

For: State and County Offices

Interest Rate Charged for CCC Sugar Loans and Repayments Effective September 15, 2004

Approved by: Acting Deputy Administrator, Farm Programs



1 Addendum to CCC Sugar Loans

A Background

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.

On September 15, 2004, the United States District Court for the District of Columbia, held, in *Holly Sugar Corp. et al. v. Veneman, et al.*, No. 03-1739 RBW (D.D.C. Sept. 15, 2004), that the assessment of the additional 1 percent charge is not consistent with statutory provisions applicable to sugar loans.

To comply with the holding of the Court, CCC will disburse marketing assistance loans (MAL's) and calculate repayments at CCC borrowing rate not to include the additional 1 percent charge beginning September 15, 2004.

In the event the department appeals the above ruling and subsequently prevails, the additional 1 percent interest will be due CCC.

B Purpose

This notice provides addendums to comply with the court order for sugar loans that are:

- disbursed
- repaid.

Note: APSS software is being enhanced to accommodate the CCC lending rate for sugar.

Disposal Date	Distribution
November 1, 2005	State Offices; State Offices relay to County Offices

Notice SU-85

1 Addendum to CCC Sugar Loans (Continued)

C County Office Action

Effective **September 15, 2004**, and until further notice, County Offices shall obtain from the customer a signed copy of the applicable addendum in:

- Exhibit 1 for loan making and attach to CCC-678
- Exhibit 2 for loan repayments and attach to CCC-500.

Addendum to Sugar Loan Disbursements

Crop Year: _____
Loan Number: _____
Principal Disbursed: _____
Date of Disbursement: _____

Currently, the interest rate for sugar loan disbursements is established at the rate of interest charged to the Commodity Credit Corporation (CCC) by the United States Treasury for borrowing funds plus one percent (1%). The United States District Court for the District of Columbia recently held, in Holly Sugar Corp. et al. v. Veneman, et al., No. 03-1739 RBW (D.D.C. Sept. 15, 2004), that the assessment of the additional 1% charge is not consistent with statutory provisions applicable to this loan. The time for the defendants to appeal this holding has not yet expired; however, in order to comply with this holding of the Court, CCC will disburse the loan at the CCC borrowing rate and not include the additional 1% charge. In the event the defendants appeal this holding and subsequently prevail, you will owe to CCC an additional 1% interest if any repayments occur on the above numbered loan.

I have read and understand the manner in which CCC intends to assess interest on this loan.

Name of Borrower

Authorized Representative Signature

Date

Addendum to Sugar Loan Repayments

Crop Year: _____
Loan Number: _____
Principal Repaid: _____
Date of Disbursement: _____

When this loan was issued to you, the interest rate was established as the rate of interest charged to the Commodity Credit Corporation (CCC) by the United States Treasury for the funds plus one percent (1%). The United States District Court for the District of Columbia recently held, in Holly Sugar Corp. et al. v. Veneman, et al., No. 03-1739 RBW (D.D.C. Sep. 15, 2004), that the assessment of this additional 1% charge is not consistent with statutory provisions applicable to this loan. The time for the defendants to appeal this holding has not yet expired; however in order to comply with this holding of the Court, CCC will calculate the amount of interest you owe on the remaining unpaid principal balance of the loan that you are repaying today without regard to this additional 1% charge. In the event the defendants appeal this holding and subsequently prevail, you will owe to CCC an additional amount determined by multiplying the amount of today's unpaid principal balance today by 1%. In such event, repayment of that additional amount will be necessary for the loan to be considered paid in full.

I have read and understand the manner in which CCC intends to process the repayment of my loan.

Name of Borrower

Authorized Representative Signature

Date