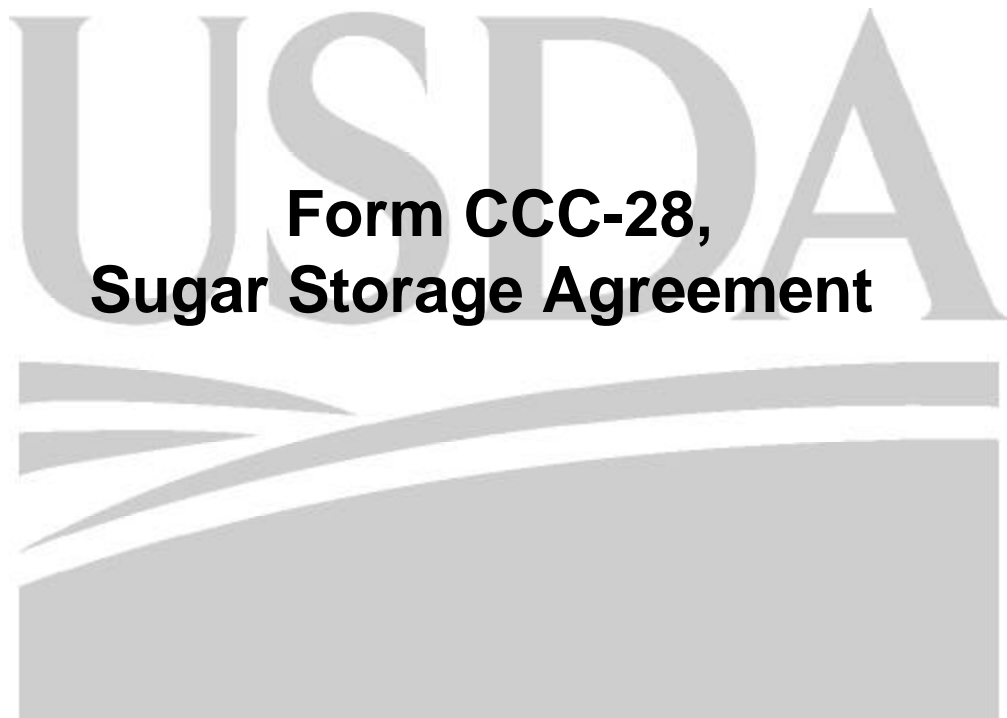


**United States Department of Agriculture  
Commodity Credit Corporation**



## Sugar Storage Agreement

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U.S. DEPARTMENT OF AGRICULTURE  
Commodity Credit Corporation

SUGAR STORAGE AGREEMENT

1. Agreement No. AS-\_\_\_\_\_ 3-CCC \_\_\_\_\_

**NOTE:** The authority for collecting the following information is Pub. L. 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 1 hour 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.

The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The authority for requesting the following information is 15 U.S.C. 714 and regulations promulgated thereunder (7 CFR Parts 1423 and 1403). The information will be used to complete the terms of an agreement between the warehouse operator and CCC. Furnishing the requested information is voluntary, however, without it, eligibility to enter into an agreement with CCC cannot be determined. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 1014, 15 USC 714m; and 31 USC 3729, may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO THE KANSAS CITY COMMODITY OFFICE, STORAGE CONTRACT BRANCH, STOP 8748, P.O. BOX 419205, KANSAS CITY, MO 64141-6205.**

This Sugar Storage Agreement (“Agreement”) between the Commodity Credit Corporation (CCC), an agency and instrumentality of the United States within the Department of Agriculture, and (2) \_\_\_\_\_, (“warehouse operator”) whose principal place of business is (3) \_\_\_\_\_, is for the storage and handling of CCC-owned sugar or sugar pledged as collateral for a CCC loan.

Subject to space being available, the warehouse operator offers to store and handle sugar in the warehouse identified on the Schedule of Warehouses which is owned or operated by the warehouse operator at the rates specified on the Schedule of Rates.

The warehouse operator and CCC agree as follows:

**PART 1. DEFINITION OF TERMS** - For purposes of this Agreement, the following definitions shall apply:

**Approved List - CCC List of Approved Warehouses** - A list of sugar warehouses approved by CCC to store CCC-interest sugar and who have executed a CCC Sugar Storage Agreement. Warehouses that have been removed from the CCC List of Approved Warehouses may not accept sugar to be pledged as collateral for a loan, nor will additional CCC-owned sugar be placed in the warehouse until the warehouse is reinstated to the Approved List.

**Business Day** - A calendar day excluding Saturdays, Sundays, or Federal holidays.

**CCC** - The Commodity Credit Corporation, a wholly-owned government corporation within the U.S. Department of Agriculture.

**CCC-Interest Sugar** - Sugar in which title is vested in CCC, or sugar placed in storage by someone other than CCC and pledged to CCC as security for a CCC loan.

*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 USDA's 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.*

**CCC Loan Sugar** - Sugar placed in storage by someone other than CCC and pledged to CCC as security for a CCC loan.

**CCC-Owned Sugar** - Sugar in which title is vested in CCC.

**Commingled** - The storage or handling of bulk sugar under any circumstances other than identity preserved.

**Delivery** - The receiving of CCC-owned sugar by a warehouse operator listed in the Schedule of Warehouses or the return by the warehouse operator of CCC-owned sugar to CCC or CCC's designee.

**Identity Preserved** - The storage and handling of sugar separate from all other sugar so the actual sugar deposited in the warehouse, and no other, may be delivered to the person holding title to such sugar.

**KCCO** - The Kansas City Commodity Office of the Farm Service Agency.

**KC-227 (Raw Sugar Acquisition Report)** - A form provided by the KCCO to the receiving warehouse operator for recording raw sugar received for storage.

**KC-227-A (Refined Sugar Acquisition Report)** - A form provided by the KCCO to the receiving warehouse operator for recording refined sugar received for storage.

**Loadout** - Removing the sugar from the warehouse and loading the sugar into conveyances.

**Quality** - Descriptive factors that are normally used in commercial trade practices to describe sugar characteristics.

**Receiving** - Receiving and unloading all of the sugar from conveyances and placing it in the warehouse.

**Sugar** - Any grade or type of saccharine product derived, directly or indirectly, from sugarcane or sugar beets and consisting of, or containing, sucrose or invert sugar, including all raw sugar, refined crystalline sugar, liquid sugar, edible molasses, cane syrup, and in-process sugar.

**Warehouse** - Each sugar warehouse listed on the Schedule of Warehouses.

**Warehouse Operator** - Person who owns or manages a sugar warehouse. "Warehouse operator" shall also include "processor" whenever used.

## **PART 2. GENERAL TERMS -**

**A. Scope** - This Agreement will apply to all sugar as of the date:

- (1) CCC deposits such sugar in the warehouse,
- (2) title to the sugar passes to CCC, or
- (3) it is stored in the warehouse and is pledged to CCC as security for a sugar loan.

**B. Terms of Agreement to Prevail** - Applicable Federal laws and regulations and the terms of this Agreement prevail over the written or printed terms of title documents representing sugar, the warehouse's tariff or posted rates, and State and local laws or regulations to the extent such laws or regulations are inconsistent with the Agreement's provisions or the laws and regulations of the United States. Any State law, local law, regulation, or tariff provision which are inconsistent with or imposes additional restrictions on the provisions of Federal law and regulation or this Agreement is of no effect to the extent of such inconsistency or additional restriction.

**C. Documents Incorporated by Reference** - This Agreement includes and hereby incorporates by reference the following and amendments thereto:

- (1) Schedule of Warehouses, CCC-25-1
- (2) Schedule of Rates, CCC-28-2
- (3) Supplement to Uniform Storage Agreements, CCC-20, and
- (4) 7 CFR Parts 1423, 1435, 1403, and 1407.

**D. Applicability** -

- (1) If CCC transfers title to CCC-owned sugar in store, such sugar will cease to be covered by the terms of this Agreement as of 11:59 p.m. local time at the warehouse location on the day title and risk of loss is transferred to the transferee, except that any prepaid charges for service not performed prior to the transfer of title will inure to the benefit of the transferee. Except as provided in Paragraph D (2), the rights and obligations of the parties for sugar so transferred and charges for storage and other services furnished thereafter are subject to commercial terms and conditions and applicable Federal or State laws and regulations or subject to further agreement between the warehouse operator and the transferee unless otherwise specifically provided herein. The transfer of title does not affect the rights and obligations between the warehouse operator and CCC for any matter arising prior to the transfer.
- (2) If CCC transfers title to CCC-owned sugar in store, the storage and handling rates contained in the Schedule of Rates will apply to the sugar until it is loaded out, provided the transferee, in writing, orders the sugar loaded out for immediate shipment within 30 days after the date title is transferred. If the transferee does not request, in writing, loadout within 30 days after the date title is transferred, the storage and handling rates applicable to the transferee for the sugar shall not exceed CCC's Schedule of Rates in effect at the time of title transfer until the earlier of:
  - (a) 60 days, or
  - (b) title to the sugar is transferred by the transferee to another party, or
  - (c) the transferee loads the sugar out of the warehouse.

### **PART 3. WAREHOUSE OPERATOR'S RESPONSIBILITIES**

**A. Basis on Which the Sugar Is Stored or Transferred** -

- (1) CCC-interest sugar will be stored in bulk and commingled, unless CCC and the warehouse operator agree, in writing, to store the sugar in another manner.
- (2) The warehouse operator will store CCC-interest sugar only at a warehouse listed on the Schedule of Warehouses, unless CCC and the warehouse operator agree, in writing, to store the sugar at another location.
- (3) Transfers of CCC-owned sugar from bulk storage to packaged stocks may be made only in accordance with instructions from CCC. The expense of such transfer, including the cost of weight and inspection certificates, will be for the account of the party requesting the transfer.

**B. Determination of Weights and Quality** -

- (1) Unless otherwise directed by CCC, the quantity of CCC-interest sugar accepted by the warehouse operator and loaded out by the warehouse operator at CCC's request must be based on the use of warehouse operator's scales.

- (2) Unless otherwise directed by CCC, the quality of CCC-owned sugar loaded out by the warehouse operator at CCC's request (whether such sugar is to be delivered in bulk or as packaged stocks) must be determined on the basis of a sample drawn by a CCC representative.
- (3) CCC will pay the cost of inspection certificates for CCC-owned sugar.
- (4) Either the owner of the sugar or the warehouse operator may call for an appeal inspection. The appeal inspection certificate will prevail. The party requesting the inspection or the appeal will pay the cost of the inspection certificates.

**C. Obligation to Maintain Stocks -**

- (1) The warehouse operator at all times must maintain at the warehouse listed on the Schedule of Warehouses a quantity of sugar equivalent to the aggregate quantity on all outstanding KC-227's, KC-227-A's, or other documentation acceptable to CCC, and such quality shall be of the same quality which the warehouse operator is obligated to deliver,
- (2) For identity preserved sugar, the warehouse operator at all times must maintain the identical sugar in the warehouse listed on the Schedule of Warehouses and as recorded on the KC-227's, KC-227-A's, or other documentation acceptable to CCC.

**D. Condition of Sugar -**

- (1) The warehouse operator must store the sugar in accordance with good commercial practices.
- (2) For commingled sugar, the warehouse operator:
  - (a) must, at the warehouse operator's expense, take all steps necessary to preserve the condition of all sugar stored or handled under this Agreement.
  - (b) must, at the warehouse operator's expense, if deterioration cannot be prevented after the warehouse operator has exercised such care in receiving, storing, and conditioning as would a reasonably prudent owner, immediately notify CCC of the circumstances, confirm such notice in writing, and dispose of or care for such sugar as directed by CCC. Any expense for action directed by CCC, not related to warehousing of the sugar, will be for the account of CCC.
  - (c) is liable for deterioration in the quality of the commingled sugar which occurred prior to the time of such written notice to CCC.
  - (d) will be liable for deterioration occurring after such notice which results from the warehouse operator's failure to exercise due care or failure to comply with the directions of CCC and the provisions of this Agreement.
- (3) For identity preserved sugar, the warehouse operator must take action as may be necessary to:
  - (a) promptly determine when the sugar stored identity preserved is in need of conditioning;
  - (b) immediately notify CCC and confirm in writing the action required; and
  - (c) care for, recondition, or dispose of such sugar in accordance with CCC's directions.

**E. Receipting and Documenting Sugar -**

- (1) The warehouse operator, on receipt of sugar accepted for storage under this Agreement or when sugar is acquired by CCC in store, must furnish to CCC a form KC-227, KC-227-A, or other documentation acceptable to CCC made out in the name of CCC for the quantity, quality, and location where sugar is stored (form KC-227-A is used for both beet and cane refined sugar), representing such sugar.

- (2) If requested by CCC, the warehouse operator also will furnish, on such form as CCC may prescribe and in accordance with CCC's instructions, a supplemental certificate identified to each such KC-227, KC-227-A, or other documentation acceptable to CCC.
- (3) Information as to quality shown on inspection certificates issued on samples drawn at the time of issuance of the KC-227, KC-227-A, or other documentation acceptable to CCC will govern notwithstanding conflicting entries on the KC-227, KC-227-A, or other documentation acceptable to CCC.
- (4) The warehouse operator, on receipt of sugar for handling only or direct transfer, must promptly furnish documents in such form as CCC may prescribe and in accordance with CCC's instructions.

**F. Load Out Requirements –**

- (1) In accordance with CCC's issued instructions, the warehouse operator must loadout, or transfer in store, bulk sugar that meets the same quantity and quality specifications as stated on the KC-227, KC-227-A, or other documentation acceptable to CCC as that received from CCC for storage by the warehouse operator. For sugar ordered loaded out by CCC, the warehouse operator must:
  - (a) Loadout such sugar as directed by CCC. The shipping instructions issued by CCC will allow the warehouse operator at least seven (7) calendar days from the date of issuance of such instructions to begin loadout and will provide for loadout capability at a rate not to exceed that specified in the Schedule of Warehouses. Shipments may be loaded out under the supervision of a CCC representative, as provided in the shipping instructions.
  - (b) If shipment of the sugar will be delayed, promptly notify CCC as soon as the delay is apparent. The warehouse operator must promptly furnish documentary evidence of the cause for the delay. CCC will not assess the warehouse operator for damages or demurrage if CCC determines that the delay was without the fault of, and beyond the control of, the warehouse operator.
- (2) If for any reason sugar shipments cannot be made as instructed, promptly notify CCC as soon as it is apparent the shipping schedule cannot be met. Failure of the warehouse operator to ship in accordance with such instructions will cause serious and substantial damage to CCC because of its urgent need for prompt delivery. The warehouse operator 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 warehouse operator's failure to meet the shipping schedule. If delays were caused by reasons beyond the control and without the fault of the warehouse operator, the warehouse operator shall promptly furnish documentary evidence of the cause(s) which resulted in late shipment. If CCC determines that such causes were beyond the warehouse operator's control, liquidated damages will not be assessed.

**G. Rejection -**

- (1) CCC may reject sugar if the sugar does not meet the same quantity and quality specifications as that received by CCC for storage by the warehouse operator.
- (2) The warehouse operator:
  - (a) will not receive credit for loading sugar rejected by CCC,
  - (b) must arrange for the disposition of the rejected sugar,

- (c) must either replace rejected sugar with sugar that meets the loading order specifications, or pay CCC the current market price for like sugar, as determined by CCC, for sugar not replaced.
- (3) CCC may accept sugar that is subject to rejection if it is determined by CCC to be in CCC's best interest.

**H. Payment of Fees -**

As set forth in (1) through (5) of this paragraph, each warehouse operator who is not licensed under the United States Warehouse Act (USWA) for sugar must pay fees to CCC.

- (1) The application and inspection fee for sugar shall be that announced by FSA for USWA warehouse operators. Warehouse operators without an existing CCC Sugar Storage Agreement must pay an application and inspection fee for each warehouse for which CCC approval is sought before CCC conducts the original warehouse examination. Warehouse operators with such an existing Agreement and who desire to change the storage capacity subject to such Agreement, must pay an application and inspection fee for each change before inspection and approval by CCC.
- (2) The annual Agreement fee shall be as announced by CCC. Unless a waiver is in effect, a warehouse operator must pay the annual Agreement fee before CCC will execute the initial Agreement, and the fee will be prorated based upon the total number of months for which the Agreement is to be effective, or the applicable Agreement's renewal date.
- (3) When a warehouse operator requests that CCC examine the warehouse for the warehouse operator's sole benefit, the warehouse operator shall pay CCC an examination fee equal to one and one-half times the amount of the applicable annual Agreement fee in (2) of this paragraph for the examination.
- (4) When a warehouse operator defaults in carrying out the terms of this Agreement, and CCC determines a reexamination is necessary to ensure Agreement violations have been corrected, the warehouse operator shall pay an examination fee equal to the inspection fee in (2) of this paragraph before CCC will schedule the examination.
- (5) CCC may waive any portion of the fees in (1) and (3) of this paragraph when CCC determines that no examination will be performed by CCC or acceptable examination results are made available to CCC by a State licensing authority.

**I. Records and Reports -**

The warehouse operator must:

- (1) Maintain current and complete records at all times for all sugar stored, handled, or under the control of the warehouse operator.
- (2) Unless otherwise authorized by CCC, retain such records as required in section 12 of the Supplement to Uniform Storage Agreements.
- (3) Provide access to records on-site, unless otherwise agreed to, in writing, by CCC.
- (4) Furnish CCC requested reports related to receiving, storing, and delivering sugar and the financial condition of the warehouse.
- (5) Immediately notify CCC in writing of any change in ownership or operation of the warehouse or of any change in the nature or capacity of the warehouse.



**J. Financial -**

- (1) Financial statements must be submitted to the Kansas City Commodity Office, P.O. Box 419205, Kansas City, Missouri 64141-6205, within 90 days after the close of the warehouse operator's fiscal or calendar year. Only one financial statement is required for a chain of warehouses owned or operated by a single business entity. If approved by CCC, the financial statement requirements in the Standards for Approval of Warehouses for CCC-interest Commodity Storage, 7 CFR Part 1423, may be met by one of the following:
  - (a) a parent company of a wholly-owned subsidiary when the warehouse operator's financial position is separately identified on all applicable consolidated statements.
  - (b) a guaranty agreement from:
    - (i) a parent company submitted on behalf of a wholly-owned subsidiary, or
    - (ii) an entity with substantial interest in the warehouse operator when applicable financial statements are prepared at the audit level.
- (2) Approved warehouse operators shall have a minimum net worth of \$50,000.
- (3) Warehouse operators shall have a calculated net worth equal to the warehouse operator's maximum storage capacity at all locations covered by the storage agreement times \$1.15 per hundredweight.

**K. Inspections and Examinations -**

- (1) The warehouse operator must:
  - (a) permit CCC to examine any or all warehouse facilities, records, or inventory without prior notice at any time,
  - (b) upon request, provide any assistance necessary to perform the examination,
  - (c) notify CCC in writing if any special requirements or equipment are needed to perform an examination,
  - (d) take reasonable steps to reduce or remove risks or hazards that could affect an examination. The examination will be stopped and the warehouse removed from the Approved List if the warehouse or its equipment (e.g. ladders, catwalks, lifts or elevators) is not safe to conduct or continue the examination of the warehouse.
- (2) Examinations and inspections will not relieve the warehouse operator of any responsibilities or requirements under the terms of this Agreement or under any law or regulation applicable to the warehouse operator.
- (3) Warehouse examinations under this Agreement are only intended for the use of CCC and are not for the protection of any other party, including the warehouse operator.
- (4) CCC does not guarantee the results of its examinations to the warehouse operator or any other party. However, for the purposes of this Agreement, the findings of these examinations will be accepted by CCC.

**L. Transportation Requirements -**

- (1) When CCC requests the warehouse operator to accept for delivery or load out CCC-owned sugar, the warehouse operator will:
  - (a) indemnify CCC against losses in weight due to the warehouse operator's error in weighing or failure to remove all the sugar from the transportation conveyance on unloading.
  - (b) indemnify CCC against minimum weight penalties (except where losses in weight were incurred due to circumstances beyond the warehouse operator's control), detention, and demurrage (including storage in transportation equipment).
  - (c) assume all switching charges (inbound or outbound) which are recoverable or which are not absorbed by the carrier. The warehouse operator will not be liable for switching charges (inbound or outbound) which occur as the result of erroneous routing instructions by CCC.
  - (d) request authorization in writing from CCC for prepayment of freight.
  - (e) be liable for any deviation from original shipping instructions and all excess freight charges resulting from routing at variance with instructions issued by CCC.
  - (f) be liable for all weighing and return freight charges related to rail cars that are weighed and returned by the railroad(s) to the warehouse operator as overloaded.
- (2) If the warehouse operator knows, anticipates, or reasonably should have known that demurrage charges may be incurred, the warehouse operator must immediately notify CCC and confirm such notification in writing. The warehouse operator will pay all appropriate demurrage charges. CCC will reimburse the warehouse operator for all appropriate demurrage charges paid by the warehouse operator if the demurrage is incurred due to circumstances beyond the warehouse operator's control, unless the warehouse operator fails to notify CCC as provided in this section.

**M. Condition of Warehouse and Sugar -**

- (1) The warehouse operator must maintain the warehouse in a sound, clean condition and take all reasonable steps to keep it free of insects, rodents, birds, and other conditions which may adversely affect the condition of the sugar or its package.
- (2) The warehouse operator must take all reasonable steps to promptly detect any deterioration, insect infestation, rodent damage, mold, clumping, or any other condition which may adversely affect the condition of the sugar or its package.
- (3) The warehouse operator must notify CCC when any of the conditions in paragraph (1) or (2) of this paragraph are detected and confirm such notification in writing. Pending receipt of instructions from CCC, the warehouse operator must take all reasonable steps necessary to protect and preserve the affected sugar or its package.
- (4) In the event of any loss or damage to the sugar or the warehouse, the warehouse operator will immediately notify CCC and all other parties having an interest in the sugar stored in the warehouse as that interest may appear on the warehouse operator's records.
- (5) The warehouse operator will be liable for all losses or damage of sugar resulting from warehouse operator's negligence or failure to discharge promptly and properly the warehouse operator's obligations under this Agreement and by the failure of the warehouse operator to exercise such care in regard to the sugar as a reasonable and prudent warehouse operator would exercise under like circumstances.

- (6) If loss of or damage to the sugar occurs for which the warehouse operator is not liable, CCC will pay the warehouse operator for labor services performed at the rate specified in the Schedule of Rates and reimburse the warehouse operator for other reasonable costs incurred in performing those services which are not included among the protective and preservative services ordinarily performed by the warehouse operator for other depositors without additional charge.

**N. Insurance -**

Without in any way limiting the warehouse operator's obligation under other provisions of this Agreement or under the provisions of the State laws and regulations under which the warehouse is operated:

- (1) The warehouse operator is not obligated to insure CCC-owned sugar.
- (2) If the warehouse operator insures CCC-owned sugar, such insurance will inure to the benefit of CCC.

**O. Security Plan -**

The warehouse operator must:

- (1) Have a security plan that includes measures to protect the sugar handled and stored under this Agreement.
- (2) Conduct a facility vulnerability assessment and establish procedures that address:
  - (a) general security of the physical structures and grounds,
  - (b) shipping and receiving,
  - (c) emergency action planning, and
  - (d) contact information for local authorities.

**PART 4. CCC'S RESPONSIBILITIES**

**A. Storage Period -**

- (1) Nothing in this Agreement obligates CCC to tender sugar to the warehouse operator for storage or handling.
- (2) The issuance of loading orders or a request for storage space does not obligate CCC to tender sugar for storage.
- (3) If CCC-owned sugar is in store, the storage period will be at the option of CCC.

**B. Payment of Charges -**

- (1) Unless otherwise provided, handling, storing, or other charges payable by CCC pursuant to this Agreement will be at the rates stated in the Schedule of Rates as follows:
  - (a) receiving services performed prior to CCC ownership will not be paid;
  - (b) storage or other charges will be paid at the rate in effect when the services are performed;
  - (c) load out charges shall be for CCC's account if directed by CCC.

- (2) Storage charges for the account of CCC begin for sugar:
  - (a) in store at the time this Agreement becomes effective, on the date this Agreement is executed by CCC;
  - (b) delivered to the warehouse on or after the effective date of this Agreement, on the date of movement of such sugar into the warehouse; and
  - (c) which is acquired by CCC in store, on the day immediately following the date through which storage charges have been provided for by the previous owner.
- (3) Storage charges will cease to accrue for the account of CCC when:
  - (a) CCC orders sugar to be delivered, on the date the bill of lading is received for by the carrier or on the final shipment date specified in the shipping instructions as issued or amended in writing by CCC, whichever is earlier, or
  - (b) sugar is sold or transferred to another party by CCC, in store, on the date specified by CCC.
- (4) Storage charges payable for a fractional part of the:
  - (a) first calendar month during which the sugar is in storage in the warehouse will be prorated to the same extent as the days in storage relates to the full calendar month. Storage charges payable thereafter, except for the final partial calendar month, will be at the full monthly storage rate.
  - (b) final calendar month during which the sugar is in storage in the warehouse will be prorated to the same extent as the days in storage relate to the full calendar month and will be paid after receipt and entry into CCC's accounting records of the applicable bill of lading or other delivery documents acceptable to CCC.
- (5) Payment will be made monthly by CCC for sugar recorded in CCC's inventory after presentation by the warehouse operator of a properly certified invoice in such manner and form as may be prescribed by CCC. The first payment after receipt of the sugar will include any amount due from CCC for loadout charges, if applicable. The warehouse operator must promptly reimburse CCC for any overpayment made by CCC.

**C. Restrictions on Payments -**

- (1) CCC will not pay for any service (including overtime, Sunday, and holiday labor service) not specifically authorized by this Agreement or in writing by CCC. Services not specifically authorized by this Agreement will be performed only after CCC determines that such services are required and should be performed.
- (2) CCC will not be liable for any charges which are for the account of previous or subsequent owners of sugar nor will CCC be liable for receiving charges on sugar acquired by CCC in store.
- (3) Nothing in this Agreement authorizes or requires payment for services already paid for by CCC or any other party.

- (4) If any of the sugar is lost or rejected to the warehouse operator, all storage charges for the account of CCC for that sugar will cease as of the date of loss or rejection to the warehouse operator.
- (5) No charges of any kind will be payable for sugar disposed of contrary to the terms of this Agreement and the instructions of CCC, and any such charges already paid by CCC will be immediately refunded by the warehouse operator.

**PART 5. SETTLEMENT -**

**A. Settlement for Load Out -**

Except as otherwise provided in this Agreement, settlement will be made by CCC in accordance with this Part with respect to each individual warehouse for differences in value between sugar loaded out by the warehouse operator and the sugar ordered shipped by CCC. Except to the extent that liability is limited by other provisions of this Agreement, the warehouse operator is liable as an insurer and must indemnify CCC in the manner and to the extent provided in this Part for any failure to deliver sugar meeting the requirements in Part 3 of this Agreement.

**B. Commingled -**

For commingled sugar, the warehouse operator must, upon demand, pay CCC in cash the value of sugar:

- (1) Ordered loaded out by CCC which is not shipped by the warehouse operator;
- (2) Shipped by the warehouse operator which is rejected by CCC; or
- (3) Shipped with quality deficiencies and accepted by CCC.

**C. Identity Preserved -**

For identity preserved sugar shipped to CCC, the warehouse operator must, upon demand, pay CCC in cash for the value of shortages in quantity and deficiencies in quality of such sugar which result from the warehouse operator's failure to exercise due care, provide appropriate warehousing services, or comply with the directions of CCC and the provisions of this Agreement. If the identity preserved sugar is commingled with other sugar or if the identical sugar received by the warehouse operator is not delivered, the warehouse operator's liability will be settled in accordance with the provision of Paragraph B above.

**D. Determination of Values -**

For settlement purposes, the value of sugar shall be determined by CCC at the time and place of loss by reference to applicable markets and adjusted for freight, if necessary, or in the absence of generally recognized markets, CCC's investment in the sugar.

**PART 6. TERMINATION AND EFFECTIVE DATE**

**A. Termination -**

In addition to the grounds specified in other provisions of this Agreement, this Agreement may be terminated as follows:

- (1) Either party may terminate this Agreement without cause for any and all warehouses subject to this Agreement. Written notice of termination must be given to the other party at least 30 days prior to the date the termination is to be effective. Termination under this Part will not give rise to any damages under this Agreement.

- (2) CCC may terminate this Agreement immediately if the warehouse operator has violated the terms of this Agreement.
- (3) After termination of this Agreement, all provisions applicable to the storage, loading out, and settlement of sugar in this Agreement remain in effect pending removal of CCC-owned sugar.
- (4) Notwithstanding any other provision of this Agreement relating to disputes, the warehouse operator may request that the Deputy Administrator for Commodity Operations (DACO), Farm Service Agency, review any Contracting Officer's determination which proposes termination of this Agreement. If DACO should agree to review the Contracting Officer's proposal, DACO will become the Contracting Officer with regard to this matter. Once the issue or issues which are the subject of the warehouse operator's request for DACO review are resolved, upon DACO's direction, the original Contracting Officer may resume as the Contracting Officer for this Agreement.

**B. Effective Date -**

This Agreement will become effective upon the date signed by CCC, and will, as of such date, supersede any existing Agreement and any amendments between the warehouse operator and CCC. This Agreement will remain in effect until the first of October thereafter and will be renewed automatically for one year on each October 1 after the effective date.

<b>4. WAREHOUSE OPERATOR:</b>	<b>5. COMMODITY CREDIT CORPORATION:</b>
4A. _____ (COMPANY NAME)	5A. By _____ (CONTRACTING OFFICER)
4B. By _____ (SIGNATURE)	5B. Effective Date: _____
4C. Title: _____	