

For: State and County Offices

**Processing Warehouse-Stored Loan Forfeitures through APSS
for All Commodities Except Cotton and Peanuts**

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

When a receipt is issued for a warehouse-stored commodity, factors such as test weight, moisture, and other grading elements provided on the warehouse receipt indicate the condition of the commodity. The receipt ensures the quality and quantity of the commodity.

Under normal warehouse-stored loanmaking procedures, APSS users are instructed to bypass the entry of test weight, moisture, and all other grading factors. When the commodity is forfeited, these factors specify if premiums or discounts should apply to the commodity and loan rate.

Warehouse-stored loans that are forfeited must be corrected in APSS to apply the factors indicated in the warehouse receipt to the commodity to adjust the loan quality for further processing.

Important: The National Office must be contacted through the State Office before correcting a forfeited loan in which repayments have previously been recorded.

B Purpose

This notice informs State and County Offices that warehouse-stored loans must be corrected to enter grading factors, as applicable, **only** if the loan is forfeited.

Disposal Date	Distribution
January 1, 2011	State Offices; State Offices relay to County Offices

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2 Loan Reversal, Reentry, and Reconciliation

A Loan Reversal in APSS

Warehouse-stored loans that are forfeited to CCC must be reversed and reissued to allow for the entry of applicable grading factors. Reverse the loan in APSS according to the following.

Step	Action
1	In APSS, from Price Support Main Menu PCA005, select option 7, "Correct a loan".
2	Enter the required information to select the applicable producer and loan to be forfeited. Note: The user will have the option to view the loan details to ensure that the correct loan is chosen.
3	When the loan to be forfeited is selected, Loan Correction Screen PXA00005 will be displayed showing the transaction type, transaction date, and transaction time.
4	Place a "Y" next to the loanmaking transaction to reverse the loan and PRESS "Enter" to continue.
5	Verify the loan to be reversed and PRESS "Enter" to continue.
6	A "Correction Posting Check-Off List" will automatically print listing the reversed transaction(s).
7	The loan will be cancelled and a receivable will be automatically created in NRRS. Note: Do not manually create a receivable for a cancelled loan in NRRS.

B Loan Reentry in APSS

Process the reentry of the corrected warehouse-stored loan according to the following.

Step	Action
1	After the receivable has been established, re-enter the warehouse stored loan. Enter the corrected loan as a "90000" series number. Identify loans corrected because of forfeiture starting with "95000" as the loan series number. The prefix to the new loan will be "95" and zeroes will be replaced with the original loan number. Example: The original loan number was 25. The re-entered loan number will be "95025". If the forfeited loan is to be corrected, increase the prefix to "96xxx". If subsequent corrections are needed, continue to increase to "97xxx", "98xxx", and "99xxx". See 8-LP paragraph 491 for information concerning the "90000" number register. Notes: For loans using EWR for rice, access the FSA EWR System according to 2-LP Rice, subparagraph 175 B. Re-transfer the EWR File Sequence Number associated with MAL that has been reversed to APSS according to 2-LP Rice, paragraph 179.

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2 Loan Reversal, Reentry, and Reconciliation (Continued)

B Loan Reentry in APSS (Continued)

Step	Action
2	<p>On Screen PCA1200:</p> <ul style="list-style-type: none"> • select “N” to the question, “Is this a recording of a manually made action” • select “Y” to the question, “Is this the re-entry of a corrected loan” • enter the crop year and loan number of the original loan when prompted. <p>Note: For loans using EWR for rice, see 2-LP Rice, paragraph 180 for additional instructions.</p>
3	On Screen PLC10000, enter the required information. Ensure that the original application and month of loan approval are entered.
4	On Screen PLC10010, indicate the ACRE election status of the original loan.
5	<p>Enter the appropriate warehouse receipt validations on Screen PLC20000. Ensure that the actual “Storage Paid Through” date is entered. Applicable storage deduction charges will be applied to forfeited loans.</p> <p>Important: Select “N” to the question, “Do you want to bypass grading factor processing”.</p>
6	Enter the applicable grading factors on the Grading Factor Input Screen. If multiple receipts are included in the loan, enter the factors for each receipt by selecting to the question, “Do you have additional receipts”.
7	<p>Screen PLC11000 will provide a summary of the applicable premiums and discounts, as well as the amount of storage deduction if necessary.</p> <p>Important: The loan rate may be higher or lower than the initial loan rate based on the grading factors entered.</p>
8	Continue processing the loan in the normal manner until Screen PLC12010 is displayed.
9	<p>On Screen PLC12010:</p> <ul style="list-style-type: none"> • enter the original disbursement date • reenter the “Calculated” amounts under the “Manual” column.
10	On Screen PLA005, select option 1, “Print loan documents and disburse check”.
11	On Screen PLD12500, indicate that the payment is not a joint payment by entering “N” on payable line number 1. This will facilitate further receivable processing to reconcile the original loan.
12	<p>Enter the original lien search date, as applicable, and the original loan approval date. Complete APSS processing by entering:</p> <ul style="list-style-type: none"> • “N” to the question, “Is the producer or co-producer delinquent on any Federal nontax debt” • “Y” to the question, “Do you wish to complete the process”.

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2 Loan Reversal, Reentry, and Reconciliation (Continued)

C Loan Receivable Reconciliation in NPS

Reconcile the loan receivable according to the following.

Step	Action
1	Ensure that the corresponding receivable is available according to FMD policy. Perform a search of the receivable if necessary. Note: If the receivable has not shown up under the new loan payable in NPS, CLICK “Reset Payment Processing” according to 1-FI.
2	In NPS, offset the receivable from the new loan.
3	If the reconciliation results in either a: <ul style="list-style-type: none">• negative difference, receivable not fully paid off by new loan, demand the portion• positive difference, receivable is cleared and additional funds are available for disbursement, transmit those funds to the producer as applicable.
4	Continue the certification and signing or demand process according to 1-FI.

D Forfeiture Processing in APSS

Process the forfeiture on the new loan in the normal manner through APSS. Once the forfeiture has been completed, transmittal information will print during end-of-day processing.

Note: Release the forfeited EWR’s according to 2-LP Rice, paragraph 181, using the Release Code/Reason “9 - Forfeiture”.