State and County Offices and CMA's

**APSS Enhancements Applicable to Feed Grains, Oilseeds,
Pulse Crops, Rice, and Wheat for 2009 and Subsequent Crop Years (CY's)**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

County Release No. 671 includes enhancements to APSS incorporating the changes in policies and procedures, beginning with 2009 CY, that include the following:

- processing large chickpeas, hulless barley, and hulless oats
- handling MAL and LDP requests from producers whose farms are enrolled in the ACRE Program
- processing warehouse-stored MAL's **without** premiums and discounts (P&D's)
- **not** allowing warehouse-stored MAL's when warehouse receipts show that in-handling charges are **not** paid or provided for
- **not** applying payment limitations on marketing loan benefits (marketing loan gains (MLG's) and LDP's)
- **not** applying the permitted entity, actively engaged, cash-rent tenant, and person rule provisions
- applying the 2009 CY P&D's at settlement, as applicable.

Note: Instructions for cotton and peanut MAL's, LDP's, and eLDP will be covered in separate notices and applicable amendments.

B Purpose

This notice:

- provides general instructions for processing MAL's and LDP's in APSS for 2009 and subsequent CY's
- obsoletes Notice PS-649 to correct information provided in subparagraphs 3 C, 4 C and D, 5 B, and 7 C because APSS automatically reduces the loan rate if producers are enrolled in ACRE.

Disposal Date	Distribution
August 1, 2010	State Offices; State Offices relay to County Offices and CMA's

Notice PS-651

2 General Information

A References

County Offices shall review the following for guidance:

- Notice LP-2114, Notice LP-2126, and other LP notices for MAL/LDP policies and procedures
- 1-CMA for CMA and DMA policies and procedures
- 8-LP for general policies and procedures
- 12-PS for general instructions about APSS
- applicable FI and PS notices.

B Additional Commodities

Beginning with 2009 CY, users have the ability to process MAL's and LDP's for the following commodities.

Commodity Name	Commodity Code		Class	Class Abbreviation
	Numeric	Alpha		
Chickpeas	5100	CHKP	Chickpeas (Small)	CHK
			Chickpeas (Large)	CHL (new)
Barley	2200	BRLY	Barley	BRL
			Hulless Barley	BHL
Oats	2300	OATS	Oats	OAT
			Hulless Oats	HLS

The Commodity Loan Rate table has been modified to allow entering loan rates for these additional commodities. Update the Commodity Loan Rate table with the county loan rates applicable to 2009 CY found at www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=lor.

C Eligibility Rules

The Food, Conservation, and Energy Act of 2008 (the 2008 Act) AGI provisions are applicable to MLG's and LDP's beginning with 2009 CY.

The following provisions are **not** applicable to 2009 and subsequent CY's:

- actively engaged
- cash-rent tenant
- payment limitation
- permitted entity
- person determination.

Note: Payment limitations shall continue to be applied to 2008-crop MAL repayments.

Notice PS-651

3 Processing MAL's in APSS

A MAL Processing Options

The Price Support Loan Making Menu (PLA000) options remain unchanged. However, these options have been modified to include the following enhancements.

Option	Summary of Changes
"1", "Farm-Stored Regular Certified"	Add the ability to indicate whether the quantities are from ACRE-enrolled farms.
"2", "Farm-Stored Measured"	
"4", "Warehouse-Stored Regular"	<ul style="list-style-type: none"> • Add the ability to indicate whether the quantities are from ACRE-enrolled farms. • Add the ability to indicate whether MAL will be processed with or without P&D's. <p>Note: Cotton and peanut warehouse-stored MAL's shall be processed with P&D's.</p> <ul style="list-style-type: none"> • Require in-handling charges indicator to be "Y" on each receipt to be eligible for warehouse-stored MAL's. • Discontinue applying storage deduction when "Storage Paid Through" date is before loan maturity date. <p>Note: Storage deduction shall be applied to forfeited commodities except for cotton and peanut forfeitures.</p>
"10", "Warehouse Rice Loans Using Preprocessed Data"	The changes described in Option 4 also apply to warehouse-stored MAL's using EWR's (see 2-LP Rice, Part 6 for additional information).

Notice PS-651

3 Processing’s MAL in APSS (Continued)

B Handling MAL Requests

Before processing a MAL request, County Offices will ensure that each MAL request is for the same:

- ACRE enrollment status
- class
- commodity
- producer
- warehouse code, if the request is for warehouse-stored MAL.

C ACRE Indicator

County Offices shall be responsible for verifying whether MAL or LDP request is from a farm enrolled in ACRE. APSS will prompt users to answer the question, “Is this quantity from a farm enrolled in ACRE (Y/N)?” Accordingly, County Offices shall enter a “Y” or “N”, on Screen:

- PLB10005 for farm-stored MAL’s
- PLC10010 for warehouse-stored MAL’s.

Follow these guidelines when processing MAL requests.

IF the request is from...	AND the Commodity Loan Rate table has...	THEN...
ACRE-enrolled farm	been loaded with 2009 CY loan rate	update the Commodity Loan Rate table with the full loan rate according to 12-PS, Part 14, Section 3, before processing MAL.
	not been loaded with 2009 CY loan rate	enter the reduced loan rate when prompted by APSS at loanmaking.
non-ACRE enrolled farm	been loaded with 2009 CY loan rate (undiscounted)	process MAL using the applicable loanmaking option.
	not been loaded with 2009 CY loan rate (undiscounted)	enter the full loan rate when prompted by APSS at loanmaking, or update the Commodity Loan Rate table with 2009 CY loan rate before processing MAL.

Important: County Offices **must** verify that the correct loan rate is being applied to MAL based on the ACRE enrollment indicator **before** completing the loanmaking process.

Enter all other MAL information in the same manner as previous CY’s.

Note: See Notice LP-2114 and Notice LP-2126 for additional information on ACRE.

Notice PS-651

4 Processing Warehouse-Stored MAL's

A Warehouse-Stored Loanmaking Options

Continue processing warehouse-stored MAL's from Price Support Loan Making Menu, ENTER "4", PRESS "Enter", and complete the basic producer and MAL information.

B In-Handling Indicator

Screen **PLC20000** has been enhanced to add the question, "Have in-handling charges been paid or provided for (Y/N)?". This question will be displayed when entering each warehouse receipt data.

A "Y" indicator will allow the user to continue processing. If the entry is "N" or blank, APSS will display an error message and **not** allow further processing.

Note: APSS will read the in-handling indicator from the EWR data transferred to APSS, using Option 10.

For MAL's with multiple receipts, County Offices **must** remove the receipts that do **not** pass the in-handling validation, and return the rejected receipt(s) to the producer. Rice EWR's **must** be returned to its pre-download status using the web-based EWR system.

C P&D's

Screen **PLC20000** has been enhanced to add the question, "Do you want to bypass grading factor processing (Y/N)?". This question will be displayed after the data associated with the first receipt is entered on Screen PLC20000.

County Offices **must** enter "Y" when processing, feed grains, oilseeds, pulse crops, rice, and wheat MAL's. This will enable APSS to process MAL's **without** P&D's.

Note: This question will **not** be displayed when processing **cotton** and **peanut** warehouse-stored MAL's.

If using rice EWR, from the Price Support Loan Making Menu, ENTER "10", and PRESS "Enter". APSS will validate EWR's using the same validations applicable to paper receipts.

APSS will discontinue applying P&D's and storage deductions at the time of loanmaking beginning with 2009 CY. Screen **PLC11000** will have zero values in the following fields:

- "Total Premiums Amount"
- "Total Discounts Amount"
- "Storage Deduction".

Notice PS-651

4 Processing Warehouse-Stored MAL's (Continued)

D Determining Warehouse-Stored MAL Amount

APSS will calculate the warehouse-stored MAL amount for:

- **feed grains, oilseeds, pulse crops, and wheat** by multiplying the quantity on the receipt by the applicable loan rate
- **rice** by determining the milling yield and applying the applicable loan rates according to 2-LP Rice, Exhibit 7.

Note: The loan rate **will automatically** be reduced by 30 percent if the ACRE-indicator is set to "Y" on Screen **PLC10010** (see Exhibits 1 and 2 for examples of MAL and LDP calculations for ACRE-enrolled farms).

The MAL amount shall be the total of all warehouse receipts included in MAL. This is unchanged from the previous CY's.

5 Processing Farm-Stored MAL's

A Farm-Stored Loanmaking Options

Continue to process farm-stored MAL's using Options 1 or 2 on the Price Support Loan Making Menu.

B Farm-Stored MAL ACRE Indicator

Screen **PLB10005** has been enhanced to add the question, "Is this quantity from a farm enrolled in ACRE (Y/N)?"

County Offices **must** ensure that the Commodity Loan Rate table is updated with the **full** loan rate when processing MAL's from **non-ACRE** farms.

Note: APSS will automatically reduce the loan rate when ACRE indicator is set to "Y".

C Other Farm-Stored MAL Procedures

Other procedures on processing farm-stored MAL's remain unchanged.

Notice PS-651

6 MAL Repayments

A MAL Repayment Options

Screen PPD00000 will display the available MAL repayment options. These are the same as the previous CY. Select the type of repayment to be processed according to the following table.

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 posted county price (PCP) or regional posted price (RPP) or national posted price (NPP). Note: Commodity certificate redemption will be applicable until the end of 2009 CY.
“3”	“Market Price Repayment” calculates repayments at the lower of: <ul style="list-style-type: none">• P+I• CCC-determined value based on PCP, RPP, or NPP.

B P+I Repayments

Regular P+I repayments remain unchanged (see 12-PS, Part 7, for instructions on processing regular repayments).

C Commodity Certificate Repayments

APSS will allow commodity certificate redemptions for all 2009-crop MAL’s regardless of the redemption date.

Select the commodity certificate repayment option for outstanding MAL collateral eligible for commodity certificate exchange (see:

- 8-LP, Part 9, Section 8 for policies on commodity certificate exchanges
- 12-PS, Parts 3 and 7 for additional APSS instructions).

For MAL’s with ACRE indicator set to “Y”, APSS will calculate the repayment amount based on the reduced loan rate (see Exhibits 1 and 2 for examples).

Commodity certificate redemptions are **not** subject to the 2008 Act AGI provisions.

Notice PS-651

6 MAL Repayments (Continued)

D Market Price Loan Repayment Software

Important: The market price loan repayment software included in County Release No. 671 does **not** include the AGI provisions.

The market price loan repayment option will determine the repayment that is the lower of the calculated P+I or the alternative repayment amount based on PCP, RPP, or NPP.

For MAL's with ACRE indicator set to "Y", APSS will calculate the repayment amount based on the reduced loan rate (see Exhibit 1 and 2 for examples).

The 2008 Act AGI rules are applicable to 2009 CY, and will determine the MLG amount. The MLG amount shall be based on the AGI share determination for the individual, member of a joint operation, or entity (see:

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

Note: The 2008-crop redemptions shall continue to be subject to payment limitations.

E Repaying MAL's Disbursed Before ACRE Signup

If a producer has an outstanding MAL and later enrolls in ACRE, the MAL **must** be repaid at P+I.

Correct MAL according to 12-PS, Part 11 and reprocess MAL using the reduced loan rate (ACRE loan rate), if MAL is being:

- delivered to CCC for farm-stored MAL
- forfeited to CCC for warehouse-stored MAL
- repaid using Option 2, "Commodity Certificate Repayment"
- repaid using Option 3, "Market Price Repayment".

Notice PS-651

7 Processing LDP in APSS

A Handling LDP Requests

Important: LDP software included in County Release No. 671 does **not** include AGI provisions. Do **not** process **any** LDP in APSS until updated APSS software is installed. LDP requests can be processed using eLDP software.

12-PS, Part 19 provides general instructions for processing LDP's in APSS. Beginning with 2009 CY, ensure that the quantity on the LDP request is for the same:

- ACRE enrollment status
- class
- commodity
- producer.

B Grazeout Payments

Grazeout payment is available for barley, oats, triticale, and wheat to producers who planted the crop and use the planted crop to graze livestock. LDP provisions apply to grazeout payments.

Note: Grazeout payments, except triticale, are subject to ACRE provisions for covered commodities and will be handled in the same manner as LDP's.

C LDP ACRE Indicator

LDP processing software has been enhanced to allow users to indicate, on Screen PGA10005, whether the commodity is subject to ACRE provision or **not** by answering the question, "Is this quantity from a farm enrolled in ACRE (Y/N)?"

Note: County Offices shall be responsible for verifying whether the farm is enrolled in ACRE. See Exhibit 1 for example LDP calculations for farms enrolled in ACRE.

D Handling LDP's Issued Before ACRE Signup

LDP's issued before signup **must** be corrected according to 12-PS, Part 19, Section 4.5.

Example APSS Calculations for Feed Grains, Oilseeds, Pulse Crops, and Wheat MAL's/LDP's

MAL and LDP: Feed Grains, Oilseeds, Pulse Crops, and Wheat			
Note: PCP, RPP, or NPP is not adjusted:			
<ul style="list-style-type: none"> • for P&D when determining LDP rate • when loan rates are discounted to set percentage for nonrecourse loan on commodities harvested as other than grain, contaminated commodities, and low quality commodities. 			
Example 1 - P+I		ACRE	Non-ACRE
1	Loan Rate (county, regional, or national)	\$2.00	\$2.00
2	Quality Adjustment (P&D's)	\$0.00	\$0.00
3	Rate Adjusted for Quality (no adjustments for quality)	\$2.00	\$2.00
4	ACRE: 30% of Rate Adjusted for Quality (.30 x line 3)	\$0.60	\$0.00
5	Effective Loan Rate: Adjusted for ACRE (line 3 - line 4)	\$1.40	\$2.00
6	Assumed Repayment (Lower of P+I or PCP or RPP or NPP)	\$1.45	\$2.05
7	Repayment Rate Quality Adjustment	\$0.00	\$0.00
8	Adjusted for Repayment Rate (line 6 - line 7)	\$1.45	\$2.05
MLG/LDP Calculations			
9	Effective Loan Rate (line 5)	\$1.40	\$2.00
10	Adjusted Repayment Rate (line 8)	\$1.45	\$2.05
11	MLG/LDP (line 9 - line 10)	\$0.00	\$0.00
Example 2 - P+I for ACRE, Alternative Payment Rate for Non-ACRE		ACRE	Non-ACRE
1	Loan Rate (county, regional, or national)	\$2.00	\$2.00
2	Quality Adjustment (P&D's)	\$0.00	\$0.00
3	Rate Adjusted for Quality (no adjustments for quality)	\$2.00	\$2.00
4	ACRE: 30% of Rate Adjusted for Quality (.30 x line 3)	\$0.60	\$0.00
5	Effective Loan Rate: Adjusted for ACRE (line 3 - line 4)	\$1.40	\$2.00
6	Assumed Repayment (Lower of P+I or PCP or RPP or NPP)	\$1.45	\$1.80
7	Repayment Rate Quality Adjustment	\$0.00	\$0.00
8	Adjusted for Repayment Rate (line 6 - line 7)	\$1.45	\$1.80
MLG/LDP Calculations			
9	Effective Loan Rate (line 5)	\$1.40	\$2.00
10	Adjusted Repayment Rate (line 8)	\$1.45	\$1.80
11	MLG/LDP (line 9 - line 10)	\$0.00	\$0.20
Example 3 - Alternative Repayment for ACRE and Non-ACRE		ACRE	Non-ACRE
1	Loan Rate (county, regional, or national)	\$2.00	\$2.00
2	Quality Adjustment (P&D's)	\$0.00	\$0.00
3	Rate Adjusted for Quality (no adjustments for quality)	\$2.00	\$2.00
4	ACRE: 30% of Rate Adjusted for Quality (.30 x line 3)	\$0.60	\$0.00
5	Effective Loan Rate: Adjusted for ACRE (line 3 - line 4)	\$1.40	\$2.00
6	Assumed Repayment (Lower of P+I or PCP or RPP or NPP)	\$1.30	\$1.30
7	Repayment Rate Quality Adjustment	\$0.00	\$0.00
8	Adjusted for Repayment Rate (line 6 - line 7)	\$1.30	\$1.30
MLG/LDP Calculations			
9	Effective Loan Rate (line 5)	\$1.40	\$2.00
10	Adjusted Repayment Rate (line 8)	\$1.30	\$1.30
11	MLG/LDP (line 9 - line 10)	\$0.10	\$0.70

Example APSS Calculations for Warehouse-Stored Rice MAL's/LDP's

MAL's and LDP's: Warehouse-Stored Rice			
Rice Milling Yield: 50/65 (Whole Kernel = 50%; Total Yield = 65%; Broken Kernel = 15%)			
Non-ACRE Enrolled: Rice Loan Rate: Long Grain			
<ul style="list-style-type: none"> • Whole Kernel = \$9.94 • Broken Kernel = \$6.84 			
Calculations			
<ul style="list-style-type: none"> • Whole Kernel x Rate = .50 x \$9.94 = \$4.97 • Broken Kernel x Rate = .15 x \$6.84 = \$1.03 • Loan Rate = \$6.00 			
ACRE Enrolled Rice Loan Rate: Long Grain – (Loan Rate Reduced by 30%)			
<ul style="list-style-type: none"> • Whole Kernel = \$6.96 • Broken Kernel = \$4.79 			
Calculations			
<ul style="list-style-type: none"> • Whole Kernel x Rate = .50 x \$6.96 = \$3.48 • Broken Kernel x Rate = .15 x \$4.79 = \$0.72 • Loan Rate = \$4.20 			
		ACRE	Non-ACRE
1	Net Loan Rate	\$4.20	\$6.00
	<ul style="list-style-type: none"> • Whole Kernel • Broken Kernel 	\$6.96 \$4.79	\$9.94 \$6.84
2	Quality Adjustment (P&D's)	\$0.00	\$0.00
3	Effective Loan Rate After Quality Adjustment	\$4.20	\$6.00
MLG/LDP Calculations			
4	Whole Kernel Rate	\$6.96	\$9.94
5	Assumed World Market Index	\$4.00	\$4.00
6	MLG/LDP Rate (Line 4 – Line 5)	\$2.96	\$5.94