

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

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

Amendment 22

Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 2 J has been amended to provide the correct FFAS forms web site to obtain checklists, CCC-770 SU-1, and CCC-770 SU-2.

Subparagraph 31 D has been amended to add Exhibit 9 as a reference for loan rates.

Subparagraph 46 B has been amended to update eligible crop years.

Exhibit 6 has been amended to update the instructions for completing CCC-770 SU-1 and provide an updated example of CCC-770 SU-1.

Exhibit 7 has been amended to update the instructions for completing CCC-770 SU-2 and provide an updated example of CCC-770 SU-2.

Page Control Chart		
TC	Text	Exhibit
	1-7, 1-8	6, pages 1, 2
	2-3, 2-4	page 3
	3-1, 3-2	7, pages 1, 2

2 Basic Loanmaking Provisions (Continued)

H Beneficial Interest

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

I Forms

Use:

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

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

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

CCC-601 applies according to 8-LP.

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

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

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

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

County Offices shall:

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

2 Basic Loanmaking Provisions (Continued)

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

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

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

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

K CED CCC-770 SU-1 Spot Checks

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

L State Office CCC-770 SU-1 Spot Checks

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

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

31 Requesting Warehouse-Stored Loans

A Warehouse Documents

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

B Warehouse-Stored Quantity

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

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

C Substitution Not Authorized

Substituted or purchased commodities are ineligible for loan.

D Loan Rates

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

E Storage Charges

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

32 Quality Determinations

A Basis for Quality Determinations

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

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

B Premiums and Discounts

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

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

A Approved Sugar Storage Agreement Warehouses

A current list of Sugar Storage Agreement warehouses is available at http://www.fsa.usda.gov/Internet/FSA_File/approved_ssa_list.pdf.--*

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Part 3 Obtaining Sugar Loan Program Benefits

46 Obtaining Loans

A Loanmaking Offices

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

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

B Loan Types

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

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

46 Obtaining Loans (Continued)

C Maximum Eligible Quantity for Loan

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

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

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

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

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

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

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

D Ineligible Quantity for Loan

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

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

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

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

A Instructions for Completing CCC-770 SU-1

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

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

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

B Example of CCC-770 SU-1

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

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This form is available electronically.						
CCC-770 SU-1 (03-27-15) 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 and 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. Authorized CCC representative signs and dates SU-2, Part C, after verifying that all information in Parts A and B is correct.		10-SU, subparagraph 75A, Part C				
C. FSA-211 or acceptable documentation on file in county office for person signing SU-2 for the processor.		1-CM, Part 25				
D. KC-227 or KC-227A completed by processor, if warehouse stored. All KC-227's and KC-227A's must accompany application. Separate loans for sugar stored in other States.		10-SU, paragraphs 31 through 34				
E. Lien search conducted in the State where the corporation is organized. Record the lien holders on SU-2, Item 6. Obtain lien waivers from lien holders on CCC-679.		10-SU, paragraph 47				
F. Obtain CCC-10 (Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to file a Financing Statement and Related Documents) if a current CCC-10 is not on file. Refer to CCC-10, Item 7 or 8 on where to file UCC-1 and conduct lien search.		10-SU, subparagraph 48G				
G. UCC-1 filed in the State where the corporation is organized according to CCC-10, Item 7.		10-SU, paragraph 48				
H. Form CCC-770 SU-2 Sugar Processors Initial Eligibility Determination for Loans Checklist completed for this Processor for this crop year.		10-SU, Exhibit 7				
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. Does the requested loan quantity provided on SU-2 Item 10 exceed the maximum eligible quantity for loan?		10-SU, subparagraph 46C				
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 or within 15 calendar days after disbursement.		10-SU, paragraph 74				
B. Verify that processor's production and marketing records support the quantity for which a loan is requested.		10-SU, paragraph 74				
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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 (03-27-15)		Page 2 of 2			
9. 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 Exhibit 9				
C. Quantity verified on KC-227 or KC-227A, if warehouse stored.	10-SU, paragraph 34				
D. Second party review of SU-2 and loan documents to verify correct information entered.					
10. SUGAR LOAN DISBURSEMENT:					
A. SF-LLL on file for this loan if loan proceeds exceed \$150,000.00 and funds will be used for lobbying.	10-SU, paragraph 4				
B. Processor representative signs CCC-677 (Farm Storage Note and Security Agreement) or CCC-678 (Warehouse Storage Note and Security Agreement).	10-SU, subparagraph 2l				
C. Processor representative signs CCC-677A (Sugar Loan Addendum) which is applicable to all sugar loans.	10-SU, subparagraph 2l				
D. FSA-211 or acceptable documentation on file in county office for person signing all loan documents.	1-CM, Part 25				
E. Processor representative receives CCC-601, Note and Security Agreement Terms and Conditions.	10-SU, subparagraph 2l 8-LP, paragraph 509				
F. Processor checked for debts owed to CCC.					
G. Authorized CCC representative signs and dates CCC-677 or CCC-678 when approved for disbursal.	8-LP, paragraph 509				
H. Loan disbursed. If lien holders request their name on loan proceeds, issue a check jointly with processor.	8-LP, paragraph 509				
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					

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

A Instructions for Completing CCC-770 SU-2

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

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

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

B Example of CCC-770 SU-2

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

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This form is available electronically.

CCC-770 SU-2 (03-27-15) SUGAR PROCESSORS INITIAL ELIGIBILITY DETERMINATION FOR LOANS CHECKLIST	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. Name of Processor				
	2. Crop Year and Loan No.		3. Type of Sugar (<i>Cane or Beet</i>)				
	4. State Office Name		5. County Office Name				
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 producer and affiliated producers listed have complied with compliance and certification provisions on AD-1026 and FSA-578.			6-CP, paragraphs 17, 302 and 601 10-SU, subparagraph 62C				
D. Verifying County Office shall provide loan making office with list of eligible and ineligible producers immediately after determination is made.			10-SU, subparagraph 62C				
E. Loan making County Office shall provide processors in writing by October 1 a list of producers determined eligible and ineligible for program benefits.			10-SU, subparagraphs 63A				
F. Loan making County Office shall determine the maximum eligible quantity for loan each crop year. The quantity must not exceed the quantity derived from processing domestically grown sugar beets or sugarcane from eligible producers.			10-SU, subparagraph 46C				
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							

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