
Sugar Loans

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For Sugar State and County Offices

SHORT REFERENCE

10-SU
(Revision 4)

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Sugar Loans
10-SU (Revision 4)**

Amendment 9

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 2:

- D has been amended to provide that the loan rate for the supplemental loan will be the loan rate in effect at the time the first or initial loan was made
- G has been amended to update the year in the examples of loan maturity dates for initial, replighted, and supplemental loans.

Exhibit 2 has been amended to include the average quality for 2008 crop sugarcane.

Exhibit 9 has been updated as follows:

- remove all rates for crop year 2006
- insert the 2008 National average sugar loan rates
- insert the 2008 regional rates for beet, cane, in-processed beet, and in-processed cane sugar loans.

Exhibit 10 has been updated as follows:

- remove the 2006 sugarcane minimum price support levels
- insert the 2008 sugarcane minimum price support levels.

Page Control Chart		
TC	Text	Exhibit
3, 4	1-5, 1-6	2, pages 1, 2 9, pages 1-4 10, page 1

Table of Contents

Page No.

Part 1 General Policy and APSS Procedures

1	Handbook Provisions	1-1
2	Basic Loanmaking Provisions	1-5
3	Sodbuster and Swampbuster Provisions	1-8.6
4	Lobbying Provisions	1-8.6
5	Prompt Payment Act.....	1-9
6	Finality Rule.....	1-10
7-27	(Reserved)	

Part 2 Eligibility Requirements

28	Processor Eligibility	2-1
29	Eligible Sugar	2-1
30	Storage Requirements	2-2
31	Requesting Warehouse-Stored Loans	2-3
32	Quality Determinations	2-4
33	List of Approved Warehouses and List of Warehouse Offer Rates	2-4
34	General Warehouse Document Requirements	2-5
35-45	(Reserved)	

Part 3 Obtaining Sugar Loan Program Benefits

46	Obtaining Loans	3-1
47	Lien Searches	3-4
48	Filing UCC-1's	3-5
49	Repledging Provisions	3-8
50	Loan Document Review	3-8
51-61	(Reserved)	

Part 4 Loanmaking

Section 1 Compliance and Noncompliance

62	Compliance Provisions	4-1
63	Handling Ineligibility.....	4-4
64-73	(Reserved)	

Section 2 Verification and Application of Sugar Loans

74	Verifying CCC's Loan Interest	4-27
75	Recording Data on SU-2	4-29
76-85	(Reserved)	

Table of Contents (Continued)

Page No.

Part 4 Loanmaking (Continued)

Section 3 Spot Checks

86	Spot-Check Provisions	4-53
87-96	(Reserved)	

Section 4 Loan Maintenance

97	Maintaining Loan Collateral	4-75
98-110	(Reserved)	

Part 5 Repayment of Loans

Section 1 Repayment Provisions

111	Repaying Loans	5-1
112-122	(Reserved)	

Section 2 Information and Application of Interest

123	Interest Rates	5-21
124-135	(Reserved)	

Part 6 Loan Maturity and Forfeitures

136	County Office Notice to Processors Before Maturity	6-1
137	Loan Forfeiture Procedures	6-2
138	Reporting Forfeiture Activity	6-4
139-150	(Reserved)	

Part 7 Processor Payments

Section 1 Processor Payments to Producers

151	Processor Payment Requirements to Producers	7-1
152-162	(Reserved)	

Section 2 Payment Requirements to Producers of Sugar Beets

163	Minimum Payment Level for Sugar Beets	7-23
164-174	(Reserved)	

Table of Contents (Continued)

Page No.

Part 7 Processor Payments (Continued)

Section 3 Spot Checks to Determine Payment to Producers

175	Determining Payment to Producers	7-49
176-186	(Reserved)	

Parts 8-14 (Reserved)

187-330	(Reserved)	
---------	------------	--

Part 15 Sugar Loan Functions in APSS

Section 1 Using APSS

331	Automated Procedures	15-1
332	County Office Maintained Table Files	15-2
333	Commonly Used Keys	15-3
334	Accessing Price Support Applications.....	15-4
335-345	(Reserved)	

Section 2 Loanmaking

346	In-Process Sugar Loanmaking Transaction	15-25
347	Processed Sugar Loanmaking Transaction	15-30
348-358	(Reserved)	

Section 3 Processing Repayments

359	Sugar Loan Repayments	15-55
360	Completing Repayments.....	15-58
361	Processing Receivable Repayments	15-59
362	Processing Overdisbursement Repayments	15-64
363-373	(Reserved)	

Section 4 Processed Sugar Loan Forfeiture Transaction

374	Completing Processed Sugar Loan Forfeiture Transactions	15-91
375-385	(Reserved)	

Table of Contents (Continued)

Page No.

Part 15 Sugar Loan Functions in APSS (Continued)

Section 5 In-Process Loan Settlements/Converting to Processed Sugar

386	Overview	15-115
387	In-Process Sugar Loan Settlement for Converting to Processed Sugar Transactions	15-116
388-399	(Reserved)	

Part 16 Correcting APSS Transactions

400	General Information	16-1
401	Accessing Correction Functions	16-1
402	Selecting Transaction	16-2
403	Using History Tapes	16-4
404	Corrections Involving Payables	16-5
405	Corrections Involving CCC-257's	16-6
406	Completing Correction Process	16-6

Exhibits

1	Reports, Forms, Abbreviations, and Redelegations of Authority	
2	Definitions of Terms Used in This Handbook	
3	(Reserved)	
4	Example of CCC-677A	
5	(Withdrawn--Amend. 3)	
6	CCC-770 SU-1, Initial Sugar Loan Processing Checklist	
7	CCC-770 SU-2, Sugar Processors Initial Eligibility Determinations for Loans Checklist	
8	(Reserved)	
9	2008 Crop National Loan Rates and 2007 and 2008 Crop Regional Loan Rates	
10	2007 and 2008 Crop Minimum Price Support Payment Levels for Sugar Beets and Sugarcane	
11-14	(Reserved)	
15	(Withdrawn--Amend. 3)	
16, 17	(Reserved)	
18	Bulk Raw Cane Sugar Polarity Premium and Discount Schedule	
19	Example Letter for Sugar Processors	

Part 1 General Policy and APSS 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:

- the Farm Security and Rural Investment Act of 2002
- 7 CFR Part 1435.

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"> • CCC Board • Executive Vice President • Designee 	<ul style="list-style-type: none"> • Making a determination on any question arising under the Sugar Loan Program • Revising or rescinding any incorrect COC, STC, or KCAO determination
	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 Note: 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"> • Determining policy according to this handbook • Providing publicity necessary to inform all producers and processors of the Sugar Loan Program provisions before the beginning of each program year
	COC through CED	Administering the Sugar Loan Program in the county
	Loanmaking County Office employees	Determining whether: <ul style="list-style-type: none"> • processor is eligible for loan • sugar is eligible for loan • processors are being provided with updated lists of eligible producers • computations and disbursements are based on handbook procedures

1 Handbook Provisions (Continued)

D Responsibilities (Continued)

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

1 Handbook Provisions (Continued)

E Related Handbooks

FSA handbooks related to the Sugar Loan Program include the following:

- 9-AO for audits and investigations
- 1-APP for appeals
- 1-CM for common management and operating provisions
- 2-CM for common farm program provisions and farm reconstitutions
- 2-CP for acreage and compliance determinations
- 6-CP for HELC and WC provisions
- 7-CP for collections under the Finality Rule and misaction and misinformation provisions
- 1-FI for CCC-184's
- 3-FI for State and County Office receipts and deposits
- 50-FI for interest rates
- 58-FI for claims administration
- 61-FI for prompt payment
- 62-FI for reporting to IRS
- 64-FI for establishing and reporting claims on ACS
- 8-LP for loans and LDP's
- 12-PS for automation instructions on spot checking and other common functions.

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.

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.
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 loan was disbursed minus the number of months the initial loan was pledged. All repledged loans mature no later than September 30.
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, 2008	July 31, 2009
November 8, 2008	August 31, 2009
December 1, 2008, through September 30, 2009	September 30, 2009

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

Disbursement Date of Initial Loan	Date Repaid	Date Repledged	Maturity Date
October 16, 2008	December 31, 2008	February 1, 2009	July 31, 2009
January 2, 2009	May 31, 2009	September 1, 2009	September 30, 2009

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, 2008	September 10, 2008	October 1, 2008	April 30, 2009
August 15, 2008	September 15, 2008	October 6, 2008	May 31, 2009
September 20, 2008	September 30, 2008	October 20, 2008	June 30, 2009

--*

2 Basic Loanmaking Provisions (Continued)

H Beneficial Interest

See 8-LP, paragraph 129 for beneficial interest procedures.

I Forms

Use:

- SU-2 for both warehouse- and farm-stored nonrecourse sugar loans
- 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 (see Exhibit 6)
- CCC-770 SU-2 (see 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://intra3.fsa.usda.gov/dam/ffasforms/currentforms.asp>
- 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
 - by filing a copy:
 - in the applicable sugar loan folder
 - in a folder marked “CCC-770 SU-1 and 2 Spot Checks FYxx” to assist in CED and State Office spot checks and the completion of the National Report--*

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
 - by filing a copy:
 - in the processor's folder containing UCC-1 filing, lien search, and required lien waivers
 - in a folder marked "CCC-770 SU-1 and 2 Spot Checks FYxx"
 - 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 5 sugar loan applications 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 five CCC-770 SU-1's spot-checked by CED 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 National Report of CCC-770 SU-1 Spot Checks**

The spot check of CCC-770 SU-1's by both CED and STC or designee will be combined with other CCC-770 spot checks on a National Report that SED's submit by October 31 for the previous FY.--*

N 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.

O National Report of CCC-770 SU-2 Spot Checks

--The spot check of CCC-770 SU-2's by both CED and STC or designee will be combined with other CCC-770 spot checks on a National Report that SED's submit by October 31 for the pervious FY.--

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 Forms

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

IF monies received...	THEN file...
have not or will not be used to lobby or otherwise influence the actions of a Federal official about a particular loan	CCC-674.
have or will be used to lobby or otherwise influence the actions of a Federal official about a particular loan	SF-LLL.

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 CCC-674 and SF-LLL with instructions to complete, and return the applicable form to the County Office.
2	Disburse the loan after 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 all required documentation and signatures.
settlements	both of the following: <ul style="list-style-type: none"> •*--a properly completed KC-227 or KC-227 A--* • documentation required to complete the transaction.

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.

7-27 (Reserved)

Part 2 Eligibility Requirements

28 Processor Eligibility

A Basic Requirements

Determine processor eligibility according to this table.

IF processor...	THEN...
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.

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

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.

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 Warehouses and List of Warehouse Offer Rates

A Approved Warehouses and Offer Rates

A current list of UGRSA-approved warehouses and warehouse codes will be available at <http://www.fsa.usda.gov/daco/sugar/aprvdlist.htm>.

KCCO will provide County Offices with current lists and subsequent updates of UGRSA-approved warehouse offer rates.

When changes occur with UGRSA-approved warehouses, KCCO shall provide the State Office with a courtesy copy of the letter sent to the warehouse.

B Approved Rates

Approved warehouse offer rates shall be:

- posted in a prominent place in the County Office for public review
- distributed to surrounding County Offices
- updated in the APSS offer shipping rate table according to 12-PS.

Note: Presently, these rates are **not** available on the web.

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 the Addendum to Sugar Loan Disbursements in Exhibit 5.

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 sugar cane was grown.
8	Enter the control number assigned by the warehouse operator. Note: 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. Note: 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".
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"> • signature of an authorized individual, such as corporate officer, partner, or proprietor • date this KC-227 is signed.

--*

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.
*--

KC-227 (01-09-07)		U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency				FOR CCC USE ONLY	
RAW SUGAR CERTIFICATION REPORT							
3. NAME AND LOCATION OF RECEIVING WAREHOUSE XYZ Sugar Corporation Orlando, FL						1. LOAN APPLICATION DATE	
						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 2006	8. CONTROL NUMBER 1		
				9. DATE ISSUED 2/23/2007			
10. QUANTITY AND QUALITY	A. TOTAL NET POUNDS 10,000,000	B. POLARIZATION 98	C. ASH .22	D. COLOR 4000	E. GRAIN SIZE 48	F. % MOISTURE .28	
	11. CERTIFICATION AND SIGNATURE						
<p>I certify that the raw sugar described on this report is raw sugar:</p> <ul style="list-style-type: none"> 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 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). <p>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.</p>							
A. WAREHOUSE OPERATOR'S SIGNATURE						B. DATE	
PRIVACY ACT AND PUBLIC BURDEN STATEMENTS							
<p>The following statements are made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a) and the Paperwork Reduction Act of 1995, as amended. Authority for the use of this form is under 7 CFR Part 1423 and the respective CCC Storage Agreement. The information will be used to certify the accuracy of the invoice. Furnishing the requested information is mandatory. Failure to furnish the requested information will result in nonpayment of the invoice. 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, 1001; 15 USC 3729, may be applicable to the information provided.</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>							
NONDISCRIMINATION STATEMENT							
<p>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (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).</p> <p>To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</p>							

--*

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. Note: 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"> • signature of an authorized individual, such as corporate officer, partner, or proprietor • date KC-227-A is signed.

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.

*--

KC-227-A (01-09-07)		U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency			REFINED SUGAR CERTIFICATION REPORT			FOR CCC USE ONLY			
3. NAME AND LOCATION OF RECEIVING WAREHOUSE ABC Sugar Company Los Angeles, CA							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 2006	8. CONTROL NUMBER 1			9. DATE ISSUED 2/23/2007			
10. QUANTITY	A. TOTAL NET POUNDS 10,000,000		B. GROSS WEIGHT 10,200,000		C. NUMBER OF UNITS 10,000		D. NUMBER OF UNITS				
							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.										
12. CERTIFICATION AND SIGNATURE											
I certify that the refined sugar described on this report is refined sugar:											
<ul style="list-style-type: none"> 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 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). 											
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					
PRIVACY ACT AND PUBLIC BURDEN STATEMENTS											
The following statements are made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a) and the Paperwork Reduction Act of 1995, as amended. Authority for the use of this form is under 7 CFR Part 1423 and the respective CCC Storage Agreement. The information will be used to certify the accuracy of the invoice. Furnishing the requested information is mandatory. Failure to furnish the requested information will result in nonpayment of the invoice. 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, 1001; 15 USC 3729, may be applicable to the information provided.											
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35-45 (Reserved)

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.

B Loan Types

Nonrecourse loans may be disbursed to an eligible processor of 2002 through 2007 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.

County Offices shall record the loan rate for each crop year on the loan rate table according to 12-PS, Part 14.

Supplemental loan rate shall be the loan rate in effect at the time the supplemental loan is 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 403 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 404.

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 414.

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 APSS. See 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.

IF...	THEN...
<ul style="list-style-type: none"> • commodity is stored in multiple counties within the same State • commodity is stored in a State different from the processor's place of business 	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 CCC-184 to pay for filing or recording fees according to either of the following:

- 1-FI
- 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 414.

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.

*--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.

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 September 1 , 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"> • AD-1026 • FSA-578.
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"> •*--lists of eligible and/or ineligible persons immediately after the determination--* is made • updated lists as applicable • send copy to State Offices in both verifying and loanmaking County Office.

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 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, subparagraph 602 B
- if payment is not made within 30 calendar days after the date of the notification letter, send the demand letter in 8-LP, subparagraph 613 F
- if the processor fails to pay within 30 calendar days after the date of the demand letter, do the following:
 - transfer amounts not paid to claims according to 12-PS, Part 12
 - establish a claim for the applicable amount, plus interest, according to 58-FI
- process repayments received:
 - **within** 30 calendar days from the date of the demand letter, and record the repayment according to Part 5
 - **after** a claim has been established according to 58-FI.

63 Handling Ineligibility (Continued)

C Example

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

IF the processor has...	THEN the processor must...
<ul style="list-style-type: none"> • a total of 1,000,000 pounds raw cane or refined beet sugar in eligible storage • received a loan for an amount applicable to 500,000 pounds of sugar that was certified as eligible for loan • subsequently determined, upon notification of noncompliance from loanmaking County Office, that 600,000 pounds of sugar in storage was delivered from ineligible producers 	<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 15th 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.--*

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

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. Note: Only 1 type can be checked for the loan.
10	<p>For:</p> <ul style="list-style-type: none"> • farm-stored loans, enter the total number of pounds in storage to be placed under loan <p>Notes: For bulk raw cane sugar:</p> <ul style="list-style-type: none"> • the processor shall provide weight and polarization, or satisfactory records to substantiate the quantity for which the loan is requested • do not adjust loan quantity for polarity • independent polarity sampling, at the processor’s expense, will be done at forfeiture for settlement purposes. <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"> • warehouse-stored loans, from KC-227 or KC-227-A, enter the total net pounds from item 10 A.
11	<p>Enter the mortgaged quantity.</p> <p>Note: The quantity for loan should, for:</p> <ul style="list-style-type: none"> • farm-stored loans: <ul style="list-style-type: none"> • equal the mortgaged quantity in item 10 • not be greater than the amount entered in item 2 c • warehouse-stored loans, must equal the quantity in item 10.
12	Enter the applicable loan rate from Exhibit 9.
13	Enter the result of multiplying item 11 times item 12.
14	Enter the total from columns 10, 11, and 13.
Part B	The processor shall read Part B before signing the processor certification of eligible sugar.
Part C	<ul style="list-style-type: none"> • Authorized CCC representative shall sign and date after verifying that the information on SU-2 is correct. • Enter County Office name, address, and telephone number.

--*

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
(06-29-04)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

APPLICATION FOR NONRECOURSE SUGAR LOAN

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 10 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.

The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The information will be used to determine your eligibility to enter into a Farm Storage Note and Security Agreement with the CCC. Furnishing the requested information is voluntary, without it no monies or other benefits may be paid out under this program. 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, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, 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	4. COMMODITY	5. ST. & CO. CODE AND LOAN NO.	
		a. Total Capacity (Lbs.)					
		b. Ineligible quantity in storage (Lbs.)		6. LIENHOLDER (S)			
		c. Eligible quantity in storage (Lbs.)					
7. WAREHOUSE NUMBER	8. LOCATION OF FACILITY	9. TYPE OF SUGAR (Check one below)		10. QUANTITY IN STORAGE (Lbs.)	11. QUANTITY FOR LOAN (Lbs.)	12. LOAN RATE PER LB.	13. LOAN VALUE \$
		Sugar Cane	Sugar Beet	In Process			
14. TOTALS :							

PART B - PROCESSOR CERTIFICATION

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 1433); (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 718 Controlled Substances; the processor has not pledged as collateral for such a loan a quantity of 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 11.

15A. PROCESSOR'S SIGNATURE

15B. TITLE

15C. 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 1433.

16A. FOR COUNTY FSA COMMITTEE

16B. DATE (MM-DD-YYYY)

16C. COUNTY OFFICE NAME AND ADDRESS

16D. TELEPHONE NUMBER (Include Area code)

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.

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.

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 checks.

Step	Action
1	Initiate a spot check of each processor's total outstanding in-process loan quantity according to 12-PS, Part 15.
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	Notify sugar storage verifying County Office through verifying State Office to: <ul style="list-style-type: none"> • initiate spot check on applicable loans • provide quantities under loan. 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.

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

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"> • request for spot check • quantity under loan at time of spot check.
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. Note: 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.
4	Keep original spot-check report in processor's loan folder and send copies according to subparagraph 74 C.

D 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 APSS, according to Part 15, Section 3.

Prepare and deposit collections according to 3-FI and 6-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 APSS.

When APSS is **not** operating, see 8-LP, Part 9 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>Processors redeeming a loan that has a total aggregate principal amount of \$500,000 or more and...</p>	<p>THEN...</p>
<p>repayment is by check</p>	<p>assess interest from the loan disbursement date through the day after the date of repayment.</p> <p>Example: A processor receiving a sugar loan disbursement on *--February 3, 2007, and repaying the loan by check on April 15, 2007, would be assessed interest from--* February 3 through April 16, or 74 days.</p>
<p>repayment is by wire transfer</p>	<ul style="list-style-type: none"> • assess interest from the loan disbursement date up to, but not including, the second day before the date of repayment <p>Example: A processor receiving a sugar loan disbursement on *--February 3, 2007, and repaying the loan by wire transfer on April 15, 2007, would be assessed interest from--* February 3 through April 12, or 70 days.</p> <ul style="list-style-type: none"> • according to 3-FI: <ul style="list-style-type: none"> • process a wire transfer: <ul style="list-style-type: none"> • schedule number log • deposit file • prepare CCC-258. <p>Note: 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 cannot be combined to achieve a 4 calendar day interest break.</p>
<p>Processors redeeming a loan that has a total aggregate principal amount of less than \$500,000 and...</p>	<p>THEN...</p>
<p>repayment is by check or wire transfer</p>	<ul style="list-style-type: none"> • assess interest from the loan disbursement date up to, but not including, the date of repayment • according to 3-FI, process a wire transfer. <p>Example: A processor receiving a sugar loan disbursement on *--February 3, 2007, and repaying the loan by check or wire transfer on April 15, 2007, would be assessed interest--* from February 3 through April 14, or 72 days.</p>

124-135 (Reserved)

Part 6 Loan Maturity and Forfeitures

136 County Office Notice to Processors Before Maturity

A Loan Maturity Report

County Offices shall prepare loan maturity reports through APSS, according to 12-PS, paragraphs 1460 and 1463.

B 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.

Note: Use the query letter generated according to 12-PS, paragraph 1489.5.

137 Loan Forfeiture Procedures

A Nonrecourse Loans

For loans forfeited or delivered to CCC, loanmaking County Offices shall:

- complete settlement according to:
 - paragraph 374 for processed loans
 - paragraphs 386 and 387 for in-process loans

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:

BULK COMMODITY DIVISION
 INVENTORY MANAGEMENT BRANCH
 STOP 8748
 P O BOX 419205
 KANSAS CITY, MO 64141-6205
 Telephone 816-926-6444
 FAX 816-823-1804

- CCC-677 and CCC-678
- SU-2, updated to show the quantity outstanding or forfeited by lot
- KC-227 or KC-227-A
- CCC-692, if applicable
- **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**. See Exhibit 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 1st workday after maturity
- collateral is converted into raw or refined beet sugar within 1 month of loan maturity
- once 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 Part 1435.

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 1st 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 **deann.allen@wdc.usda.gov**--*
- no later than 10 a.m. (local time) the 1st 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. Sugar beet and sugarcane processors who receive CCC loans are required to make minimum payments for all sugar beets and sugarcane received from growers. Sugar beet growers minimum payment must not exceed the amount specified in the growers processor contract. Processors **must** certify on SU-2 that they have paid or will pay at least the minimum payment level.

Note: See Exhibit 10 for information about minimum level payment policy for sugarcane or sugar beet.

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 at least the established minimum payment level specified in the grower processor contract. See Exhibit 10.

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, in addition to reviewing the annual grower’s contract with the processors.

Step	Action
1	Determine from the processor’s records when the final settlement is made with producers. For: <ul style="list-style-type: none"> • sugar beets, settlement is generally made within 30 calendar days after the end of the processor’s marketing year • sugarcane, the time of settlement varies, but should be consistent with what has been normal in past years.
2	Upon final settlement, randomly select for spot check 15 percent of the producers who have delivered to each processor. Verify for: <ul style="list-style-type: none"> • processor records that the selected producers have been paid at least the applicable minimum payment level for the region • producers who deliver higher or lower than average beets or cane sugar to a processor, that producers were paid according to the terms and conditions of the marketing contract, if any. <p>Note: See Exhibit 10 for minimum payment levels.</p>
3	Issue verification letter to producers to verify processor’s records. <p>Note: See suggested letter to verify processor’s records in subparagraph B.</p>

175 Determining Payment to Producers (Continued)

A Spot Check Procedures (Continued)

Step	Action
4	After 30 calendar days, consider no response to be verification of the processor's records.
5	<p>Review with the processor any cases in which noncompliance is indicated.</p> <ul style="list-style-type: none"> • County Offices conducting the spot checks shall send to State Office a summary of noncompliance cases, including the percentage of spot checks involved. • State Offices 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. <p>Note: Report individual cases only if compliance is not achieved.</p>
6	<p>Keep, in the processor's loan folder, documentary record of each spot check, including:</p> <ul style="list-style-type: none"> • date of spot check • name of person doing the check.

175 Determining Payment to Producers (Continued)

B Letter

This is an example of a letter to producers to verify processor's records.

[Type on County Office letterhead]

[Date]

A. B. Producer
 1234 Hendricks Street
 Swan Lake, ID 87654-1234

Dear Producer:

Eligibility for sugar loans from the Department of Agriculture requires a sugar processor obtaining nonrecourse loans to pay producers at least a minimum payment level for sugar beets and sugarcane of average quality. For greater or lesser than average quality sugar beets, producers must be paid according to an agreed upon marketing contract between processor and producer. For sugar cane, producers must be paid according the CCC-established rates.

Applicable costs may be deducted from the minimum payment by the processor if agreed upon and provided for in a written producer/processor contractual agreement or addendum to such agreement.

Processors that are cooperatively owned by producers may legally assess their members a membership fee by deducting from the minimum payment level.

Nonmembers must receive at least the minimum payment level.

 (processor) has recorded that you were paid \$ per ton for (sugar beets or sugarcane) that was purchased from you.

Please verify this information and if not correct, contact the County Office listed above. If the information is correct, please disregard this letter.

Your assistance is appreciated.

Sincerely,

County Executive Director

176-186 (Reserved)

Parts 8-14 (Reserved)

187-330 (Reserved)

Part 15 Sugar Loan Functions in APSS

Section 1 Using APSS

331 Automated Procedures

A Using This Handbook for APSS

Follow the instructions in this handbook when using APSS to accomplish the following types of loan activities:

- loanmaking
- supplemental loanmaking
- repledged loanmaking
- additional disbursements
- repayments
- settlements
- corrections.

B Common Procedures

Some common procedures are essential to more than 1 specific automated process. Common procedures applicable to all loan processes are in 12-PS. This section contains instructions for common procedures applicable to:

- County Office maintained files
- access to loan applications
- processor and loan identification.

C Automated Program Codes

--Program codes for 2005 and subsequent crop years for processed and in-process sugar are:--

- in-process cane, XXIPCS
- in-process beet, XXIPBS
- beet sugar, XXBSUG
- *--sugarcane, XXRACS.--*

Notes: Replace “XX” with the applicable crop year.

For edible molasses or sugarcane syrup, use the program code for beet sugar or sugarcane, as applicable.

332 County Office Maintained Table Files

A Maintaining and Updating Table Files

County Offices shall maintain and update the table files in subparagraph B before beginning the loanmaking process.

B APSS Procedure

County Offices shall maintain table files according to the following table.

Reference	Table File	Frequency
12-PS, Part 14, Section 3	Commodity Loan Rate	Yearly
	Offer Shipping Rate	Yearly

C Area/Region Codes

County Offices shall refer to Exhibit 9 for area/region codes.

333 Commonly Used Keys

A Using Command Keys

Several command key functions are available throughout the price support processes. The available command keys:

- may vary on different menus or screens
- are displayed at the bottom of the menu or screen
- may be used any time they are displayed.

B “Cmd3” and “Cmd7” Keys

The following are the most common command key functions displayed.

Key	Function
“Cmd3=Previous Menu”	Ends the process and displays the previous menu.
“Cmd3=Previous Screen”	Displays the previous screen.
“Cmd7=End of Job”	Ends the process and displays Price Support Main Menu PCA005.

C “New Line” and “Field Exit” Keys

The following are the most common key functions used to move around a screen requiring data entry.

Key	Function
“New Line”	Pressing the “New Line” key within a data entry field leaves the data positioned exactly as entered.
“Field Exit”	Causes the data entered to be right justified within the data field. Since most numerical fields require the data to be right justified, use “Field Exit” unless instructed otherwise.

334 Accessing Price Support Applications

A Instructions

To access County Office price support applications described in this handbook, sign on to the computer and follow the instructions in this table.

Step	Action	Result
1	On Primary Selection Menu FAX250: <ul style="list-style-type: none"> • ENTER “4”, “Application Processing (Office Selection)” • PRESS “Enter”. 	Menu FAX09002 will be displayed.
2	On Office Selection Options Menu FAX09002: <ul style="list-style-type: none"> • select the County Office to be processed • PRESS “Enter”. 	Menu FAX07001 will be displayed.
3	On Application Selection Menu FAX07001: <ul style="list-style-type: none"> • ENTER “13”, “Price Support” • PRESS “Enter”. 	Menu PCA005 will be displayed. Select the option applicable to the transaction to be processed according to subparagraph B.

334 Accessing Price Support Applications (Continued)

B Price Support Main Menu PCA005 Options

Follow this table for selecting options available on Price Support Main Menu PCA005 applicable to sugar loans. PRESS “Enter” after making a selection.

Option	Title	Result
1	Inquire About a Loan/LDP	Screen PCA11000 will be displayed. See 12-PS, paragraph 16.
2	Perform Loanmaking Functions	Screen PCA11000 will be displayed. See Part 15, Section 2.
4	Repay a Loan/Refund LDP Amount	Screen PCA11000 will be displayed. See 12-PS, Part 7.
5	Settle a Loan	Screen PCA11000 will be displayed. See paragraph 387.
6	Forfeit a Loan	Screen PCA11000 will be displayed. See paragraph 374.
7	Correct a Loan/LDP	Screen PCA11000 will be displayed. See paragraph 401.
8	Perform Loan/LDP Servicing Functions	Menu PVA005 will be displayed. See 12-PS, Part 12.
9	Perform Administrative Functions	Menu PAA010 will be displayed. See 12-PS, Part 14.
11	Perform System Control Functions	Menu PKA000 will be displayed. See 12-PS, Part 17.

335-345 (Reserved)

Section 2 Loanmaking

346 In-Process Sugar Loanmaking Transaction

A Entering In-Process Sugar Loans

*--All in-process sugar loans shall be:

- disbursed through APSS; see 1-FI, paragraph 215 and 1-CM, paragraph 813--*
- processed as **Farm-Stored Regular Certified**.

Follow instructions in the following table to process in-process sugar loans.

Step	Action	Result	
1	On Menu PCA005: <ul style="list-style-type: none"> • ENTER “2” • PRESS “Enter”. 	Screen PCA11000 will be displayed.	
2	On Screen PCA11000: <ul style="list-style-type: none"> • enter: <ul style="list-style-type: none"> • either the producer’s last name or the producer’s ID and type • the crop year • “N” for the loan number • PRESS “Enter”. 	IF...	THEN go to...
		<ul style="list-style-type: none"> • Screen PCA12000 is displayed • Screen MACR04-01 is displayed 	<ul style="list-style-type: none"> • step 4 • step 3.
3	On Screen MACR04-01: <ul style="list-style-type: none"> • enter the number for the desired producer • PRESS “Enter”. 	Screen PCA12000 will be displayed.	
4	On Screen PCA12000: <ul style="list-style-type: none"> • ENTER “Y” or “N”, as applicable, to the following questions: <ul style="list-style-type: none"> • “Is this the correct producer?” • “Is this the re-entry of a corrected loan?” • PRESS “Enter”. 	IF the producer is...	THEN...
		correct and this is not a re-entry of a corrected loan	Menu PLA000 will be displayed. Go to step 6.
		not correct	Screen PCA11000 will be redisplayed. Return to step 2.
		correct, but this a re-entry of a corrected loan	Screen PCA12000 will be redisplayed. Go to step 5.

346 In-Process Sugar Loanmaking Transaction (Continued)

A Entering In-Process Sugar Loans (Continued)

Step	Action	Result
5	On Screen PCA12000: <ul style="list-style-type: none"> • enter the crop year and loan number of the original loan • PRESS “Enter”. 	Menu PLA000 will be displayed. Go to step 6.
6	On Menu PLA000: <ul style="list-style-type: none"> • ENTER “1” • PRESS “Enter”. 	Screen PLB10000 will be displayed. Go to step 7.
7	On Screen PLB10000: <ul style="list-style-type: none"> • enter: <ul style="list-style-type: none"> • commodity code • class/variety • crop year • PRESS “Enter”. 	Screen PLB10005 will be displayed. Go to step 8.
8	On Screen PLB10005: <ul style="list-style-type: none"> • ENTER “Y” or “N”, as applicable, to the question, “Is a spot check required for this loan?” • enter the loan application date (MMDDYY) • ENTER “Y”, as applicable, to the question, “Is this a replighted loan?” • enter the region code for the applicable loan rate <p>Note: Refer to Exhibit 9 for area/region codes.</p> <ul style="list-style-type: none"> • PRESS “Enter”. 	Screen PLB10010 will be displayed. Go to step 9.
9	On Screen PLB10010: <ul style="list-style-type: none"> • enter the location where the commodity is stored • PRESS “Enter”. 	Screen PLB11010 will be displayed. Go to step 10.

346 In-Process Sugar Loanmaking Transaction (Continued)

A Entering In-Process Sugar Loans (Continued)

Step	Action	Result
10	<p>On Screen PLB11010:</p> <ul style="list-style-type: none"> • enter: <ul style="list-style-type: none"> • seal number <p style="margin-left: 40px;">Note: This number has been preassigned by the system; enter new number to manually assign.</p> • quantity in storage (numeric) • quantity for loan (numeric) • additional lots? (Y or N) • PRESS “Enter”. 	<p>Screen PLB13000 will be displayed. Go to step 11.</p>
11	<p>On Screen PLB13000:</p> <ul style="list-style-type: none"> • the following information is system-displayed: <ul style="list-style-type: none"> • seal number • mortgaged quantity • loan quantity • loan rate • total loan amount • PRESS “Enter”. 	<p>Screen PLB13500 will be displayed. Go to step 12.</p>
12	<p>On Screen PLB13500:</p> <ul style="list-style-type: none"> • the following information is system-displayed: <ul style="list-style-type: none"> • mortgaged quantity • loan quantity • loan amount • service fees • PRESS “Enter”. 	<p>Screen PLB13505 will be displayed. Go to step 13.</p>

346 In-Process Sugar Loanmaking Transaction (Continued)

A Entering In-Process Sugar Loans (Continued)

Step	Action	Result
13	On Screen PLB13505: <ul style="list-style-type: none"> • the following information is displayed: <ul style="list-style-type: none"> • gross loan amount • total loan amount • service fees • PRESS “Enter”. 	Screen PLB13510 will be displayed. Go to step 14.
14	On Screen PLB13510: <ul style="list-style-type: none"> • the following information is displayed: <ul style="list-style-type: none"> • mortgaged quantity • loan quantity • loan amount • disbursement amount • PRESS “Enter”. 	Menu PLA005 will be displayed. Go to step 15.
15	On Menu PLA005: <ul style="list-style-type: none"> • enter the applicable option number • PRESS “Enter”. 	Screen PLA13005 will be displayed. Go to step 16.
16	On Screen PLA13005: <ul style="list-style-type: none"> • enter: <ul style="list-style-type: none"> • date of lien search • answer to the question, “Do you wish to complete this process?” (Y or N) • PRESS “Enter”. 	Screen PCA97000 will be displayed. Go to step 17.

346 In-Process Sugar Loanmaking Transaction (Continued)

A Entering In-Process Sugar Loans (Continued)

Step	Action	Result	
17	On Screen PCA97000: <ul style="list-style-type: none"> • enter the printer ID to print forms and reports • PRESS "Enter". 	CCC-677 will be printed, and Screen PCE52010 will be displayed. Go to step 18.	
18	On Screen PCE52010, ENTER "Y" or "N" to the question, "Do you want to reprint this form?"	IF...	THEN...
		"Y" was entered	<ul style="list-style-type: none"> • CCC-677 will be reprinted • Screen PCE52010 will be redisplayed. Repeat this step.
"N" was entered	<ul style="list-style-type: none"> • CCC-677 will not be printed • Screen PCE54010 will be displayed. Go to step 19. 		
19	On Screen PCE54010, ENTER "Y" or "N" to the question, "Do you wish to reprint this form?"	IF...	THEN...
		"Y" was entered	<ul style="list-style-type: none"> • CCC-677A will be reprinted • Screen PCE54010 will be redisplayed. Repeat this step.
"N" was entered	CCC-677A will not be reprinted. Go to step 20.		
20	Accounting-Checkwriting procedure begins. See 1-FI for Accounting-Checkwriting procedure. *--Note: Checks and EFT's for a disbursement over \$8,900,000 on a single loan will automatically be split into multiple records resulting in more than 1 check or transaction statement each less than \$8,900,000, but totaling the loan amount. No action by the County Office is required.--*	After Accounting-Checkwriting procedure is completed, Menu PCA005 will be redisplayed. Return to step 1.	

347 Processed Sugar Loanmaking Transaction

A Entering Processed Sugar Loans

*--All processed sugar loans shall all be:

- disbursed through APSS; see 1-FI, paragraph 215 and 1-CM, paragraph 813--*
- processed as warehouse loans.

Process processed sugar loans according to the following table.

Step	Action	Result	
1	On Menu PCA005: <ul style="list-style-type: none"> • ENTER “2” • PRESS “Enter”. 	Screen PCA11000 will be displayed.	
2	On Screen PCA11000: <ul style="list-style-type: none"> • enter: <ul style="list-style-type: none"> • either the producer’s last name or the producer’s ID and type • the crop year • “N” for the loan number • PRESS “Enter”. 	IF... <ul style="list-style-type: none"> • Screen PCA12000 is displayed • Screen MACR04-01 is displayed 	THEN go to... <ul style="list-style-type: none"> • step 4 • step 3.
3	On Screen MACR04-01: <ul style="list-style-type: none"> • enter the number for the desired produce. • PRESS “Enter”. 	Screen PCA12000 will be displayed.	
4	On Screen PCA12000: <ul style="list-style-type: none"> • ENTER “Y” or “N”, as applicable, to the following questions: <ul style="list-style-type: none"> • “Is this the correct producer?” • “Is this the re-entry of a corrected loan?” • PRESS “Enter”. 	IF the producer is...	THEN...
		correct and this is not a re-entry of a corrected loan	Menu PLA000 will be displayed. Go to step 6.
		not correct	Screen PCA11000 will be redisplayed. Return to step 2.
		correct, but this a re-entry of a corrected loan	Screen PCA12000 will be redisplayed. Go to step 5.

347 Processed Sugar Loanmaking Transaction (Continued)

A Entering Processed Sugar Loans (Continued)

Step	Action	Result
5	On Screen PCA12000: <ul style="list-style-type: none"> • enter the crop year and loan number of the original loan • PRESS “Enter”. 	Menu PLA000 will be displayed. Go to step 6.
6	On Menu PLA000: <ul style="list-style-type: none"> • ENTER “4” • PRESS “Enter”. 	Screen PLC10000 will be displayed. Go to step 7.
7	On Screen PLC10000: <ul style="list-style-type: none"> • enter: <ul style="list-style-type: none"> • commodity • class (leave blank) • crop year • warehouse code • the area/region code for applicable loan rate <p>Note: This does not come up on the first screen. The screen will display the message, “Invalid Sugar Region Code. Please Reenter”, when “Enter” is pressed. Enter code from Exhibit 9.</p> <ul style="list-style-type: none"> • loan application date <p>*--Note: For supplemental loans, loan application date is October 1 or later. See subparagraph 2 G table for examples.--*</p> <ul style="list-style-type: none"> • for a supplemental loan, the number of months the original loan was outstanding <p>Example: Original loan is disbursed in August and repaid in September. Supplemental loan is requested in October. Initial loan was in effect for 1 month. ENTER “1”. New maturity date will be May 31st. *--See subparagraph 2 G table for clarification.--*</p> <ul style="list-style-type: none"> • expected month of loan approval • “Is this a repledged loan?” • PRESS “Enter”.	Screen PLC20000 will be displayed. Go to step 8.

347 Processed Sugar Loanmaking Transaction (Continued)

A Entering Processed Sugar Loans (Continued)

Step	Action	Result
8	<p>On Screen PLC20000:</p> <ul style="list-style-type: none"> • enter: <ul style="list-style-type: none"> • control number <p>Note: This number is the number the processors enter on KC-227 or KC-227-A; there will be no warehouse receipts issued.</p> <ul style="list-style-type: none"> • date KC-227 or KC-227-A issued • storage charge per pounds • PRESS “Enter”. 	<p>Screen PLC23500 will be displayed. Go to step 9.</p>
9	<p>On Screen PLC23500, the receipt number is system-displayed.</p> <ul style="list-style-type: none"> • Enter the answer to the question, “Do you have additional receipts?”. • PRESS “Enter”. 	<p>Screen PLC11000 will be displayed. Go to step 10.</p>
10	<p>On Screen PLC11000:</p> <ul style="list-style-type: none"> • the following information is system-displayed: <ul style="list-style-type: none"> • receipt number • receipt loan quantity • receipt loan amount • basic commodity loan rate • total premiums amount • total discounts amount • net loan rate • PRESS “Enter”. 	<p>Screen PLC12000 will be displayed. Go to step 11.</p>

347 Processed Sugar Loanmaking Transaction (Continued)

A Entering Processed Sugar Loans (Continued)

Step	Action	Result
11	On Screen PLC12000: <ul style="list-style-type: none"> • the following information is system-displayed: <ul style="list-style-type: none"> • loan quantity • loan amount • service fees • PRESS “Enter”. 	Screen PLC12005 will be displayed. Go to step 12.
12	On Screen PLC12005: <ul style="list-style-type: none"> • the following information is system-displayed: <ul style="list-style-type: none"> • gross loan amount • total loan amount • service fees • PRESS “Enter”. 	Screen PLC12010 will be displayed. Go to step 13.
13	On Screen PLC12010: <ul style="list-style-type: none"> • the following information is system-displayed: <ul style="list-style-type: none"> • loan quantity • loan amount • disbursement amount • PRESS “Enter”. 	Menu PLA005 will be displayed. Go to step 14.
14	On Menu PLA005: <ul style="list-style-type: none"> • enter the applicable option number • PRESS “Enter”. 	Screen PLA13005 will be displayed. Go to step 15.

347 Processed Sugar Loanmaking Transaction (Continued)

A Entering Processed Sugar Loans (Continued)

Step	Action	Result	
15	On Screen PLA13005 <ul style="list-style-type: none"> • enter: <ul style="list-style-type: none"> • date of lien search • original loan approval date • *--Note: For supplemental loans, loan approval date is in July, August, or September. See subparagraph 2 G table for examples.--* • answer to the question, “Do you wish to complete this process?” (Y or N) • PRESS “Enter”. 	Screen PCA97000 will be displayed. Go to step 16.	
16	On Screen PCA97000: <ul style="list-style-type: none"> • enter the printer ID to print forms and reports • PRESS “Enter”. 	<ul style="list-style-type: none"> • CCC-678 will be printed. • Screen PCE55010 will be displayed. Go to step 17. 	
17	On Screen PCE55010, ENTER “Y” or “N” to the question, “Do you want to reprint this form?”	IF...	THEN...
		“Y” was entered	<ul style="list-style-type: none"> • CCC-678 will be reprinted • Screen PCE55010 will be redisplayed. Repeat this step.
		“N” was entered	<ul style="list-style-type: none"> • CCC-678 will not be printed. • Screen PCE54010 will be displayed. Go to step 18.

347 Processed Sugar Loanmaking Transaction (Continued)

A Entering Processed Sugar Loans (Continued)

Step	Action	Result	
18	On Screen PCE54010, ENTER “Y” or “N” to the question, “Do you wish to reprint this form?”	IF...	THEN...
		“Y” was entered	<ul style="list-style-type: none"> • CCC-677A will be reprinted • Screen PCE54010 will be redisplayed. Repeat this step.
		“N” was entered	CCC-677A will not be reprinted. Go to step 19.
19	<p>Accounting-Checkwriting procedure begins.</p> <p>See 1-FI for Accounting-Checkwriting procedure.</p> <p>*--Note: Checks and EFT’s for a disbursement over \$8,900,000 on a single loan will automatically be split into multiple records resulting in more than 1 check or transaction statement each less than \$8,900,000, but totaling the loan amount. No action by the County Office is required.--*</p>	<p>After Accounting-Checkwriting procedure is completed, Menu PCA005 will be redisplayed. Return to step 1.</p>	

348-358 (Reserved)

Section 3 Processing Repayments

359 Sugar Loan Repayments

A APSS Procedure

Process sugar loan repayments according to this table.

Step	Action	Result
1	On Menu PCA005: <ul style="list-style-type: none"> • ENTER “4” • PRESS “Enter”. 	Screen PCA12000 will be displayed. Go to step 2.
2	On Screen PCA12000: <ul style="list-style-type: none"> • ENTER “Y” or “N”, as applicable, to the following questions: <ul style="list-style-type: none"> • “Is this the correct producer?” • “Is this a recording of a manually made action?” • PRESS “Enter”. 	Screen PCA14000 will be displayed. Go to step 3.
3	On Screen PCA14000: <ul style="list-style-type: none"> • ENTER “Y” or “N”, as applicable, to the following questions: <ul style="list-style-type: none"> • “Is this the correct loan?” • “Do you wish to see bin/receipt information for this loan?” • PRESS “Enter”. 	Menu PPD00000 will be displayed. Go to step 4.
4	On Menu PPD00000: <ul style="list-style-type: none"> • enter the applicable repayment type • PRESS “Enter”. 	Menu PPD01000 will be displayed. Go to step 5.
5	On Menu PPD01000: <ul style="list-style-type: none"> • enter the applicable repayment option • PRESS “Enter”. 	Screen PPD11200 will be displayed. Go to step 6.

359 Sugar Loan Repayments (Continued)

A APSS Procedure (Continued)

Step	Action	Result
6	<p>On Screen PPD11200:</p> <ul style="list-style-type: none"> • enter: <ul style="list-style-type: none"> • repayment date <p>Note: See subparagraph 123 D for determining the correct repayment date to enter.</p> <ul style="list-style-type: none"> • “Y” or “N”, as applicable , to the following questions: <ul style="list-style-type: none"> • “Is this a wire transfer?” • “Was this loan disbursed entirely by direct deposit?” • PRESS “Enter”. 	<p>Screen PPD13800 will be displayed. Go to step 7.</p>
7	<p>On Screen PPD13800:</p> <ul style="list-style-type: none"> • the following information is displayed: <ul style="list-style-type: none"> • repayment date • maturity date • cost per pound • principal remaining • principal liquidated • quantity remaining • interest amount • quantity liquidated • total amount • enter the answer to the following question, “Do you wish to complete the Repayment?” (Y or N) • PRESS “Enter”. 	<p>Screen PPD98000 will be displayed. Go to step 8.</p>

359 Sugar Loan Repayments (Continued)

A APSS Procedure (Continued)

Step	Action	Result
8	On Screen PPD98000: <ul style="list-style-type: none"> • enter the “Amount Received” • PRESS “Enter”. 	Screen PCA97000 will be displayed. Go to step 9.
9	On Screen PCA97000: <ul style="list-style-type: none"> • enter the printer ID to print forms and reports • enter the number of copies to be printed • PRESS “Enter”. 	CCC-500 will be printed. Screen PCE50010 will be displayed. Go to step 10.
10	On Screen PCE50010, ENTER “Y” or “N” to the question, “Do you want to reprint this form?”	Screen AGK00500 will be displayed. Go to step 11.
11	Accounting-Checkwriting procedure begins. See 1-FI for Accounting-Checkwriting procedure.	After Accounting-Checkwriting procedure is completed, Menu PCA005 will be redisplayed. Return to step 1.

360 Completing Repayments

A Selecting Printer

Screen PCA97000 will be displayed with the message, "Price Support procedures to print forms and reports has started. Enter printer ID (P1, P2, etc.) to be used: P?" The session printer will automatically be displayed. To use the default printer, PRESS "Enter". Otherwise, change the entry to the desired printer and PRESS "Enter". CCC-500 will print and Screen PCE50010 will be displayed. See subparagraph B.

B Reprinting CCC-500

Screen PCE50010 will be displayed after CCC-500 has been printed. Screen PCE50010 displays the message, "Form CCC-500 should now be printing on P1. Do you want to reprint this form?"

- ENTER "Y" to reprint CCC-500. Screen PCE50010 will be redisplayed and CCC-500 may be reprinted again.
 - ENTER "N" to not reprint CCC-500. If all lots:
 - fit on CCC-500, a series of accounting screens will be displayed to record CCC-257 data
- Note:** See subparagraph D.
- do **not** fit on CCC-500, Screen PCE69010 will be displayed and CCC-500-1 will be printed. See subparagraph C.

C Printing CCC-500-1

After CCC-500 has been printed and not selected for reprinting, CCC-500-1 will be printed and Screen PCE69010 will be displayed with the message, "Form CCC-500-1 should now be printing on P?. Do you want to reprint this form?"

- ENTER "Y" to reprint CCC-500-1. Screen PCE69010 will be redisplayed and CCC-500-1 may be reprinted again.
- ENTER "N" to not reprint CCC-500-1. A series of accounting screens will be displayed to record CCC-257 data. See subparagraph D.

D Completing CCC-257 Processing

See 3-FI for instructions on completing CCC-257 processing. Once CCC-257 processing is complete, Menu PCA005 will be displayed.

361 Processing Receivable Repayments

A Accessing Receivable Repayments

After selecting Screen PPD00000, option 4 according to paragraph 359, Screen PPD71000 will be displayed with the receivable effective date and total receivable principal outstanding on the loan.

Note: If there are multiple receivable effective dates, “multiple” will be displayed instead of a specific date.

Enter the repayment date and indicate whether repayment is being made by wire transfer.

Note: To find specific receivable information about a loan before making the repayment, ENTER “1”, “Inquire About a Loan”, on Menu PCA005 according to 12-PS, Part 2.

B Completing Screen PPD71000

Complete Screen PPD71000 according to the following.

Field	Entry
Repayment Date	Enter current date to record a current day repayment.
	Enter date the repayment will be made to inquire about a future repayment.
	Enter date the repayment was received to record a manual repayment.
Is this a wire transfer?	Enter either of the following: <ul style="list-style-type: none"> • “Y” if the repayment is made by wire transfer • “N” if the repayment is made by other means.

PRESS “Enter” after completing entries. Screen PPD73000 will be displayed.

361 Processing Receivable Repayments (Continued)**E Interest Calculations**

Interest will be calculated from the receivable effective date up to, but not including, the date of repayment.

Notes: If a demand letter was mailed and the repayment date is over 30 calendar days from the date the letter was mailed:

- repayment must be handled through ACS according to 64-FI
- the message, “Cannot Repay. Please Transfer to Claims and Record Collection.”, will be displayed.

PRESS “Enter” to return to Menu PCA005, and transfer the receivable to claims according to 12-PS, Part 12.

F Receivable Summary

After pressing “Enter” on Screen PPD73000, Screen PPD74000 will be displayed with the following information:

- receivable effective date
- receivable principal liquidated

Note: This includes the principal repaid on all receivables entered during this transaction.

- interest due
- liquidated damages due, if applicable
- total due for this repayment.

361 Processing Receivable Repayments (Continued)

F Receivable Summary (Continued)

Complete Screen PPD74000 according to this table.

Field	Entry	
Enter amount you wish to repay	Enter the amount to be repaid. Note: If less than the total amount due is entered, the amount will be prorated between the receivable amount, interest, and liquidated damages displayed on the screen. Record in the loan folder the percent of liquidated damages paid, if applicable.	
Do you wish to repay another receivable?	IF another receivable is...	THEN ENTER...
	to be repaid	“Y”.
	not to be repaid	“N”.

PRESS “Enter” after completing entries. If the question, “Do you wish to repay another receivable?” was answered with:

- “Y”, Screen PPD73000 will be redisplayed to select another receivable according to subparagraph D
- “N”, Screen PPD76000 will be displayed.

361 Processing Receivable Repayments (Continued)**G Completing Repayments**

After all receivable repayments have been entered, Screen PPD76000 displays the following information:

- total receivable principal due
- total interest due
- total liquidated damages amount due
- grand total received.

Note: The grand total received is the total amount chosen to repay for all receivables selected.

The question, “Do you wish to complete this repayment?” will be displayed.

- To complete the repayment, ENTER “Y”. Screen PCA97000 will be displayed. See paragraph 360.
- To end processing, ENTER “N” or PRESS “Cmd7”. Menu PCA005 will be displayed.
- To restart the repayment, PRESS “Cmd2”. Screen PPD00000 will be displayed.

CCC-500 will print and Screen PCE50010 will be displayed. See paragraph 360.

362 Processing Overdisbursement Repayments

A Accessing Overdisbursement Repayments

After selecting Screen PPD00000, option 5 according to paragraph 359, Screen PPD72000 will be displayed with the overdisbursement effective date and total overdisbursement principal outstanding on the loan.

Note: If there are multiple overdisbursement effective dates, “multiple” will be displayed instead of a specific date.

Enter the repayment date and indicate whether repayment is being made by wire transfer.

Note: To find specific overdisbursement information about a loan before making the repayment, ENTER “1”, “Inquire About a loan”, on Menu PCA005 according to 12-PS, Part 2.

B Completing Screen PPD72000

Complete Screen PPD72000 according to the following.

Field	Entry
Repayment Date	Enter current date to record a current day repayment.
	Enter date the repayment will be made to inquire about a future repayment.
	Enter date the repayment was received to record a manual repayment.
Is this a wire transfer?	Enter either of the following: <ul style="list-style-type: none"> • “Y” if the repayment is made by wire transfer • “N” if the repayment is made by other means.

PRESS “Enter” after completing entries. Screen PPD73000 will be displayed.

362 Processing Overdisbursement Repayments (Continued)

C Selecting Overdisbursement to Repay

Screen PPD73000 displays the following information for each outstanding overdisbursement on the loan:

- select number
- effective date
- outstanding principal on this record
- previous interest on this record
- creating application.

Note: Creating application displays the following:

- “Loan Making” if the overdisbursement was created by recording a manual loan
- “LOAN VIOLATION” if the overdisbursement was created by recording a loan violation, for 1993 crop year and later
- “LIQ DAMAGES” for liquidated damages as a result of recording a loan violation.

D Making Repayments

Complete the repayment entries on Screen PPD73000 according to this table.

Step	Action						
1	Enter the number of the overdisbursement to be liquidated from the list on the screen. This is a required entry.						
2	Enter the dollar amount to be liquidated from this record. This is a required entry. Note: This entry should be the principal amount to be liquidated from the overdisbursement. The interest due will be calculated on the principal amount entered on Screen PPD73000.						
3	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">IF a demand letter was...</th> <th style="text-align: left;">THEN...</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">sent</td> <td style="padding: 5px;"> <ul style="list-style-type: none"> • enter the date the letter was mailed if the originating application is “Loan Making” • PRESS “Enter” if the originating application is “LOAN VIOLATION” or “LIQ DAMAGES”. </td> </tr> <tr> <td style="padding: 5px;">not sent</td> <td style="padding: 5px;">leave blank.</td> </tr> </tbody> </table>	IF a demand letter was...	THEN...	sent	<ul style="list-style-type: none"> • enter the date the letter was mailed if the originating application is “Loan Making” • PRESS “Enter” if the originating application is “LOAN VIOLATION” or “LIQ DAMAGES”. 	not sent	leave blank.
IF a demand letter was...	THEN...						
sent	<ul style="list-style-type: none"> • enter the date the letter was mailed if the originating application is “Loan Making” • PRESS “Enter” if the originating application is “LOAN VIOLATION” or “LIQ DAMAGES”. 						
not sent	leave blank.						

PRESS “Enter” after completing entries. Screen PPD75000 will be displayed.

362 Processing Overdisbursement Repayments (Continued)**E Interest Calculations**

Interest will be calculated from the disbursement date recorded for the overdisbursement to, but not including, the date of repayment.

Notes: If a demand letter was mailed and the repayment date is over 30 calendar days from the date the letter was mailed:

- repayment must be handled through ACS according to 64-FI
- the message, “Cannot Repay. Please Transfer to Claims and Record Collection.”, will be displayed.

PRESS “Enter” to return to Menu PCA005, and transfer the overdisbursement to claims according to 12-PS, Part 12.

F Overdisbursement Summary

After pressing “Enter” on Screen PPD73000, Screen PPD75000 will be displayed with the following information:

- overdisbursement effective date
- amount previously due, if more than 1 overdisbursement is being repaid
- overdisbursement principal liquidated

Note: This includes the principal repaid on all overdisbursements entered during this transaction.

- interest due
- liquidated damages due, if applicable
- total due for this repayment.

362 Processing Overdisbursement Repayments (Continued)

F Overdisbursement Summary (Continued)

Complete Screen PPD75000 according to this table.

Field	Entry	
Enter amount you wish to repay	Enter the amount to be repaid. Note: If less than the total amount due is entered, the amount will be prorated between the overdisbursement amount and interest on the screen.	
Do you wish to repay another overdisbursement?	IF another overdisbursement is... to be repaid	THEN ENTER... "Y".
	not to be repaid	"N".

PRESS "Enter" after completing entries. If the question, "Do you wish to repay another overdisbursement?" was answered with:

- "Y", Screen PPD73000 will be redisplayed to select another overdisbursement according to subparagraph D
- "N", Screen PPD77000 will be displayed.

362 Processing Overdisbursement Repayments (Continued)**G Completing Repayments**

After all overdisbursement repayments have been entered, Screen PPD77000 displays the following information:

- total overdisbursement principal due
- total interest due
- total liquidated damages amount due
- grand total received.

Note: The grand total received is the total amount chosen to repay for all overdisbursements selected.

The question, “Do you wish to complete this repayment?” will be displayed.

- To complete the repayment, ENTER “Y”. Screen PCA97000 will be displayed. See paragraph 360.
- To end processing, ENTER “N” or PRESS “Cmd7”. Menu PCA005 will be displayed.
- To restart the repayment, PRESS “Cmd2”. Screen PPD00000 will be displayed.

CCC-500 will print and Screen PCE50010 will be displayed. See paragraph 360.

363-373 (Reserved)

Section 4 Processed Sugar Loan Forfeiture Transaction

374 Completing Processed Sugar Loan Forfeiture Transactions

A APSS Loan Forfeiture Procedure

This table describes the APSS loan forfeiture procedure.

Step	Action	Result
1	On Main Menu PCA005, ENTER “6”, “Forfeit a Loan”, and PRESS “Enter”.	Screen PCA11000 will be displayed.
2	On Screen PCA11000, enter producer verification information and PRESS “Enter”.	Screen PCA12000 will be displayed.
3	On Screen PCA12000: <ul style="list-style-type: none"> • ENTER “Y” or “N”, as applicable, to the question, “Is this the correct producer?” • PRESS “Enter”. 	Screen PCA14000 will be displayed.
4	On Screen PCA14000: <ul style="list-style-type: none"> • ENTER “Y” or “N”, as applicable, to the following questions: <ul style="list-style-type: none"> • “Is this the correct loan?” • “Do you wish to see bin/receipt for this loan?” • PRESS “Enter”. 	Screen PFA10000 will be displayed.
5	On Screen PFA10000, select the appropriate forfeiture option: <ul style="list-style-type: none"> • “1”, “Full Forfeiture at Maturity” • “2”, “Partial Forfeiture at Maturity” • “3”, “Full Forfeiture Called Before Maturity” • “4”, “Partial Forfeiture Called Before Maturity”. <p>Note: If this loan only involves 1 receipt, a partial forfeiture is not allowed.</p> PRESS “Enter”.	Screen PFA11000 will be displayed.

374 Completing Processed Sugar Loan Forfeiture Transactions (Continued)

A APSS Loan Forfeiture Procedure (Continued)

Step	Action	Result
6	<p>On Screen PFA11000, the following information will be system-displayed:</p> <ul style="list-style-type: none"> • bin/receipt number • outstanding quantity • outstanding amount • CCC storage start date • acquisition date. <p>Answer “Y” or “N”, as applicable, to the question, “Was loan forfeited at option of producer?”</p> <p>PRESS “Enter”.</p>	<p>Screen PFA11500 will be displayed.</p>
7	<p>On Screen PFA11500, enter the following:</p> <ul style="list-style-type: none"> • polarity degree (Exhibit 18) for cane sugar • sugar area/region code number (Exhibit 9). <p>PRESS “Enter”.</p>	<p>Screen PFA13000 will be displayed.</p>
8	<p>On Screen PFA13000, the following information will be system-displayed:</p> <ul style="list-style-type: none"> • total charges • total credits • producer balance • premium amount • discount amount. <p>Print this page.</p> <p>PRESS “Enter”.</p>	<p>Screen ABK10001 will be displayed.</p>
9	<p>On Screen ABK10001, Accounting procedure will begin.</p>	<p>After Accounting procedure is completed, Main Menu PCA005 will be redisplayed.</p>

Note: Follow paragraph 137 on where and what documentation to send in on forfeited sugar loans.

375-385 (Reserved)

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

The automated process for converting in-process sugar to processed sugar is completed by using the loan settlement option in APSS.

This section provides instructions for processing in-process loan settlements through APSS and is the automated process for converting in-process sugar to processed sugar.

B Manual Settlements for Converting In-Process Sugar

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

If the settlement for converting in-process sugar is being re-entered after a correction, change the session date to the date the settlement for converting in-process sugar was originally processed.

C IRS Reporting

Information processed during settlements for converting in-process sugar will be written to the IRS file to be used at the end of the calendar year.

387 In-Process Sugar Loan Settlement for Converting to Processed Sugar Transactions

A APSS Settlement for In-Process Conversion Procedure

Before beginning the settlement process for converting in-process sugar:

- have the loan folder at the terminal
- complete all pending actions on the loan before processing the settlement for converting in-process sugar.

Step	Action	Result
1	On Main Menu PCA005, ENTER “5”, “Settle a Loan”, and PRESS “Enter”.	Screen PCA11000 will be displayed.
2	On Screen PCA11000, enter producer verification information and PRESS “Enter”.	Screen PCA12000 will be displayed.
3	On Screen PCA12000: <ul style="list-style-type: none"> • ENTER “Y” or “N”, as applicable, to the question, “Is this the correct producer?” • PRESS “Enter”. 	Screen PCA14000 will be displayed.
4	On Screen PCA14000: <ul style="list-style-type: none"> • ENTER “Y” or “N”, as applicable, to the following questions: <ul style="list-style-type: none"> • “Is this the correct loan?” • “Do you wish to see bin/receipt for this loan?” • PRESS “Enter”. 	Screen PSA05000 will be displayed.
5	On Screen PSA05000: <ul style="list-style-type: none"> • ENTER “Y” or “N”, as applicable, to the question, “Has this in-process sugar loan quantity been converted to processed sugar?” <p>Note: Loan quantity has to be converted to processed sugar before settlement process will continue.</p> <ul style="list-style-type: none"> • PRESS “Enter”. 	If: <ul style="list-style-type: none"> • “Yes”, Screen PSA10000 will be displayed • “No”, Main Menu PCA005 will be redisplayed.

387 In-Process Sugar Loan Settlement for Converting to Processed Sugar Transactions
(Continued)

A APSS Settlement for In-Process Conversion Procedure (Continued)

Step	Action	Result
6	On Screen PSA10000: <ul style="list-style-type: none"> • the following information will be system-displayed: <ul style="list-style-type: none"> • amount to be settled • quantity for delivery • enter the final date for delivery in “MMDDYY” format • PRESS “Enter”. 	Screen PSA10005 will be displayed.
7	On Screen PSA10005: <ul style="list-style-type: none"> • select delivery option “1”, “Warehouse Storage” • PRESS “Enter”. 	Screen PSA11000 will be displayed.
8	On Screen PSA11000: <ul style="list-style-type: none"> • enter the following: <ul style="list-style-type: none"> • warehouse receipt/lot number and KC-227 number, as applicable • moisture when received, if excessive (leave blank) • date commodity deposited in “MMDDYY” format (date of conversion) • date receipt issued in “MMDDYY” format (date on KC-227) • gross pounds • net weight (bu., cwt., lb.) • warehouse code where delivered • polarity degree if cane sugar <p>Note: When entering an In-Process Beet Sugar settlement for converting to processed sugar, the user will not be prompted to enter the polarity degree. The polarity degree only applies to In-Process Cane Sugar settlements for converting to processed sugar.</p> <ul style="list-style-type: none"> • PRESS “Enter”. 	Screen PSA02501 will be displayed.

387 In-Process Sugar Loan Settlement for Converting to Processed Sugar Transactions
(Continued)

A APSS Settlement for In-Process Conversion Procedure (Continued)

Step	Action	Result
9	On Screen PSA02501: <ul style="list-style-type: none"> • enter the area number in the “Sugar Area/Region” field <p style="margin-left: 40px;">Note: See Exhibit 9.</p> <ul style="list-style-type: none"> • PRESS “Enter”. 	Screen PSA21000 will be displayed.
10	On Screen PSA21000: <ul style="list-style-type: none"> • State and county codes for determination of base settlement rate will be displayed • PRESS “Enter”. 	Screen PSA21000 will be redisplayed.
11	On Screen PSA21000: <ul style="list-style-type: none"> • the calculated settlement rate will be system-displayed • enter the special rate if the calculated rate shown is not acceptable • PRESS “Enter”. 	Screen PSA21000 will be redisplayed.
12	On Screen PSA21000: <ul style="list-style-type: none"> • enter the following: <ul style="list-style-type: none"> • storage start date in “MMDDYY” format • date the receipt is received in the County Office • received (R/B/A or T) (leave blank) • ENTER “Y” or “N”, as applicable, to the following questions: <ul style="list-style-type: none"> • Are Storage Charges for early delivery applicable? • Is storage credit over 60 days applicable? • If loan was called, enter required settlement date? (mmddy) • Do you have additional receipts/lots to process? • PRESS “Enter”. 	Screen PSA24000 will be displayed.

387 In-Process Sugar Loan Settlement for Converting to Processed Sugar Transactions (Continued)

A APSS Settlement for In-Process Conversion Procedure (Continued)

Step	Action	Result
13	On Screen PSA24000: <ul style="list-style-type: none"> • enter the following as applicable: <ul style="list-style-type: none"> • weighing • grading • other charges • PRESS “Enter”. 	If: <ul style="list-style-type: none"> • producer owes CCC, Screen PSA25000 will be displayed • amount is owed the producer, Screen PSA25005 will be displayed.
14	On Screen PSA25000 , the producer owes CCC. Print this screen and use it to create a demand letter. PRESS “Enter”. On Screen PSA25005 , the transaction balance will be system-displayed. This amount will be forwarded to Accounting to be disbursed according to the producer shares applicable to this loan. Answer “Y” or “N”, as applicable, to the question, “Do You wish to complete this process?” PRESS “Enter”.	Screen PCA97000 will be displayed.
15	On Screen PCA97000: <ul style="list-style-type: none"> • enter the following information: <ul style="list-style-type: none"> • printer ID to print forms and reports • number of copies to be printed • PRESS “Enter”. 	Screen PCE60010 will be displayed.
16	On Screen PCE60010, CCC-692 will be printed. ENTER “Y or “N” to the question, “Do you wish to reprint this form?”, and PRESS “Enter”.	Screen ABK10001 will be displayed.
17	Accounting-Checkwriting procedure begins.	After Accounting-Checkwriting procedure is completed, Main Menu PCA005 will be redisplayed.

388-399 (Reserved)

Part 16 Correcting APSS Transactions**400 General Information****A Introduction**

Use the correction process when a loan transaction has been recorded and updated in the price support master file, but later discovered to be incorrect.

The correction process will reverse or delete transactions that are incorrect. The same transaction can be re-entered with the correct information, when applicable.

B Getting Started

Before beginning any type of correction processing, the complete loan folder should be at the terminal for reference purposes.

401 Accessing Correction Functions**A Initial Entry**

Access Menu PCA005 according to paragraph 334.

On Menu PCA005, ENTER "7" to initiate the correction process and PRESS "Enter". Screen PCA11000 will be displayed.

B Processor and Loan Data

Complete the processor and loan information. Screen PXA00005 will be displayed.

402 Selecting Transaction**A Transaction History**

After the loan is identified, Screen PXA00005 will be displayed with the following:

- processor's name
- crop year
- loan number
- commodity
- transaction types, in order of occurrence
- transaction date
- transaction time
- diskette date, if applicable.

Screen PXA00005 will display all of the transactions that have taken place on the selected loan. Transactions are listed in sequential order as they occurred. After identifying the transaction that is to be reversed, ENTER "Y" in front of the transaction and PRESS "Enter" to continue.

Notes: Only one "Y" is allowed. All transactions listed after the selected transaction will also be reversed during the correction process.

If a diskette date is present for the transaction being reversed, see paragraph 403 for using history diskettes before proceeding.

402 Selecting Transaction (Continued)**B Loan Reconstruction Process**

After pressing “Enter” on Screen PXA00005, Screen PXA10000 will be displayed with the following:

- a prompt for the history diskette, if a diskette date was present for any transaction involved in the correction

Note: See paragraph 403 for using history diskettes.

- target date of the transaction to be corrected
- a series of messages indicating reversal is in progress for the transaction and any subsequent transactions.

After a short time, the message, “Verify listing to continue error correction process”, will be displayed. Before continuing:

- review the report entitled, “Correction Posting Check-Off List”, that was automatically printed on the default printer
- verify that the entries shown on the report are to be reversed
- if report is correct, PRESS “Enter” and continue processing according to paragraph:
 - 404, if CCC-184’s were involved in the correction
 - 405, if repayments were involved in the correction
- if report is incorrect, PRESS “Cmd7” to end processing.

403 Using History Tapes

A Types of History Tapes

Price support start-of-day processing periodically removes loan data from the history files. The removed data is saved onto the 2 types of tapes listed in the following table.

Type	Purpose
APK205	Used to correct loans.
APK208	Stored as off-site backups to APK205 tapes.

B APK205 Tapes

If correcting 1 or more transactions, APK205 tapes may be needed to restore information necessary for the correction.

If a tape is needed, the “Tape Date” field on Screen PXA00005 will display the date of APK205 tapes containing the loan information needed for the correction. Insert tapes into the tape drive, in sequential order, when prompted. After the transaction is restored from the tapes, the correction process will continue.

Note: Depending on the transaction being reversed, other APK205 tapes may be needed for subsequent transactions that also will be reversed during the correction process.

C APK208 Tapes

The correction process may reject damaged APK205 tapes and display an error message. If an error message is received, APK208 tapes can be copied to obtain another set of APK205 tapes.

Follow 12-PS, Part 17 for information on converting the APK208 tapes to APK205 tapes.

404 Corrections Involving Payables**A Accounting Interface**

After verifying the correction report and pressing “Enter” on Screen PXA10000 according to subparagraph 402 B, Screen ANK52010 will be displayed with the check or checks issued for the loan being corrected. Screen ANK52010 will list the program code, amount, check number, issue date, and loan number with the question, “Is the check to be canceled available?”

B Loan To Be Re-Entered

If the check is physically available or the direct deposit has not been queued, ENTER “Y”. The check or electronic funds transfer will be canceled in accounting. Re-enter the loan according to Part 15, Section 2. The payment for this loan will be re-issued to the producer. See 67-FI for additional information.

If the check is not available or the direct deposit has been queued, ENTER “N”. The payment will be canceled and screens will be displayed to record receivable information in accounting. Re-enter the loan as a manual action according to Part 15, Section 2. Enter the check amount due to repay the receivable in the “Enter amount due FSA/CCC Receivable” column to make the check payable to CCC. Apply this check to the receivable as a “Receivable Collection”.

See 12-PS for additional information on loan corrections involving payables.

C Loan Not To Be Re-Entered

If the loan will not be re-entered, ENTER “N”. The check will be canceled and screens will be displayed to record receivable information. Complete receivable processing according to 67-FI, Part 5.

D Receivable Created in Error

If “N” was inadvertently entered to the question, “Is the check to be canceled available?” on Screen ANK52010 when the loan will actually be re-entered, a receivable will be created that must be repaid. When re-entering the loan, the check must be made payable to CCC. The check must then be applied to the receivable as a repayment. See 67-FI for more information.

Note: The receivable repayment date must be the same as the receivable creation date to prevent interest from being assessed.

405 Corrections Involving CCC-257's

A Repayment Corrections

When correcting a repayment transaction, amounts deposited on CCC-257 during the repayment will be reversed. The correction process will reverse only the program or "PGM" record associated with the repayment on CCC-257.

The remittance or "RMT" record will remain on CCC-257 and cause CCC-257 to be out-of-balance until the:

- repayment is re-entered
- "RMT" record is removed from CCC-257.

B Handling Corrections

See 3-FI, Part 5 for instructions on handling CCC-257 corrections.

406 Completing Correction Process

A Completing Correction

When the correction process is completed, applicable CCC-184's canceled or receivables established, and files updated, Menu PCA005 will be displayed. See subparagraph B for re-entry instructions, if necessary.

File the Correction Posting Check-Off List in the loan folder for future reference.

B Re-Entry References

As explained in this part, placing "Y" next to a transaction in the correction process will reverse that transaction and all subsequent transactions. When applicable, the incorrect transaction and all subsequent transactions must be re-entered.

If re-entry is necessary, follow this table to find the instructions for re-entering the applicable transaction.

IF re-entering a...	THEN see...
loanmaking transaction	Part 15, Section 2.
repayment	Part 15, Section 3.
settlement	Part 15, Section 5.

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 (HELC) 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	CCC Check		1, 48, 402, 406
CCC-257	Schedule of Deposit		360, 405
CCC-258	Wire Transfer of Funds		123
CCC-500	Loan Repayment Receipt		111, 123, 359-362
CCC-500-1	Loan Repayment Receipt Continuation Sheet		360
CCC-601	Commodity Credit Corporation Note and Security Agreement Terms and Conditions		2
CCC-674	Certification for Contracts, Grants, Loans, and Cooperative Agreements		4
CCC-677	Farm Storage Note and Security Agreement		2, 111, 137, 346
CCC-677A	Sugar Loan Addendum	Ex. 4	2, 346, 347
CCC-678	Warehouse Storage Note and Security Agreement		2, 111, 123, 137, 347
CCC-679	Lien Waiver		47
CCC-692	Settlement Statement		137, 387

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
CCC-770 SU-2	Sugar Processors Initial Eligibility Determination for Loans Checklist	Ex. 7	2
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
SU-2	Application for Nonrecourse Sugar Loan	75	2, 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
EFT	electronic funds transfer	123
UCC	uniform commercial code	48

Re delegations of Authority

None

Definitions of Terms Used in This Handbook

*--Average Quality for 2008 Crop Sugarcane

For 2008 crop sugarcane, average quality sugarcane means, for:

- **Florida**, sugarcane containing **14.95** percent sucrose in normal juice
- **Hawaii**, sugarcane that yields **270.61** pounds of raw sugar per net ton.
- **Louisiana**, sugarcane that yields **215.78** pounds of raw sugar per gross ton
- **Texas**, sugarcane that yields **193.60** pounds of raw sugar per gross ton.--*

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

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***--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 the name of processor.
2	Enter the date of loan application.
3	Enter the crop year and APSS-assigned loan number.
4	Enter the applicable State name.
5	Enter the 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. By signing as preparer, this does not insinuate that an employee checked items 6 through 10, only that this employee completed an item that was initialed by that employee.
11B	The 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.

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***--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.

*--

This form is available electronically.

CCC-770 SU-1 (12-14-06) INITIAL SUGAR LOAN PROCESSING CHECKLIST	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1. Name of Processor				
	2. Date of Application (MM-DD-YYYY)		3. Crop Year & Loan No.			
	4. State Office Name		5. County Office Name			
6. INITIAL SUGAR LOAN APPLICATION PROCESS:		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. FSA-211 or acceptable documentation on file in county office for person signing SU-2 for the processor.		1-CM, Part 25				
C. KC-227 or KC-227A completed by processor, if warehouse stored. All KC-227's and KC-227-A's must accompany application. Separate loans for sugar stored in other States.		10-SU, paragraphs 31 through 34				
D. 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				
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. UCC-1 filed in the State where the corporation is organized according to CCC-10, Item 7.		10-SU, paragraph 48				
G. Form CCC-770 SU-2 Sugar Processors Initial Eligibility Determination for Loans Checklist completed for this Processors for this crop year.						
7. COMMODITY ELIGIBILITY:						
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. 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				
8. VERIFICATION OF IN-PROCESSED (FARM STORED) SUGAR LOANS:						
A. Verify that sugar is located where indicated on SU-2 for in-processed sugar loans. When possible, verify before loan disbursement but never later than 15 calendar days		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				

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

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

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CCC-770 SU-1 (12-14-06)		Page 2 of 2			
INITIAL LOADING OF SUGAR LOAN IN APSS SYSTEM:	Handbook or Other Applicable References	YES	NO	Initials	Date (MM-DD-YYYY)
A. Loan entered into APSS:					
• farm stored certified if In-processed loan	10-SU, paragraph 346				
• warehouse stored if processed loan.	10-SU, paragraph 347				
B. Loan rate region or area verified. Use loan rate for region where the sugar is processed. Second party review.	10-SU, subparagraph 31D				
C. Quantity verified on KC-227 or KC-227A, if warehouse	10-SU, subparagraph 11A				
D. Second party review of SU-2 and loan documents to verify correct information entered.					
10. SUGAR LOAN DISBURSEMENT:					
A. CCC-674 or SF-LLL on file for this loan if loan proceeds exceed \$150,000.00.	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, paragraph 2I				
C. Processor representative signs CCC-677A (Sugar Loan Addendum) which is applicable to all sugar loans.	10-SU, paragraph 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, paragraph 2I				
F. Processor checked for debts owed to CCC.					
G. Authorized CCC representative signs and dates CCC-677 or CCC-678 when approved for disbursal.	8-LP, paragraph 411				
H. Loan disbursed. If lien holders request their name on loan proceeds, issue a CCC-184 (Check) jointly with processor.	8-LP, paragraph 411				
CERTIFICATION					
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					

--*

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 6E	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.					
CCC-770 SU-2 U.S. DEPARTMENT OF AGRICULTURE (12-14-06) Commodity Credit Corporation SUGAR PROCESSORS INITIAL ELIGIBILITY DETERMINATION FOR LOANS CHECKLIST	1. Name of Processor				
	2. Crop Year	3. Type of Sugar (Cane or Beet)			
	4. State Office Name	5. County Office Name			
6. SUGAR PROCESSOR LOAN ELIGIBILITY DETERMINATION:	Handbook or Other Applicable References	YES	NO	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 producers listed have complied with compliance and certification provisions on AD-1026 and FSA-578.	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 62C				
CERTIFICATION					
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					
<small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (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 to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</small>					

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***--2008 Crop National Loan Rates**

A National Average Sugar Loan Rates

This table provides the national (weighted average) loan rates for the 2008 crops of--* domestically grown sugar beets and sugarcane.

Commodity	Loan Rate (Cents Per Pound)
Beet Sugar, Refined	22.90
Cane Sugar, Raw Value	18.00

***--2007 and 2008 Crop Regional Loan Rates**

A 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. This table provides the regional **2007** crop loan rates for--* refined beet sugar.

Area/Region Code	States	Loan Rate (Cents Per Pound)
1	Michigan Ohio	24.17
2	Minnesota eastern half of North Dakota	22.89
3	northeastern quarter of Colorado Nebraska southeastern quarter of Wyoming	22.95
4	Montana northwestern quarter of Wyoming western half of North Dakota	23.00
5	Idaho Oregon Washington	22.03
6	California	23.62

***--2007 and 2008 Crop Regional Loan Rates (Continued)**

A Regional Beet Sugar Loan Rates (Continued)

The regional loan rates have been adjusted to reflect the processing location of sugar offered as collateral for price support loans. This table provides the regional **2008** crop loan rates for refined beet sugar.

Area/Region Code	States	Loan Rate (Cents Per Pound)
1	Michigan Ohio	24.34
2	Minnesota eastern half of North Dakota	22.88
3	northeastern quarter of Colorado Nebraska southeastern quarter of Wyoming	23.08
4	Montana northwestern quarter of Wyoming western half of North Dakota	22.92
5	Idaho Oregon Washington	21.95
6	California	23.73

--*

B Regional Cane Sugar Loan Rates

This table provides **2007** crop regional loan rates for cane sugar, raw value.

Area/Region Code	Area	Loan Rate (Cents Per Pound), Raw Value
1	Florida	18.07
2	Hawaii	16.64
3	Louisiana	18.27
4	Texas	17.27
6	Sugar processed in Hawaii, but placed under loan on the United States mainland	18.00

***--2007 and 2008 Crop Regional Loan Rates (Continued)**

B Regional Cane Sugar Loan Rates (Continued)

This table provides **2008** crop regional loan rates for cane sugar, raw value.

Area/Region Code	Area	Loan Rate (Cents Per Pound), Raw Value
1	Florida	18.07
2	Hawaii	16.37
3	Louisiana	18.28
4	Texas	17.22
6	Sugar processed in Hawaii, but placed under loan on the United States mainland	18.00

--*

C Regional In-Process Beet Sugar Loan Rates

This table provides the regional **2007** crop (FY 2008) 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	19.34
2	Minnesota eastern half of North Dakota	18.31
3	northeastern quarter of Colorado Nebraska southeastern quarter of Wyoming	18.36
4	Montana northwestern quarter of Wyoming western half of North Dakota	18.40
5	Idaho Oregon Washington	17.62
6	California	18.90

***--2007 and 2008 Crop Regional Loan Rates (Continued)**

C Regional In-Process Beet Sugar Loan Rates (Continued)

This table provides the regional **2008** crop (FY 2009) 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	19.47
2	Minnesota eastern half of North Dakota	18.30
3	northeastern quarter of Colorado Nebraska southeastern quarter of Wyoming	18.46
4	Montana northwestern quarter of Wyoming western half of North Dakota	18.34
5	Idaho Oregon Washington	17.56
6	California	18.98

--*

D Regional In-Process Cane Sugar Loan Rates

This table provides the regional **2007** crop (FY 2008) loan rates for in-process cane sugar, raw value, which is 80 percent of the applicable loan rate.

Area/Region Code	States	Loan Rate (Cents Per Pound), Raw Value
1	Florida	14.46
2	Hawaii	13.31
3	Louisiana	14.62
4	Texas	13.82
6	Sugar processed in Hawaii, but placed under loan on the United States mainland	14.40

*--This table provides the regional **2008** crop (FY 2009) loan rates for in-process cane sugar, raw value, which is 80 percent of the applicable loan rate.

Area/Region Code	States	Loan Rate (Cents Per Pound), Raw Value
1	Florida	14.46
2	Hawaii	13.10
3	Louisiana	14.62
4	Texas	13.78
6	Sugar processed in Hawaii, but placed under loan on the United States mainland	14.40

--*

--2007 and 2008 Crop Minimum Price Support Payment Levels for Sugar Beets and Sugarcane--

A Sugarcane Minimum Price Support Levels

This table provides the **2007** crop (FY 2008) regional minimum price support levels per net or gross ton for average quality sugarcane.

Area	Level
Florida	\$27.98 per net ton
Hawaii	\$25.03 per net ton
Louisiana	\$24.90 per gross ton
Texas	\$22.62 per gross ton

*--This table provides the **2008** crop (FY 2009) regional minimum price support levels per net or gross ton for average quality sugarcane.

Area	Level
Florida	\$27.90 per net ton
Hawaii	\$24.54 per net ton
Louisiana	\$25.80 per gross ton
Texas	\$22.55 per gross ton

--*

Note: Adjust the prices in this exhibit for sugarcane of greater or lesser than average quality under the method agreed upon by the producer and the processor according to the terms and conditions of the producer-processor marketing contract.

B Sugar Beet Minimum Payment

Sugar beet grower minimum payments must not exceed the amount specified in the grower processor contract.

Bulk Raw Cane Sugar Polarity Premium and Discount Schedule

This table provides a schedule for premiums and discounts adjusted for polarity degree.

Premiums		Discounts	
Polarity Degree	Adjustment (Cents/Lb.)	Polarity Degree	Adjustment (Cents/Lb.)
99.0+	0.711	95.9	-0.099
98.9	0.6894	95.8	-0.198
98.8	0.6678	95.7	-0.297
98.7	0.6462	95.6	-0.396
98.6	0.6246	95.5	-0.495
98.5	0.603	95.4	-0.594
98.4	0.5814	95.3	-0.693
98.3	0.5598	95.2	-0.792
98.2	0.5382	95.1	-0.891
98.1	0.5166	95.0	-0.99
98.0	0.495	94.9	-1.0395
97.9	0.4545	94.8	-1.089
97.8	0.414	94.7	-1.1385
97.7	0.3735	94.6	-1.188
97.6	0.333	94.5	-1.2375
97.5	0.2925	94.4	-1.287
97.4	0.252	94.3	-1.3365
97.3	0.2115	94.2	-1.386
97.2	0.171	94.1	-1.4355
97.1	0.1305	94.0	-1.485

Note: Premium and discount schedule is not crop year specific.

Bulk Raw Cane Sugar Polarity Premium and Discount Schedule (Continued)

Premiums		Discounts	
Polarity Degree	Adjustment (Cents/Lb.)	Polarity Degree	Adjustment (Cents/Lb.)
97.0	0.09		
96.9	0.081		
96.8	0.072		
96.7	0.063		
96.6	0.054		
96.5	0.045		
96.4	0.036		
96.3	0.027		
96.2	0.018		
96.1	0.009		
96.0	0		

Example Letter for Sugar Processors

Dear Sugar Processor

Date:

Our records indicate you did not elect to repay loan number 04XXX 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 of 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.

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.

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).

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.

Should you have any questions, feel free to contact us.

County Executive Director

