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NEWSLETTER
ON ADVANCE PAYMENTS
2011-2012

Post-harvest component

Date of reception at our office
DECEMBER 31, 2011

INTEREST – FREE LOAN

As mentioned in our newsletter published in march 2011, the Fédération is offering an interest-free loan program to interested producers. The interest on the first \$100,000 will be paid entirely by a federal program, which is designed to help eligible producers with the marketing of their crops. It guarantees repayment of advances granted to meet farm expenses during the seeding period or at a later date. This program is managed under the Agricultural Marketing Programs Act. Advances are made **only on grain crops destined for market. Grain used on the farm is no longer eligible, since the program has been extended to cover animal production as well.** Advances will be made by direct deposit into the producer's account.

PROCEDURE

Complete both sides of the REQUEST FORM, detailing the quantities requested for each grain destined for market and send it to the Fédération by mail or by fax at 450 679-6372 **before December 31, 2011.**

After the Fédération receives the completed form, a *Repayment Agreement for the 2011-2012 Crop Year* will be sent out to the farmer, along with the necessary appendices. The producer must then complete these appendices as soon as possible and return the completed file to the Fédération, after having signed the documents before a Commissioner for Oaths.

Upon receipt of all the documents, the Fédération will process the application and issue the advance payment. A copy of your file will then be sent back to you. Delivery receipts will also be included and must be used and returned to the Fédération after making each grain delivery. During the course of the year, a visit will be made to the producer's farm to verify the stored quantities, if needed. These visits will continue throughout the crop year.

- **The producer must ensure that his storage facilities (silos) are safe and easily accessible to representatives of the Fédération for the inspection of stored quantities; otherwise, the producer's application to this program may be rejected.**

ELIGIBLE AMOUNTS

For grain crops destined for market, each applicant is eligible for a single interest-free advance of up to \$100,000 and a total advance of \$400,000. If an applicant produces more than one agricultural commodity, or is involved in a partnership, company, cooperative or any other association making an application, the total interest-free portion granted to the applicant cannot exceed \$100,000.

For the producer who did not participate in the seeding component of this program, it is possible to participate for your grains harvested and stored in the fall of 2011. The calculation will then be done using the new unit rates in effect at that time.

THE UNIT RATES TO BE USED FOR ADVANCE PAYMENTS :

Admissible crops

Predetermined rates

Feed oats	\$ 100	/m.t.
Seed oats	\$ 125	/m.t.
Food wheat	\$ 165	/m.t.
Feed wheat	\$ 110	/m.t.
Seed wheat	\$ 135	/m.t.
Canola	\$ 245	/m.t.
Beans	\$ 420	/m.t.
Flax	\$ 240	/m.t.
Dry or high-moisture corn	\$ 130	/m.t.
Feed barley	\$ 105	/m.t.
Seed barley	\$ 130	/m.t.
Dry peas	\$ 120	/m.t.
Buckwheat	\$ 185	/m.t.
Rye	\$ 95	/m.t.
Soybeans	\$ 240	/m.t.
Seed soybeans	\$ 265	/m.t.
Triticale	\$ 95	/m.t.

The amount of the eligible advance will be calculated as follows :

Predetermined rate (\$/metric ton) X quantity (metric ton)

Example : \$ 130/m.t. X 100 m.t. (corn) = \$ 13 000

- **In the case of seed grain crops**, a field inspection report or a grading certificate must be provided as soon as possible.
- Only grain corn is admissible; **ground ear corn and whole plant silage are not eligible.**
- The food wheat is admissible only for storage on his own farm.
- The Request Form must show all applications for advances made for any other agricultural productions and whether the applicant participates in any other agricultural production operations.

ELIGIBILITY CRITERIAS

- ◆ The applicant must be a Canadian citizen or permanent resident ;
 - ◆ Each participant must be a recognized agricultural producer and at least one must be 18 years old ;
 - ◆ **Must have seeded the crop in 2011 and be responsible for its sale. Grain purchased from another producer is not eligible ;**
 - ◆ The crop must be stored in good condition and be destined for market ;
 - ◆ The crop may be sold under contract, but the Fédération must be informed of the terms and **the producer must not have received any advance on the sale ;**
 - ◆ Any money owing to the Fédération and UPA membership dues must have been paid ;
 - ◆ Any guarantee secured on this crop or on payments to the business by the Risk Management Program must be transferred to the Fédération by the producer's bank, credit union or other creditor ;
 - ◆ **It is mandatory for you to have sufficient insurance coverage for your farm produce in storage, to provide proof of coverage and to maintain that coverage at all times.**
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REIMBURSEMENT OF THE ADVANCE-METHOD OF REPAYMENT

Repayment to the Fédération

Producers must repay their advance as they sell their crop. The repayment must be made by a designated buyer. After each sale of grain, the producer must send the blue copy of the delivery receipt directly to the Fédération. The producer is responsible to advise the designated buyer to send the total proceeds of the sale to the Fédération within 14 calendar days following the delivery date. After receiving this amount from the designated buyer, the Fédération will deduct the unit rate for the quantities sold and give the balance to the producer. **For advances of more than \$100,000, repayments will be first applied on the interest-free portion under \$100,000, without regard to the type of grain sold.** If the repayment is made directly by the producer, or if the quantity of grain sold is insufficient to cover the advance, interest will be charged starting on the day the advance was granted; it is therefore in your best interest to be conservative in your tonnage estimates.

REPAYMENT DEADLINES

The producer is responsible for the sale of his crop at an opportune time and to ensure that the payment sent by his buyer is received at the office of the Fédération by the deadline date, since no extension will be possible. All payments received on October 1, 2012 or later will be considered as direct repayments, with an interest penalty applied retroactively to the date the initial advance was issued. Each producer considered in default will automatically be ineligible for a twelve month period by Agriculture and Agri-Food Canada.

- **Repayment of advances must be received by the Fédération no later than September 30, 2012, otherwise the producer will be considered in default (with retroactive penalty)**
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DEPOSITS

The Fédération will withhold the following amount as a guarantee deposit:

- ◆ **On market crops:** 6% of the amount exceeding \$100,000 for payment of monthly interest charges (prime rate minus ½ of 1%).
- For example: \$ 150,000 (advance)
- \$ 100,000 (interest-free)
= \$ 50,000 (bearing interest)
X 6 % = \$ 3,000 (guarantee deposit).

After the loan has been completely repaid, the Fédération will return the balance of the deposit to the producer, or conversely, will require the participant to repay any shortfall.

PENALTIES

The applicant will be considered in default:

- If he does not honour his commitments ;
- If he repays his advance directly to the Fédération himself ;
- If he sold his crop without repaying the advance granted ;
- If he does not sell to a designated buyer ;
- If the advance has not been fully repaid by the agreed deadline.

Any producer declared to be in default will have to pay the following amounts:

Prime rate minus ¼ of 1% on the unpaid balance, calculated from the date the advance was issued until the date the producer is declared in default,

AND

Prime rate plus 3% on the unpaid balance at the end of the present campaign or from the date such producer was declared in default until the advance, interest and all collection costs have been completely repaid.

ADMINISTRATION FEES

The Fédération will retain the following administration fees on all advances issued :
0.35%, minimum \$ 150

- If an applicant is in default and is engaged in other agricultural operations, such applicant and the other operation will not be eligible for an advance.