

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Sugar Loans
10-SU (Revision 4)

Amendment 15

Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 2 G has been amended to update examples of loan maturity dates.

Subparagraph 62 A has been amended to add an example for the date information must be submitted to determine compliance.

Paragraph 175 has been amended to:

- provide sugarcane spot check policy
- remove the spot check requirement for sugar beets because spot-checking sugar beets is not required
- remove the letter to the sugar producers to verify processor records because County Offices are not required to verify processor records during the spot check of the processor.

Note: For 2011, crop sugar beets spot checks are **not** required.

Exhibit 2 has been amended to remove the definition of average quality sugarcane.

Exhibit 9 has been amended to update 2012 crop loan rates for the following:

- national average sugar
- regional beet sugar
- regional cane sugar
- regional in-process beet sugar
- regional in-process cane sugar.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Exhibit 10 has been amended to provide a note to clarify that 2012 crop (FY 2013) sugarcane grower minimum payments are the amount specified in the grower/processor contract, using the contract's payment formula, with the State's loan rate substituted for the contract's sugar price.

Exhibits 17 and 18 have been amended to update the crop year.

Page Control Chart		
TC	Text	Exhibit
	1-5, 1-6	2, pages 1, 2
	4-1, 4-2	9, pages 1-4
	7-49, 7-50	10, page 1
	7-51 (remove)	17, pages 1, 2
		18, page 1

2 Basic Loanmaking Provisions

A General Loan Availability

Price support is available to eligible processors in:

- the United States
- Puerto Rico.

B Processed Sugar Loans

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

C In-Process Sugar Loans

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

D Loan Availability Dates

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

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

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

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

E Repledged Loans

Repledged loans are initial loans that:

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

2 Basic Loanmaking Provisions (Continued)

F Loan Maturity Dates

Follow this table for loan maturity dates.

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

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

See examples in subparagraph G.

G Examples of Loan Maturity Dates

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

*--

Disbursement Date	Maturity Date
October 16, 2012	July 31, 2013
November 8, 2012	August 31, 2013
December 1, 2012, through September 30, 2013	September 30, 2013

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

Disbursement Date of Initial Loan	Date Repaid	Date Repledged	Maturity Date
October 16, 2012	December 31, 2012	February 1, 2013	July 31, 2013
January 2, 2013	May 31, 2013	September 1, 2013	September 30, 2013

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, 2012	September 10, 2012	October 1, 2012	April 30, 2013
August 15, 2012	September 15, 2012	October 6, 2012	May 31, 2013
September 20, 2012	September 30, 2012	October 20, 2012	June 30, 2013

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

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

Loanmaking County Offices shall:

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

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

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

62 Compliance Provisions (Continued)

B Contacting Processors

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

*--

Dear Processor:

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

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

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

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

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

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

Your cooperation will be appreciated.

Sincerely,

County Executive Director

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Section 3 Spot Checks to Determine Payment to Producers

175 Determining Payment to Producers

A Spot Check Procedures

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

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

Step	Action
1	Determine which sugarcane processor placed loans with CCC in the last FY. Note: Schedule visit with these processors between October 1 and November 1 for spot check.
2	Randomly select settlement sheets of 15 percent of the producers who delivered sugarcane to each of these processors. County Offices must compare the price paid per pound of sugar that appears on the grower’s settlement sheet for FY to the State loan rate, according to Exhibit 9. The processor is in compliance if the price paid per pound of sugar at the 96 degree polarity on the grower’s settlement sheet is greater than or equal to the loan rate of the State in which the sugarcane is produced.

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175 Determining Payment to Producers (Continued)

A Spot Check Procedures (Continued)

Step	Action
***	***
3	<p>Review with the processor any cases in which noncompliance is indicated.</p> <ul style="list-style-type: none"> • 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>
4	<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.

176-186 (Reserved)

Parts 8-14 (Reserved)

187-330 (Reserved)

Definitions of Terms Used in This Handbook

* * *

Crop Year

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

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

Eligible Producer

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

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

Initial Loans

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

In-Process Loans

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

In-Process Sugar

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

Definitions of Terms Used in This Handbook (Continued)

Nonrecourse Loan

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

Normal Juice

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

Processor

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

Raw Value

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

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

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

Repledged Loans

Repledged loans are initial loans that:

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

Supplemental Loan

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

Crop Loan Rates

A National Average Sugar Loan Rates

*--The following provides the national (weighted average) loan rates for the **2012** crops of domestically grown sugar beets and sugarcane.

Commodity	Loan Rate (Cents Per Pound)
Beet Sugar, Refined	24.09
Cane Sugar, Raw Value	18.75

B Regional Beet Sugar Loan Rates

The regional loan rates have been adjusted to reflect the processing location of sugar offered as collateral for price support loans. The following provides the regional **2012** crop (FY 2013) loan rates for refined beet sugar.

Area/Region Code	States	Loan Rate (Cents Per Pound)
1	Michigan Ohio	25.57
2	Minnesota eastern half of North Dakota	23.93
3	northeastern quarter of Colorado Nebraska southeastern quarter of Wyoming	24.44
4	Montana northwestern quarter of Wyoming western half of North Dakota	24.01
5	Idaho Oregon Washington	23.30
6	California	24.84

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Crop Loan Rates (Continued)

B 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. The following provides the regional **2011** crop (FY 2012) loan rates for refined beet sugar.

Area/Region Code	States	Loan Rate (Cents Per Pound)
1	Michigan Ohio	25.72
2	Minnesota eastern half of North Dakota	24.06
3	northeastern quarter of Colorado Nebraska southeastern quarter of Wyoming	24.51
4	Montana northwestern quarter of Wyoming western half of North Dakota	24.08
5	Idaho Oregon Washington	22.90
6	California	24.76

C Regional Cane Sugar Loan Rates

The following provides **2012** crop (FY 2013) regional loan rates for cane sugar, raw value.

Area/Region Code	Area	Loan Rate (Cents Per Pound), Raw Value
1	Florida	18.13
2	Hawaii	17.57
3	Louisiana	19.46
4	Texas	18.88
6	Sugar processed in Hawaii, but placed under loan on the United States mainland	18.75

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Crop Loan Rates (Continued)

C Regional Cane Sugar Loan Rates (Continued)

*--The following provides **2011** crop (FY 2012) regional loan rates for cane sugar, raw value.

Area/Region Code	Area	Loan Rate (Cents Per Pound), Raw Value
1	Florida	18.16
2	Hawaii	17.46
3	Louisiana	19.52
4	Texas	18.69
6	Sugar processed in Hawaii, but placed under loan on the United States mainland	18.75

D Regional In-Process Beet Sugar Loan Rates

The following provides the regional **2012** crop (FY 2013) loan rates for in-process beet sugar, which is 80 percent of the applicable loan rate.

Area/Region Code	States	Loan Rate (Cents Per Pound)
1	Michigan Ohio	20.46
2	Minnesota eastern half of North Dakota	19.14
3	northeastern quarter of Colorado Nebraska southeastern quarter of Wyoming	19.55
4	Montana northwestern quarter of Wyoming western half of North Dakota	19.21
5	Idaho Oregon Washington	18.64
6	California	19.87

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Crop Loan Rates (Continued)

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

*--The following provides the regional **2011** crop (FY 2012) loan rates for in-process beet sugar, which is 80 percent of the applicable loan rate.

Area/Region Code	States	Loan Rate (Cents Per Pound)
1	Michigan Ohio	20.58
2	Minnesota eastern half of North Dakota	19.25
3	northeastern quarter of Colorado Nebraska southeastern quarter of Wyoming	19.61
4	Montana northwestern quarter of Wyoming western half of North Dakota	19.26
5	Idaho Oregon Washington	18.32
6	California	19.81

E Regional In-Process Cane Sugar Loan Rates

The following provides the regional **2012** crop (FY 2013) 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	14.50
2	Hawaii	14.06
3	Louisiana	15.57
4	Texas	15.10
6	Sugar processed in Hawaii, but placed under loan on the United States mainland	15.00

The following provides the regional **2011** crop (FY 2012) 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	14.53
2	Hawaii	13.97
3	Louisiana	15.62
4	Texas	14.95
6	Sugar processed in Hawaii, but placed under loan on the United States mainland	15.00

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Minimum Price Support Payment Levels for Sugar Beets and Sugarcane

A Sugarcane Minimum Price Support Levels

* * *

This table provides the **2011** crop (FY 2012) regional minimum price support levels per net or gross ton for average quality sugarcane.

Area	Level
Florida	\$27.59 per net ton
Hawaii	\$26.42 per net ton
Louisiana	\$27.48 per gross ton
Texas	\$22.70 per gross ton

***--Note:** For 2012 (FY 2013) sugarcane, grower minimum payments are the amount specified in the grower/processor contract that includes the State raw cane sugar loan rate substituted for the processor's sugar price, at 96 degrees polarity, in the contract's payment formula.

B Sugar Beet Minimum Payment

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

Premiums and Discounts for Bulk Raw Cane Sugar

A Overview

--The following premiums and discounts are for 2012 crop year raw cane sugar, and are based--
on the #16 Contract specifications.

B Moisture

For each 0.01 in excess of 0.30 deduct 0.0338 cents per lb.

C Grain Size

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

- above 45 percent, deduct 0.0225 cents per lb.
- below 22 percent, add 0.0094 cents per lb.

D Color - Affined Raw

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

COLOR (Affined Raw) (ICUMSA color units Method 4 Modified)		
For Each 10 Units		
	Add Cents/Lb.	Deduct Cents/Lb.
Below 800	0.0304	
1301 to 1500		0.0338
1501 to 1800		0.0844
1801 to 2100		0.1856
2101 to 2400		0.3375
Above 2400		0.5400
COLOR (Whole Raw) (ICUMSA color units Method 4 Modified)		
For Each 25 Units		
	Add Cents/Lb.	Deduct Cents/Lb.
Below 3000	0.0003	
5001 to 6000		0.0003
6001 to 7000		0.0008
7001 to 8000		0.0020
8001 to 9000		0.0037
Above 9000		0.0059

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

E Dextran

Apply Dextran discounts according to the following.

Dextran		
For Each Unit		
	Add Cents/Lb.	Deduct Cents/Lb.
251 to 350		0.0026
351 to 450		*--0.0060
451 to 550		0.0101
Above 550		0.0150--*

F Ash

Apply ash discounts according to the following.

IF polarity is...	THEN maximum is...	AND minimum is...
less than or equal to 98.0	0.2500	0.17
over 98.0 up to and including 98.2	0.2600	0.18
over 98.2 up to and including 98.4	0.2700	0.19
over 98.4 up to and including 98.6	0.2800	0.20
over 98.6 up to and including 98.8	0.2900	0.21
over 98.8 up to but not including 99.0	0.3000	0.22
For each .01 percent of ash content:		
<ul style="list-style-type: none"> •*--in excess of derived maximum ash content, deduct 0.0028 cents per lb. • below derived minimum ash content, add 0.0012 cents per lb.--* 		

Bulk Raw Cane Sugar Polarity Premium and Discount Schedule

The following provides schedule for premiums and discounts adjusted for polarity degree that shall
--be applied to 2012 Raw Cane sugar loans at settlement or forfeiture.--

Premiums		Discounts	
Polarity Degree	Adjustment Cents/Lb.	Polarity Degree	Adjustment Cents/Lb.
99.0	0.0000	96.0	0.0000
98.9	0.7181	95.9	-0.1031
98.8	0.6956	95.8	-0.2063
98.7	0.6731	95.7	-0.3094
98.6	0.6506	95.6	-0.4125
98.5	0.6281	95.5	-0.5156
98.4	0.6056	95.4	-0.6188
98.3	0.5831	95.3	-0.7219
98.2	0.5606	95.2	-0.8250
98.1	0.5381	95.1	-0.9281
98.0	0.5156	95.0	-1.0313
97.9	0.4734	94.9	-1.0828
97.8	0.4313	94.8	-1.1344
97.7	0.3891	94.7	-1.1859
97.6	0.3469	94.6	-1.2019
97.5	0.3047	94.5	-1.2891
97.4	0.2625	94.4	-1.3406
97.3	0.2203	94.3	-1.3922
97.2	0.1781	94.2	-1.4438
97.1	0.1359	94.1	-1.4953
97.0	0.0938	94.0	-1.5469
96.9	0.0844		
96.8	0.0750		
96.7	0.0656		
96.6	0.0563		
96.5	0.0469		
96.4	0.0375		
96.3	0.0281		
96.2	0.0188		
96.1	0.0094		
96.0	0.0000		

