

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Sugar Loans
10-SU (Revision 4)

Amendment 12

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Numerous paragraphs were updated with the applicable new reference paragraphs in 8-LP (Rev. 1).

Subparagraph 2:

- D has been amended to clarify how the maturity date of a supplemental loan is determined
- F has been amended to clarify how the maturity date of a replugged loan is determined
- G has been amended to update the year in the examples of loan maturity dates for initial, replugged, and supplemental loans
- J has been amended to:
 - delete reference to the National Report for CCC-770's previously required each FY
 - direct County Offices where to file required CCC-770 SU-1 and CCC-770 SU-2
- K and L have been amended to revise the number of CCC-770 SU-1's required to be spot-checked each year by CED and STC or designee.

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

Subparagraph 48 F has been amended to clarify how filing or recording fees are to be paid.

Subparagraph 63 B has been amended to comply with the receivable process in NRRS.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Paragraph 86 has been amended to clarify:

- that County Offices are not to spot-check any processed sugar commodity loans
- the spot check process for in-process loans
- the review process for sugar processors with outstanding in-processed loans
- the recording of spot-check results.

Subparagraph 136 B has been amended to add that CCC is not allowed to require sugar processors to provide advance notification of their intent to forfeit sugar to CCC.

Subparagraph 163 A has been amended to clarify the minimum payment sugar processors obtaining nonrecourse loans must pay the producer.

Subparagraphs 346 A and 347 A have been amended to provide instructions that loans will be disbursed through APSS and NPS according to current FI procedure.

Subparagraph 347 A has been amended to clarify the loan application date for supplemental loans.

Subparagraphs 359 A and 360 D have been amended to clarify that loan repayments must also be entered in NRRS according to current FI procedure.

Paragraph 361 has been amended to update NRRS procedure about receivables.

Paragraph 362 has been amended to update NRRS procedure.

Subparagraph 374 A has been amended to clarify that if a processed sugar loan is forfeited and a disbursement is due the processor, the disbursement is to be issued through NPS following current FI procedure.

Subparagraph 387 A has been amended to clarify that if an in-processed sugar loan is converted to a processed sugar loan, and a disbursement is due the processor, the disbursement shall be issued through NPS following current FI procedure.

Paragraph 404 has been amended update correction procedure.

Paragraph 405 has been amended to clarify that current FI procedure for NRRS corrections will be followed when correcting a repayment deposited through NRRS.

Paragraph 406 has been amended to clarify for correcting loans where a process is canceled, a receivable will be established in NRRS.

Exhibit 17 has been amended to update the crop year.

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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, 2010	July 31, 2011
November 8, 2010	August 31, 2011
December 1, 2010, through September 30, 2011	September 30, 2011

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

Disbursement Date of Initial Loan	Date Repaid	Date Repledged	Maturity Date
October 16, 2010	December 31, 2010	February 1, 2011	July 31, 2011
January 2, 2011	May 31, 2011	September 1, 2011	September 30, 2011

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, 2010	September 10, 2010	October 1, 2010	April 30, 2011
August 15, 2010	September 15, 2010	October 6, 2010	May 31, 2011
September 20, 2010	September 30, 2010	October 20, 2010	June 30, 2011

--*

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://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
 - *--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.

2 Basic Loanmaking Provisions (Continued)

* * *

M 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.

* * *

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>.

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 Exhibit 4 for the addendum to sugar loan disbursements.--

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 sugarcane 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.

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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 2008 through 2012 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 initial loan was 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 504 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 505.--*

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 521.--*

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 payment through OLP and NPS for filing or recording fees according to either of the following:

- 8-LP, subparagraph 521 E--*
- 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 502.--*

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)

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, Exhibit 11, subparagraph N
- if payment is not made within 30 calendar days after the date of the notification letter, send the applicable demand letter in 8-LP, paragraph 410
- if the processor fails to pay within 30 calendar days after the date of the demand letter, do the following:
 - transfer amounts not paid from APSS using the “Transfer to Claims” option according to 12-PS, Part 12
 - establish a receivable in NRRS for the applicable amount, plus interest, according to 64-FI, using the Transfer to Claims Report
- process repayments received:
 - **within** 30 calendar days from the date of the demand letter, and record the repayment in APSS according to Part 5
 - **after** a receivable has been established according to 64-FI.--*

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.

*--Note: County Offices are **not** to spot-check processed sugar commodity loans.

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 checking sugar processors on the National Spot-Check List.

Step	Action
1	Initiate a spot check of each processor's total outstanding in-process loan quantity as of the date the National Spot-Check List is posted.--*
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	<p>Notify sugar storage verifying County Office through verifying State Office to:</p> <ul style="list-style-type: none"> • initiate spot check on applicable loans • provide quantities under loan. <p>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.</p>

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

*--County Office will be spot-checking all outstanding in-process sugar loans for the processors on the National Compliance Spot-Check List as of the date the National Spot-Check List is posted. All new crop year in-process loans are required to be spot-checked with 15 calendar days after disbursement according to subparagraph 74 A.

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. <p>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.</p>
4	Keep original spot-check report in processor’s loan folder and send copies according to subparagraph 74 C.

***--D Verifying Other Required Reviews**

County Offices are required to:

- annually verify the eligibility of producers to determine the maximum eligible quantity a sugar processor may put under loan according to paragraphs 62 and 63
- review the producer’s annual growers contract with the processors to verify that processors are paying at least the applicable minimum payment to their producers according to paragraph 175
- complete CCC-770 SU-1 and CCC-770 SU-2 according to subparagraph 2 J.

Note: As part of the annual compliance spot check, County Offices shall verify that these required reviews were completed, as instructed, for the applicable crop year sugar loans.

E Recording Sugar Commodity Loan Spot-Check Results

County Offices shall record findings from compliance reviews and spot checks in the National compliance review database.

Note: If the selected sugar processors on the National Compliance Spot-Check List are participants in any other CCC or FSA programs, County Offices shall also spot-check the processor on those programs.--*

86 Spot-Check Provisions (Continued)

F 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 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, paragraph 26 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.

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

*--CCC is **not** allowed to require sugar processors to provide advance notification of their intent to forfeit sugar to CCC.--*

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 (Exhibits 17 and 18).--***

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
*--the minimum payment, not to exceed the rate of payment provided for under the applicable
contract between the producer and the processor.--*

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 2 Loanmaking

346 In-Process Sugar Loanmaking Transaction

A Entering In-Process Sugar Loans

All in-process sugar loans shall be:

- *--disbursed through APSS and NPS according to current FI procedure--*
- 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	
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 redisplayed. Repeat this step. 		
19	On Screen PCE54010, ENTER "Y" or "N" to the question, "Do you wish to reprint this form?"	IF...	THEN...
		"Y" was entered	CCC-677A will be reprinted. * * *
"N" was entered	<ul style="list-style-type: none"> • CCC-677A will not be reprinted • *-Menu PCA005 will be redisplayed. Go to step 20. 		
20	*-Access NPS, according to current FI procedure, to complete loan disbursement.--* 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 payable or transaction statement each less than \$8,900,000, but totaling the loan amount. County Office is required to process all payables associated with the loan in NPS.--*	* * *	

347 Processed Sugar Loanmaking Transaction

A Entering Processed Sugar Loans

All processed sugar loans shall all be:

- disbursed through APSS and NPS according to current FI procedure--*
- processed as warehouse loans.

Process processed sugar loans according to the following.

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 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 must be October 1 through October 31. See subparagraph 2 G 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 for clarification.</p> <ul style="list-style-type: none"> • expected month of loan approval • “Is this a replighted 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	
18	On Screen PCE54010, ENTER “Y” or “N” to the question, “Do you wish to reprint this form?”	IF... “Y” was entered	THEN... CCC-677A will be reprinted. * * *
		“N” was entered	<ul style="list-style-type: none"> • CCC-677A will not be reprinted • *-Menu PCA005 will be redisplayed.--* Go to step 19.
19	*-Access NPS, according to current FI procedure, to complete loan disbursement.--* 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 payable or transaction statement each less than \$8,900,000, but totaling the loan amount. County Office is required to process all payables associated with the loan in NPS.--*	* * *	

348-358 (Reserved)

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?”	*--Menu PCA005 will be displayed. Go to step 11.
11	According to 64-FI, enter the remittance in NRRS.--*	* * *

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; 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. * * * See subparagraph D.

D Completing Remittance Processing

--County Offices must record remittance in NRRS according to 64-FI.--

361 Processing Receivable Repayments

A * * * Receivable Repayments

*--Receivables are the result of an outstanding balance once a farm-stored loan is repaid.

Example: A partial payment for 1 lot of an in-process sugar loan is received in the County Office and the remittance is \$50 less than the amount needed to repay the entire lot. County Offices shall:

- record the partial repayment in APSS as a manual repayment

Note: An outstanding balance will remain in APSS until repaid or further action is taken to move the balance to NRRS.

- transfer the outstanding balance from APSS using the “Transfer to Claims” option according to 12-PS if not repaid within 30 calendar days

Note: Save the Transfer to Claims Report.

- establish a manual receivable in NRRS according to 64-FI using the Transfer to Claims Report.

If the remittance on a full or final repayment of an in-process, farm-stored, sugar loan is received and is less than needed to repay the loan, immediately after entering the repayment in APSS:

- transfer the outstanding balance from APSS using the “Transfer to Claims” option according to 12-PS

Note: Save the Transfer to Claims Report.

- manually establish a receivable in NRRS according to 64-FI using the Transfer to Claims Report.--*

* * *

361 Processing Receivable Repayments (Continued)**B 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 * * * 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 according to FI procedures and establish the receivable in NRRS.--

C 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)

C 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)***--D Completing Repayments in APSS--***

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 Overdisbursements * * *

A * * * Overdisbursements * * *

*--All overdisbursements are:

- created through the loan correction process according to paragraph 404
- the result of the difference when the new loan is offset by the receivable created by the cancellation of the old loan.--*

* * *

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>*--Main Menu PCA005 will be redisplayed.</p>
9	<p>If disbursement is due processor, the disbursement will be made through NPS according to current FI procedure.--*</p>	<p>* * *</p>

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

375-385 (Reserved)

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”.	*--Main Menu PCA005 will be redisplayed.
17	If disbursement is due processor, the disbursement will be made through NPS according to FI procedure.--*	* * *

388-399 (Reserved)

404 Corrections Involving Payables

A Accounting Interface

*--After verifying the correction report, PRESS “Enter” on Screen PXA10000 according to subparagraph 402 B.

B Loan To Be Re-Entered

If the payment in NPS has not been certified and signed, the payment request will be canceled. Re-enter the loan according to Part 15, Section 2. The payment for this loan will be re-issued to the producers and applicable lien holders.

If the payment has been certified and signed in NPS, the payment request is not available to be canceled and a receivable will be established in NRRS for the loan amount. After first checking to make sure the receivable is in NRRS, re-enter the loan as a manual action according to Part 15, Section 2. NPS will automatically apply the loan proceeds to repay the receivable previously established.

Note: The outstanding receivable in NRRS will be handled according to FI procedure.

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, a receivable will automatically be established in NRRS according to 64-FI. NRRS will send all applicable notification and demand letters.--*

* * *

***--405 Corrections Involving NRRS Receipts**

A Repayment Corrections

When correcting a repayment transaction, amounts deposited in NRRS will not be reversed. The correction process will reverse only the program record in APSS associated with the repayment.

The remittance record will remain in NRRS and will not have to be re-entered.

B Handling Corrections

Follow current FI procedure for handling NRRS corrections.

406 Completing Correction Process

A Completing Correction

When the correction process is completed, receivables will be established for payments canceled.--*

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 (HELIC) 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, 86
CCC-770 SU-2	Sugar Processors Initial Eligibility Determination for Loans Checklist	Ex. 7	2, 86
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, 46, 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
ICUMSA	International Commission for Uniform Methods of Sugar Analysis	Ex. 17
NRRS	National Receipts and Receivables System	Text
OLP	On-line Payments	48

Re delegations of Authority

None

Premiums and Discounts for Bulk Raw Cane Sugar

A Overview

--The following premiums and discounts are for 2010 crop year raw cane sugar, and are based--
on the #16 Contract specifications.

B Moisture

For each .01 in excess of .30 deduct .0329 cents per lb.

C Grain Size

For each 1 percent:

- above 45 percent, deduct .0219 cents per lb.
 - below 22 percent, add .0091 cents per lb.
- (Based on percent through 30 mesh U.S. sieve.)

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	.0296	
1301 to 1500		.0329
1501 to 1800		.0821
1801 to 2100		.1807
2101 to 2400		.3285
Above 2400		.5256
COLOR (Whole Raw)		
(ICUMSA color units Method 4 Modified)		
For Each 25 Units		
	Add Cents/Lb.	Deduct Cents/Lb.
Below 3000	.0003	
5001 to 6000		.0003
6001 to 7000		.0008
7001 to 8000		.0019
8001 to 9000		.0036
Above 9000		.0057

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

E Dextran

Apply Dextran discounts according to this table.

Dextran		
For Each Unit		
	Add Cents/Lb.	Deduct Cents/Lb.
251 to 350		.0026
351 to 450		.0058
451 to 550		.0099
Above 550		.0146

F Ash

Apply ash discounts according to this table.

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 .0027 cents per lb. • below derived minimum ash content, add .0011 cents per lb. 		

--*