

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

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

**Amendment 6**

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**Approved by:** Acting Deputy Administrator, Farm Programs



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**Amendment Transmittal**

**A Reasons for Amendment**

Paragraph 2 has been amended to:

- update the year in the examples of loan maturity dates for initial, repledged, and supplemental loans in subparagraph G
- add that SU-2 is applicable to sugar loans, in subparagraph I
- provide information about using CCC-770 SU-1's and CCC-770 SU-2's in subparagraph J.

Subparagraph 5 B has been amended to add that KC-227-A is applicable to settlements.

Paragraph 34 has been amended to:

- add instructions on the correct format for entering grading factors on KC-227 in subparagraph B
- update instructions for entering information on KC-227 in subparagraph C
- provide an updated KC-227 in subparagraph D
- update instructions for entering information on KC-227-A in subparagraph E
- provide an updated KC-227-A in subparagraph F.

Paragraph 75 has been amended to clarify instructions for:

- completing SU-2 in subparagraph A
- preparing and distributing SU-2 in subparagraph C.

Subparagraph 123 C has been amended to update the year in the examples of the total days interest is assessed on a loan.

**Amendment Transmittal (Continued)**

**A Reasons for Amendment (Continued)**

Subparagraph 138 B has been amended to change the National Office contact for reporting forfeiture activity.

Subparagraph 347 A has been amended to clarify information when entering a supplemental loan into APSS.

Exhibit 2 has been amended to delete information no longer applicable to the average quality for 2006 crop sugarcane.

This amendment instructs users to remove Exhibits 5 and 15 that were withdrawn in Amendment 3.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
	1-5 through 1-8 1-9, 1-10 2-5 through 2-8 2-9 4-29 through 4-52 5-21, 5-22 6-3, 6-4 15-31 through 15-34	1, pages 1, 2 2, pages 1, 2 5, page 1 (remove) 15, page 1 (remove)

## 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 9th 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 supplemental loan is made
- mature in 9 months minus the number of whole months that the initial loan was in effect.

**Note:** No loans will be made after June 30, 2008.

### 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 9 <sup>th</sup> 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 loan was disbursed minus the number of months the initial loan was pledged. All repledged loans mature no later than September 30.
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.

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Disbursement Date	Maturity Date
October 16, 2006	July 31, 2007
November 8, 2006	August 31, 2007
December 1, 2006, through September 30, 2007	September 30, 2007

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

Disbursement Date of Initial Loan	Date Repaid	Date Repledged	Maturity Date
October 16, 2006	December 31, 2006	February 1, 2007	July 31, 2007
January 2, 2007	May 31, 2007	September 1, 2007	September 30, 2007

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, 2006	September 10, 2006	October 1, 2006	April 30, 2007
August 15, 2006	September 15, 2006	October 6, 2006	May 31, 2007
September 20, 2006	September 30, 2006	October 20, 2006	June 30, 2007

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## 2 Basic Loanmaking Provisions (Continued)

### H Beneficial Interest

See 8-LP, paragraph 129 for beneficial interest procedures.

### I Forms

Use:

- \*--SU-2 for both warehouse- and farm-stored nonrecourse sugar loans.--\*
- 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 have been developed for the processing of sugar loans:

- CCC-770 SU-1 which is a new checklist that is required to be completed by the County Office for each sugar loan processed (See Exhibit 6)
- CCC-770 SU-2 which is a new checklist that is required to be completed by the County Office 1 time for each processor for each crop year (See Exhibit 7).

County Offices shall:

- obtain the current version of CCC-770 SU-1 and CCC-770 SU-2 on the FFAS Employee Forms Online web site at **<http://165.221.16.90/dam/ffasforms/currentforms.asp>**
- prepare CCC-770 SU-1 for each sugar loan processed and:
  - file CCC-770 SU-1 in each sugar loan folder
  - obtain the required signatures on CCC-770 SU-1, items 7A and B before loan disbursement

## 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 and:
  - obtain required signatures on CCC-770 SU-2 before disbursing first sugar loan to each processor each crop year
  - file completed CCC-770 SU-2 in processors folder containing UCC-1 filing, lien search, and required lien waivers

**Notes:** CED shall spot check all CCC-770 SU-2's completed each year.

In most cases, there will only be 1 CCC-770 SU-2 filed by each sugar processor each crop year.

- check the appropriate box for each item as it is performed
- date when each item is completed.

State Offices shall ensure that County Offices processing sugar loans are completing CCC-770 SU-1 and CCC-770 SU-2 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

All sugar loans will be included on the loan query selection list that is presently being developed by PSD and will be released with instructions to the field in the near future. County Offices shall follow procedure in 8-LP, subparagraph 25 H for spot checking CCC-770 SU-1. If a sugar loan is selected for spot check, review CCC-770 SU-1 instead of CCC-770 MAL.

### L State Office CCC-770 SU-1 Spot Checks

The State Office shall follow procedure in 8-LP, subparagraph 25 I for spot checking CCC-770 SU-1. All sugar loans will be included on the loan query selection list that is presently being developed by PSD and will be released with instructions to the field in the near future. If a sugar loan is selected for spot check, review CCC-770 SU-1 instead of CCC-770 MAL.

4 Lobbying Provisions (Continued)

C County Office Action

County Offices shall follow the procedures in this table each time a loan exceeding \$150,000 is requested.

Step	Action
1	Provide the applicant a copy of CCC-674 and SF-LLL with instructions to complete, and return the applicable form to the County Office.
2	Disburse the loan <b>after</b> the applicant returns the completed lobbying disclosure form to the County Office.
3	File the original in the County Office.

5 Prompt Payment Act

A Applicability

The Prompt Payment Act requires CCC, according to 61-FI, to pay a late payment interest penalty on the amount of loan disbursements if **all** of the following apply:

- documentation is provided
- the payment is not made by the due date in subparagraph B
- all eligibility requirements are met.

B Payment Due Dates

The following table provides the payment due dates for loan purposes.

IF the program is for...	THEN the payment due date is 30 calendar days after the County Office receives...
loan agreements	an application with <b>all</b> required documentation and signatures.
settlements	<b>both</b> of the following: <ul style="list-style-type: none"> <li>•*--a properly completed KC-227 or KC-227 A--*</li> <li>• documentation required to complete the transaction.</li> </ul>

**5 Prompt Payment Act (Continued)**

**C Information Provided by FMD**

FMD will provide the following information:

- interest rate to be used for interest payments required by the Prompt Payment Act

**Notes:** Notices will be issued semiannually, around January 1 and July 1.

See 50-FI for interest rates.

- detailed instructions for administering the provisions of the Prompt Payment Act. See 61-FI.

**D Paying Prompt Payment Interest**

County Offices shall pay prompt payment interest when payment dates, according to subparagraph B, are not met. Maximum prompt payment interest is 1 year's interest.

**Example:** If calculation of the number of days late is 450 days, then State and County Offices shall pay prompt payment interest for 360 calendar days only.

**6 Finality Rule**

**A Finality Rule Provisions**

See 7-CP for provisions applicable to the finality rule.

**7-27 (Reserved)**



## 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 the Addendum to Sugar Loan Disbursements in Exhibit 5.

### 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.

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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 sugar cane was grown.
8	Enter the control number assigned by the warehouse operator.  <b>Note:</b> 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.  <b>Note:</b> 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"> <li>• signature of an authorized individual, such as corporate officer, partner, or proprietor</li> <li>• date this KC-227 is signed.</li> </ul>

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34 General Warehouse Document Requirements (Continued)

D Example of KC-227

The following is an example of KC-227, for raw cane sugar, received from a processor.  
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<b>KC-227</b> (01-09-07)		U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency <b>RAW SUGAR CERTIFICATION REPORT</b>				<b>FOR CCC USE ONLY</b>	
<b>3. NAME AND LOCATION OF RECEIVING WAREHOUSE</b> XYZ Sugar Corporation Orlando, FL					<b>1. LOAN APPLICATION DATE</b>		
					<b>2. LOAN NUMBER</b>		
<b>4. WAREHOUSE CODE</b>  7-1071		<b>5. COMMODITY</b>  RAW CANE SUGAR	<b>6. RECEIVED BY</b>  <input type="checkbox"/> TRUCK <input checked="" type="checkbox"/> RAIL <input type="checkbox"/> BARGE <input type="checkbox"/> CART <input type="checkbox"/> IN STORE		<b>7. CROP YEAR</b>  2006	<b>8. CONTROL NUMBER</b>  1	
					<b>9. DATE ISSUED</b>  2/23/2007		
<b>10. QUANTITY AND QUALITY</b>	<b>A. TOTAL NET POUNDS</b>  10,000,000	<b>B. POLARIZATION</b>  98	<b>C. ASH</b>  .22	<b>D. COLOR</b>  4000	<b>E. GRAIN SIZE</b>  48	<b>F. % MOISTURE</b>  .28	
<b>11. CERTIFICATION AND SIGNATURE</b>							
<i>I certify that the raw sugar described on this report is raw sugar:</i>							
<ul style="list-style-type: none"> <li>in which title is vested in CCC, or placed in storage by someone other than CCC and pledged to CCC as security for a CCC loan, and</li> <li>which will be safely stored so that raw sugar equivalent to the quantity and quality stated in Item 10 of this KC-227 may be delivered, upon demand, to the owner of such raw sugar, CCC, or to another person (transferee).</li> </ul>							
<i>This form must be signed by an authorized individual; i.e., corporate officer, partner or proprietor. A manager cannot sign unless authorized by a Resolution of the Board of Directors or Power of Attorney furnished by a partner or proprietor.</i>							
A. WAREHOUSE OPERATOR'S SIGNATURE					B. DATE		
<b>PRIVACY ACT AND PUBLIC BURDEN STATEMENTS</b>							
The following statements are made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a) and the Paperwork Reduction Act of 1995, as amended. Authority for the use of this form is under 7 CFR Part 1423 and the respective CCC Storage Agreement. The information will be used to certify the accuracy of the invoice. Furnishing the requested information is mandatory. Failure to furnish the requested information will result in nonpayment of the invoice. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 1001; 15 USC 3729, may be applicable to the information provided.							
The authority for collecting the following information is Public Law 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.							
<b>NONDISCRIMINATION STATEMENT</b>							
The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).							
To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.							

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## 34 General Warehouse Document Requirements (Continued)

**E Instructions for Completing KC-227-A**

County Offices shall complete KC-227-A, items 1 and 2.

Warehouse operators shall complete KC-227-A, items 3 through 13.

<b>Item</b>	<b>Action</b>
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	Check applicable box indicating if commodity is raw cane or beet sugar.
6	Check applicable box indicating if sugar was received by truck, rail, barge, or in-store.
7	Enter the crop year the sugar was grown.
8	Enter the control number assigned by the warehouse operator.  <b>Note:</b> The warehouse operator should use a numbering system to consecutively assign control numbers for tracking purposes. For example, the first KC-227-A may be assigned Control No. 1, the second KC-227-A Control No. 2, etc. Do not use alpha characters as part of the numbering system.
9	Enter the date KC-227-A is issued.
*--10 A	Enter the total net pounds received for this KC-227-A.
10 B	Not required.
10 C	Enter the number of units, if the sugar is bagged, for this KC-227-A.
10 D	Enter the number of units damaged, short, or over for this KC-227-A.--*
11	Quality: Refined sugar must be dry and free flowing, free of excessive sediment, and free of any objectionable color, flavor, odor, or other characteristic which would impair its merchantability or which would impair or prevent its use for normal commercial purposes.
12 A and B	Enter the following: <ul style="list-style-type: none"> <li>• signature of an authorized individual, such as corporate officer, partner, or proprietor</li> <li>• date KC-227-A is signed.</li> </ul>

34 General Warehouse Document Requirements (Continued)

F Example of KC-227-A

The following is an example of KC-227-A received from a processor.

\*--

<b>KC-227-A</b> <small>(01-09-07)</small>		U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency <b>REFINED SUGAR CERTIFICATION REPORT</b>			<b>FOR CCC USE ONLY</b>		
<b>3. NAME AND LOCATION OF RECEIVING WAREHOUSE</b> ABC Sugar Company Los Angeles, CA				<b>1. LOAN APPLICATION DATE</b>			
				<b>2. LOAN NUMBER</b>			
<b>4. WAREHOUSE CODE</b>  7-1000	<b>5. COMMODITY</b> <input type="checkbox"/> CANE <input checked="" type="checkbox"/> BEET	<b>6. RECEIVED BY</b> <input checked="" type="checkbox"/> TRUCK <input type="checkbox"/> RAIL <input type="checkbox"/> BARGE <input type="checkbox"/> IN STORE	<b>7. CROP YEAR</b>  2006	<b>8. CONTROL NUMBER</b>  1			
		<b>9. DATE ISSUED</b>  2/23/2007					
<b>10. QUANTITY</b>	<b>A. TOTAL NET POUNDS</b>  10,000,000		<b>B. GROSS WEIGHT</b>  10,200,000		<b>C. NUMBER OF UNITS</b>  10,000		
	<b>D. NUMBER OF UNITS</b> DAMAGED    SHORT    OVER						
<b>11. QUALITY</b>	Refined sugar must be dry and free flowing; free of excessive sediment, and free of any objectionable color, flavor, odor, or other characteristic which would impair its merchantability or which would impair or prevent its use for normal commercial purposes.						
<b>12. CERTIFICATION AND SIGNATURE</b>							
I certify that the refined sugar described on this report is refined sugar:							
<ul style="list-style-type: none"> <li>in which title is vested in CCC, or placed in storage by someone other than CCC and pledged to CCC as security for a CCC loan, and</li> <li>which will be safely stored so that refined sugar equivalent to the quantity and quality stated in Item 10 and 11 of this KC-227-A may be delivered, upon demand, to the owner of such refined sugar, CCC, or to another person (transferee).</li> </ul>							
This form must be signed by an authorized individual; i.e., corporate officer, partner or proprietor. A manager cannot sign unless authorized by a resolution of the Board of Directors or Power of Attorney furnished by a partner or proprietor.							
<b>A. WAREHOUSE OPERATOR-S SIGNATURE</b>				<b>B. DATE</b>			
<b>PRIVACY ACT AND PUBLIC BURDEN STATEMENTS</b>							
The following statements are made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a) and the Paperwork Reduction Act of 1995, as amended. Authority for the use of this form is under 7 CFR Part 1423 and the respective CCC Storage Agreement. The information will be used to certify the accuracy of the invoice. Furnishing the requested information is mandatory. Failure to furnish the requested information will result in nonpayment of the invoice. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 1001; 15 USC 3729, may be applicable to the information provided.							
The authority for collecting the following information is Public Law 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.							
<b>NONDISCRIMINATION STATEMENT</b>							
The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).							
To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.							

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35-45 (Reserved)



75 Recording Data on SU-2

A Preparing SU-2

\*--County Offices shall prepare SU-2 according to this table for **all** sugar loans.--\*

Item	Instructions
1	Enter name and address of processor.
2 a	Enter the total storage capacity the processor owns and leases.  <b>Note:</b> If space is leased, enter only the space that is committed, under written obligation, to store the processor’s sugar.
2 b	Enter the ineligible quantity in storage, including sugar: <ul style="list-style-type: none"> <li>• processed in previous years</li> <li>• currently under loan</li> <li>• in deteriorating condition</li> <li>• representing production from ineligible producers, including producers determined to be ineligible because of regulations governing HELC, WC, acreage report, or controlled substance violations.</li> </ul>
2 c	Enter the eligible quantity in storage that is both of the following: <ul style="list-style-type: none"> <li>• owned by the processor or jointly owned by the processor and producers</li> <li>• physically in the storage facility described in item 2 b.</li> </ul>
3	Enter crop year.
4	Enter the commodity.
5	Enter required information.
6	Enter names of all lienholders.  <b>Note:</b> If there are no lienholders, processors shall enter “ <b>none</b> ” and initial the entry.
7	*--For: <ul style="list-style-type: none"> <li>• farm-stored loans, number the lots sequentially beginning with number “1” on--* processor’s first SU-2.</li> </ul> <p><b>Notes:</b> Do <b>not</b> include in a lot, sugar offered for loan that is stored at more than 1 address.</p> <p>One address may have more than 1 designated lot, if both of the following apply:</p> <ul style="list-style-type: none"> <li>• the sugar is separated</li> <li>• processor requests more than 1 designated lot.</li> </ul> <ul style="list-style-type: none"> <li>•*--warehouse-stored loans, from KC-227 or KC-227-A enter both the:                             <ul style="list-style-type: none"> <li>• warehouse code from item 4</li> <li>• control number assigned by the warehouse operator in item 8.--*</li> </ul> </li> </ul>

75 Recording Data on SU-2 (Continued)

A Preparing SU-2 (Continued)

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Item	Instructions
8	Enter the State and County location of the facility.
9	Enter a checkmark in the appropriate checkbox to indicate the type of sugar processed.  <b>Note:</b> Only 1 type can be checked for the loan.
10	<p>For:</p> <ul style="list-style-type: none"> <li>• farm-stored loans, enter the total number of pounds in storage to be placed under loan</li> </ul> <p><b>Notes:</b> For bulk raw cane sugar:</p> <ul style="list-style-type: none"> <li>• the processor shall provide weight and polarization, or satisfactory records to substantiate the quantity for which the loan is requested</li> <li>• do <b>not</b> adjust loan quantity for polarity</li> <li>• independent polarity sampling, at the processor’s expense, will be done at forfeiture for settlement purposes.</li> </ul> <p>If a nonloanmaking office is providing quantity and eligibility verification to a loanmaking office, verifier shall enter initials and date beside the lot number.</p> <p>Ensure that the quantity entered in storage is equal to or less than the eligible quantity from item 2 c.</p> <ul style="list-style-type: none"> <li>• warehouse-stored loans, from KC-227 or KC-227-A, enter the total net pounds from item 10 A.</li> </ul>
11	<p>Enter the mortgaged quantity.</p> <p><b>Note:</b> The quantity for loan should, for:</p> <ul style="list-style-type: none"> <li>• farm-stored loans: <ul style="list-style-type: none"> <li>• equal the mortgaged quantity in item 10</li> <li>• not be greater than the amount entered in item 2 c</li> </ul> </li> <li>• warehouse-stored loans, <b>must</b> equal the quantity in item 10.</li> </ul>
12	Enter the applicable loan rate from Exhibit 9.
13	Enter the result of multiplying item 11 <b>times</b> item 12.
14	Enter the total from columns 10, 11, and 13.
Part B	The processor shall read Part B before signing the processor certification of eligible sugar.
Part C	<ul style="list-style-type: none"> <li>• Authorized CCC representative shall sign and date <b>after</b> verifying that the information on SU-2 is correct.</li> <li>• Enter County Office name, address, and telephone number.</li> </ul>

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75 Recording Data on SU-2 (Continued)

B Example of SU-2

This is an example of SU-2.

This form is available electronically.

**SU-2**  
(06-29-04)

U.S. DEPARTMENT OF AGRICULTURE  
Commodity Credit Corporation

**APPLICATION FOR NONRECOURSE SUGAR LOAN**

**NOTE:** The authority for collecting the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995. The time required to complete this information collection is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a). The information will be used to determine your eligibility to enter into a Farm Storage Note and Security Agreement with the CCC. Furnishing the requested information is voluntary, without it no monies or other benefits may be paid out under this program. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.

**PART A - PROCESSOR, LOAN, AND COMMODITY INFORMATION**

1. NAME AND MAILING ADDRESS OF PROCESSOR (Including Zip Code)		2. Storage Facility Information		3. CROP YEAR	4. COMMODITY	5. ST. & CO. CODE AND LOAN NO.	
		a. Total Capacity (Lbs.)					
		b. Ineligible quantity in storage (Lbs.)		6. LIENHOLDER (S)			
		c. Eligible quantity in storage (Lbs.)					
7. WAREHOUSE NUMBER	8. LOCATION OF FACILITY	9. TYPE OF SUGAR (Check one below)		10. QUANTITY IN STORAGE (Lbs.)	11. QUANTITY FOR LOAN (Lbs.)	12. LOAN RATE PER LB.	13. LOAN VALUE \$
		Sugar Cane	Sugar Beet	In Process			
1/ Loans on cane sugar will be made on actual pounds (commercial weight). Adjustments for polarity will be made upon settlement based on independent sampling and testing at the processor's expense. The schedule of premiums and discounts to be used is available in the loan-making office.							
14. TOTALS :							

**PART B - PROCESSOR CERTIFICATION**

I hereby request a Commodity Credit Corporation (CCC) loan on the above-identified commodity. I certify all of the following: (1) I own the commodity; (2) I have paid or will pay all producers at least the rates required in the sugar loan regulations (7 CFR Part 1433); (3) the quantity for loan is in existence, is stored where indicated, and will be maintained and safely stored throughout the loan period and afterward as directed by CCC; and (4) the quantity for loan is free and clear of all liens, security interests and encumbrances except as shown above. The processor specified in Part A Item 1 of this application certifies that the quantity of sugar pledged as collateral for loan is eligible sugar as defined in 7 CFR Part 400 Crop Insurance, or (3) 7 CFR Part 718 Controlled Substances; the processor has not pledged as collateral for such a loan a quantity of sugar which is equivalent to the quantity derived from such producer's sugar beets or sugar cane. In the event CCC determines that such ineligible sugar has been pledged as collateral for a loan, the processor agrees to immediately redeem a quantity of the loan collateral equal to the ineligible quantity, as determined by CCC.

I further certify that the gallons of in-process sugar, when converted will equal the pounds certified in Item 11.

15A. PROCESSOR'S SIGNATURE	15B. TITLE	15C. DATE (MM-DD-YYYY)

**PART C - COUNTY FSA OFFICE CERTIFICATION**

This certifies that the above-named processor is an "eligible" processor in accordance with Sugar Regulations 7 CFR Part 1433.

16A. FOR COUNTY FSA COMMITTEE	16B. DATE (MM-DD-YYYY)	16C. COUNTY OFFICE NAME AND ADDRESS	16D. TELEPHONE NUMBER (Include Area code)

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C Preparing and Distributing SU-2

Loanmaking County Offices shall:

- **\*--prepare** SU-2 in duplicate for **all** loans, both farm- and warehouse-stored, including **--\*** loan conversions
- **distribute** SU-2 as follows:
  - file original in processor's loan folder
  - send 1 copy to processor.

76-85 (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, Part 9 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><b>Processors redeeming a loan that has a total aggregate principal amount of \$500,000 or more and...</b></p>	<p><b>THEN...</b></p>
<p>repayment is by <b>check</b></p>	<p>assess interest from the loan disbursement date through the day after the date of repayment.</p> <p><b>Example:</b> 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 <b>wire transfer</b></p>	<ul style="list-style-type: none"> <li>• assess interest from the loan disbursement date up to, but not including, the second day before the date of repayment</li> </ul> <p><b>Example:</b> 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"> <li>• according to 3-FI:             <ul style="list-style-type: none"> <li>• process a wire transfer:                 <ul style="list-style-type: none"> <li>• schedule number log</li> <li>• deposit file</li> </ul> </li> <li>• prepare CCC-258.</li> </ul> </li> </ul> <p><b>Note:</b> 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 <b>cannot</b> be combined to achieve a 4 calendar day interest break.</p>
<p><b>Processors redeeming a loan that has a total aggregate principal amount of less than \$500,000 and...</b></p>	<p><b>THEN...</b></p>
<p>repayment is by check <b>or</b> wire transfer</p>	<ul style="list-style-type: none"> <li>• assess interest from the loan disbursement date up to, but not including, the date of repayment</li> <li>• according to 3-FI, process a wire transfer.</li> </ul> <p><b>Example:</b> 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)

**137 Loan Forfeiture Procedures (Continued)****B In-Process Loans**

For matured in-process loans, loanmaking County Offices shall ensure that:

- the letter in Exhibit 19 is mailed the 1<sup>st</sup> workday after maturity
- collateral is converted into raw or refined beet sugar within 1 month of loan maturity
- once the conversion is fully processed into raw cane or refined beet sugar, the processor shall transfer the sugar to CCC
- upon transferring the sugar, CCC will make a payment to the processor based on KC-227 or KC-227-A in an amount equal to the amount obtained by multiplying the difference between the loan rate the processor received times the quantity of sugar transferred to CCC.

If the processor forfeits the in-process sugar loan collateral but does not transfer raw or refined beet sugar of suitable quality to CCC within 1 month of maturity, CCC may charge liquidated damages according to 7 CFR Part 1435.

**C Processor Storage Agreement**

At maturity, a processor shall:

- agree to continue storing any loan collateral sugar that is forfeited to CCC
- at all times be responsible for maintaining the quality, quantity, and condition of the CCC-owned sugar in storage
- store sugar forfeited to CCC in eligible storage for as long as CCC considers necessary.

**Notes:** CCC shall make monthly storage payments to the processor for the period of time the forfeited sugar remains in CCC inventory.

The storage payment rate shall be as agreed to by CCC and the processor, according to the terms and conditions in CCC-678.

**138 Reporting Forfeiture Activity**

**A County Office Action**

County Offices shall report to State Offices all sugar loan forfeitures by 9 a.m. (local time) on the 1<sup>st</sup> workday after the loan matures. The report shall include the following:

- processor's name
- loan number
- quantity
- storage location
- type (raw cane, processed beet, or in-process).

**B State Office Action**

State Offices shall submit the report received from the County Office to PSD:

- \*--by e-mail to **deann.allen@wdc.usda.gov**--\*
- no later than 10 a.m. (local time) the 1<sup>st</sup> workday after the loan matures.

**139-150 (Reserved)**

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"> <li>• enter the crop year and loan number of the original loan</li> <li>• PRESS “Enter”.</li> </ul>	Menu PLA000 will be displayed. Go to step 6.
6	On Menu PLA000: <ul style="list-style-type: none"> <li>• ENTER “4”</li> <li>• PRESS “Enter”.</li> </ul>	Screen PLC10000 will be displayed. Go to step 7.
7	On Screen PLC10000: <ul style="list-style-type: none"> <li>• enter:                             <ul style="list-style-type: none"> <li>• commodity</li> <li>• class (leave blank)</li> <li>• crop year</li> <li>• warehouse code</li> <li>• the area/region code for applicable loan rate</li> </ul> </li> </ul> <p><b>Note:</b> 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"> <li>• loan application date</li> </ul> <p><b>*--Note:</b> For supplemental loans, loan application date is October 1 or later. See subparagraph 2 G table for examples.--*</p> <ul style="list-style-type: none"> <li>• for a supplemental loan, the number of months the original loan was outstanding</li> </ul> <p><b>Example:</b> 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 31<sup>st</sup>. *--See subparagraph 2 G table for clarification.--*</p> <ul style="list-style-type: none"> <li>• expected month of loan approval</li> <li>• “Is this a repledged loan?”</li> </ul> <li>• PRESS “Enter”.</li>	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"> <li>• enter:                             <ul style="list-style-type: none"> <li>• control number</li> </ul> </li> </ul> <p><b>Note:</b> This number is the number the processors enter on KC-227 or KC-227-A; there will be <b>no warehouse receipts</b> issued.</p> <ul style="list-style-type: none"> <li>• date KC-227 or KC-227-A issued</li> <li>• storage charge per pounds</li> <li>• PRESS “Enter”.</li> </ul>	<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"> <li>• Enter the answer to the question, “Do you have additional receipts?”.</li> <li>• PRESS “Enter”.</li> </ul>	<p>Screen PLC11000 will be displayed. Go to step 10.</p>
10	<p>On Screen PLC11000:</p> <ul style="list-style-type: none"> <li>• the following information is system-displayed:                             <ul style="list-style-type: none"> <li>• receipt number</li> <li>• receipt loan quantity</li> <li>• receipt loan amount</li> <li>• basic commodity loan rate</li> <li>• total premiums amount</li> <li>• total discounts amount</li> <li>• net loan rate</li> </ul> </li> <li>• PRESS “Enter”.</li> </ul>	<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
11	On Screen PLC12000: <ul style="list-style-type: none"> <li>• the following information is system-displayed:               <ul style="list-style-type: none"> <li>• loan quantity</li> <li>• loan amount</li> <li>• service fees</li> </ul> </li> <li>• PRESS “Enter”.</li> </ul>	Screen PLC12005 will be displayed. Go to step 12.
12	On Screen PLC12005: <ul style="list-style-type: none"> <li>• the following information is system-displayed:               <ul style="list-style-type: none"> <li>• gross loan amount</li> <li>• total loan amount</li> <li>• service fees</li> </ul> </li> <li>• PRESS “Enter”.</li> </ul>	Screen PLC12010 will be displayed. Go to step 13.
13	On Screen PLC12010: <ul style="list-style-type: none"> <li>• the following information is system-displayed:               <ul style="list-style-type: none"> <li>• loan quantity</li> <li>• loan amount</li> <li>• disbursement amount</li> </ul> </li> <li>• PRESS “Enter”.</li> </ul>	Menu PLA005 will be displayed. Go to step 14.
14	On Menu PLA005: <ul style="list-style-type: none"> <li>• enter the applicable option number</li> <li>• PRESS “Enter”.</li> </ul>	Screen PLA13005 will be displayed. Go to step 15.

347 Processed Sugar Loanmaking Transaction (Continued)

A Entering Processed Sugar Loans (Continued)

Step	Action	Result	
15	On Screen PLA13005 <ul style="list-style-type: none"> <li>• enter:                             <ul style="list-style-type: none"> <li>• date of lien search</li> <li>• original loan approval date</li> </ul> </li> <li>• <b>*--Note:</b> For supplemental loans, loan approval date is in July, August, or September. See subparagraph 2 G table for examples.--*</li> <li>• answer to the question, “Do you wish to complete this process?” (Y or N)</li> <li>• PRESS “Enter”.</li> </ul>	Screen PCA97000 will be displayed. Go to step 16.	
16	On Screen PCA97000: <ul style="list-style-type: none"> <li>• enter the printer ID to print forms and reports</li> <li>• PRESS “Enter”.</li> </ul>	<ul style="list-style-type: none"> <li>• CCC-678 will be printed.</li> <li>• Screen PCE55010 will be displayed. Go to step 17.</li> </ul>	
17	On Screen PCE55010, ENTER “Y” or “N” to the question, “Do you want to reprint this form?”	<b>IF...</b>	<b>THEN...</b>
		“Y” was entered	<ul style="list-style-type: none"> <li>• CCC-678 will be reprinted</li> <li>• Screen PCE55010 will be redisplayed. Repeat this step.</li> </ul>
		“N” was entered	<ul style="list-style-type: none"> <li>• CCC-678 will <b>not</b> be printed.</li> <li>• Screen PCE54010 will be displayed. Go to step 18.</li> </ul>

## Reports, Forms, Abbreviations, and Redelegations 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 (HELC) 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 Delegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-770 SU-1	Initial Sugar Loan Processing Checklist	Ex. 6	2
CCC-770 SU-2	Sugar Processors Initial Eligibility Determination for Loans Checklist	Ex. 7	2
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, 47, 74, 86, 137, 151
UCC-1	Financing Statement		48, 111

Abbreviation Not Listed in 1-CM

The following abbreviation is not listed in 1-CM.

Approved Abbreviation	Term	Reference
EFT	electronic funds transfer	123
UCC	uniform commercial code	48

Delegations of Authority

None

## Definitions of Terms Used in This Handbook

### Average Quality for \* \* \* 2006 Crop Sugarcane

\* \* \*

For 2006 crop sugarcane, average quality sugarcane means, for:

- **Florida**, sugarcane containing **14.98** percent sucrose in normal juice
- **Hawaii**, sugarcane that yields **259.82** pounds of raw sugar per net ton.
- **Louisiana**, sugarcane that yields **204.04** pounds of raw sugar per gross ton
- **Texas**, sugarcane that yields **188.01** pounds of raw sugar per gross ton.

### Crop Year

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

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

### Eligible Producer

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

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

### Initial Loans

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

### In-Process Loans

In-process loans are nonrecourse loans made available to processors of a crop of domestically grown sugarcane or sugar beets for in-process sugars derived from the crop. The loan rate shall be equal to 80 percent of the loan rate applicable to raw cane sugar or refined beet sugar.

In-process loans mature on the last day of the 9th month after the month the loan was disbursed.

### In-Process Sugar

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

## Definitions of Terms Used in This Handbook (Continued)

### Nonrecourse Loan

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

### Normal Juice

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

### Processor

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

### Raw Value

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

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

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

### Repledged Loans

Repledged loans are initial loans that:

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

### Supplemental Loan

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