

For: State and County Offices

Sugar Commodity Loan Signature Requirements

Approved by Deputy Administrator, Farm Programs



1 Overview

A Background

The sugar commodity loan program has followed FSA signature requirements in 1-CM for signature authority. Notice CM-640 recently revised the documentation FSA requires County Offices to request and maintain as evidence of signature authority for entities and joint operations.

B Purpose

This notice provides County Offices with the signature authority required for **all** sugar commodity loan documents, including but not limited to the following:

- SU-2, Application for Nonrecourse Sugar Loan
- KC-227, Raw Sugar Certification Report
- KC-227A, Refined Sugar Certification Report
- CCC-677, Farm Storage Note and Security Agreement
- CCC-678, Warehouse Storage Note and Security Agreement
- CCC-677A, Sugar Loan Addendum.

All sugar processors requesting sugar commodity loans **must** present to their STC-designated loan making County Office, documentation indicating:

- entity type
- who has the signature authority to sign for the processor.

Note: The required documentation depends on the processor's entity type.

Disposal Date	Distribution
December 1, 2009	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

C Contact

State Specialist with questions about this notice shall contact DeAnn Allen by either of the following:

- telephone at 202-720-9889
- e-mail at deann.allen@wdc.usda.gov.

2 General Information

A Applicable Entities and Joint Operations

Find specific information for applicable sugar processors, organized as the following entities and joint operations, according to the following.

IF the sugar processor is a...	THEN see paragraph...
corporation limited liability company cooperative	3.
general partnership	4.

B General Sugar Commodity Loan Program Information

Sugar commodity loans are made:

- to sugar processors
- on partially or fully processed sugar
- on domestically grown sugarcane and sugar beets sugar produced by eligible growers.

Note: The growers must be in compliance with both highly erodible and wetland regulations.

Sugar processors are not:

- required to file forms to determine if they are “actively engaged in farming”
- subject to other payment eligibility/limitation requirements.

Notes: Sugar commodity loans are either repaid at principal plus interest at the same rate applicable to all other CCC commodity loans or forfeited to CCC at maturity. Repayments at a posted county price, incurring a market gain, are not authorized.

CCC-901 shall **not** be used to establish signature authority for sugar processors.

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3 Sugar Commodity Loan Signature Authority Documentation Requirements for Corporations, Limited Liability Companies, Cooperatives, and Other Similar Entities

A Entity Signature Authority for Sugar Commodity Loans

The signature authority for sugar commodity loan documents for corporations, limited liability companies, cooperatives, and other similar entities, will consist of a copy of any of the following applicable documents:

- the corporate charter, bylaws, articles of organization, or operating agreement executed according to State law, that designates officers, members or managers as authorized signatories
- resolution by the corporation or cooperatives board of directors, signed by the secretary or an officer other than the signatory being extended signature authority

Note: If the intent of the resolution is to extend signature authority to all officers of a corporation or cooperative, then all officers must sign the resolution.

Exception: For a **1 person corporation**, that person is authorized to sign for the corporation by default if documentation, such as a corporate charter, is on file in the County Office which **both:**

- identifies the “one person”
- validates that 100 percent of the corporation’s shares are held by that “one person”.

Notes: It is the respective sugar processor’s responsibility to inform the County Offices of all changes in signature authority and to ensure that current documentation is provided accordingly with respect to sugar commodity loan program requirements.

The identification/listing of officers and/or shareholders of a corporation does not, by itself, provide sufficient evidence of who has authority to act on behalf of the corporation.

Certain properly executed and completed affidavits, on file in a County Office before July 20, 2004, have been used as evidence of signature authority. These affidavits shall continue to be honored by State and County Offices. In addition, all affidavits filed after July 18, 2001, must be witnessed by an FSA employee or notarized to be considered acceptable.

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3 Sugar Commodity Loan Signature Authority Documentation Requirements for Corporations, Limited Liability Companies, Cooperatives, and Other Similar Entities (Continued)

B Redlegation of Signature Authority

Use the following to determine how an agent may be granted authority to sign sugar commodity loan documents for a corporation, limited liability company, cooperative, or other similar entity.

IF the entity documents...	THEN the person authorized to sign for the entity...
allow for re delegation of signature authority	<p>according to subparagraph A may redelegate their authority to an agent on FSA-211.</p> <p>Important: The person authorized to sign for the entity according to subparagraph A shall not redelegate this authority if the entity documents do not allow for re delegation of signature authority.</p> <p>Example 1: The Sugar Corporation charter designates James Brown as the corporate officer with signature authority for the corporation. The corporate charter provides that the authority to sign for The Sugar Corporation may be re delegated. James Brown may redelegate his signature authority for The Sugar Corporation to an agent by completing FSA-211.</p> <p>Example 2: The Colorado Corporation charter designates Mike Jones as the corporate officer with signature authority for the corporation. The corporate charter does not indicate that the authority to sign for the Colorado Corporation may be re delegated. Mike Jones shall not redelegate his signature authority for the Colorado Corporation.</p>

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3 Sugar Commodity Loan Signature Authority Documentation Requirements for Corporations, Limited Liability Companies, Cooperatives and Other Similar Entities (Continued)

B Redlegation of Signature Authority (Continued)

IF the entity documents...	THEN the person authorized to sign for the entity...
do not allow for redelegation of signature authority	<p>may use the following to authorize an agent to sign for the entity for:</p> <ul style="list-style-type: none"> • corporations and cooperatives, either of the following: <ul style="list-style-type: none"> • FSA-211 signed by all officers • resolution of the board of directors, signed by an officer of the corporation or cooperative, providing name of agent authorized to sign for the corporation • limited liability companies, FSA-211 signed by all members or authorized managers. <p>Note: Certain properly executed and completed affidavits, on file in a County Office before July 20, 2004, have been used as evidence of signature authority. These affidavits shall continue to be honored by State and County Offices. In addition, all affidavits filed after July 18, 2001, must be witnessed by an FSA employee or notarized to be considered acceptable.</p> <p>Example: The ABC Sugar Corporation charter designates Mike Jones as the corporate officer with signature authority for the corporation. The corporate charter does not indicate that the authority to sign for ABC Sugar Corporation may be redelegated. Mike Jones shall not redelegate his signature authority to sign for ABC Sugar Corporation. However, an agent may be authorized to sign for ABC Sugar Corporation if all officers of ABC Sugar Corporation sign FSA-211.</p>

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4 Sugar Commodity Loan Signature Authority Documentation Requirements for General Partnerships

A General Partnership Signature Authority for Sugar Commodity Loans

For all sugar commodity loans issued to general partnerships, the partnership must provide the Articles of Partnership. If no Articles of Partnership are available, IRS documents such as Form 1065 (Schedule K-1) showing members and their respective shares may be used. A written statement identifying all members and shares of the partnership and signed by all members of the partnership may be used as acceptable documentation the first year the partnership is in effect or if the membership of the partnership has changed and the partnership has not filed any IRS forms.

Notes: Certain properly executed and completed affidavits, on file in a County Office before July 20, 2004, have been used as evidence of signature authority. These affidavits shall continue to be honored by State and County Offices. In addition, all affidavits filed after July 18, 2001, must be witnessed by an FSA employee or notarized to be considered acceptable.

Before November 20, 2006, general partnerships that did not have an individual authorized to act on behalf of the general partnership could execute FSA-211 to appoint an attorney-in-fact to act on behalf of the general partnership and bind all members. FSA-211's executed before November 20, 2006, according to these instructions, shall continue to be honored as acceptable evidence of signature authority by State and County Offices. The general partnership will be required to provide additional documentation only if the structure and/or membership of the general partnership changes.

Any member of a general partnership may sign for the general partnership and bind all members unless the Articles of Partnership are more restrictive.

Note: This policy is adopted by FSA because the majority of States have laws that provide for this; however, this is **not** the case for any other business enterprise.

A member of a general partnership may execute FSA-211 to appoint an attorney-in-fact to act on behalf of the general partnership and bind all members, unless the Articles of Partnership restrict member's authority.

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5 Action

A County Office Action

County Offices designated by STC to process sugar commodity loans shall:

- comply with the policy in this notice effective immediately
- maintain a copy of the required documentation and keep on file in the office

Note: The entire document presented does **not** have to be maintained. However, all applicable pages that identify the entity, pertinent authority, and any limitations, etc, **must** be maintained.

- contact the State Office for guidance if there are questions or concerns about sugar commodity loan signature authority
 - for the entities contained in this notice
 - for any entities not contained in this notice
- ensure that the business type for sugar processors in SCIMS is correct.

B State Office Action

State Office sugar commodity loan specialists shall:

- ensure that applicable County Offices comply with this notice effective immediately
- assist County Offices with concerns related to information provided by sugar processors
- contact PSD for guidance for the sugar commodity loan signature authority requirements for any entities not contained in this notice.