UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice PL-258

For: State and County Offices

Handling 2009 Through 2012 Overpayments Because of Average AGI Noncompliance

Approved by: Deputy Administrator, Farm Programs

1 Overview

A Background

Numerous questions have been received about establishing receivables for the following situations:

- participants were found AGI noncompliant and determined ineligible for 2009, 2010, 2011, and/or 2012 program payments and benefits because of review or failure to timely complete and submit CCC-931
- participants did not respond to FSA correspondence requesting copies of the producers' tax returns or a CPA or attorney certification statement
- incorrect AGI values were recorded in error in the web-based eligibility file for 2009, 2010, 2011, and/or 2012 payment eligibility
- participants have subsequently acknowledged they were AGI noncompliant
- processing receivables in NRRS for the Dairy Economic Loss Assistance Payment (DELAP) Program
- correct debt basis code for receivables established because of average AGI noncompliance.

Disposal Date	Distribution
February 1, 2014	State Offices; State Offices relay to County Offices

1 Overview (Continued)

B Purpose

This notice:

- provides the following information and guidance to State and County Offices on the proper procedures for:
  - updating 2009, 2010, 2011, and/or 2012 average AGI compliance values in the web-based eligibility system that were previously recorded incorrectly
  - handling any receivables established because participants were determined ineligible for 2009, 2010, 2011, and/or 2012 program payments and benefits, because of reviews
  - handling cases where participant did not respond to FSA correspondence about average AGI compliance reviews
  - creating receivables in NRRS for DELAP
- obsoletes Notice PL-256 to correct late payment interest information in subparagraph 2 F.

2 Web-Based Eligibility Files

A Updating AGI Values in Web-Based Eligibility Files That Were Erroneously Recorded by County Offices

If AGI values are discovered to have been recorded in error, County Offices must set values:

- to match the average AGI certification submitted by the participant
- according to instructions in 3-PL (Rev. 1), paragraph 31.

B Participant's Incorrect AGI Certification

If a participant affirms that 1 or more of the average AGI limitations were exceeded, and submits a revised CCC-931 or written statement of certification, State Offices must take the following actions:

- retain the documentation submitted by the participant
- consider the average AGI compliance review as completed
- require the County Office to update the applicable average AGI values to "Not Met-Producer" in the web-based eligibility file according to 3-PL (Rev. 1), paragraph 31
- do **not** issue a determination about payment eligibility or ineligibility.

2 Web-Based Eligibility Files (Continued)

C Average AGI Compliance Review Results in SED Determination

When an average AGI compliance review reveals that a participant did **not** comply with AGI provisions and SED makes a determination of "ineligibility", State Offices **must**:

- update the applicable average AGI values to "Not Met-SED" in the web-based eligibility file according to 3-PL (Rev. 1), paragraph 31

- provide written notification to the participant explaining why the average AGI value was revised and the corresponding impact on program payments or benefits for 2009, 2010, 2011, and/or 2012.

  Note: See example notification letter in 4-PL, subparagraph 204 D.

D Participant Does Not Respond

When a participant does not respond to FSA correspondence about average AGI compliance reviews, State Offices **must**:

- provide written notification to the participant that not responding to FSA correspondence about average AGI compliance reviews will have an adverse effect on program payments or benefits issued for 2009, 2010, 2011, and/or 2012

- update the applicable average AGI values to "Not Met-SED" in the web-based eligibility file according to 3-PL (Rev. 1), paragraph 31.

E Results of Updating AGI Values in Web-Based Eligibility Files

Updating AGI values in the web-based eligibility file will **not** automatically establish a receivable for all programs. The following:

- explains the results of updating AGI values in the web-based eligibility file

- provides instructions for any additional action that may be required to establish receivables.

Program	Receivable Is Established
ACRE	Automatically.
CAP	Manually. **Note:** See 64-FI to establish receivable.

2 Web-Based Eligibility Files (Continued)

E Results of Updating AGI Values in Web-Based Eligibility Files (Continued)

<table>
<tr><th colspan="3">Program</th><th>Receivable Is Established</th></tr>
<tr><td colspan="3">CREP</td><td rowspan="7">Manually.

Note: See paragraph 4.</td></tr>
<tr><td colspan="3">CRP – Annual Rental</td></tr>
<tr><td colspan="3">CRP – C/S</td></tr>
<tr><td colspan="3">CRP – Farmable Wetlands Program (FWP)</td></tr>
<tr><td colspan="3">CRP – Practice Incentive Payment (PIP)</td></tr>
<tr><td colspan="3">CRP – SAFE</td></tr>
<tr><td colspan="3">CRP – SIP</td></tr>
<tr><td colspan="3">DCP</td><td>Automatically.</td></tr>
<tr><td colspan="3">ECP-AGI</td><td rowspan="2">Manually.

Note: See paragraph 4.</td></tr>
<tr><td colspan="3">Emergency Forestry Conservation Reserve Program (EFCRP)</td></tr>
<tr><td colspan="3">ELAP</td><td>Automatically.</td></tr>
<tr><td colspan="3">Graze-Out (eLDP)</td><td>Automatically.

Note: See subparagraph 3 B.</td></tr>
<tr><td colspan="3">GRP</td><td>Manually.

Note: See paragraph 4.</td></tr>
<tr><td colspan="3">LDP (APSS)</td><td>Manually.

Note: Contact the National Office for assistance.</td></tr>
<tr><td colspan="3">LDP (eLDP)</td><td>Automatically.

Note: See subparagraph 3 A.</td></tr>
<tr><td colspan="3">LFP</td><td rowspan="2">Automatically.</td></tr>
<tr><td colspan="3">LIP</td></tr>
<tr><td rowspan="3">MAL’s</td><td colspan="2">No market gain earned or received. Repayment is made at principal plus interest (P+I).</td><td>No action needed.

Note: Repayments should always be processed on Screen PPD00000, using option “1”, “Regular Repayment” (P+I).</td></tr>
<tr><td rowspan="2">Market gain was received at repayment.</td><td>Some participant’s ineligible (mixed eligibility repayments).</td><td>Manually.

Note: See subparagraph 3 D.</td></tr>
<tr><td>All participants ineligible.</td><td>Manually.

Note: See subparagraph 3 E.</td></tr>
<tr><td colspan="3">MILC</td><td>Automatically.

Note: See subparagraph 3 F.</td></tr>
</table>

2 Web-Based Eligibility Files (Continued)

E Results of Updating AGI Values in Web-Based Eligibility Files (Continued)

Program		Receivable Is Established
NAP	2009	Manually. **Note:** See paragraph 5.
	2010 and 2011 software is closed.	Manually.
Poultry and Agriculture Loss Payment		State Offices must notify State Department of Agriculture.
Reimbursement Transportation Cost Payment (RTCP)		Automatically.
SURE	2009 and subsequent years.	
Trade Adjustment Assistance for Farmers (TAAF)		
TAP		

Note: When a receivable is automatically generated for a participant in the TAAF program, immediately notify PSD through Dani Cooke by e-mail to **danielle.cooke@wdc.usda.gov**.

F Adjustment of Program Interest on Automatically Created Receivables

When an overpayment is transferred to NRRS for an automated program, the program interest is **not** included. Manual adjustments **must** be made to the receivable to include the program interest.

NRRS does **not** have an interest start date field for program interest. The date of indebtedness **must** be adjusted to reflect the program interest start date. The date of disbursement for the payment is the program interest start date. For programs with multiple disbursements, use the date the last payment was issued as the program interest start date.

Changing the date of indebtedness to the program interest start date and adding the program interest rate are the **only** adjustments needed in NRRS. Add program interest to a receivable according to the following.

Step	Action
1	Transfer overpayment from the Pending Overpayment Report to NRRS, according to 9-CM, to establish a receivable.
2	Review the Hyperion Report, Payment & Disbursement by Tax ID, to determine the date of disbursement for the applicable receivable.
3	Adjust the interest start date to be the same as the “Date of Disbursement” from the Hyperion Report, Payment & Disbursement by Tax ID.

2 Web-Based Eligibility Files (Continued)

F Adjustment of Program Interest on Automatically Created Receivables (Continued)

Step	Action
4	Determine and update the interest rate as follows: • use the date of disbursement in step 2 to identify the applicable interest rate in 50-FI, Exhibit 7 • update the receivable with the applicable interest rate. **Note:** These rates are shown as a percent and are entered in NRRS as a percent. **Example:** If disbursement date is 10/25/2010, the interest rate is for October 2010 is .25 percent. The rate is entered as ".25" in the "Program Interest Rate" field.

Note: **Do not change any other interest field** unless instructed by the State Office or Receivable Management Office.

Program interest accrues from the date of disbursement (date of indebtedness) until the first demand letter is generated. The accrued program interest is added to the principal amount of the receivable.

According to 58-FI, paragraph 150 late payment interest accrues on the total of the principal plus the accrued program interest when 30 calendar days have lapsed from the date of the first demand letter, unless an exception applies. The additional 3 percent penalty interest is added to the late payment interest when 90 calendar days lapse from the date of the first demand letter. This rate becomes the new late payment interest rate.

Note: Receivables established for noncompliance of the Food, Conservation, and Energy Act of 2008, average AGI provisions will contain the debt basis code of "427".

3 Additional Instructions for Creating Receivables When Handling Overpayments for Price Support Programs

A Canceling LDP's Issued Through eLDP

Cancel LDP's issued through eLDP according to the following.

Step	Action
1	On **Screen ID eLDPWelcome01**, CLICK "**Application**".
2	On **Screen ID eLDPApplMain01**, CLICK "**Delete**".
3	On **Screen ID eLDPSearch01**, select the application to be deleted by searching for the producer or application number. Ensure that the applicable crop year is selected.
4	When the applicable application is selected, **Screen ID ApplSum03** will be displayed with an "Application Summary" and the options "Delete Application", "Cancel", or "Application Summary as PDF". CLICK "**Delete Application**".
5	Screen **ID eLDPApplMain01** will be displayed with a message that the application was deleted successfully.

B Canceling a Graze-Out Payment

Cancel a graze-out payment according to the following.

Step	Action
1	On **Screen ID eLDPWelcome01**, CLICK "**Graze Out**".
2	On **Screen ID eLDPGrzOutMain01**, CLICK "**Delete**".
3	On **Screen ID grzOutSearch01**, select the application to be deleted by searching for the producer or application number. Ensure that the applicable crop year is selected.
4	When the applicable application is selected, **Screen ID grzOutApplSum03** will be displayed with an "Application Summary" and the options "Delete Application", "Cancel", or "Application Summary as PDF". CLICK "**Delete Application**".
5	**Screen ID grzOutApplMain01** will be displayed with a message that the application was deleted successfully.

C DELAP Receivable Code

County Offices shall use code "10DELAP" to create receivables in NRRS for DELAP. The reference type code and references number for DELAP is as follows:

- Reference Type Code, "Contract Number (CT)"
- Reference Number, "0001".

3 Additional Instructions for Creating Receivables When Handling Overpayments for Price Support Programs (Continued)

D Instructions to Process Mixed Eligibility Repayments

Currently, APSS can only process 1 type of repayment at a time. That repayment is attributed to all producers on the application, regardless of eligibility. Manual intervention is needed to process loan repayments for entities or multiple-producer issued loans if 1 or more members are ineligible to receive market loan gain because of their AGI.

Note: Entity types, such as individuals with SSN, revocable trusts with SSN, churches, nonprofits, individuals operating as small businesses, Indian tribal ventures, LLC's with SSN, and Indians represented by BIA (entity types 01, 07, 10, 18, 20, 22, and 015) are treated like a "single body" and use the AGI eligibility of the entity. Users shall **not** use "mixed eligibility" for these entities.

At the time of repayment, if there is no market gain for a commodity, regardless of AGI eligibility status, repayments should always be processed on Screen PPD00000, using option "**1**", "Regular Repayment". If there is a market gain for a commodity, the denied gain should be equal to the share of the producer who exceeds AGI. Determine the portion of denied gain according to the following, using the following scenario.

Example: Operation AB consists of 2 members. Member A has a 50 percent share and is compliant with AGI. Member B also has a 50 percent share, but is ineligible because of AGI. They received MAL that would have been eligible for a $10,000 market gain, if both members were eligible. The principal amount liquidated is $20,000. Operation AB will instead receive a market gain of $5,000 because of the 50 percent ineligible share because of AGI.

Step	Action
1	Calculate the amount eligible for market gain. On Screen PPD00000, ENTER "**3**", "Market Price Repayment". Enter the quantity to be liquidated.
2	Screen PPD64400 will be displayed with the amounts eligible for market gain and the denied gain for the repayment. Screen print Screen PPD64400. Do **not** complete the repayment. PRESS "**Cmd7**" to end processing. **Example:** The total amount due is $15,000. This is the result of liquidating the principal amount of $20,000 minus the eligible market gain of $5,000.
3	Determine the total interest due on the amount liquidated. On Screen PPD00000, ENTER "**1**", "Regular Repayment". Enter the quantity to be liquidated.
4	Screen PPD13800 will be displayed with the total interest due for the amount liquidated. Screen print Screen PPD13800. Do **not** complete the repayment. PRESS "**Cmd7**" to end processing. **Example:** The total interest due is $213.97 from Screen PPD13800.

3 Additional Instructions for Creating Receivables When Handling Overpayments for Price Support Programs (Continued)

D Instructions to Process Mixed Eligibility Repayments (Continued)

Step	Action
5	Calculate the interest due for the producer who will be denied a market gain. Divide the denied market gain by the total gain to determine the interest due factor. **Example:** The denied market gain from Screen PPD64400 is $5,000. $5,000 ÷ $10,000 = 0.50. The interest due factor is 0.50.
6	Calculate the total interest due by multiplying the total interest due by the interest due factor. **Example:** The total interest due from Screen PPD13800 is $213.97. $213.97 x 0.50 = $106.99. $106.99 is the interest due for the amount liquidated.
7	Process the repayment in APSS. On Screen PPD00000, ENTER "**3**", "Market Price Repayment".
8	Complete the repayment in APSS.
9	On CCC-500: • in the Remarks Section, add the statement, "Interest due from producer with denied market gain = $[***enter amount***]." • cross-out the printed amount of "Waived Interest" and enter the new waived interest amount. **Note:** Deduct the amount of interest due on denied market gain from the waived interest printed in the Remarks Section to determine the new waived interest amount. **Example:** "Interest due from producer with denied market gain = $106.99. Waived interest minus interest due from producer with denied market gain: $213.97 - $106.99 = $106.98 new waived interest."
10	To complete the repayment in NRRS, manually create a new receivable in NRRS using code "XXCOMMLND", where "XX" is the FY and "COMM" is the commodity. **Example:** "10CORNLND"

3 Additional Instructions for Creating Receivables When Handling Overpayments for Price Support Programs (Continued)

D Instructions to Process Mixed Eligibility Repayments (Continued)

Step	Action
11	On the New Receivable Page, enter the following: • date of indebtedness • budget FY • State and county • program amount **Important:** On the Create Receivable Screen, **only** enter the principal due in the "Program Amount" field. • program charges **Important:** On the Create Receivable Screen, enter the interest due in the "Program Charges" field. • Discovery Code", select "**Program Operations**" • "Basis Code", select "**Receivable Generated due to Eligibility Issues**" • "Reference Type", select "**Loan**" • reference number that is the loan number of the loan being repaid.
12	In the Remarks Section, explain the entries made. **Example:** "$15,000 principal due and $106.99 interest due on loan from producer with denied market gain. $15,000 + $106.99 = $15,106.99 total due".
13	Record the amount due in NRRS by applying the collection to the receivable that was just created. See 64-FI for additional information on recording loan collections in NRRS.

3 Additional Instructions for Creating Receivables When Handling Overpayments for Price Support Programs (Continued)

E Instructions to Reverse Market Gain for MAL's

If the repayment must be reversed and reapplied as P+I, follow this table.

Step	Action
1	In APSS from Price Support Main Menu PCA005, ENTER "**7**", "Correct a Loan/LDP", to reverse the earliest repayment in which market gain was received.
2	Reenter the repayment by applying the original amounts received to the loan. Process repayments as manually made action so the original date of receipt can be entered.
3	After all repayments have been processed, there will be a remaining balance equal to the amount of the market gain received. In APSS, from Price Support Main Menu PCA005, ENTER "**8**", "Perform Loan/LDP Servicing Functions".
4	On Menu PVA005, ENTER "**3**", "Transfer a Loan/LDP to Claims".
5	Identify the appropriate producer and loan in the normal manner.
6	On the Transfer to Claims Selection Screen, ENTER "**1**", "Full Transfer".
7	Enter the claim date on the next screen. See 8-LP, Exhibit 11 to determine when to enter the claim, which is the claim date.
8	Complete the transfer process in APSS and ensure that the Transfer to Claims Report has printed. **Important:** The Transfer to Claims Report is very important because it provides the total amount due to create the receivable in NRRS.
9	See 64-FI to manually create a receivable in NRRS using code "XXCOMMLND".
10	Use the information provided in the Transfer to Claims Report printout to determine the amount due. The following codes appear on the printout: • principal amount (XXCOMMLN) • regular loan interest (COMMCLINT) • additional 1 percent loan interest (XXADDLNINTCOMM), as applicable. The principal (XXCOMMLN) will be entered in the NRRS Create a Receivable Screen, "Program Amount" field. Add the regular loan interest (COMMCLINT) and additional 1 percent loan interest (XXADDLNINTCOMM), as applicable, and enter the total in the "Program Charges" field. Do **not** make any entries in the "Program Interest", "Late Payment Interest", or "Other Interest" fields.
11	In the "Reference" field, enter the following: • "Discovery Code", select "**Program Operations**" • "Basis Code", select "**Program Earnings Exceeded**" • "Reference Type", select "**Loan**" • reference number that is the loan number of the loan being transferred.

3 Additional Instructions for Creating Receivables When Handling Overpayments for Price Support Programs (Continued)

E Instructions to Reverse Market Gain for MAL's (Continued)

Step	Action
12	Notate in the "Create New Receivable" Remarks Section the breakdown of the loan amounts for each code. **Example:** "Program amount includes loan principal $1,890. Program charges entered are regular loan interest $8.57 + additional 1% interest $20.77 = $29.34. Total amount due is $1,919.34."

F Instructions to Cancel MILC Payment

Cancel MILC payments according to the following.

Step	Action
1	Update producer AGI value according to paragraph 2.
2	To correct monthly payments and create receivables, under "MILC Menu", "Payments", CLICK "**Payment Correction**".
3	On Screen MilcCorrections01, Payment Corrections-Contract Selection, select: • "Fiscal Year" • "Dairy Operation to Correct Payment" and CLICK "**Next**" and the Payment Correction-Contract Edit Screen will be displayed.
4	On Screen MilcCorrections02, Payment Corrections-Contract Edit, make additional edits as applicable, and CLICK "**Next**". Screen MilcCorrections03, Payment Correction-Edit will be displayed.
5	On Screen MilcCorrections03, Payment Correction-Edit, enter the "Correction Effective Date (mm/dd/yyyy)", and CLICK "**Next**" to create a receivable.

4 Additional Instructions for Conservation Programs

A AGI Compliance Rules for Conservation Programs

For conservation programs, AGI compliance is determined for producers and/or members of entities and joint operations at contract approval. AGI compliance information is:

- read from the subsidiary web-based eligibility system
- set for the producer/member in the conservation contract system and remains in effect for the life of the contract.

4 Additional Instructions for Conservation Programs (Continued)

A AGI Compliance Rules for Conservation Programs (Continued)

The following identifies the conservation programs and indicates whether AGI provisions apply.

Conservation Programs Applicable to AGI Provisions	Conservation Programs Not Applicable to AGI Provisions
CREP	BCAP
CRP, if contract was approved after May 13, 2002, with a 2003 or later program year and includes the following types of payments: • annual rental • C/S • FWP • PIP • SAFE • SIP.	
ECP-AGI	ECP
EFCRP	
GRP	
TIP for CRP contracts approved after May 13, 2002, with a 2003 or later program year that expired **before** October 1, 2012.	TIP for 2012 expiring CRP contracts that were originally approved before May 13, 2002.

When a succession-in-interest occurs on an approved contract, the successor's AGI compliance is determined according to the following:

- AGI certification/determination is retrieved from the subsidiary eligibility system based on the AGI rule applicable to the original contract

- year of AGI compliance is based on the year the producer/member succeeds to the contract and that determination is effective for the remainder of the term of the contract.

4 Additional Instructions for Conservation Programs (Continued)

A AGI Compliance Rules for Conservation Programs (Continued)

The original AGI certification/determination continues to be effective for all other producers and/or members associated with the contract. Determine which AGI eligibility provisions apply according to the following.

IF original contract was approved…	THEN the…
between May 13, 2002, with a 2003 or later program year, and September 30, 2008	$2.5 million AGI provisions are applicable to: • the original producers associated with the contract for the year the contract was approved • successors to the contract starting with the year of succession. **Note:** See 1-PL for additional information on AGI eligibility provisions.
on or after October 1, 2008	$1 million AGI provisions are applicable to: • the original producers associated with the contract for the year the contract was approved • successors to the contract starting with the year of succession. **Note:** See 4-PL for additional information on AGI eligibility provisions.

State and County Offices shall reference the following for additional information on AGI eligibility provisions:

- 2-CONSV, subparagraph 31 C for GRP
- 2-CRP, subparagraph 131 A for CRP, CREP, EFCRP, FWP, SAFE, and WRP.

B AGI Compliance Reviews

The AGI compliance review identified producers and/or members of entities and joint operations who may **not** meet AGI provisions for 2009 through 2012. However, since AGI compliance is determined at contract approval for conservation programs, a producer/member who does **not** meet AGI provisions in 2009 through 2012 may be eligible to receive 2009 through 2012 conservation payments either directly or indirectly, on contracts originally approved before October 1, 2008.

As a result, only the producers/members, including successors, associated with a contract approved during FY's 2009 through 2012 are subject to the 2009 through 2012 AGI compliance review for conservation programs.

4 Additional Instructions for Conservation Programs (Continued)

B AGI Compliance Reviews (Continued)

The following identifies the producers/members who may be overpaid if AGI provisions are **not** met for 2009, 2010, 2011, and/or 2012 for contracts originally approved **on or after October 1, 2008**.

IF the contract or successor contract was approved…	**AND the producer/member who received payment is determined to be AGI noncompliant for…**	**THEN the producer/member is…**
before October 1, 2008		eligible to receive payment for 2009 and subsequent years for that contract as specified in subparagraph A.
between October 1, 2008, and September 30, 2009	2009	ineligible and must refund all payments issued to or attributed to the ineligible producer/member on the contract for 2009 and subsequent years.
between October 1, 2009, and September 30, 2010	2010	ineligible and must refund all payments issued to or attributed to the ineligible producer/member on the contract for 2010 and subsequent years.
between October 1, 2010, and September 30, 2011	2011	ineligible and must refund all payments issued to or attributed to the ineligible producer/member on the contract for 2011 and subsequent years.
between October 1, 2011, and September 30, 2012	2012	ineligible and must refund all payments issued to or attributed to the ineligible producer/member on the contract for 2012 and subsequent years.

Example 1:

	Contract 1	**Contract 2**
Contract Approval Date	April 15, 2004	March 15, 2009
Applicable AGI Rule	$2.5 million for 2004	$1 million for 2009

The producer:

- has been determined as noncompliant with AGI provisions for 2009
- is eligible to retain all payments associated with contract 1, including those issued in 2009 for contract 1
- is **not** eligible for payment under contract 2, and all payments issued for 2009 and subsequent years must be refunded.

4 Additional Instructions for Conservation Programs (Continued)

B AGI Compliance Reviews (Continued)

Example 2:

	Contract 3	Contract 3A
Contract Approval Date	April 15, 2004	March 15, 2009
Applicable AGI Rule	$2.5 million for 2004	$2.5 million for 2009

- Contract 3 was approved in 2004, but the owner sold the land.
- The successor:
  - has agreed to succeed to the contract and has filed an AGI certification for 2009
  - does **not** meet AGI provisions for 2009
  - is **not** eligible to retain any payments associated with contract 3A for 2009 and subsequent years.
- The County Office shall initiate debt collection procedures for payments issued to the successor on contract 3A.

Example 3:

	Contract 4
Contract Approval Date	May 1, 2009
Annual Rental Payment	$10,000
Applicable AGI Rule	$1 million for 2009

- The producer associated with contract 4 is a corporation with 2 members having equal shares.
- One member does **not** meet AGI provisions for 2009.
- The County Office shall initiate debt collection procedures for payments attributed to the ineligible member on contract 4.

4 Additional Instructions for Conservation Programs (Continued)

C Updating AGI Compliance Determinations

After the County Office has verified that the producer/member does **not** meet AGI provisions for CRP and related program payment purposes, County Offices shall notify the State Office to remove the AGI compliance determination for contracts associated with the producer/member using the Conservation Payments System "**Update AGI**" option.

After the "AGI Compliance" flag is removed by the State Office user, the County Office user will use the "**Make NPS Payment**" option to reissue the payment. This will trigger an overpayment by the Conservation Payments System that will result in a receivable being created.

D Establishing Receivables for Conservation Programs

County Offices shall establish receivables for producers/members who must refund payments according to the following.

IF the payment was issued using…	AND the payment is for…	THEN County Offices shall…
System 36 payment system	annual rental	create a manual receivable according to 64-FI, subparagraph 21 D using program code "XXCRP", where XX is the year the contract became effective.
	conservation C/S	follow 1-CONSV, subparagraph 217 A or paragraph 268, as applicable. For AD-245's that can no longer be accessed in CRES, a manual receivable may be created according to 64-FI, subparagraph 21 D using program code "XXAUTOCRPCS".
	GRP annual	create a manual receivable according to 64-FI, subparagraph 21 D using program code "XXGRASS", where XX is the year the contract became effective.
	GRP C/S	
	GRP easement	
online payment (OLP) system	SIP or PIP	reduce the payment to zero in OLP according to 1-FI, paragraph 65.

4 Additional Instructions for Conservation Programs (Continued)

D Establishing Receivables for Conservation Programs (Continued)

IF the payment was issued using…	AND the payment is for…	THEN County Offices shall…
web-based payment system	• CRP and SAFE annual rental • EFCRP annual rental and lump sum • GRP annual rental and easement • PIP • SIP	follow procedure in the Conservation Payments Software County User Guide. To access the Conservation Payments Software County User Guide, go to the State and County Office CEPD Information Center Intranet site at **http://fsaintranet.sc.egov.usda.gov/ffas/dafp/cepdsto.htm**. On item 20, CLICK "**Conservation Payments Software County User Guide**".
	GRP C/S	follow procedure in GRP User Guide, Part 10 to modify contract/easement payment. To access the GRP User Guide, go to the State and County Office CEPD Information Center Intranet site at **http://fsaintranet.sc.egov.usda.gov/ffas/dafp/cepdsto.htm**. On item 30, CLICK "**Grassland Reserve Information**", and then on item 3, CLICK "**GRP User Guide**". User will select technical practice and CLICK "**Delete Payment**". The system will generate a receivable for any signed payment.
	TIP	notify their State Office. State Offices shall contact CEPD for assistance.

5 Additional Instructions for Creating Receivables When Handling Overpayments for 2009 NAP

A Instructions for Establishing 2009 Through 2012 NAP Receivables

Manually create a receivable in NRRS according to 64-FI, Part 3 using program code "XXNAP".

6 Action

A State Office Action

State Offices shall:

- ensure that County Offices are immediately informed of the contents of this notice
- contact the applicable program manager or specialist if additional guidance is needed.

B County Office Action

County Offices shall:

- thoroughly review the provisions of this notice
- transfer 2009 through 2012 pending overpayments to NRRS immediately
- contact the State Office if additional guidance is needed.