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## Sugar Loans

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To access the transmittal page click on the short reference

For Sugar State and County Offices

SHORT REFERENCE

10-SU  
(Revision 4)



**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>Sugar Loans 10-SU (Revision 4)</b>	<b>Amendment 28</b>
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**Approved by:** Acting Deputy Administrator, Farm Programs



**Amendment Transmittal**

**A Reasons for Amendment**

Exhibit 9 has been amended to provide updated 2019 crop sugar loan rates.

Exhibit 10 has been amended to provide updated 2019 crop sugarcane minimum price support levels.

Exhibit 17 has been amended to provide updated 2019 crop premiums and discounts for bulk raw cane sugar.

Exhibit 18 has been amended to provide and updated 2019 crop bulk raw cane sugar polarity premium and discount schedule.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
		9, pages 1, 2 page 3 10, page 1 17, pages 1, 2 18, page 1



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**Part 1 General Policy and CLPS Procedures**

**1 Handbook Provisions**

**A Handbook Purpose**

This handbook provides instructions for administering the Sugar Loan Program.

**B Authority and Responsibility**

PSD has the authority for administering the Sugar Loan Program.

**C Sources of Authority**

Authority for the Sugar Loan Program is mandated by:

- 7 CFR Part 1435.
- the Food, Conservation, and Energy Act of 2008
- \*--Agricultural Act of 2014
- Consolidated Appropriations Act, 2016.--\*

1 Handbook Provisions (Continued)

D Responsibilities

This table lists the responsibilities for the Sugar Loan Program.

Responsible Office	Responsible Group	Responsibility
National Office	<ul style="list-style-type: none"> <li>• CCC Board</li> <li>• Executive Vice President</li> <li>• Designee</li> </ul>	<ul style="list-style-type: none"> <li>• Making a determination on any question arising under the Sugar Loan Program</li> <li>• Revising or rescinding any incorrect COC, STC, or KCAO determination</li> </ul>
	PSD	Administering the Sugar Loan Program under DAFP supervision and direction
State Office	STC	Determining State policy according to this handbook
	STC through SED	Administering all phases of the Sugar Loan Program in the State  <b>Note:</b> STC may correct or require COC to correct or withhold any action taken that is not consistent with this handbook.
County Office	COC	<ul style="list-style-type: none"> <li>• Determining policy according to this handbook</li> <li>• Providing publicity necessary to inform all producers and processors of the Sugar Loan Program provisions before the beginning of each program year</li> </ul>
	COC through CED	Administering the Sugar Loan Program in the county
	Loanmaking County Office employees	Determining whether: <ul style="list-style-type: none"> <li>• processor is eligible for loan</li> <li>• sugar is eligible for loan</li> <li>• processors are being provided with updated lists of eligible producers</li> <li>• computations and disbursements are based on handbook procedures</li> </ul>

1 Handbook Provisions (Continued)

D Responsibilities (Continued)

Responsible Office	Responsible Group	Responsibility
KCCO		<ul style="list-style-type: none"> <li>• Approving and terminating storage agreements, including:                             <ul style="list-style-type: none"> <li>• enforcing provisions of the agreement</li> <li>• paying charges and settling claims under the agreements</li> <li>• providing lists of approved warehouses to State and County Offices</li> </ul> </li> <li>• Issuing loading orders and shipping instructions</li> <li>• Maintaining custody of warehouse receipts and other documents representing sugar CCC owns</li> <li>• Establishing market prices as required</li> </ul>
KCAO		<ul style="list-style-type: none"> <li>• Verifying computations and entries on documents</li> <li>• Preparing or verifying settlement documents</li> <li>• Providing reports of loan activity and distribution</li> <li>• Maintaining all required accounts showing loan activity</li> <li>• Providing assistance in preparing computer loan data entries</li> </ul>

1 Handbook Provisions (Continued)

E Related Handbooks

\*--FSA handbooks related to loan and LDP programs are listed in this table.

Handbook	Purpose
9-AO	Audits and investigations.
1-APP	Program appeals, mediation, and litigation.
25-AS	State and County records operations.
1-CM	Common management and operating provisions.
2-CM	Farm reconstitutions.
3-CM	Farm, tract, and crop data.
2-CP	Acreage and compliance determinations.
6-CP	HELC and WC provisions.
7-CP	Finality rule and equitable relief.
1-FI	Processing payments initiated through NPS.
3-FI	State and county deposits and receipts.
50-FI	Interest rates.
58-FI	Managing FSA and CCC debt.
61-FI	Handling prompt payment interest penalties.
62-FI	Reporting data to IRS.
63-FI	Assignment and Joint Payment system.
64-FI	Establishing and Reporting Receipts and Receivables on the National Receipts and Receivables System
8-LP	Loans and LDP's
4-PL	Payment eligibility, payment limitation, and AGI.
12-PS	Automated price support procedures and common functions for grains, oilseeds, and rice.
20-PS	State Office loan and LDP reporting and SORS.

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1 Handbook Provisions (Continued)

\*--F Useful Web Sites

The following web sites provide information used to administer loans.

Web Site Content	Web Site Address
Accessing the National Compliance Review Database	To: <ul style="list-style-type: none"> <li>• access producer selection list at <a href="http://fsaintranet.sc.egov.usda/ffas/farmbill/cc/default.htm">http://fsaintranet.sc.egov.usda/ffas/farmbill/cc/default.htm</a></li> <li>• enter the results of spot checks, follow the current CP directives for the applicable web site.</li> </ul>
Economic and Policy Analysis	<a href="http://www.fsa.usda.gov/programs-and-services/economic-and-policy-analysis/index">www.fsa.usda.gov/programs-and-services/economic-and-policy-analysis/index</a>
Fact Sheets	<a href="http://www.fsa.usda.gov/news-room/fact-sheets/index">www.fsa.usda.gov/news-room/fact-sheets/index</a>
US Warehouse Act Licensed Warehouses	<a href="https://internet-dotnet.fsa.usda.gov/approved_whses/uswa/approved_whses_uswa.asp">https://internet-dotnet.fsa.usda.gov/approved_whses/uswa/approved_whses_uswa.asp</a>
Forms	For: <ul style="list-style-type: none"> <li>• employees, <a href="http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/forms.html">http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/forms.html</a></li> <li>• public, <a href="http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home">http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home</a>.</li> </ul>
Sugar Storage Agreements	<a href="http://www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=coop&amp;topic=was-sa">http://www.fsa.usda.gov/FSA/webapp?area=home&amp;subject=coop&amp;topic=was-sa</a>

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## 2 Basic Loanmaking Provisions

### A General Loan Availability

Price support is available to eligible processors in:

- the United States
- Puerto Rico.

### B Processed Sugar Loans

Processed sugar loans are warehouse-stored nonrecourse loans for which eligible sugar offered as loan collateral may be forfeited to CCC, at loan maturity, in satisfaction of the loan indebtedness.

### C In-Process Sugar Loans

In-process loans are farm-stored nonrecourse loans made available to processors of a crop of domestically grown sugarcane or sugar beets for in-process sugars derived from the crop. The loan rate shall be equal to 80 percent of the loan rate applicable to raw cane sugar or refined beet sugar. In-process loans mature on the last day of the ninth month after the month the loan was disbursed.

### D Loan Availability Dates

**Initial** loans are available **October 1** through **September 30**.

Processors receiving initial loans in July, August, or September may repledge the sugar as collateral for a supplemental loan. These **supplemental** loans shall:

- be requested during the following October
- be nonrecourse
- be made at the loan rate in effect at the time the first or initial loan was made
- mature in 9 months minus the number of whole months that the initial loan was in effect
- \*--be at the interest rate in effect when the new loan is disbursed.

**Note:** The month the initial loan was disbursed is **not** counted as a month, but the month the initial loan is repaid and the month the supplemental loan is disbursed are counted, unless the loan was disbursed and repaid in September. See subparagraph G.--\*

### E Repledged Loans

Repledged loans are initial loans that:

- were repaid at principal plus interest before the loan maturity date
- are repledged before the final loan availability date by the same eligible processor
- mature on the same date as that of the original note and security agreement.

2 Basic Loanmaking Provisions (Continued)

F Loan Maturity Dates

Follow this table for loan maturity dates.

IF the loan is...	THEN the maturity date is the last day of the ninth month...
initial	after the month in which the loan was disbursed; however, this date shall be no later than September 30.
repledged	after the month in which the initial loan was disbursed. All repledged loans mature no later than September 30 and have the same maturity date as the original loan.
supplemental	minus the number of whole months that the initial loan was in effect.

**Notes:** If the maturity date falls on a nonworkday, the maturity date shall be the **next** workday.

See examples in subparagraph G.

G Examples of Loan Maturity Dates

These are examples of **initial** loan maturity dates.

\*--

Disbursement Date	Maturity Date
October 16, 2015	July 31, 2015
November 8, 2015	August 31, 2015
December 1, 2014, through September 30, 2015	September 30, 2015

These are examples of **repledged** loan maturity dates.

Disbursement Date of Initial Loan	Date Repaid	Date Repledged	Maturity Date
October 16, 2015	December 31, 2016	February 1, 2016	July 31, 2016
January 2, 2016	May 31, 2016	September 1, 2016	September 30, 2016

These are examples of **supplemental** loan maturity dates (initial loans made in July, August, and September) and the supplemental loan requested in October.

Initial Disbursement Date	Date Repaid	Supplemental Loan Date	Maturity Date
July 10, 2015	September 10, 2015	October 1, 2015	April 30, 2016
August 15, 2015	September 15, 2015	October 6, 2015	May 31, 2016
September 20, 2015	September 30, 2015	October 20, 2015	June 30, 2016

--\*



## 2 Basic Loanmaking Provisions (Continued)

### H Beneficial Interest

See 8-LP, paragraph 227 for beneficial interest procedures.

### I Forms

Use:

- SU-2 for both warehouse- and farm-stored nonrecourse sugar loans

**Note:** A copy of Exhibits 17 and 18 shall be given to sugar processors with each cane sugar loan requested.

- CCC-677 for farm-stored in-process sugar loans
- CCC-678 for warehouse-stored sugar loans.

CCC-601 applies according to 8-LP.

CCC-677A (Exhibit 4) is the sugar addendum and is applicable to **all** sugar loans.

### J CCC-770 SU-1 and CCC-770 SU-2

The following checklists have been developed to assist in the processing of sugar loans:

- CCC-770 SU-1 (Exhibit 6)
- CCC-770 SU-2 (Exhibit 7).

County Offices shall:

- obtain the current version of CCC-770 SU-1 and CCC-770 SU-2 on the FFAS Employee Forms/Publications Online Website at  
\*~~-~~<http://intranet.fsa.usda.gov/dam/ffasforms/forms.html>~~--~~\*
- prepare CCC-770 SU-1:
  - for each of the first 5 sugar loan applications of **each** type of sugar processed by each employee **each** crop year
  - ensuring that items 11A and 11B are completed before loan disbursement
  - filing a copy in the applicable sugar loan folder

2 Basic Loanmaking Provisions (Continued)

J CCC-770 SU-1 and CCC-770 SU-2 (Continued)

- prepare CCC-770 SU-2:
    - for each sugar processor **each** crop year
    - ensuring that items 7A and 7B are completed before disbursing the first sugar loan to a processor each crop year
    - filing a copy in the processor’s folder containing UCC-1 filing, lien search, and required lien waivers--\***
- \* \* \*
- check, initial, and date in the designated box for each item on CCC-770 SU-1 and CCC-770 SU-2.

State Offices shall ensure that County Offices processing sugar loans are completing CCC-770 SU-2 for all sugar processors and the required CCC-770 SU-1’s before loan disbursement.

CCC-770 SU-1 and CCC-770 SU-2 are the **only** authorized checklists for sugar commodity loans. County Offices shall **not** use State- or locally-generated checklists for sugar commodity loans.

K CED CCC-770 SU-1 Spot Checks

**\*--CED shall spot check CCC-770 SU-1 for the first 3 sugar loan applications for each sugar processor of each type processed each crop year by each County Office employee.**

L State Office CCC-770 SU-1 Spot Checks

STC or designee shall spot check one CCC-770 SU-1 spot-checked by CED for each sugar processor in each Service Center.**--\***

Additional CCC-770 SU-1’s will be required if apparent internal control deficiencies are found during CED and STC or designee reviews.

**2 Basic Loanmaking Provisions (Continued)**

\* \* \*

**M CED and State Office CCC-770 SU-2 Spot Checks**

CED's and STC, or their designee, shall spot check **all** CCC-770 SU-2's completed in each County Office each year. In most cases, there will be only one CCC-770 SU-2 filed by a sugar processor each crop year.

As the dollar amount disbursed on sugar loans is usually very large, this will help to ensure program integrity with regards to eligibility.

\* \* \*

### 3 Sodbuster and Swampbuster Provisions

#### A Compliance and Filing

To be eligible for program benefits, sugar must have been processed from beets or cane delivered by a producer, owner, or operator who complies with HELC and WC provisions in 6-CP and files:

- AD-1026 according to 6-CP
- FSA-578, annually, before the final acreage reporting date established for the county.

Persons shall not be eligible for program benefits during the crop year in which the producer does not comply with HELC and WC provisions, except if a graduated payment reduction is approved for the producer according to 6-CP.

**Note:** See Part 4, Section 1 for County Office procedures in determining compliance.

#### B Late-Filed FSA-578 and AD-1026

Late-filed FSA-578's, approved according to 2-CP, and AD-1026's may be accepted by the applicable County Office from a producer, owner, or operator of sugar beets or sugarcane. If the processor has already been notified according to subparagraph 63 A, the processor shall be re-notified that the producer is now eligible.

### 4 Lobbying Provisions

#### A Applicability

Lobbying disclosure requirements apply to applicants for and recipients of loan proceeds exceeding \$150,000.

#### \*--B Filing Forms

Applicants must file the forms specified in this table for **each** loan exceeding \$150,000.

IF monies received have...	THEN...
<b>not</b> or will <b>not</b> be used to lobby or otherwise influence the actions of a Federal official about a particular loan	CCC-601(6)(i) contains lobbying disclosure requirements. Loan applicants certify to compliance when signing CCC-677 or CCC-678.
or will be used to lobby or otherwise influence the actions of a Federal official about a particular loan	file SF-LLL. CCC-601(6)(i) contains lobbying disclosure requirements. Loan applicants certify to compliance when signing CCC-677 or CCC-678.
	<b>Note:</b> File SF-LLL-A, if applicable.

**Notes:** Lobbying activity provisions apply to individual loans, **not** the sugar processor's cumulative total.--\*

These forms are available at <http://165.221.16.90/dam/ffasforms/currentforms.asp>.

4 Lobbying Provisions (Continued)

C County Office Action

County Offices shall follow the procedures in this table each time a loan exceeding \$150,000 is requested.

Step	Action
1	Provide the applicant a copy of * * * SF-LLL with instructions to complete, and return the applicable form to the County Office.
2	Disburse the loan <b>after</b> the applicant returns the completed lobbying disclosure form to the County Office.
3	File the original in the County Office.

5 Prompt Payment Act

A Applicability

The Prompt Payment Act requires CCC, according to 61-FI, to pay a late payment interest penalty on the amount of loan disbursements if **all** of the following apply:

- documentation is provided
- the payment is not made by the due date in subparagraph B
- all eligibility requirements are met.

B Payment Due Dates

The following table provides the payment due dates for loan purposes.

IF the program is for...	THEN the payment due date is 30 calendar days after the County Office receives...
loan agreements	an application with <b>all</b> required documentation and signatures.
settlements	<b>both</b> of the following: <ul style="list-style-type: none"> <li>• a properly completed KC-227 or KC-227 A</li> <li>• documentation required to complete the transaction.</li> </ul>

**5 Prompt Payment Act (Continued)**

**C Information Provided by FMD**

FMD will provide the following information:

- interest rate to be used for interest payments required by the Prompt Payment Act

**Notes:** Notices will be issued semiannually, around January 1 and July 1.

See 50-FI for interest rates.

- detailed instructions for administering the provisions of the Prompt Payment Act. See 61-FI.

**D Paying Prompt Payment Interest**

County Offices shall pay prompt payment interest when payment dates, according to subparagraph B, are not met. Maximum prompt payment interest is 1 year's interest.

**Example:** If calculation of the number of days late is 450 days, then State and County Offices shall pay prompt payment interest for 360 calendar days only.

**6 Finality Rule**

**A Finality Rule Provisions**

See 7-CP for provisions applicable to the finality rule.

## 7 Signatures, Authorizations, and Approvals

### A Signatures

\*--All sugar processors requesting sugar commodity loans must present to their STC-designated loan making County Office, documentation indicating:

- entity type
- who has the signature authority to sign for the processor.

Sugar processors are not:

- required to file forms to determine whether they are “actively engaged in farming”
- subject to other payment eligibility/limitation requirements.

**Note:** CCC-901 shall **not** be used to establish signature authority for sugar processors.

### B Entity Signature Authority

The signature authority for sugar commodity loan documents for corporations, limited liability companies, cooperatives, and other similar entities, will consist of a copy of any of the following applicable documents:

- the corporate charter, bylaws, articles of organization, or operating agreement executed according to State law, that designates officers, members or managers as authorized signatories
- resolution by the corporation or cooperatives board of directors, signed by the secretary or an officer other than the signatory being extended signature authority

**Note:** If the intent of the resolution is to extend signature authority to all officers of a corporation or cooperative, then all officers must sign the resolution.

**Exception:** For a **1 person corporation**, that person is authorized to sign for the corporation by default if documentation, such as a corporate charter, is on file in the County Office which **both**:

- identifies the “one person”
- validates that 100 percent of the corporation’s shares are held by that “one person”.

**Notes:** It is the respective sugar processor’s responsibility to inform County Offices of all changes in signature authority and to ensure that current documentation is provided accordingly with respect to sugar commodity loan program requirements.

The identification/listing of officers and/or shareholders of a corporation does not, by itself, provide sufficient evidence of who has authority to act on behalf of the corporation.--\*

**7 Signatures, Authorizations, and Approvals (Continued)****\*--C General Partnership Signature Authority**

For all sugar commodity loans issued to general partnerships, the partnership must provide the Articles of Partnership. If no Articles of Partnership are available, IRS documents such as Form 1065 (Schedule K-1) showing members and their respective shares may be used. A written statement identifying all members and shares of the partnership and signed by all members of the partnership may be used as acceptable documentation the first year the partnership is in effect or if the membership of the partnership has changed and the partnership has not filed any IRS forms.

**Any** member of a general partnership may sign for the general partnership and bind all members unless the Articles of Partnership are more restrictive.

**Note:** This policy is adopted by FSA because the majority of States have laws that provide for this; however, this is **not** the case for any other business enterprise.

A member of a general partnership may execute FSA-211 to appoint an attorney-in-fact to act on behalf of the general partnership and bind all members, unless the Articles of Partnership restrict member's authority.--\*



7 Signatures, Authorizations, and Approvals (Continued)

\*--D Redelelegation of Signature Authority

Use the following to determine how an agent may be granted authority to sign sugar commodity loan documents for a corporation, limited liability company, cooperative, or other similar entity.

IF the entity documents...	THEN the person authorized to sign for the entity...
allow for redelegation of signature authority	<p>according to subparagraph A may redelegate their authority to an agent on FSA-211.</p> <p><b>Important:</b> The person authorized to sign for the entity according to subparagraph A shall <b>not</b> redelegate this authority if the entity documents do not allow for redelegation of signature authority.</p> <p><b>Example 1:</b> The Sugar Corporation charter designates James Brown as the corporate officer with signature authority for the corporation. The corporate charter provides that the authority to sign for the Sugar Corporation may be redelegated. James Brown may redelegate his signature authority for the Sugar Corporation to an agent by completing FSA-211.</p> <p><b>Example 2:</b> The Colorado Corporation charter designates Mike Jones as the corporate officer with signature authority for the corporation. The corporate charter does not indicate that the authority to sign for the Colorado Corporation may be redelegated. Mike Jones shall not redelegate his signature authority for the Colorado Corporation.</p>

--\*

7 Signatures, Authorizations, and Approvals (Continued)

\*--D Redelelegation of Signature Authority (Continued)

IF the entity documents...	THEN the person authorized to sign for the entity...
do not allow for redelegation of signature authority	<p>may use the following to authorize an agent to sign for the entity for:</p> <ul style="list-style-type: none"> <li>• corporations and cooperatives, either of the following:                             <ul style="list-style-type: none"> <li>• FSA-211 signed by <b>all</b> officers</li> <li>• resolution of the board of directors, signed by an officer of the corporation or cooperative, providing name of agent authorized to sign for the corporation</li> </ul> </li> <li>• limited liability companies, FSA-211 signed by all members or authorized managers.</li> </ul> <p><b>Example:</b> The ABC Sugar Corporation charter designates Mike Jones as the corporate officer with signature authority for the corporation. The corporate charter does not indicate that the authority to sign for ABC Sugar Corporation may be redelegated. Mike Jones shall not redelegate his signature authority to sign for ABC Sugar Corporation. However, an agent may be authorized to sign for ABC Sugar Corporation if all officers of ABC Sugar Corporation sign FSA-211.</p>

--\*

7 Signatures, Authorizations, and Approvals (Continued)

**E Redelelegation of Authority by COC or CED**

The authority to approve all loan documents prepared according to this handbook may be redelegated in writing by:

- COC to CED, except forms and documents in which CED has a monetary interest
- CED to Federal and non-Federal County Office employees, except forms and documents in which the person approving has a monetary interest.

**Reminder:** Cross training in all applicable program areas shall be completed **before** signing authority redelegation is made.

Follow this table for exceptions to redelegate authority for approval of loans.

<b>IF the producer is...</b>	<b>THEN the approval authority shall be...</b>
a Federal or non-Federal State or County Office employee	CED.
COC member	
DD	
SED	
STC member	
CED	COC.

**Note:** Questionable cases may be referred to the next higher authority for determination.

8-27 (Reserved)



**Part 2 Eligibility Requirements**

**28 Processor Eligibility**

**A Basic Requirements**

Determine processor eligibility according to this table.

<b>IF processor...</b>	<b>THEN...</b>
stores eligible sugar in CCC-approved warehouse	the processor is eligible for loan.
owns, or jointly owns with eligible producers, eligible sugar offered as collateral for loan	
agrees to pay all eligible producers at least the minimum payment levels specified for sugar beets according to the producer's marketing agreement and sugarcane for the region when nonrecourse loans are in effect	

**29 Eligible Sugar**

**A Basic Eligibility Requirements**

Use this table to be eligible for loan.

<b>Sugar</b>	<b>Requirements</b>
<ul style="list-style-type: none"> <li>• Refined beet sugar</li> <li>• Raw cane sugar</li> <li>• Refined cane sugar</li> <li>• Sugarcane syrup</li> <li>• Edible molasses</li> <li>• In-process</li> </ul>	<ul style="list-style-type: none"> <li>• Has been processed from sugar beets or sugarcane grown by eligible producers in the United States and Puerto Rico.</li> <li>• Is free of contamination and chemicals or other substances that are poisonous to humans or animals.</li> </ul> <p><b>Note:</b> Refined or specialty sugars that meet these requirements are eligible for loan only if they are made by either of the following:</p> <ul style="list-style-type: none"> <li>• a cane refining facility that is cooperatively owned by its raw cane sugar processors</li> <li>• a sugarcane processor who is also a refiner.</li> </ul>

**30 Storage Requirements**

**A Eligible Storage Space**

All eligible sugar loans must:

- be stored in a CCC-approved warehouse to ensure the quantity and quality of CCC loan collateral
- meet all other eligibility requirements.

**B Commingling**

A processor's eligible sugar must be stored bulk and commingled, unless CCC, DACO, and the warehouse operator agrees in writing, to store the sugar in another method.

**Note:** Joint loans are **not** permitted.

**C Poisonous Substances and Contamination**

A processor shall be personally liable for any damages resulting from putting under loan to CCC sugar containing any of the following:

- mercurial compounds
- toxin-producing molds
- contamination in food commodities
- other substances poisonous to humans or animals.

**31 Requesting Warehouse-Stored Loans**

**A Warehouse Documents**

When requesting sugar loans or converting in-process sugar, the processor shall present acceptable warehouse documents, KC-227 or KC-227-A, from CCC-approved warehouses to the County Office.

**B Warehouse-Stored Quantity**

Warehouse-stored loans stored in CCC-approved warehouse will be limited to 100 percent of the total net pounds specified on KC-227 or KC-227-A.

**Note:** The eligible commodity is sugar, not sugar beets or sugarcane.

**C Substitution Not Authorized**

Substituted or purchased commodities are ineligible for loan.

**D Loan Rates**

\*--Use the loan rate for the region where the sugar is processed. See Exhibit 9.--\*

**E Storage Charges**

The processor is responsible for storage cost through the loan maturity date or title transfer to CCC, whichever occurs later.

**32 Quality Determinations**

**A Basis for Quality Determinations**

The sugar processor must provide quality factors on KC-227 or KC-227-A at:

- loan application
- the time the in-process sugar is converted at forfeiture.

**B Premiums and Discounts**

Premiums and discounts on cane sugar will be applicable to the quality factor identified on KC-227 at forfeiture. Presently, there are no premiums and discounts on beet sugar.

**\*--33 List of Approved Sugar Storage Agreement Warehouses**

**A Approved Sugar Storage Agreement Warehouses**

A current list of Sugar Storage Agreement warehouses is available at [http://www.fsa.usda.gov/Internet/FSA\\_File/approved\\_ssa\\_list.pdf](http://www.fsa.usda.gov/Internet/FSA_File/approved_ssa_list.pdf).--\*

\* \* \*



## 34 General Warehouse Document Requirements

### A General Requirements

The processor must submit the original KC-227 or KC-227-A that meets the following guidelines.

All KC-227's or KC-227-A's shall:

- represent eligible sugar actually stored in the CCC-approved warehouse
- be issued to the eligible processor or CCC, as applicable
- show ownership, if sugar is owned by the processor solely, jointly, or in common with others.

KC-227 shall be used for raw sugar. KC-227-A shall be used for refined beet sugar. All KC-227's or KC-227-A's shall include **all** of the following:

- type of sugar
- name and location of storing warehouse
- CCC-assigned warehouse code
- date issued
- crop year
- whether sugar was received by rail, truck, barge, or cart
- signature of the warehouse operator or authorized agent
- total net pounds (commercial weight for cane sugar)
- control number assigned by the warehouse operator
- zeros, where applicable, when in or out charges have **not** been prepaid.

County Offices shall verify that all required entries on KC-227's or KC-227A's have been completed and maintain the original KC-227's or KC-227A's until repayment.

**Note:** For in-process loans, KC-227 or KC-227-A must be submitted when sugar is converted, as applicable.

\*--See Exhibit 4 for the addendum to sugar loan disbursements.--\*

### B Additional Requirements

KC-227's, for raw cane sugar, will also include the following:

- total net pounds
- polarity (with 1 number after the decimal point)
- ash (use whole percentage with 2 digits)
- color (use whole units of 4 digits)
- grain size (use whole percentages with 2 digits)
- percent moisture (use whole percentages with 2 digits).

34 General Warehouse Document Requirements (Continued)

**B Additional Requirements (Continued)**

KC-227-A's, for refined sugar, will include applicable quality factors, including gross weight and number of units, if bagged.

**C Instructions for Completing KC-227**

County Offices shall complete KC-227, items 1 and 2 when the loan is approved.

Warehouse operators shall complete KC-227, items 3 through 11.

Item	Action
1	Enter the sugar loan application date.
2	Enter the FSA County Office or Service Center assigned loan number.
3	Enter warehouse's name, street address, city, State, and ZIP Code.
4	Enter the warehouse code assigned by KCCO.
5	"Raw Cane Sugar" is preprinted in this item.
6	Check the applicable box indicating sugar received by truck, rail, barge, cart, or in-store.
7	Enter the crop year the sugarcane was grown.
8	Enter the control number assigned by the warehouse operator.  <b>Note:</b> The warehouse operator should use a numbering system to consecutively assign control numbers for tracking purposes. For example, the 1st KC-227 may be assigned Control No. 1, the 2nd KC-227 Control No. 2, etc. Do not use alpha characters as part of the numbering system.
9	Enter the date KC-227 is issued.
10 A	Enter the total net pounds received for this KC-227. Enter quantity in pounds as made.  <b>Note:</b> A separate KC-227 shall be used for each separate amount.
10 B	Enter the polarization for the quantity of sugar represented by this KC-227. Polarity degree entered shall have only 1 number after the decimal point, such as "98.2".
10 C	Enter the ash content (percentage) for the quantity of sugar represented by this KC-227. Use whole percentages with 2 digits, such as "24".
10 D	Enter the color (units) for the quantity of sugar represented by this KC-227. Use whole *--units with 4 digits, such as "1280". Check "Affined" or "Whole".--*
10 E	Enter the grain size (percentage) for the quantity of sugar represented by this KC-227. Use whole percentages with 2 digits, such as "30".
10 F	Enter the percent moisture for the quantity of sugar represented by this KC-227. Use whole percentages with 2 digits, such as "30".
11 A and B	Enter the: <ul style="list-style-type: none"> <li>• signature of an authorized individual, such as corporate officer, partner, or proprietor</li> <li>• date this KC-227 is signed.</li> </ul>

34 General Warehouse Document Requirements (Continued)

D Example of KC-227

The following is an example of KC-227, for raw cane sugar, received from a processor.

\*--

<b>KC-227</b> (10-25-13)		U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency				<b>FOR CCC USE ONLY</b>	
<b>RAW SUGAR CERTIFICATION REPORT</b>							
3. NAME AND LOCATION OF RECEIVING WAREHOUSE Calhoun Sugar Growers Kelly, LA						1. LOAN APPLICATION DATE (MM-DD-YYYY)	
						2. LOAN NUMBER	
4. WAREHOUSE CODE 7-1071	5. COMMODITY RAW CANE SUGAR	6. RECEIVED BY <input type="checkbox"/> TRUCK <input checked="" type="checkbox"/> RAIL <input type="checkbox"/> BARGE <input type="checkbox"/> CART <input type="checkbox"/> IN STORE		7. CROP YEAR 2013	8. CONTROL NUMBER 1		
				9. DATE ISSUED (MM-DD-YYYY) 10-31-2013			
10. QUANTITY AND QUALITY	A. TOTAL NET POUNDS 10,000,000	B. POLARIZATION 98	C. ASH .22	D. COLOR (Units): 4000 <input type="checkbox"/> Affined <input checked="" type="checkbox"/> Whole	E. GRAIN SIZE 48	F. % MOISTURE .28	
<b>11. CERTIFICATION AND SIGNATURE</b>							
I certify that the raw sugar described on this report is raw sugar:							
<ul style="list-style-type: none"> <li>in which title is vested in CCC, or placed in storage by someone other than CCC and pledged to CCC as security for a CCC loan, and</li> <li>which will be safely stored so that raw sugar equivalent to the quantity and quality stated in Item 10 of this KC-227 may be delivered, upon demand, to the owner of such raw sugar, CCC, or to another person (transferee).</li> </ul>							
This form must be signed by an authorized individual; i.e., corporate officer, partner or proprietor. A manager cannot sign unless authorized by a Resolution of the Board of Directors or Power of Attorney furnished by a partner or proprietor.							
A. WAREHOUSE OPERATOR'S SIGNATURE				B. DATE (MM-DD-YYYY)			
<b>PRIVACY ACT AND PUBLIC BURDEN STATEMENTS</b>							
<p>The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1423, 7 CFR Part 1435, and the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.). The information will be used to record raw sugar received into the warehouse for storage of CCC-interest sugar. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for program benefits.</p> <p>The authority for collecting the following information is Public Law 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.</p> <p>The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO THE APPROPRIATE FARM SERVICE AGENCY COUNTY OFFICE OR SERVICE CENTER.</p>							
<b>NONDISCRIMINATION STATEMENT</b>							
<p>The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).</p> <p>If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at <a href="http://www.ascr.usda.gov/complaint_filing_cust.html">http://www.ascr.usda.gov/complaint_filing_cust.html</a>, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at <a href="mailto:program.intake@usda.gov">program.intake@usda.gov</a>. USDA is an equal opportunity provider and employer.</p>							

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34 General Warehouse Document Requirements (Continued)

E Instructions for Completing KC-227-A

County Offices shall complete KC-227-A, items 1 and 2.

Warehouse operators shall complete KC-227-A, items 3 through 13.

Item	Action
1	*--Enter the sugar loan application date.
2	Enter the FSA County Office or Service Center assigned loan number.
3	Enter warehouse's name, street address, city, State, and ZIP Code.--*
4	Enter the warehouse code assigned by KCCO.
5	Check applicable box indicating if commodity is raw cane or beet sugar.
6	Check applicable box indicating if sugar was received by truck, rail, barge, or in-store.
7	Enter the crop year the sugar was grown.
8	Enter the control number assigned by the warehouse operator.  <b>Note:</b> The warehouse operator should use a numbering system to consecutively assign control numbers for tracking purposes. For example, the first KC-227-A may be assigned Control No. 1, the second KC-227-A Control No. 2, etc. Do not use alpha characters as part of the numbering system.
9	Enter the date KC-227-A is issued.
*--10 A	Enter the total net pounds received for this KC-227-A.
10 B	Not required.
10 C	Enter the number of units, if the sugar is bagged, for this KC-227-A.
10 D	Enter the number of units damaged, short, or over for this KC-227-A.--*
11	Quality: Refined sugar must be dry and free flowing, free of excessive sediment, and free of any objectionable color, flavor, odor, or other characteristic which would impair its merchantability or which would impair or prevent its use for normal commercial purposes.
12 A and B	Enter the following: <ul style="list-style-type: none"> <li>• signature of an authorized individual, such as corporate officer, partner, or proprietor</li> <li>• date KC-227-A is signed.</li> </ul>

34 General Warehouse Document Requirements (Continued)

F Example of KC-227-A

The following is an example of KC-227-A received from a processor.

\*--

<b>KC-227-A</b> (10-25-13)		U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency			<b>FOR CCC USE ONLY</b>		
<b>REFINED SUGAR CERTIFICATION REPORT</b>							
3. NAME AND LOCATION OF RECEIVING WAREHOUSE K & T Sugar Growers, Inc. Gretna, ID					1. LOAN APPLICATION DATE		
					2. LOAN NUMBER		
4. WAREHOUSE CODE  7-1000	5. COMMODITY  <input type="checkbox"/> CANE <input checked="" type="checkbox"/> BEET	6. RECEIVED BY  <input checked="" type="checkbox"/> TRUCK <input type="checkbox"/> RAIL <input type="checkbox"/> BARGE <input type="checkbox"/> IN STORE	7. CROP YEAR  2013	8. CONTROL NUMBER  1			
		9. DATE ISSUED  10/31/2013					
10. QUANTITY	A. TOTAL NET POUNDS	B. GROSS WEIGHT	C. NUMBER OF UNITS	D. NUMBER OF UNITS			
	10,000,000	10,200,000	100,000	DAMAGED	SHORT	OVER	
11. QUALITY	Refined sugar must be dry and free flowing; free of excessive sediment; and free of any objectionable color, flavor, odor, or other characteristic which would impair its merchantability or which would impair or prevent its use for normal commercial purposes.						
<b>12. CERTIFICATION AND SIGNATURE</b>							
I certify that the refined sugar described on this report is refined sugar:							
<ul style="list-style-type: none"> <li>in which title is vested in CCC, or placed in storage by someone other than CCC and pledged to CCC as security for a CCC loan, and</li> <li>which will be safely stored so that refined sugar equivalent to the quantity and quality stated in Item 10 and 11 of this KC-227-A may be delivered, upon demand, to the owner of such refined sugar, CCC, or to another person (transferee).</li> </ul>							
This form must be signed by an authorized individual; i.e., corporate officer, partner or proprietor. A manager cannot sign unless authorized by a resolution of the Board of Directors or Power of Attorney furnished by a partner or proprietor.							
A. WAREHOUSE OPERATOR-S SIGNATURE				B. DATE			
<b>PRIVACY ACT AND PUBLIC BURDEN STATEMENTS</b>							
The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1423, 7 CFR Part 1435, and the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.). The information will be used to record refined sugar received into the warehouse for storage of CCC-interest sugar. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for program benefits.							
The authority for collecting the following information is Public Law 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.							
<b>The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO THE APPROPRIATE FARM SERVICE AGENCY COUNTY OFFICE OR SERVICE CENTER.</b>							
<b>NONDISCRIMINATION STATEMENT</b>							
The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.)							
If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at <a href="http://www.ascr.usda.gov/complaint_filing_cust.html">http://www.ascr.usda.gov/complaint_filing_cust.html</a> , or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or e-mail at <a href="mailto:program.intake@usda.gov">program.intake@usda.gov</a> . Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish). Persons with disabilities, who wish to file a program complaint, please see information above on how to contact us by mail directly or by email. If you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).							

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**Part 3 Obtaining Sugar Loan Program Benefits**

**46 Obtaining Loans**

**A Loanmaking Offices**

Eligible processors shall obtain loans from the County Office designated by STC as the processor's loanmaking County Office. This is applicable when the warehouse has multiple storage locations.

SU-2 shall be completed and signed by processors to request a loan. A copy of Exhibits 17 and 18 shall be given to sugar processors with each cane sugar loan request.

**B Loan Types**

\*-Nonrecourse loans may be disbursed to an eligible processor of 2014 through 2018 crops--\* of sugar beets and sugarcane as:

- farm-stored loan for in-process sugar
- warehouse-stored loan for raw or refined sugar.

## 46 Obtaining Loans (Continued)

**C Maximum Eligible Quantity for Loan**

The total quantity of sugar that a processor may pledge as collateral for an **initial** loan during a crop year may not exceed the quantity derived from processing domestically grown sugar beets or sugarcane from eligible producers during the applicable crop year.

The total quantity that a processor may pledge as collateral for a **supplemental** loan may not exceed the quantity of sugar pledged for initial loans the previous July, August, or September.

For in-process sugar, the processor may pledge as collateral for an **in-process** loan the quantity certified as the number of gallons of thick juice that will equal the number of pounds of sugar when processed into raw cane or refined beet sugar.

A processor requests an in-process sugar loan and certifies to 1,000 gallons and 6,700 pounds of sugar. Determine reasonableness as follows.

$$1000 \text{ gallons} \times 6.9 = 6,900 \text{ pounds.}$$

Multiply the number of gallons times 6.9 to determine reasonableness for the acceptable number of pounds.

**Note:** Loans on cane sugar are to be made on the actual pounds of eligible sugar, commercial weight.

**D Ineligible Quantity for Loan**

The quantity of ineligible sugar that is in storage includes sugar:

- processed in previous crop years, unless pledged for an initial loan the previous July, August, or September
- currently under loan
- representing sugar beets or sugarcane from ineligible producers, including producers determined to be ineligible because of the regulations governing:
  - HELC and WC
  - controlled substances
  - acreage report.

If it is determined that ineligible sugar has been pledged as collateral for loan, the processor shall be required to immediately redeem a quantity of the loan collateral equal to the ineligible quantity.



**46 Obtaining Loans (Continued)**

**E Loan Rates**

See Exhibit 9 for the applicable loan rates.

Use the applicable loan rate for the region where the sugar is processed.

\* \* \*

Supplemental loan rate shall be the loan rate in effect at the time the initial loan was made.

In-process loan rates are 80 percent of the loan rate applicable to raw cane or refined beet sugar.

**F Minimum Payment Levels**

See Exhibit 10 for the applicable crop year minimum producer payment level.

**G Loan Service Fee**

The loan service fee is:

- \$60 for each loan
- nonrefundable.

47 Lien Searches

**A General Requirements**

Advise processors that CCC requires that sugar pledged as collateral for loan must be free and clear of liens or encumbrances. If there are any liens or encumbrances on sugar pledged as collateral for a loan, waivers that fully protect the interest of CCC must be obtained even though the liens or encumbrances are satisfied from the loan proceeds. No additional liens or encumbrances shall be placed on the sugar after the loan is approved.

**B Conducting Lien Searches**

Lien searches shall be conducted in States where the processor's corporation was organized:

- by the loanmaking County Office before any loan is disbursed
- \*--according to 8-LP, subparagraphs 504 A and B.--\*

If an office other than the loanmaking County Office has been requested to conduct a lien search and finds a lien not described on SU-2, the office shall immediately notify the loanmaking County Office.

**C Recording Lien Waivers**

Record necessary lien waivers for processors on CCC-679 according to 8-LP, \*--paragraph 505.--\*

## 48 Filing UCC-1's

### A Revision to Article 9 of UCC

All States have adopted the revision to Article 9 of UCC. One of the key changes included centralizing the electronic filing of most security interests for States without a pre-existing centralized filing system. However, as States transition to a centralized, electronic UCC filing and recording system, the means by which UCC-1's are filed and paid for may vary from State to State. State Offices shall:

- continue to follow the advice of the regional attorney
- request, from PSD, isolated exceptions to policy in this paragraph based on the following:
  - written direction or recommendations from the regional attorney
  - PSD concurrence.

**Example:** The regional attorney advises that filing UCC-1 without a loan applicant's signature negates the double jeopardy protection afforded secured lenders by certain State laws according to Pub. L. 99-198, Section 1324. In this case, upon PSD concurrence, the State Office may direct County Offices to continue requiring that a loan applicant must sign UCC-1, as advised by the regional attorney. The applicant's signature on CCC-10 takes care of the signature requirement on UCC-1 since most States now file UCC-1's electronically.

### B Applicability

County Offices shall file applicable UCC-1's required by State law to protect CCC's security interest:

- in the State where the corporation was organized
- for all farm-stored loans and warehouse-stored loans immediately after the lien search and before loan disbursement so there can be no intervening interests
- using CCC-10 completed and signed by the processor. See subparagraph G and 8-LP, \*--paragraph 521.--\*

48 Filing UCC-1's (Continued)

**C When to Disburse Loans**

County Offices shall:

- disburse loan proceeds after:
  - appropriate documents have been filed
  - written verification of the UCC-1 filing date and time are received
- not delay loan disbursements until the applicable form has been **recorded** by the proper official.

\*--Manually disbursed sugar loans are no longer available. All sugar loans will be disbursed through CLPS. See 16-PS, 1-FI, paragraph 215 and 1-CM, paragraph 813.--\*

**D Where to File UCC-1's**

UCC-1's are filed in the State where the organization or entity was registered.

**Note:** See subparagraph G. The UCC-1 filing location is based on data in CCC-10, item 7 or 8.

The UCC-1 filing location no longer depends on the location of the commodity, as shown in the following table.

<b>IF...</b>	<b>THEN...</b>
<ul style="list-style-type: none"> <li>• commodity is stored in multiple counties within the same State</li> <li>• commodity is stored in a State different from the processor's place of business</li> </ul>	file UCC-1 in the State having jurisdiction according to the current CCC-10, unless otherwise advised by the regional attorney.
loan collateral is moved to another State for storage after perfection of the lien	no additional UCC-1 is filed because the lien is still perfected, unless otherwise advised by the regional attorney.

**48 Filing UCC-1's (Continued)**

**E Preparing UCC-1**

For raw cane sugar or beet sugar, identify collateral on UCC-1 as "sugar". Do not include quantities.

For in process sugar, identify collateral on UCC-1 as follows:

“For example: (#) gallons of in process sugar will convert to (#) of pounds of (raw/refined) sugar”.

**F Paying Filing or Recording Fees**

\*--Issue payment through OLP and NPS for filing or recording fees according to either of the following:

- 8-LP, subparagraph 521 E--\*
- State Office filing instructions for the State.

**G CCC-10**

Each processor applying for a CCC sugar loan shall complete CCC-10 according to 8-LP, \*--paragraph 502.--\*

Refer to CCC-10, item 7 or 8 on where to file UCC-1 and conduct a lien search.

## 49 Repledging Provisions

### A Repledging Eligible Sugar Provisions

Eligible processors may, before the final loan availability date, repledge as collateral for the loan, eligible sugar that has been previously mortgaged and **repaid**, principal **plus** interest. The initial loan must be repaid before requesting to repledge eligible sugar.

The maturity date for the loan for the repledged collateral must be the same as the maturity date for the original note and security agreement.

### B Repledging In-Process Sugar

Processors who do not forfeit the in-process sugar may further process the in-process sugars into raw cane and beet sugar and repay the in-process collateral.

**Note:** The processor may obtain a loan for the raw cane sugar or refined beet sugar in the normal manner.

### C Sugar Not Eligible To Be Repledged

A quantity of sugar represented by loans that were called because of any of the following conditions may not be repledged:

- in-process sugar not processed
- deteriorating condition of sugar
- incorrect certification.

## \*--49.5 Supplemental Loans

### A Requesting Supplemental Loans

Eligible processors may request a supplemental loan if the sugar processor requested and repaid in-full an initial loan during the last 3 months of FY (July, August, and September).

### B Establishing Supplemental Loans

Supplemental loans are:

- considered the same crop year as the initial loan
- made at the loan rate in effect at the time the initial loan was made
- matures in 9 months minus the number of whole months that the initial loan was in effect.

**Note:** See examples in subparagraph 2 G.--\*

**50 Loan Document Review**

**A Second Party Review**

A second party review of all sugar loan applications, KC-227's, KC-227-A's, and loan documents shall be performed before disbursement. The reviewer:

- must ensure that the correct loan factors and rates were used to compute the loan amount
- shall initial SU-2 when the review is completed.

**51-61 (Reserved)**





**Part 4 Loanmaking****Section 1 Compliance and Noncompliance****62 Compliance Provisions****A Determining Compliance**

A loan is available to eligible processors on sugar processed from the production of sugar beets or sugarcane determined to be eligible according to HELC and WC provisions in 6-CP and acreage reporting requirements.

Loanmaking County Offices shall:

- annually request processors to provide by county where the sugar is grown, an alphabetical list of the names, addresses, and ID numbers, if available, of producers, owners, and operators who did either of the following:
  - delivered sugar beets or sugarcane in previous years for processing
  - contracted or made arrangements to deliver sugar beets or sugarcane for the current crop year
- request that this information be submitted to the County Office by a date established by STC or COC; however, all information must be submitted by **August 1** before the crop year for which loan benefits will be requested.

**\*--Example:** To determine compliance for the 2013 crop year (FY 2014), the requested information must be submitted to the County Office by August 1, 2013.--\*

**Note:** Use the suggested sample letter in subparagraph B to contact processors.

## 62 Compliance Provisions (Continued)

**B Contacting Processors**

This is a sample letter sent annually to processors for obtaining names and addresses.

\*--

Dear Processor:

Sugar used as collateral to obtain loans must have been delivered by producers, owners, or operators who have certified on form AD-1026, Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC) Certification, that the producer, owner, or operator will comply with the necessary conservation provisions during the crop year in which benefits are requested. They are also required to complete form FSA-578, Report of Acreage, before the final acreage reporting date established by the county.

To continue monitoring this process, we need your assistance. Please provide this office by county(s) where the sugar is grown, an alphabetical listing of the names, addresses, and ID numbers, if available, of sugar producers, owners, or operators who did either of the following:

- delivered sugar to your facility for processing in the previous crop year
- contracted or made arrangements with you to deliver sugar for the current crop year.

Please provide this information to us by August 1, 20 . Additionally, please provide this office with the same information on any new producers, owners, or operators that you anticipate will deliver sugar in the current crop year, as you receive this information.

If applicable, every effort will be made to provide you with a list of eligible and ineligible producers, owners, or operators before October 1, 20 . This will prevent disbursement of loan amounts that may ultimately have to be refunded to the Commodity Credit Corporation.

If you have any questions, please feel free to call this office.

Your cooperation will be appreciated.

Sincerely,

County Executive Director

--\*

62 Compliance Provisions (Continued)

C Determining Eligible Producers

Loanmaking County Offices that received information from processors according to subparagraphs A and B shall follow procedures in this table to determine whether a person has complied with conservation and acreage reporting provisions.

Step	Action
1	By <b>September 1</b> , review list of names and addresses received from the processor.
2	Develop a verification list of persons for the applicable crop year and identify the County Office that maintains their farm records. This can presently be obtained through the Service Center Information Management System. Send this list through the State Office to the State Office of the county that maintains the producer's records to verify that the following are on file: <ul style="list-style-type: none"> <li>• AD-1026</li> <li>• FSA-578.</li> </ul>
3	Verifying the County Office from the list in step 2, determine whether the persons listed have complied with the compliance and certification provisions on AD-1026 and FSA-578, for the applicable crop year.
4	Provide the loanmaking office with: <ul style="list-style-type: none"> <li>•*--lists of eligible and/or ineligible persons immediately after the determination--* is made</li> <li>• updated lists as applicable</li> <li>• send copy to State Offices in both verifying and loanmaking County Office.</li> </ul>

**Note:** If requested by the processor, FSA will supply them with information on certified acres.

## 63 Handling Ineligibility

### A Ineligibility Notification

Loanmaking County Offices shall advise processors in writing about persons who were determined eligible and/or ineligible for program benefits by **October 1**.

### B Determining Ineligibility After Loan Disbursement

If noncompliance with HELC or WC or acreage reporting is later determined for the crop year and a refund from the processor is applicable because there is less sugar in storage than the quantity determined to be eligible, see subparagraph C for an example and do the following:

- notify the processor to refund the loan amount applicable to the ineligible quantity by repaying principal and interest using the notification letter in 8-LP, Exhibit 11, subparagraph N
- if payment is made within 30 calendar days after the date of the notification letter:
  - \*--record the repayment in CLPS for the ineligible quantity--\*
  - ensure the repayment collection is also recorded in NRRS
- if payment is **not** made within 30 calendar days after the date of the notification letter:
  - send the applicable demand letter in 8-LP, paragraph 410

**Notes:** Currently the National office has no software in CLPS for violations. If there  
\*--is a settlement the automation team will work to remove the loan from--\*  
CLPS.

Contact the National Office for violation instructions.

63 Handling Ineligibility (Continued)

C Example

This is an example of a quantity ineligible for loan because producer noncompliance was determined after loan disbursement.

<b>IF the processor has...</b>	<b>THEN the processor must...</b>
<ul style="list-style-type: none"> <li>• a total of 1,000,000 pounds raw cane or refined beet sugar in eligible storage</li> <li>• received a loan for an amount applicable to 500,000 pounds of sugar that was certified as eligible for loan</li> <li>• subsequently determined, upon notification of noncompliance from loanmaking County Office, that 600,000 pounds of sugar in storage was delivered from ineligible producers</li> </ul>	<p>refund the loan amount applicable to the ineligible quantity, or in this example, 100,000 pounds.</p>

64-73 (Reserved)



## Section 2 Verification and Application of Sugar Loans

## 74 Verifying CCC's Loan Interest

## A Verifying In-Process Quantity and Eligibility for Loan

**When possible before** loan disbursement for in-process loans, including repledged loans, but never later than the 15<sup>th</sup> calendar day after disbursement, County Offices shall verify, using SU-2, that:

- the sugar is located where indicated on SU-2
- processor's production and marketing records support the quantity for which a loan is requested.

**Notes:** Prepare SU-2 according to paragraph 75.

Verifying sugar for loan may include any of the following:

- visual inspection of sugar for loan at storage location
- reviewing processor records of production and marketing, such as daily logs, activity reports, etc.

74 **Verifying CCC's Loan Interest (Continued)****B Verifying In-Process Sugar Stored in Other States**

Loanmaking County Offices shall also verify, according to subparagraph A, if a loan application includes sugar stored in a State other than where processor has headquarters.

The loanmaking County Office that accepts SU-2 shall notify, through their State Office, all States where sugar is stored, of the locations and quantities. The State Office shall, upon receiving notification from the State Office for the loanmaking county, request County Office where sugar is stored to verify eligibility and quantity according to subparagraph A.

**C Notifying County Offices**

Notification may be by either of the following methods:

- send copies of SU-2 covering the processor's lots by **mail**
- provide the information necessary for other States to prepare SU-2's for processors' lots by **FAX** or **telephone**.

County Offices that receive notification according to this subparagraph shall, if the information is correct as represented on SU-2:

- have verifier initial and date verification beside SU-2, item 8
- keep a copy of SU-2
- send a copy to their State Office who will notify the loanmaking County Office through their State Office.

If **not** correct, the verifying County Office shall immediately notify their State Office and the loanmaking State and County Office by telephone of the discrepancy.

If the discrepancy is not corrected, do either of the following:

- do not approve SU-2
- call the loan if loan has already been disbursed.

**D Loans Covered by KC-227 or KC-227-A**

County Offices may conduct a pre-loan inspection to verify warehouse-stored loans represented by KC-227 or KC-227-A according to subparagraphs A through C, if determined by the County Office that it is necessary to protect CCC's interest.



75 Recording Data on SU-2

A Preparing SU-2

County Offices shall prepare SU-2 according to this table for **all** sugar loans. A copy of Exhibits 17 and 18 shall be given to sugar processors with each cane sugar loan requested.

Item	Instructions
1	Enter name and address of processor.
2A	Enter the total storage capacity the processor owns and leases.  <b>Note:</b> If space is leased, enter only the space that is committed, under written obligation, to store the processor's sugar.
2B	Enter the ineligible quantity in storage, including sugar:  <ul style="list-style-type: none"> <li>• processed in previous years</li> <li>• currently under loan</li> <li>• in deteriorating condition</li> <li>• representing production from ineligible producers, including producers determined to be ineligible because of regulations governing HELC, WC, acreage report, or controlled substance violations.</li> </ul>
2C	Enter the eligible quantity in storage that is both of the following:  <ul style="list-style-type: none"> <li>• owned by the processor or jointly owned by the processor and producers</li> <li>• physically in the storage facility described in item 2 b.</li> </ul>
3	Enter crop year.
*--4A	Enter commodity.
4B	If this is an initial loan, enter a checkmark.
4C	If this is a repledged loan, enter a checkmark.
4D	If this is a supplemental loan, enter a checkmark.--*
5	Enter required information.
6	Enter names of all lienholders.  <b>Note:</b> If there are no lienholders, processors shall enter “ <b>none</b> ” and initial the entry.
7	For:  <ul style="list-style-type: none"> <li>• farm-stored loans, number the lots sequentially beginning with number “1” on processor’s first SU-2.  <b>Notes:</b> Do <b>not</b> include in a lot, sugar offered for loan that is stored at more than 1 address.  One address may have more than 1 designated lot, if both of the following apply: <ul style="list-style-type: none"> <li>• the sugar is separated</li> <li>• processor requests more than 1 designated lot.</li> </ul> </li> <li>• warehouse-stored loans, from KC-227 or KC-227-A enter both the: <ul style="list-style-type: none"> <li>• warehouse code from item 4</li> <li>• control number assigned by the warehouse operator in item 8.</li> </ul> </li> </ul>

75 Recording Data on SU-2 (Continued)

A Preparing SU-2 (Continued)

Item	Instructions
8	Enter the State and County location of the facility.
9	Enter a checkmark in the appropriate checkbox to indicate the type of sugar processed.  <b>Note:</b> Only 1 type can be checked for the loan.
10	<p>For:</p> <ul style="list-style-type: none"> <li>• farm-stored loans, enter the total number of pounds in storage to be placed under loan</li> </ul> <p><b>Notes:</b> For bulk raw cane sugar:</p> <ul style="list-style-type: none"> <li>• the processor shall provide weight and polarization, or satisfactory records to substantiate the quantity for which the loan is requested</li> <li>• do <b>not</b> adjust loan quantity for polarity</li> <li>• independent polarity sampling, at the processor’s expense, will be done at forfeiture for settlement purposes.</li> </ul> <p>If a nonloanmaking office is providing quantity and eligibility verification to a loanmaking office, verifier shall enter initials and date beside the lot number.</p> <p>Ensure that the quantity entered in storage is equal to or less than the eligible quantity from item 2 c.</p> <ul style="list-style-type: none"> <li>• warehouse-stored loans, from KC-227 or KC-227-A, enter the total net pounds from item 10 A.</li> </ul>
***	***
*--11	Enter the applicable loan rate from Exhibit 9.
12	Enter the result of multiplying item 10 <b>times</b> item 11.
13	Enter the total from columns 10 and 12.--*
Part B	The processor shall read Part B before signing the processor certification of eligible sugar.
Part C	<ul style="list-style-type: none"> <li>• Authorized CCC representative shall sign and date <b>after</b> verifying that the information on SU-2 is correct.</li> <li>• Enter County Office name, address, and telephone number.</li> </ul>

75 Recording Data on SU-2 (Continued)

B Example of SU-2

This is an example of SU-2.

\*--

This form is available electronically.

**SU-2**  
(09-25-13)

**U.S. DEPARTMENT OF AGRICULTURE**  
Commodity Credit Corporation

**APPLICATION FOR NONRECOURSE SUGAR LOAN**

**NOTE:** The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1435, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to determine applicant eligibility to receive CCC financing of a nonrecourse sugar loan under the Sugar Loan Program. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice by USDA/FS-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for CCC financing of a nonrecourse sugar loan under the Sugar Loan Program.

This information collection is exempted from the Paperwork Reduction Act as it is required for the administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F-Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.

**PART A - PROCESSOR, LOAN, AND COMMODITY INFORMATION**

1. NAME AND MAILING ADDRESS OF PROCESSOR (Including Zip Code)		2. STORAGE FACILITY INFORMATION		3. CROP YEAR	4A. COMMODITY: _____	5. STATE & COUNTY CODES AND LOAN NUMBER
		A. Total Capacity (Lbs.)			<input type="checkbox"/> B. Initial Loan	
		B. Ineligible quantity in storage (Lbs.)			<input type="checkbox"/> C. Repledged Loan	
		C. Eligible quantity in storage (Lbs.)			<input type="checkbox"/> D. Supplemental Loan	
6. LIENHOLDER(S)						

7. WAREHOUSE NUMBER	8. LOCATION OF FACILITY	9. TYPE OF SUGAR (Check one below)			10. QUANTITY FOR LOAN (Lbs.) <sup>1/</sup>	11. LOAN RATE PER LB.	12. LOAN VALUE \$
		Sugar Cane	Sugar Beet	In Process			
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
<b>13. TOTALS:</b>							

<sup>1/</sup>Loans on cane sugar will be made on actual pounds (commercial weight). Adjustments for polarity will be made upon settlement based on independent sampling and testing at the processor's expense. The schedule of premiums and discounts to be used is available in the loan-making office.

**PART B - PROCESSOR CERTIFICATION**

14. I hereby request a Commodity Credit Corporation (CCC) loan on the above-identified commodity. I certify all of the following: (1) I own the commodity; (2) I have paid or will pay all producers at least the rates required in the sugar loan regulations (7 CFR Part 1435); (3) the quantity for loan is in existence, is stored where indicated, and will be maintained and safely stored throughout the loan period and afterward as directed by CCC; and (4) the quantity for loan is free and clear of all liens, security interests and encumbrances, except as shown above. The processor specified in Part A Item 1 of this application certifies that the quantity of sugar pledged as collateral for loan is eligible sugar as defined in 7 CFR Part 400 Crop Insurance, or (3) 7 CFR Part 71S Controlled Substances, the processor has not pledged as collateral for such a loan a quantity sugar which is equivalent to the quantity derived from such producer's sugar beets or sugar cane. In the event CCC determines that such ineligible sugar has been pledged as collateral for a loan, the processor agrees to immediately redeem a quantity of the loan collateral equal to the ineligible quantity, as determined by CCC.

I further certify that the gallons of in-process sugar, when converted will equal the pounds certified in Item 10.

Are you or any co-applicants delinquent on any Federal Non-Tax debt?  YES  NO

14A. PROCESSOR'S SIGNATURE	14B. TITLE	14C. DATE (MM-DD-YYYY)
----------------------------	------------	------------------------

**PART C - COUNTY FSA OFFICE CERTIFICATION**

This certifies that the above-named processor is an "eligible" processor in accordance with Sugar Regulations 7 CFR Part 1435.

15A. FOR COUNTY FSA COMMITTEE	15B. DATE (MM-DD-YYYY)	15C. COUNTY OFFICE NAME AND ADDRESS	15D. TELEPHONE NUMBER (Include Area Code)
-------------------------------	------------------------	-------------------------------------	--

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g. Braille, large print, audiotope, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 945-6136 (in Spanish).

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html) or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov). USDA is an equal opportunity provider and employer.

--\*

C Preparing and Distributing SU-2

Loanmaking County Offices shall:

- prepare SU-2 in duplicate for all loans, both farm- and warehouse-stored, including loan conversions
- distribute SU-2 as follows:
  - file original in processor's loan folder
  - send 1 copy to processor.

76-85 (Reserved)



Section 3 Spot Checks

86 Spot-Check Provisions

A Processed Loans

DACO is responsible for monitoring quantity and quality of processed loans represented by KC-227's and KC-227-A's.

\*--Note: County Offices are **not** to spot-check processed sugar commodity loans.

B Loanmaking County Office Spot Checks for In-Process Loans

For all in-process sugar loans, each **loanmaking** County Office shall take the following action for spot checking sugar processors on the National Spot-Check List.

Step	Action
1	Initiate a spot check of each processor's total outstanding in-process loan quantity as of the date the National Spot-Check List is posted.--*
2	Ensure that the quantity pledged for collateral equals or exceeds the loan quantity.
3	Visually check the tanks storing the in-process sugar.
4	Verify that the storage structure is adequate for the safe storage and maintenance of the collateral.
5	Review processor records to verify the ability to store in-process sugar, as applicable.
6	<p>Notify sugar storage verifying County Office through verifying State Office to:</p> <ul style="list-style-type: none"> <li>• initiate spot check on applicable loans</li> <li>• provide quantities under loan.</li> </ul> <p>Follow subparagraph 74 C for procedure on what to send to the verifying County Office through their State Office. The verifying County Office, through their State Office, shall notify the loanmaking State Office who in turn will notify the loanmaking County Office.</p>

**Notes:** A spot check may be initiated at any other time STC or COC considers it necessary.

\*--County Office will be spot-checking all outstanding in-process sugar loans for the processors on the National Compliance Spot-Check List as of the date the National Spot-Check List is posted. All new crop year in-process loans are required to be spot-checked with 15 calendar days after disbursement according to subparagraph 74 A.

Handle cases of unauthorized removal, disposition, or sugar threatened with deterioration according to paragraph 97.

86 Spot-Check Provisions (Continued)

**C Verifying County Office Spot Checks**

Each in-process sugar storage **verifying** County Office shall take the following action for spot checks.

Step	Action
1	Be notified by the loanmaking County Office, through their State Office, of: <ul style="list-style-type: none"> <li>• request for spot check</li> <li>• quantity under loan at time of spot check.</li> </ul>
2	Maintain SU-2 showing the current loan collateral in its verifying jurisdiction.
3	Conduct random spot checks as necessary to monitor maintenance of collateral. <p><b>Note:</b> Random spot checks may be initiated when it is noted there is unusual movement out of a storage location or at any other time it is considered necessary.</p>
4	Keep original spot-check report in processor’s loan folder and send copies according to subparagraph 74 C.

**\*--D Verifying Other Required Reviews**

County Offices are required to:

- annually verify the eligibility of producers to determine the maximum eligible quantity a sugar processor may put under loan according to paragraphs 62 and 63
- review the producer’s annual growers contract with the processors to verify that processors are paying at least the applicable minimum payment to their producers according to paragraph 175
- complete CCC-770 SU-1 and CCC-770 SU-2 according to subparagraph 2 J.

**Note:** As part of the annual compliance spot check, County Offices shall verify that these required reviews were completed, as instructed, for the applicable crop year sugar loans.

**E Recording Sugar Commodity Loan Spot-Check Results**

County Offices shall record findings from compliance reviews and spot checks in the National compliance review database.

**Note:** If the selected sugar processors on the National Compliance Spot-Check List are participants in any other CCC or FSA programs, County Offices shall also spot-check the processor on those programs.--\*

**86 Spot-Check Provisions (Continued)**

**F DD Review**

DD's shall:

- review processors' loan folders to:
  - verify calculations
  - ensure that current policies are being followed
- document results of the review in processors' loan folder.

**87-96 (Reserved)**





## Section 4 Loan Maintenance

## 97 Maintaining Loan Collateral

## A Processor Responsibilities

The processor shall be responsible at all times for maintaining in eligible storage, eligible sugar of sufficient quantity and quality to satisfy the loan indebtedness to CCC.

**Note:** CCC will **not** assume any losses in the quality or quantity of the loan collateral.

## B Insurance Requirements

County Offices shall advise the processor that:

- CCC does **not** require a processor to insure sugar pledged as loan collateral
- if the processor does insure sugar pledged for loan and the loan is subsequently called because the sugar is damaged or destroyed, insurance indemnities, which shall be paid by the insurer, shall be assigned to CCC to pay any outstanding loan obligation.

**Note:** If the indemnity paid is less than the loan obligation, CCC will seek payment for the remaining amount from the processor.

## C Deteriorating Loan Collateral

If deterioration of sugar under loan is reported by the processor, contact KCCO immediately at 816-926-6446.

## D Substituting Collateral

Substituting sugar in another location for loan collateral is **not** permitted under the Sugar Loan Program.

## 98-110 (Reserved)



**Part 5 Repayment of Loans****Section 1 Repayment Provisions****111 Repaying Loans****A Basic Repayment Provisions**

A processor may repay a loan in full or in part any time before CCC acquires the collateral by paying an amount representing the quantity redeemed, plus interest.

For:

- **full** redemption of a sugar loan, release the entire loan quantity
- **partial** redemption of a sugar loan, release the quantity redeemed.

KC-227 and KC-227-A must be repaid in full. Obtaining replacement documents is **not** authorized.

**B Recording Repayments**

\*--Loans may be repaid by check or wire transfer. Record the repayment through CLPS, according to 16-PS.--\*

Prepare and deposit collections according to 3-FI and 64-FI.

**C Releasing UCC-1**

After CCC-677, for in-process sugar, and CCC-678, for all other sugar loans, are released to the processor, prepare and file documents necessary to release UCC-1 or other security instrument.

The release of any security documents shall be at the processor's expense.

**D Releasing CCC-677 or CCC-678 and KC-227's**

Mark the original copies of CCC-677 or CCC-678 "Paid" and return to processor when the loan is completely liquidated through redemption. Release KC-227 or KC-227-A to the processor as each is repaid on a loan.

**112-122 (Reserved)**



**Section 2 Information and Application of Interest****123 Interest Rates****A Effective Interest Rate**

Under FAIR Act of 1996, 1996 and subsequent crop year sugar loans accrue interest at 1 percentage point higher than CCC lending rate for the applicable month.

The interest rate in effect when a loan is executed is the rate charged CCC by the U.S. Treasury during the month the disbursement is made. This initial rate for the loan disbursement will remain in effect until adjusted each January 1 after the disbursement is made on the outstanding loan amount.

**B Applying Interest**

\*--For regular loan repayments, interest is computed through CLPS.

When CLPS is **not** operating, see 16-PS and 8-LP, paragraph 26 to:--\*

- determine interest
- apply interest
- compute interest manually.

123 Interest Rates (Continued)

C Assessing Interest

Processors redeeming loans shall be assessed interest according to this table.

**Note:** The disbursement interest rate will remain in effect until adjusted each January 1, to the rate in effect on January 1.

<p><b>Processors redeeming a loan that has a total aggregate principal amount of \$500,000 or more and...</b></p>	<p><b>THEN...</b></p>
<p>repayment is by <b>check</b></p>	<p>assess interest from the loan disbursement date through the day after the date of repayment.</p> <p><b>Example:</b> A processor receiving a sugar loan disbursement on *--February 3, 2012, and repaying the loan by check on April 15, 2012, would be assessed interest from February 3 through April 16, or 74 calendar days.--*</p>
<p>repayment is by <b>wire transfer</b></p>	<ul style="list-style-type: none"> <li>• assess interest from the loan disbursement date up to, but not including, the second day before the date of repayment</li> </ul> <p><b>Example:</b> A processor receiving a sugar loan disbursement on *--February 3, 2012, and repaying the loan by wire transfer on April 15, 2012, would be assessed interest from February 3 through April 12, or 70 calendar--* days.</p> <ul style="list-style-type: none"> <li>• according to 3-FI:             <ul style="list-style-type: none"> <li>• process a wire transfer:                 <ul style="list-style-type: none"> <li>• schedule number log</li> <li>• deposit file</li> </ul> </li> <li>• prepare CCC-258.</li> </ul> </li> </ul> <p><b>Note:</b> On loans with the total aggregated principal amount of \$500,000 or more that were disbursed by EFT and repaid by wire transfer, the 2 calendar day interest break (always at the end of the loan) overlap each other. They <b>cannot</b> be combined to achieve a 4 calendar day interest break.</p>
<p><b>Processors redeeming a loan that has a total aggregate principal amount of less than \$500,000 and...</b></p>	<p><b>THEN...</b></p>
<p>repayment is by check <b>or</b> wire transfer</p>	<ul style="list-style-type: none"> <li>• assess interest from the loan disbursement date up to, but not including, the date of repayment</li> <li>• according to 3-FI, process a wire transfer.</li> </ul> <p><b>Example:</b> A processor receiving a sugar loan disbursement on *--February 3, 2012, and repaying the loan by check or wire transfer on April 15, 2012, would be assessed interest from February 3 through April 14, or 72 calendar days.--*</p>

124-135 (Reserved)

## Part 6 Loan Maturity and Forfeitures

### 136 County Office Notice to Processors Before Maturity

#### A Loan Maturity Report

\*--The National Office currently does not have reports in CLPS for loan maturity.

#### B County Office Notice to Processors Before Maturity

County Offices shall print a list of maturing loans using SORS reporting:

- at least 45 calendar days, but not more than 60 calendar days, before maturity
- use the list of maturing loans and prepare notification letters for loans nearing maturity.--\*

#### C Loan Maturity Notification

County Offices shall notify each processor by letter with maturing loans:

- of the maturity date
- at least 45 calendar days, but not more than 60 calendar days, before the loan maturity date.

\*--**Notes:** Use example letters provided in subparagraphs D and E. The loan maturity--\* notification letters serve as reminders to the sugar processors. Nonreceipt of a loan maturity letter does **not** negate the processor's responsibility for repaying the outstanding loan principal plus interest, if applicable, by the loan maturity date provided on signed CCC-677 or CCC-678.

CCC is **not** allowed to require sugar processors to provide advance notification of their intent to forfeit sugar to CCC.

136 County Office Notice to Processors Before Maturity (Continued)

\*--C Example Cane Sugar or Beet Sugar Loan Maturity Letter

The following is an example of a loan maturity notification letter for cane sugar or beet sugar loans.--\*

**Note:** Nonreceipt of a loan maturity letter does **not** negate the processor’s responsibility for repaying the outstanding loan principal plus interest, if applicable, by the loan maturity date provided on signed CCC-677 or CCC-678.

(Date)

Processor’s Name  
Address  
City, State, ZIP Code

Dear Sugar Processor:

This letter serves as notification that your (crop year, commodity) warehouse-stored loan (loan number) will mature (maturity date). If the maturity date falls on a non-workday, the loan may be repaid on the next business day.

You may, any time before loan maturity, repay all or any part of the loan collateral by paying the Commodity Credit Corporation (CCC) the applicable principal plus interest.

If you do not repay the loan, title to the unredeemed loan collateral, as described in the note and security agreement, will transfer to CCC in-store at the CCC-approved warehouse at 12 a.m. the next business day following the maturity date of the loan. Title, all rights, and interest to such loan collateral shall immediately vest in CCC.

From the point of title transfer, your company will be contacted by the Kansas City Commodity Office to process the final settlement on the basis of weight/scale tickets upon eventual load out. Quality premiums and discounts will be applied at that time.

Our records do not reflect that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify us so that we may update our records and proceed to resolve this debt in accordance with bankruptcy procedures.

Please contact this office if you have any questions, or to inspect and copy records associated with the loan.

Sincerely,

County Executive Director



136 County Office Notice to Processors Before Maturity (Continued)

D In-Process Sugar Loan Maturity Letter

The following is an example of a loan maturity notification letter for in-process sugar loans.

**Note:** Nonreceipt of a loan maturity letter does **not** negate the processor’s responsibility for repaying the outstanding loan principal plus interest, if applicable, by the loan maturity date provided on signed CCC-677\* \* \*.

(Date)

Processor’s Name  
Address  
City, State, ZIP Code

Dear Sugar Processor:

This letter serves as notification that your (crop year) in-process sugar loan (loan number) will mature (maturity date). If the maturity date falls on a non-workday, the loan may be repaid on the next business day.

You may, any time before loan maturity, repay all or any part of the loan collateral by paying the Commodity Credit Corporation (CCC) the applicable principal plus interest.

If you do not repay the loan, the loan collateral will be forfeited to CCC. Since this loan was an in-process sugar loan, CCC’s loan agreement with you specifies that you must convert the forfeited in-process sugar loan quantity to refined sugar within 30 calendar days from loan maturity. The refined sugar will be accepted by CCC as payment in full of principal and interest, provided the refined sugar is of acceptable grade and quality for sugar loans.

After the conversion you must present CCC with either a KC-227 or KC-227-A. CCC may make a payment to you based on the quality on the KC-227 or KC-227-A if the value of the processed sugar forfeited exceeds the loan principal amount. You will be liable for the deficiency if the value of the processed sugar is less than the amount of principal loaned to you.

If the transfer of the refined sugar of suitable quality to CCC does not occur within 30 calendar days from maturity, CCC may charge liquidated damages according to the Sugar Loan Program regulation in 7 CFR Part 1435.105(i)(4).

Our records do not reflect that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify us so that we may update our records and proceed to resolve this debt in accordance with bankruptcy procedures.

Please contact this office if you have any questions, or to inspect and copy records associated with the loan.

Sincerely,

County Executive Director

--\*

## 137 Loan Forfeiture Procedures

### A Nonrecourse Loans

\*--For loans forfeited to CCC, loanmaking County Offices shall follow 16-PS. For loans that will be delivered, contact the National Office for assistance.--\*

**Note:** Processed loans shall be forfeited the day after maturity unless the maturity date falls on a nonworkday. In this case, the maturity date shall be the next workday and the loan, if still outstanding, shall be forfeited the following day.

- send a copy of the following to KCCO at:

COMMODITY MANAGEMENT DIVISION  
 MERCHANDISING BRANCH  
 BEACON FACILITY STOP 8748  
 P O BOX 419205  
 KANSAS CITY, MO 64141-6205  
 Telephone 816-926-3816  
 FAX 816-823-1804

- sugar warehouse receipts
- KC-227 or KC-227-A
- **not** release custody of the original CCC-677 or CCC-678 or mark it “paid” until notified that the full loan quantity is covered by a storage agreement entered into between KCCO and a warehouse operator.

KCCO will process final settlements with processor on the basis of weight/scale tickets at destination.

Quality premiums and discounts will be applied at the time of forfeiture or settlement to sugarcane loans **only** (Exhibits 17 and 18).

## 137 Loan Forfeiture Procedures (Continued)

**B In-Process Loans**

For matured in-process loans, loanmaking County Offices shall ensure that:

- the letter in Exhibit 19 is mailed the 1<sup>st</sup> workday after maturity
- collateral is converted into raw or refined beet sugar within 1 month of loan maturity
- after the conversion is fully processed into raw cane or refined beet sugar, the processor shall transfer the sugar to CCC
- upon transferring the sugar, CCC will make a payment to the processor based on KC-227 or KC-227-A in an amount equal to the amount obtained by multiplying the difference between the loan rate the processor received times the quantity of sugar transferred to CCC.

If the processor forfeits the in-process sugar loan collateral but does not transfer raw or refined beet sugar of suitable quality to CCC within 1 month of maturity, CCC may charge \*-liquidated damages according to 7 CFR 1435.105(i)(4).--\*

**C Processor Storage Agreement**

At maturity, a processor shall:

- agree to continue storing any loan collateral sugar that is forfeited to CCC
- at all times be responsible for maintaining the quality, quantity, and condition of the CCC-owned sugar in storage
- store sugar forfeited to CCC in eligible storage for as long as CCC considers necessary.

**Notes:** CCC shall make monthly storage payments to the processor for the period of time the forfeited sugar remains in CCC inventory.

The storage payment rate shall be as agreed to by CCC and the processor, according to the terms and conditions in CCC-678.

**138 Reporting Forfeiture Activity**

**A County Office Action**

County Offices shall report to State Offices all sugar loan forfeitures by 9 a.m. (local time) on the 1<sup>st</sup> workday after the loan matures. The report shall include the following:

- processor's name
- loan number
- quantity
- storage location
- type (raw cane, processed beet, or in-process).

**B State Office Action**

State Offices shall submit the report received from the County Office to PSD:

- by e-mail to **toni.williams@wdc.usda.gov**
- no later than 10 a.m. (local time) the 1<sup>st</sup> workday after the loan matures.

**139-150 (Reserved)**

## Part 7 Processor Payments

### Section 1 Processor Payments to Producers

#### 151 Processor Payment Requirements to Producers

##### A Basic Processor Payment Requirements

Processors who obtain nonrecourse loans must certify on SU-2 that they have paid or will pay at least the minimum payment level. \* \* \* Sugarcane processors who receive CCC loans are required to make minimum payments for all \* \* \* sugarcane received from growers. \* \* \* Processors **must** certify on SU-2 that they have paid or will pay at least the minimum payment level.

**Notes:** See Exhibit 10 for information about minimum level payment policy for sugarcane\* \* \*.

\*--The 2008 Farm Bill requires that, “the sugar beet minimum payment is no less than the price stipulated in the grower/processor contract”.--\*

##### B Penalty for Processor Who Fails to Pay Producer

If a processor does not pay all eligible producers at least the minimum payment level specified by CCC:

- CCC shall immediately call all of the processor’s outstanding sugar loans
- processor shall be ineligible for all future CCC loans during the subsequent crop year.

##### C Producers Eligible for Payment

Eligible producers who deliver sugar beets or sugarcane to a processor who:

- does **not** participate in the Sugar Loan Program will **not** be guaranteed the minimum payment level
- participates in the Sugar Loan Program **shall** receive the minimum payment level when nonrecourse loans are in effect.

152-162 (Reserved)



**Section 2 Payment Requirements to Producers of Sugar Beets**

**163 Minimum Payment Level for Sugar Beets**

**A Basic Policy**

Processors obtaining nonrecourse loans are required to pay eligible producers of sugar beets  
\*--the minimum payment that is no more than the price stipulated in the contract between the grower and the processor.--\*

**B Processor Incentives and Deductions**

Processor incentives and deductions shall be treated as follows:

- additional allowances, incentives, or reimbursements to producers, as provided in a producer-processor contract, are considered an additional benefit or premium and shall **not** be considered part of minimum level payments
- applicable costs may be deducted from the payment by the processor, if agreed upon and provided for in a written grower-processor contract or addendum to this contract.

**164-174 (Reserved)**





Section 3 Spot Checks to Determine Payment to Producers

175 Determining Payment to Producers

A Spot Check Procedures

Loanmaking offices shall follow this table to spot-check processors for minimum level payment compliance for sugarcane.

**Note:** The spot check for sugar beet processors has been eliminated. The 2008 Farm Bill requires that the sugar beet minimum payment is no more than the price stipulated in the grower/processor contract.

Step	Action
1	Determine which sugarcane processor placed loans with CCC in the last FY.  *-- <b>Note:</b> Depending on when harvest normally occurs, the spot check must be scheduled with the processors between October 1 and May 1.
2	Randomly select settlement sheets of 5 percent of the producers who delivered--* sugarcane to each of these processors.  County Offices <b>must</b> compare the price paid per pound of sugar that appears on the grower's settlement sheet for FY to the State loan rate, according to Exhibit 9.  The processor is in compliance if the price paid per pound of sugar at the 96 degree polarity on the grower's settlement sheet is greater than or equal to the loan rate of the State in which the sugarcane is produced.

175 Determining Payment to Producers (Continued)

A Spot Check Procedures (Continued)

Step	Action
***	***
3	<p>Review with the processor any cases in which noncompliance is indicated.</p> <ul style="list-style-type: none"> <li>• <b>County Offices</b> conducting the spot checks shall send to State Office a summary of noncompliance cases, including the percentage of spot checks involved.</li> <li>• <b>State Offices</b> shall send County Offices' summaries and summary of noncompliance cases they spot check, including percentage of checks involved, to PSD for review and further instructions.</li> </ul> <p><b>Note:</b> Report individual cases only if compliance is not achieved.</p>
4	<p>Keep, in the processor's loan folder, documentary record of each spot check, including:</p> <ul style="list-style-type: none"> <li>• date of spot check</li> <li>• name of person doing the check.</li> </ul>

\*\*\*

176-186 (Reserved)

Parts 8-14 (Reserved)

187-330 (Reserved)

**\*--Part 15 Sugar Loan Functions in CLPS--\*****Section 1 (Withdrawn—Amend. 25)**

331-334 (Withdrawn--Amend. 25)  
 335-345 (Reserved)

**Section 2 (Withdrawn—Amend. 25)**

346, 347 (Withdrawn—Amend. 25)  
 348-358 (Reserved)

**Section 3 (Withdrawn—Amend. 25)**

359-362 (Withdrawn—Amend. 25)  
 363-373 (Reserved)

**Section 4 (Withdrawn—Amend. 25)**

374 (Withdrawn—Amend. 25)  
 375-385 (Reserved)

**Section 5 In-Process Loan Settlements/Converting to Processed Sugar****\*--386 Automation Processes****A Introduction**

A future CLPS release will include the automated process for converting in-process sugar at loan settlement.

**B Manual Settlements for Converting In-Process Sugar**

Loan settlements for converting in-process sugar cannot be processed manually when CLPS is not operational. Process the settlement for converting in-process sugar when CLPS is operational.

If the settlement for converting in-process sugar is being re-entered after a correction, use the original settlement processing date for converting the in-process sugar loan.

**C IRS Reporting**

Information processed during settlements for converting in-process sugar will be reported to IRS according to 62-FI.--\*

387 (Withdrawn—Amend. 25)  
 388-399 (Reserved)



**\*--Part 16 Correcting CLPS Transactions--\***

**400, 401, 402, 403, 404, 405, 406 (Withdrawn--Amend. 25)**



## Reports, Forms, Abbreviations, and Delegations of Authority

### Reports

None

### Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC) Certification		3, 62
CCC-10	Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents		48
CCC-184 <u>1/</u>	CCC Check		402
CCC-258	Wire Transfer of Funds		123
CCC-500	Loan Repayment Receipt		111, 123
CCC-601	Commodity Credit Corporation Note and Security Agreement Terms and Conditions		2
CCC-677	Farm Storage Note and Security Agreement		2, 111, 137
CCC-677A	Sugar Loan Addendum	Ex. 4	2
CCC-678	Warehouse Storage Note and Security Agreement		2, 111, 123, 137
CCC-679	Lien Waiver		47
CCC-692	Settlement Statement		137

1/ Obsolete.

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-770 SU-1	Initial Sugar Loan Processing Checklist	Ex. 6	2, 86
CCC-770 SU-2	Sugar Processors Initial Eligibility Determination for Loans Checklist	Ex. 7	2, 86
CCC-901	Members Information 2009 and Subsequent Years		7
IRS Form 1065 (Schedule K-1)	Partner's Share of Income, Deductions, Credits, etc.		7
FSA-211	Power of Attorney		7
FSA-578	Report of Acreage		3, 62
KC-227	Raw Sugar Certification Report	34	Text
KC-227-A	Refined Sugar Certification Report	34	Text, Ex. 19
SF-LLL	Disclosure of Lobbying Activities		4
SF-LLL-A	Disclosure of Lobbying Activities Continuation Sheet		4
SU-2	Application for Nonrecourse Sugar Loan	75	2, 46, 47, 50, 74, 86, 137, 151
UCC-1	Financing Statement		2, 48, 111

Abbreviation Not Listed in 1-CM

The following abbreviation is not listed in 1-CM.

Approved Abbreviation	Term	Reference
ICUMSA	International Commission for Uniform Methods of Sugar Analysis	Ex. 17
NRRS	National Receipts and Receivables System	Text
OLP	On-line Payments	48

Re delegations of Authority

Redelegation of authority is provided in paragraph 7.



## Definitions of Terms Used in This Handbook

\* \* \*

### Crop Year

Crop year means the period October 1 through September 30 of the applicable crop year.

**Note:** Sugar that is processed from desugaring molasses shall be considered as having been processed in the crop year during which the desugaring took place.

### Eligible Producer

Eligible producer is the owner of a portion or all of the sugar beets, sugarcane, or in-process sugar including share rent landowners, at both the time of harvest and the time of delivery to the processor. Producers determined to be ineligible because of any of the following regulations are **ineligible** producers:

- HELC and WC provisions in 7 CFR Part 12
- controlled substance violations according to 7 CFR Part 718.

### Initial Loans

Initial loans are loans disbursed from October 1 through September 30 of the applicable crop year.

### In-Process Loans

In-process loans are nonrecourse loans made available to processors of a crop of domestically grown sugarcane or sugar beets for in-process sugars derived from the crop. The loan rate shall be equal to 80 percent of the loan rate applicable to raw cane sugar or refined beet sugar. In-process loans mature on the last day of the 9th month after the month the loan was disbursed.

### In-Process Sugar

In-process sugar means the intermediate sugar containing products as CCC determines produced in the processing of domestic sugar beets and sugarcane. It does not include raw sugar, liquid sugar, inverted sugar, inverted syrup, or other finished products that are otherwise eligible for a loan.

## Definitions of Terms Used in This Handbook (Continued)

### Nonrecourse Loan

Nonrecourse loan is a loan for which the eligible sugar offered as loan collateral may be delivered or forfeited to CCC, at loan maturity, in satisfaction of the loan indebtedness.

### Normal Juice

Normal juice is the undiluted juice extractable from sugarcane by a mill tandem, if no maceration water is added during the milling process.

### Processor

Processor is a person or legal entity that commercially processes sugar beets into refined sugar or processes sugarcane into raw sugar, cane syrup, or edible molasses.

### Raw Value

The raw value of any quantity of sugars means its equivalent in terms of ordinary commercial raw sugar testing 96 degrees by the polariscope.

The principal grades and types of sugar and liquid sugar are translated into raw value in the following manner for:

- **direct-consumption sugar**, derived from **sugar beets** and testing 92 or more sugar degrees by the polariscope, by multiplying the number of pounds times 1.07
- **sugar**, derived from **sugarcane** and testing more than 92 sugar degrees by the polariscope, by multiplying the number of pounds times the figure obtained by adding to 0.93 the result of multiplying 0.0175 times the number of degrees and fractions of a degree of polarization above 92 degrees
- **sugar** and **liquid sugar**, testing less than 92 sugar degrees by the polariscope, by dividing the number of pounds of the “total sugar content” by 0.972.

### Repledged Loans

Repledged loans are initial loans that:

- were repaid at principal plus interest before the loan maturity date
- are repledged before the final loan availability date by the same eligible processor
- mature on the same date as that of the original note and security agreement.

### Supplemental Loan

Supplemental loan is a loan disbursed between October 1 and October 31, which was originally made in July, August, or September, and is repledged during the current loan year, not to exceed 9 months minus the number of whole months that the initial loan was in effect.

Example of CCC-677A

This is an example of CCC-677A.

PAGE 1 OF 2  
 READ THE ENTIRE INSTRUMENT BEFORE SIGNING (See CCC-601 for Privacy Act Statement) Form Approved - OMB No. 0560-0087

CCC-677A (10-31-02) U.S. DEPARTMENT OF AGRICULTURE  
 Commodity Credit Corporation

NOTE: No further monies or other benefits may be paid out under this program unless this addendum is completed and filed as required by existing law and regulations (15 U.S.C. 714 b and c).

**SUGAR LOAN ADDENDUM**

LOAN NUMBER	STATE AND COUNTY CODE	COUNTY OFFICE NAME AND ADDRESS

The terms and conditions of Forms CCC-677, CCC-678 and CCC-601, as amended as set forth below, shall be applicable to the above identified loan. This addendum shall be a part of Form CCC-677. By signing this addendum, the borrower makes the representations and warranties and agrees to the terms and conditions specified in Forms CCC-677, CCC-678 and CCC-601, as amended by this instrument. Forms CCC-677, CCC-678 and CCC-601 are amended as follows:

**A General:**

1. The word "producer" shall mean "processor" whenever used.
2. The term "County Committee" or "County FSA Committee" shall mean "State FSA Committee or County FSA Committee designated by the State FSA Committee to make sugar loans" whenever used.
3. The term "warehouse storage" shall mean "CCG approved Warehouse storage" whenever used.
4. The maturity date of the loan will be the last day of the ninth month following the month in which such loan proceeds are disbursed but no later than September 30 following disbursement of the loan. For a supplemental loan the maturity date will be nine months minus the number of whole months that the initial loan was in effect. A processor may repledge sugar as collateral for supplemental loans only for loans made during July, August or September. The supplemental loans must be requested during the following October. CCC may at any time accelerate the maturity date of this loan upon demand of payment.

**B Specific changes in the following sections of Form CCC-601:**

1. Section 1 is revised as follows:
  - (b) This subsection shall not be applicable to sugar loans.
  - (f) Sugar Loan Types.
    - (i) Nonrecourse loans are loans made no earlier than the beginning of the fiscal year and matures at the end of nine months beginning the first day of the first month following the day of disbursement. But, no later than September 30th.
    - (ii) Supplemental loans are loans made on collateral that was repledged only for loans made in July, August or September. The supplemental loans must be requested between October 1 and October 31. For supplemental loan the maturity date will be nine months minus the number of whole months that the initial loan was in effect.
    - (iii) In-process loans are nonrecourse loans made available to the processors of a crop of domestically grown sugarcane or sugar beets for in-process sugars derived from the crop. The loan rate shall be equal to 80 percent of the loan rate applicable to raw cane sugar or refined beet sugar. In-process loans mature on the last day of the ninth month following the month the loan was disbursed.
    - (iv) Upon final settlement of the loan, the processor shall ensure that the minimum grower payment as required by 7 CFR 1435.106(c) has been paid to all eligible producers who have delivered sugar beet or sugarcane to such processor. Failure to make minimum grower payments will cause the processor to be ineligible for all future loans until the delinquent minimum grower payments are paid in full.

Example of CCC-677A (Continued)

PAGE 2 OF 2

2. Section 4 is revised by adding at the end thereof the following:

A processor may at any time before loan maturity, redeem all or any part of the loan collateral by paying CCC the applicable principal and interest. Furthermore, the processor:

- (i) Agrees to convert the in-process sugar within 30 days, if this conversion does not take place penalties will be assessed.
- (ii) Agrees to share the proceeds with growers when sugar pledged as collateral for a CCC loan is forfeited, in accordance with the contracts between the processor and the grower.

3. Section 7 is revised by adding the following subsections:

(g) **Storage of Sugar.** The sugar pledged as collateral may remain in eligible CCC approved warehouses under the processor's control for such time after maturity of the loan as deemed necessary by CCC. Charges payable by CCC for handling, storing, or servicing of sugar after maturity of loan will be as follows:

- (i) Receiving services performed prior to CCC ownership will not be paid.
- (ii) The storage payment rate shall be as agreed to by CCC and the processor, but, in no event, shall exceed \$0.08 per hundredweight, per month for raw Cane sugar and \$0.10 per hundredweight, per month for refined Beet sugar.
- (iii) Loadout expenses, including charges for weighing and bag-checking, if applicable, shall be for the account of the processor.

(h) **Transfer of Sugar Instore.** If CCC transfers title to its sugar instore, the handling, storage, and servicing rates applicable to the transferee with respect to such sugar shall not exceed CCC's rates in effect at the time of title transfer until the earlier of:

- (i) 60 days, or
- (ii) Title to the sugar is transferred by the transferee to another party, or
- (iii) The sugar is loaded out of the storage structure by the transferee, or
- (iv) The sugar is loaded out if the transferee, in writing, orders the sugar loaded out for immediate shipment, within 30 days after the date title has transferred as specified by CCC.

(i) **Loadout of Sugar.** If for any reason sugar shipments cannot be made as instructed, the processor shall promptly notify CCC as soon as it is apparent the shipping schedule cannot be met. Failure of the processor to ship in accordance with such instructions will cause serious and substantial damage to CCC because of its urgent need for prompt delivery. In addition to the liquidated damages that may be assessed in accordance with section 7 (f), the processor shall pay to CCC, as compensation and not as a penalty, liquidated damages at the rate of \$0.10 per 100 pounds net per day, in addition to loss of daily storage payment. The parties mutually agree that in view of the difficulty of determining exact damages which would be incurred by CCC, the liquidated damages specified are a reasonable estimate of the damages which would be suffered by CCC as a result of the processor's failure to meet the shipping schedule. If delays were caused by reasons beyond the control and without the fault of the processor, the processor shall promptly furnish documentary evidence of the cause(s) which resulted in late shipment. If CCC determines that such causes were beyond the processor's control, liquidated damages will not be assessed.

3. Section 10 is revised to add the following:

(e) In-process sugar serving as collateral must be converted into raw Cane sugar or refined Beet sugar within 30 days of loan maturity. Once the conversion is fully processed into raw Cane sugar or refined Beet sugar the processor shall transfer the sugar to Commodity Credit Corporation. Upon transfer of the sugar, CCC will make a Payment to the processor in an amount equal to the amount obtained by multiplying the difference between the loan rate the processor received by the quantity of sugar transferred to CCC. If processor forfeits the in-process sugar loan collateral but does not transfer raw Cane sugar or refined Beet sugar of suitable quality to CCC within 30 days of loan maturity, CCC may charge liquidated damages.

Processors who do not forfeit in-process sugar may repay the loan, further process the in-process sugars into raw Cane sugar or refined Beet sugar, and may obtain a loan for the raw Cane sugar or refined Beet sugar.

-----  
Signature of Processor

Date

-----  
The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact the USDAs TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-w, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202)720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

Completing CCC-770 SU-1, Initial Sugar Loan Processing Checklist

A Instructions for Completing CCC-770 SU-1

Complete CCC-770 SU-1 according to the following instructions.

Item	Instructions
1	Enter name of processor.
2	Enter date of loan application.
3	Enter crop year and * * * assigned loan number.
4	Enter applicable State name.
5	Enter name of the County Office that is completing the form.
6A through 10H	For each item listed, check either “Yes” or “No”. Employee completing the action shall initial and date. If item is not applicable to this loan, enter “N/A” in “NO” column. Employee determining that action is not applicable shall also initial and date.
11A	Any County Office employee who initials in items 6 through 10 shall sign as preparer. Signing as preparer does <b>not</b> insinuate that an employee checked items 6 through 10 <b>only</b> that this employee completed an item that was initialed by that employee.
11B	County Office employee who signs in item 11A shall enter current date.
12A	When applicable, CED or designated representative shall indicate concurrence with entries in items 6 through 10. See subparagraph 2 K for CED spot check procedure.
12B	CED or designated representative who completed item 12A shall enter signature.
12C	CED or designated representative who signed item 12B shall enter current date.
13A	When applicable, DD shall indicate concurrence with entries in items 6 through 10. See subparagraph 2 L for DD spot check procedure.
13B	DD who completed item 13A shall sign in this item.
13C	DD who signed item 13B shall enter current date.
14	Enter remarks, if applicable.

**Completing CCC-770 SU-1, Initial Sugar Loan Processing Checklist (Continued)**

**B Example of CCC-770 SU-1**

The following is an example of CCC-770 SU-1.

\*--

<p><b>This form is available electronically.</b></p> <p><b>CCC-770 SU-1</b> U.S. DEPARTMENT OF AGRICULTURE (04-19-17) Commodity Credit Corporation</p> <p style="text-align: center;"><b>INITIAL SUGAR LOAN PROCESSING CHECKLIST</b></p>						1. Name of Processor					
		2. Date of Application (MM-DD-YYYY)		3. Crop Year and Loan No.							
		4. State Office Name		5. County Office Name							
<b>6. INITIAL SUGAR LOAN APPLICATION PROCESS:</b>		Handbook or Other Applicable References	YES	NO	Initials	Date (MM-DD-YYYY)					
A. SU-2, Application for Nonrecourse Sugar Loan, Parts A and B, is completed and signed by the processor.		10-SU, paragraph 75									
B. Authorized CCC representative signs and dates SU-2, Part C, after verifying that all information in Parts A and B is correct.		10-SU, subparagraph 75A, Part C									
C. FSA-211 or acceptable documentation on file in county office for person signing SU-2 for the processor.		1-CM, Part 25									
D. KC-227 or KC-227A completed by processor, if warehouse stored. All KC-227's and KC-227A's must accompany application. Separate loans for sugar stored in other States.		10-SU, paragraphs 31 through 34									
E. Lien search conducted in the State where the corporation is organized. Record the lien holders on SU-2, Item 6. Obtain lien waivers from lien holders on CCC-679.		10-SU, paragraph 47									
F. Obtain CCC-10 (Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to file a Financing Statement and Related Documents) if a current CCC-10 is not on file. Refer to CCC-10, Item 7 or 8 on where to file UCC-1 and conduct lien search.		10-SU, subparagraph 48G									
G. UCC-1 filed in the State where the corporation is organized according to CCC-10, Item 7.		10-SU, paragraph 48									
H. Form CCC-770 SU-2 Sugar Processors Initial Eligibility Determination for Loans Checklist completed for this Processor for this crop year.		10-SU, Exhibit 7									
<b>7. COMMODITY ELIGIBILITY:</b>											
A. If warehouse stored, located in CCC approved warehouse.		10-SU, subparagraph 30A									
B. Eligible sugar as per 10-SU.		10-SU, paragraph 29									
C. Does the requested loan quantity provided on SU-2 Item 10 exceed the maximum eligible quantity for loan?		10-SU, subparagraph 46C									
<b>8. VERIFICATION OF IN-PROCESSED (FARM STORED) SUGAR LOANS:</b>											
A. Verify that sugar is located where indicated on SU-2 for in-processed sugar loans. When possible, verify before loan disbursement or within 15 calendar days after disbursement.		10-SU, paragraph 74									
B. Verify that processor's production and marketing records support the quantity for which a loan is requested.		10-SU, paragraph 74									
<p><small>In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.</small></p> <p><small>Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.</small></p> <p><small>To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at <a href="http://www.ascr.usda.gov/complaint_filing_cust.html">http://www.ascr.usda.gov/complaint_filing_cust.html</a> and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: <a href="mailto:program.intake@usda.gov">program.intake@usda.gov</a>. USDA is an equal opportunity provider, employer, and lender.</small></p>											

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Completing CCC-770 SU-1, Initial Sugar Loan Processing Checklist (Continued)

B Example of CCC-770 SU-1 (Continued)

\*--

CCC-770 SU-1 (04-19-17)		Page 2 of 2			
9. INITIAL LOADING OF SUGAR LOAN IN CLPS SYSTEM:	Handbook or Other Applicable References	YES	NO	Initials	Date (MM-DD-YYYY)
A. Loan entered into CLPS:					
• farm stored certified if In-processed loan	16-PS, Section 7				
• warehouse stored if processed loan.	16-PS, Section 7				
B. Loan rate region or area verified. Use loan rate for region where the sugar is processed. Second party review.	10-SU, Subparagraph 31D Exhibit 9				
C. Quantity verified on KC-227 or KC-227A, if warehouse stored.	10-SU, Paragraph 34				
D. Second party review of SU-2 and loan documents to verify correct information entered.					
<b>10. SUGAR LOAN DISBURSEMENT:</b>					
A. SF-LLL on file for this loan if loan proceeds exceed \$150,000.00 and funds will be used for lobbying.	10-SU, Paragraph 4				
B. Processor representative signs CCC-677 (Farm Storage Note and Security Agreement) or CCC-678 (Warehouse Storage Note and Security Agreement).	10-SU, Subparagraph 2I				
C. Processor representative signs CCC-677A (Sugar Loan Addendum) which is applicable to all sugar loans.	10-SU, Subparagraph 2I				
D. FSA-211 or acceptable documentation on file in county office for person signing all loan documents.	1-CM, Part 25				
E. Processor representative receives CCC-601, Note and Security Agreement Terms and Conditions.	10-SU, Subparagraph 2I 8-LP, Paragraph 509				
F. Processor checked for debts owed to CCC.					
G. Authorized CCC representative signs and dates CCC-677 or CCC-678 when approved for disbursement.	8-LP, Paragraph 509				
H. Loan disbursed. If lien holders request their name on loan proceeds, issue a check jointly with processor.	8-LP, Paragraph 509				
<b>CERTIFICATION:</b>					
11A. Signature of Preparer(s)		11B. Date (MM-DD-YYYY)			
12A. I concur/do not concur the above items have been verified and updated.		<input type="checkbox"/> Concur		<input type="checkbox"/> Do Not Concur	
12B. CED Signature for Spotcheck		12C. Date (MM-DD-YYYY)			
13A. I concur/do not concur the above items have been verified and updated.		<input type="checkbox"/> Concur		<input type="checkbox"/> Do Not Concur	
13B. DD Signature for Spotcheck		13C. Date (MM-DD-YYYY)			
14. Remarks					

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## Completing CCC-770 SU-2, Sugar Processors Initial Eligibility Determination for Loans Checklist

### A Instructions for Completing CCC-770 SU-2

Complete CCC-770 SU-2 according to the following instructions.

Item	Instructions
1	Enter the name of processor.
2	Enter the crop year for which this initial eligibility determination is being prepared.
3	Enter the type of sugar; beet, or cane.
4	Enter the applicable State name.
5	Enter the name of the County Office that is completing the form.
6A through *--6F--*	For each item listed, check either "Yes" or "No". Employee completing the action shall initial and date.
7A	Any County Office employee who initials in items 6A through 6E shall sign as preparer. By signing as preparer, this does not insinuate that an employee checked items 6A through 6E, only that this employee completed an item that was initialed by that employee.
7B	The County Office employee who signs in item 7A shall enter the current date.
8A	CED or designated representative shall indicate concurrence with entries in items 6A through E. CED or designated representative shall spot check all CCC-770 SU-2's each FY.
8B	CED or designated representative who completed item 8A shall sign in this item.
8C	CED or designated representative who signed item 8B shall enter current date.
9A	When applicable, DD shall indicate concurrence with entries in items 6A through E. See subparagraph 2 N for DD spot check procedure.
9B	DD who completed item 9A shall sign in this item.
9C	DD who signed item 9B shall enter current date.
10	Enter remarks, if applicable.

Completing CCC-770 SU-2, Sugar Processors Initial Eligibility Determination for Loans Checklist

B Example of CCC-770 SU-2

The following is an example of CCC-770 SU-2.

\*--

This form is available electronically.

<b>CCC-770 SU-2</b> (03-27-15)  <b>SUGAR PROCESSORS INITIAL ELIGIBILITY DETERMINATION FOR LOANS CHECKLIST</b>	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. Name of Processor				
	2. Crop Year and Loan No.		3. Type of Sugar ( <i>Cane or Beet</i> )				
	4. State Office Name		5. County Office Name				
<b>6. SUGAR PROCESSOR LOAN ELIGIBILITY DETERMINATION:</b>			Handbook or Other Applicable References	<b>YES</b>	<b>NO</b>	Initials	Date (MM-DD-YYYY)
A. Processor has submitted to loan making County Office a list of names, addresses, and ID number of producers, owners, and operators who delivered sugar beets or sugarcane in previous year or who contracted to deliver sugar beets or sugar cane for current crop year by no later than August 1 of this crop year.			10-SU, subparagraph 62A				
B. Loan making County Office shall review list and determine in which County Office the producers listed have farming interests. Send a list of producers to County Office that maintains the producer's records for verification.			10-SU, subparagraph 62C				
C. Verifying County Office shall determine whether the producer and affiliated producers listed have complied with compliance and certification provisions on AD-1026 and FSA-578.			6-CP, paragraphs 17, 302 and 601 10-SU, subparagraph 62C				
D. Verifying County Office shall provide loan making office with list of eligible and ineligible producers immediately after determination is made.			10-SU, subparagraph 62C				
E. Loan making County Office shall provide processors in writing by October 1 a list of producers determined eligible and ineligible for program benefits.			10-SU, subparagraphs 63A				
F. Loan making County Office shall determine the maximum eligible quantity for loan each crop year. The quantity must not exceed the quantity derived from processing domestically grown sugar beets or sugarcane from eligible producers.			10-SU, subparagraph 46C				
<b>CERTIFICATION</b>							
7A. Signature of Preparer(s)					7B. Date (MM-DD-YYYY)		
8A. I concur/do not concur the above items have been verified and updated.					<input type="checkbox"/> Concur		<input type="checkbox"/> Do Not Concur
8B. CED Signature for Spotcheck					8C. Date (MM-DD-YYYY)		
9A. I concur/do not concur the above items have been verified and updated.					<input type="checkbox"/> Concur		<input type="checkbox"/> Do Not Concur
9B. DD Signature for Spotcheck					9C. Date (MM-DD-YYYY)		
10. Remarks							

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If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov). USDA is an equal opportunity provider and employer.

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**Crop Loan Rates**

**A National Average Sugar Loan Rates**

\*--The following provides the national (weighted average) loan rates for the **2019** crops of domestically grown sugar beets and sugarcane.

Commodity	Loan Rate (Cents Per Pound)
Beet Sugar, Refined	25.38
Cane Sugar, Raw Value	19.75

**B Regional Beet Sugar Loan Rates**

The regional loan rates have been adjusted to reflect the processing location of sugar offered as collateral for price support loans. The following provides the regional **2019** crop (FY 2020) loan rates for refined beet sugar.

Area/Region Code	States	Loan Rate (Cents Per Pound)
1	Michigan Ohio	25.83
2	Minnesota Eastern half of North Dakota	25.03
3	Northeastern quarter of Colorado Nebraska Southeastern quarter of Wyoming	25.77
4	Montana Northwestern quarter of Wyoming Western half of North Dakota	25.38
5	Idaho Oregon Washington	25.73
6	California	26.67

--\*

**Crop Loan Rates (Continued)**

**C Regional Cane Sugar Loan Rates**

\*--The following provides **2019** crop (FY 2020) regional loan rates for cane sugar, raw value.

Area/Region Code	Area	Loan Rate (Cents Per Pound), Raw Value
1	Florida	19.07
3	Louisiana	20.50
4	Texas	19.67--*
* * *	* * *	* * *

\* \* \*

**D Regional In-Process Beet Sugar Loan Rates**

\*--The following provides the regional **2019** crop (FY 2020) loan rates for in-process beet sugar, which is 80 percent of the applicable loan rate.

Area/Region Code	States	Loan Rate (Cents Per Pound)
1	Michigan Ohio	20.66
2	Minnesota Eastern half of North Dakota	20.03
3	Northeastern quarter of Colorado Nebraska Southeastern quarter of Wyoming	20.62
4	Montana Northwestern quarter of Wyoming Western half of North Dakota	20.31
5	Idaho Oregon Washington	20.58
6	California	21.34

--\*

**Crop Loan Rates (Continued)**

**E Regional In-Process Cane Sugar Loan Rates**

\*--The following provides the regional **2019** crop (FY 2020) loan rates for in-process cane sugar, raw value, which is 80 percent of the applicable loan rate.

<b>Area/Region Code</b>	<b>States</b>	<b>Loan Rate (Cents Per Pound), Raw Value</b>
1	Florida	15.26
3	Louisiana	16.40
4	Texas	15.74--*
* * *	* * *	* * *



**Minimum Price Support Payment Levels for Sugar Beets and Sugarcane**

**A Sugarcane Minimum Price Support Levels**

\*--This table provides the **2019** crop (FY 2020) regional minimum price support levels per net for Florida or gross ton for Louisiana and Texas for average quality sugarcane.

Area	Level
Florida	\$28.16 per net ton
Louisiana	\$30.93 per gross ton
Texas	\$25.99 per gross ton--*

**B Sugar Beet Minimum Payment**

Sugar beet grower minimum payments are the amount specified in the grower processor contract.





**Premiums and Discounts for Bulk Raw Cane Sugar**

**A Overview**

\*--The following premiums and discounts are for 2019 crop year raw cane sugar, and are based--\*  
on the #16 Contract specifications.

**Note:** All premiums and discounts are provided in dollars per pound instead of cents per pound.

\* \* \*

**B Moisture**

\*--For each 0.01 in excess of 0.30 deduct \$0.000356 per lb.

**C Grain Size**

For each 1 percent (based on percent through 30 mesh U.S. sieve):

- above 45 percent, deduct \$0.000237 per lb.
- below 22 percent, add \$0.000099 per lb.

**D Color - Affined Raw**

Apply the following according to ICUMSA color units Method 4 Modified.

<b>COLOR (Affined Raw)</b> (ICUMSA color units Method 4 Modified)		
<b>For Each 10 Units</b>		
	<b>Add Per Lb.</b>	<b>Deduct Per Lb.</b>
Below 800	\$0.000032	
1300 to 1500		\$0.000036
1500 to 1800		\$0.000089
1800 to 2100		\$0.000196
2100 to 2400		\$0.000356
Above 2400		\$0.000569
<b>COLOR (Whole Raw)</b> (ICUMSA color units Method 4 Modified)		
<b>For Each 25 Units</b>		
	<b>Add Per Lb.</b>	<b>Deduct Per Lb.</b>
Below 3000	\$0.000004	
5000 to 6000		\$0.000003
6000 to 7000		\$0.000009
7000 to 8000		\$0.000021
8000 to 9000		\$0.000039
Above 9000		\$0.000062

--\*

**Premiums and Discounts for Bulk Raw Cane Sugar Loans (Continued)**

**\*--E Dextran**

Apply dextran discounts according to the following.

<b>Dextran</b>		
<b>For Each Unit</b>		
	<b>Add Cents/Lb.</b>	<b>Deduct Cents/Lb.</b>
Less than or equal to 250		0.000000
251 to 350		0.000028
351 to 450		0.000063
451 to 550		0.000107
Above 550		0.000158

--\*

**F Ash**

Apply ash discounts according to the following.

<b>IF polarity is...</b>	<b>THEN maximum is...</b>	<b>AND minimum is...</b>
less than or equal to 98.0	0.25	0.17
over 98.0 up to and including 98.2	0.26	0.18
over 98.2 up to and including 98.4	0.27	0.19
over 98.4 up to and including 98.6	0.28	0.20
over 98.6 up to and including 98.8	0.29	0.21
over 98.8 up to but not including 99.0	0.30	0.22
For each .01 percent of ash content:		
<ul style="list-style-type: none"> <li>●*--in excess of derived maximum ash content, deduct \$0.000030 per lb.--*</li> <li>● below derived minimum ash content, add \$0.000012 per lb.</li> </ul>		

**Bulk Raw Cane Sugar Polarity Premium and Discount Schedule**

The following provides schedule for premiums and discounts adjusted for polarity degree that shall  
\*--be applied to 2019 raw cane sugar loans at settlement or forfeiture.

<b>Premiums</b>		<b>Discounts</b>	
<b>Polarity Degree</b>	<b>Adjustment Per Lb.</b>	<b>Polarity Degree</b>	<b>Adjustment Per Lb.</b>
98.9 and Above	\$0.007564	95.9	-\$0.001086
98.8	\$0.007327	95.8	-\$0.002173
98.7	\$0.007090	95.7	-\$0.003259
98.6	\$0.006853	95.6	-\$0.004345
98.5	\$0.006616	95.5	-\$0.005431
98.4	\$0.006379	95.4	-\$0.006518
98.3	\$0.006142	95.3	-\$0.007604
98.2	\$0.005905	95.2	-\$0.008690
98.1	\$0.005668	95.1	-\$0.009776
98.0	\$0.005431	95.0	-\$0.010863
97.9	\$0.004987	94.9	-\$0.011406
97.8	\$0.004543	94.8	-\$0.011949
97.7	\$0.004098	94.7	-\$0.012492
97.6	\$0.003654	94.6	-\$0.013035
97.5	\$0.003209	94.5	-\$0.013578
97.4	\$0.002765	94.4	-\$0.014121
97.3	\$0.002321	94.3	-\$0.014664
97.2	\$0.001876	94.2	-\$0.015208
97.1	\$0.001432	94.1	-\$0.015751
97.0	\$0.000988	94.0	-\$0.016294
96.9	\$0.000889		
96.8	\$0.000790		
96.7	\$0.000691		
96.6	\$0.000593		
96.5	\$0.000494		
96.4	\$0.000395		
96.3	\$0.000296		
96.2	\$0.000198		
96.1	\$0.000099		
96.0	\$0.000000		

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**Example Letter for Sugar Processors**

\*--

Dear Sugar Processor	Date:
<p>Our records indicate you did not elect to repay loan number 13XXX by the final maturity date of MM/DD/YYYY. Since this loan was an in-process sugar loan, CCC's loan agreement with you specifies you must convert the forfeited in-process sugar loan quantity to refined sugar within 30 calendar days from loan maturity. The refined beet sugar will be accepted as payment in full of principal and interest provided the refined sugar is of acceptable grade and quality for sugar loans.</p>	
<p>Once the conversion is fully processed into refined sugar, you shall transfer title to the sugar to the Commodity Credit Corporation (CCC). Upon transferring the sugar, CCC will make a payment to you based on the KC-227-A in an amount equal to the difference between the loan rate for in-process sugar and refined sugar times the quantity of sugar transferred to CCC not to exceed the original loan quantity or the quantity that was remaining in the above identified loan at forfeiture. You will be liable for the deficiency if the net proceeds are less than the amount of principal loaned to you.</p>	
<p>If transfer of the refined beet sugar of suitable quality to CCC does not occur within 30 days from maturity, CCC may charge liquidated damages according to the sugar program regulations at 7 CFR Part 1435.105 (i)(4).</p>	
<p>In addition, until you submit the KC-227-A for settlement, title will not transfer to CCC and you shall continue to store the loan collateral at no cost to CCC.</p>	
<p>Should you have any questions, feel free to contact us.</p>	
<p>_____ County Executive Director</p>	

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