



ADVANCE PAYMENTS PROGRAM (APP) APPLICATION & REPAYMENT AGREEMENT

Please remember, when you sell the grain that your advance is based on; the receipts must be in the same name as the Advance Applicant (Individual or Business Name)

PART 1 (A) – PRODUCER INFORMATION – if applying as an Individual Producer									
First Name			Middle Name			Last Name		Producer APP #	
Date of Birth (Year-Month-Day)						CWB #			
Residential Mailing Address of applicant:									
Street						Home Phone #		Cell Phone #	
City/Town			Province		Postal Code		Fax #		Email Address
PART 1 (B) – BUSINESS INFORMATION – if applying as a Partnership/Corporation/Cooperative									
Legal Business Name						Business APP Number		Business CWB #	
Street						Business Phone #		Cell Phone #	
City/Town		Province			Postal Code		Business Fax #		Email Address
Indicate if:									
<input type="checkbox"/> Partnership			<input type="checkbox"/> Corporation				<input type="checkbox"/> Cooperative		
List of all Shareholders/Partners/Members of the Corporation/Partnership/Cooperative: (Attach a separate sheet if required):									
	First Name	Middle Initial	Last Name	Address	Phone #	Date of Birth (Y-M-D)	APP #	CWB #	Share %
1									
2									
3									
4									
PART 1 (C) – LENDER INFORMATION									
Name of Applicant's Lender									
Street					City/Town				
Province			Postal Code			Lender's Telephone Number			
Farm Insurance Information – Please provide information on "Threshed Grain Storage Insurance" if grain is not stored in metal grain bins									
Agent Name						Name of Insurance Company			
Policy Number						Amount of Insurance			
PART 2 – SECURITY INFORMATION pertaining to the Agricultural Product under the Advance Payments Program (APP). That is anyone else who may have a security interest in your Agricultural Product (e.g. contracts with elevator, seed or chemical dealer, authorizing deductions on Agricultural Product sold – <i>each one must fill out a separate Priority-Agreement (Appendix 1)</i>)									
The following are or will be assignee(s) of my production insurance:									
Name			Address				Amount		
There are _____ (number) lien(s) or encumbrance(s) on the Agricultural Product described herein and the name(s) and address(es) of the lienholder(s) and amount of the lien(s) is (are) as follows:									
Name			Address				Amount		



PART 3 - DECLARATION OF THE APPLICANT (for an Advance under the Advance Payments Program (APP))

- 1) As it applies:
 - a) I am applying as an individual or on behalf of the Partnership/Corporation/Cooperative which I represent, for an advance payment pursuant to the APP.
 - b) We, being all the Partners of the Partnership or Shareholder of the Corporation/Cooperative stated in Part 1(B) of this Application (herein referred to as the "Partners" or "Shareholder"), apply for an advance payment pursuant to the APP.
- 2) At least one of the Partners/Shareholders/Members is of the age of majority and is a Canadian Citizen or a permanent resident.
- 3) At least one of the Partners/Shareholders/Members is principally occupied in the farming operation.
- 4) At least one of the Partners/Shareholders/Members is the producer of the Agricultural Product for which this Application is made, or one of the Partners/Shareholders/Members, is entitled to the Agricultural Product as Landlord, Vendor, Mortgagee or Hypothecary Creditor.
- 5) No other person has an interest in the Agricultural Product with respect to which this Application is made and the Agricultural Product will be sold in my name or the name of the Partnership/Corporation/Cooperative for which this Application is made.
- 6) Partners/Shareholders/Members that have an interest in the entity are listed in this Application Part 1(B).
- 7) Neither I, nor any of the farming operations listed below, the Partnership/Corporation/Cooperative or any of the Partners/Shareholder/Members listed in this Application, have outstanding advances from previous Agricultural Product years for a Agricultural Product of the same designation and I, nor any of those farming operations, or Partners/Shareholders/Members are in default under any Repayment Agreement pursuant to the *Advance Payments for Agricultural Products Act (APCA)*, the *Prairie Grain Advance Payments Act (PGAPA)*, the *Spring Credit Advance Program (SCAP)*, the *Enhanced Spring Credit Advance Program (ESCAP)* or the *Agricultural Marketing Programs Act (AMPA)* or the *Advance Payments Program (APP)*.
- 8) I, nor the Corporation/Cooperative/Partnership that I represent is ineligible under an advance guarantee agreement made pursuant to AMPA/SCAP/ESCAP.
- 9) As indicated in Part 1(A) or (B) of this application I or the Corporation/Cooperative or the Partners that I represent have made an application for Production Insurance as outlined in Part 2(A) of this Application and Repayment Agreement and we further certify having submitted duly completed BRM Assignment Agreement (Appendix 2A).
- 10) I or the Partnership/Corporation/Cooperative that I represent, as the case may be, that is requesting an advance on a Storable Agricultural Product in post-production have sufficient Agricultural Product in storage to justify the amount of the advanced in the post-production period.
- 11) Except in the case of Emergency Advances for "severe economic hardship" where the following does not apply, I or the Partners, as applicable, declare having submitted the duly completed priority agreements required for every secured creditor that has an assignment on the proceeds of the Business Risk Management program(s) used to secure the advance, as applicable, and/or that holds a lien or encumbrance on the Agricultural Products listed in Part 2(A) of this Application and Repayment Agreement
- 12) I or the Partners or Shareholders, as applicable, acknowledge that the Manitoba Corn Growers Association, Inc. (MCGA) on behalf of Agriculture and Agri-Food Canada (AAFC), may register an assignment with the Provincial Crop Insurance agency without further notice, giving the MCGA priority on any Production Insurance payouts up to the amount owing on the advance, plus any interest. I also agree that the Provincial Crop Insurance Agency may release information to the MCGA relating to this Advance.
- 13) I, or the Partners or Shareholders, as applicable, agree that a credit check and an inspection of the Agricultural Product may be performed at any time while the advance is outstanding.
- 14) I or the Partners or Shareholders, as applicable, acknowledge that, in the event of a default, I may, or the Partnership/Corporation/Cooperative may be denied access to other federal agricultural support programming or, alternatively the Minister of Agriculture and Agri-Food Canada reserves the right to off-set from such support a sum equal to the outstanding amount and related interest charges and recovery costs.
- 15) I or the Partners, as applicable, agree that any amount of deposit that is paid to or withheld by the Administrator will be first used to pay out any monies owed by me or the Partnership/Corporation/Cooperative to the Administrator before it is refunded to me/us. I further agree that any interest earned on the deposit/withheld amount will be used by the Administrator to reduce program costs.
- 16) I or the Partners or Shareholders, as applicable, declare that this Application is consistent with the purpose of the APP.
- 17) I or the Partners or Shareholders, as applicable, certify that all of the information provided in this Application is true and correct in every respect.
- 18) I or the Partners or Shareholders, as applicable, understand that failing to comply with Application requirements may delay the processing of the Application or may render me, or the Partnership/Corporation/Cooperative that I represent, ineligible for receiving an advance under the Program.
- 19) I or the Partners or Shareholders as applicable (the Applicant), agree, that if the Applicant resides in a province where the legislation allows for the extension of the limitation period, to extend the limitation period and to take any necessary steps as determined by the Administrator to ensure that the limitation period for seeking a remedial order for claims arising from this application shall be extended from the date the Administrator knew, or in the circumstances, out to have known, of the claim. Where possible according to the provincial legislation, the Applicant further agrees that the extended limitation period should be of six years.
- 20) I or the Partners or Shareholders, as applicable, authorize the MCGA and AAFC to:
 - a) collect the information contained in, with, or pursuant to this Application and Repayment Agreement. AAFC may use the information to verify and/or assess the Application, as well as to administer, audit, analyze, and evaluate the APP. The personal information provided will be protected under the federal *Privacy Act* and the provisions of the federal *Access to Information Act*. The personal information retained by AAFC will be held in Personal Information Bank PPU140. All non-federal government organizations are obligated to protect personal information in accordance with the *Personal Information and Electronic Documents Act (PIPEDA)* or under legislation applicable within their jurisdiction. You may access your personal information held by AAFC by making a formal request under the *Privacy Act* in writing or by completing a Personal Information Request Form, which is available through Info Source or at Web Site http://www.tbs-sct.gc.ca/tbsf-fsct/350-58_e.asp. Requests should be mailed to: Agriculture and Agri-Food Canada, Coordinator, Access to Information and Privacy, 930 Carling Avenue, Room 282, Ottawa, Ontario, K1A 0C5, , Tel. 613 759-6602, Fax: 613 759-6547
 - b) convey the information contained in this Application and Repayment Agreement, as well as associated documentation, both personal and otherwise, to provincial governments and their agencies, for the purposes of verifying APP entitlements, verification, assignment and realization of security.
 - c) convey the information contained in this Application and Repayment Agreement, as well as associated documentation, both personal and otherwise, to other organizations administering the APP, for the purposes of verifying benefits under the APP.
- 21) I or the Partners or Shareholders, as applicable, have read and understood all the Terms and Conditions of the Repayment Agreement which are attached to and form part of this Application and Repayment Agreement and agree to comply with such terms and conditions.
- 22) If I am or any of the Partners/Shareholders/ Members is, as applicable, a current or former public office holder, public servant or Member of the House of Commons, I am or one of the Partners is, as applicable, not prohibited to derive benefits from the APP under any applicable federal conflict of interest or ethical principles and I am in compliance with applicable federal conflict of interest or ethical principles, rules and obligations.
- 23) I or the Partners, as applicable, acknowledge that, in cases where the applicant is declared in default and the Minister makes payment under the guarantee, the Minister is, subrogated to the Administrator's rights against the applicant in default and against persons who may be personally liable under the Repayment Agreement
- 24) I declare that I, or the Partners/Shareholders/Members, or the Partnership/Corporation/Cooperative as applicable: have not recently filed a notice of intention to make a proposal or made a proposal under the *Bankruptcy and Insolvency Act*; are not subject to a receiving order under that act; are not bankrupt or seeking protection under any other insolvency or bankruptcy related statute such as the *Companies' Creditors Arrangement Act* and the *Farm Debt Mediation Act*.

List of other farming operations from which I am required by the *Income Tax Act* to report income

Farming Operations	% Interest I have in the operation

The applicant must ensure that all the information provided on the Application and Declaration is complete and accurate. Providing false or misleading information will result in an automatic default with the loss of all benefits related to the Advance Payments Program.

For Individual Applications: I, _____, hereby agree that the information provided in this Application is true and accurate based on my knowledge at the time of the Application.

OR

For Partnerships or Corporations: I, _____, being authorized to sign this Application

on behalf of _____, hereby agree that the information provided in this Application is true and accurate based on my knowledge at the time of the Application.

Signature of Producer or Authorized Officer for Farm Operation

Date

Signature of Witness (must not be a relative)

FOR THE ADMINISTRATOR

Application approved Authorized Administrator Signature: _____

PART 4 - RELATED PRODUCERS (Must be filled out by all applicants)			
<ul style="list-style-type: none"> ✓ Related Producers are producers with whom the applicant does not deal at arm's length. These can include: siblings, parents or children (by blood, marriage or adoption); spouses (including common-law); OR individuals with whom the applicant is cohabitating. ✓ Relatedness affects the applicant's eligibility to receive an advance, as well as the amount of an advance. ✓ If you answer "yes" to questions 1,2 or 3 below, either complete Part 4.1 which is a declaration of relatedness OR Part 4.2 which may allow you to rebut the presumption of relatedness. ✓ If you answer "yes" to question 3, you may not be eligible to receive an APP advance, unless you are able to rebut the presumption of relatedness. 			
1. Do you share the reporting of income or losses of any other farming operation with a related producer?		YES	NO
2. Has a related producer applied for an APP advance in this production period?		YES	NO
3. Has a related producer have an outstanding APP advance from a previous production period?		YES	NO
4. Is any related producer ineligible as a result of a prior default with this or any other Administrator?		YES	NO
PART 4.1 RELATED INDIVIDUAL PRODUCER DECLARATION			
<ul style="list-style-type: none"> ✓ List all related individual producers who received an advance for this or previous production periods, including advances issued by other APP Administrators. ✓ Attach a separate sheet if required. 			
Name of the related individual producer that received an advance	APP ID	Name of Administrator which issued the advance	Production period
1.			20
2.			20
3.			20
4.			20
Part 4.2 REBUTTAL OF RELATEDNESS			
<ul style="list-style-type: none"> ✓ Answer the questions below for each related producer listed in Part 4.1. ✓ If you responded "no" to any of the questions below, you have not rebutted the presumption of relatedness with the producer in question. ✓ If you responded "yes" to <u>all</u> the statements below, you have established that you deal at arm's length with the producer(s) in question, and the Administrator may request the appropriate documentation to support your responses, such as articles of incorporation, financial statements, leases, receipts, etc. ✓ Attach a separate sheet if required. 			
1. Name of the related individual producer that received an advance:			
a. You and the related producer file separate tax returns and/or produce separate financial statements.		YES	NO
b. You and the related producer are not employees or do not act as agents of the other.		YES	NO
c. You and the related producer conduct all business transactions (e.g. sharing of equipment and/or land) at fair market value and such transactions are documented.		YES	NO
2. Name of the related individual producer that received an advance:			
a. You and the related producer file separate tax returns and/or produce separate financial statements.		YES	NO
b. You and the related producer are not employees or do not act as agents of the other.		YES	NO
c. You and the related producer conduct all business transactions (e.g. sharing of equipment and/or land) at fair market value and such transactions are documented.		YES	NO
3. Name of the related individual producer that received an advance:			
a. You and the related producer file separate tax returns and/or produce separate financial statements.		YES	NO
b. You and the related producer are not employees or do not act as agents of the other.		YES	NO
c. You and the related producer conduct all business transactions (e.g. sharing of equipment and/or land) at fair market value and such transactions are documented.		YES	NO
4. Name of the related individual producer that received an advance:			
a. You and the related producer file separate tax returns and/or produce separate financial statements.		YES	NO
b. You and the related producer are not employees or do not act as agents of the other.		YES	NO
c. You and the related producer conduct all business transactions (e.g. sharing of equipment and/or land) at fair market value and such transactions are documented.		YES	NO

If applying as a Partnership/Corporation/Cooperative please complete Part 5 or Part 6

PART 5 – PERSONAL GUARANTEE (for Corporation with Sole Shareholder)

I, _____ being the sole shareholder of _____ (Corporation) in consideration of an advance being made to it by the **Manitoba Corn Growers Association, Inc.** for the **2010 APP** production period and the Minister of AAFC guaranteeing the repayment of such advance and interest thereon, do hereby agree to be personally liable to the Administrator or the Minister of Agriculture and Agri-Food Canada for any amount owing by the Corporation, under the APP.

Please note: By signing this document, you understand and agree that action may be taken against you personally to repay the full amount of any defaulted advance.

IN WITNESS WHEREOF I hereunto set my hand and seal

Dated at _____ the _____ day of _____, 201__

Signed, Sealed
And Delivered in
the presence of

Signature of Shareholder

Print Name Clearly

Witness (must not be a relative)

Print Name Clearly

PART 6 – JOINT AND SEVERAL GUARANTEE (for Cooperative, Partnership of Corporation with multiple shareholders)

We, being the Partners/Shareholders/Members, as the case may be of _____
(Name of Partnership/Corporation/Cooperative),

In consideration of an advance being made to the Partnership/Corporation/Cooperative, as the case may be, by the Administrator for the **2010 APP** production period and the Minister of Agriculture and Agri-Food guaranteeing the repayment of such advance and interest thereon, do hereby agree to be jointly and severally liable to the Administrator, or the Minister of Agriculture and Agri-Food Canada, for any amount owing by the Partnership/Corporation/Cooperative, as the case may be, pursuant to the APP.

Please note: By signing this document, you understand and agree that action may be taken against you personally to repay the full amount of any defaulted advance.

IN WITNESS WHEREOF I hereunto set my hand and seal

Dated at _____, the _____ day of _____, 201__

1	_____ Signature of Shareholder	_____ Name of Witness (Please Print Clearly)	_____ Signature of Witness (must not be a relative)
		_____ Address of Witness	
2	_____ Signature of Shareholder	_____ Name Witness (Please Print Clearly)	_____ Signature of Witness (must not be a relative)
		_____ Address of Witness	
3	_____ Signature of Shareholder	_____ Name of Witness (Please Print Clearly)	_____ Signature of Witness (must not be a relative)
		_____ Address of Witness	
4	_____ Signature of Shareholder	_____ Name of Witness (Please Print Clearly)	_____ Signature of Witness (must not be a relative)
		_____ Address of Witness	
5	_____ Signature of Shareholder	_____ Name of Witness (Please Print Clearly)	_____ Signature of Witness (must not be a relative)
		_____ Address of Witness	
6	_____ Signature of Shareholder	_____ Name of Witness (Please Print Clearly)	_____ Signature of Witness (must not be a relative)
		_____ Address of Witness	

PART 7 - TERMS AND CONDITIONS OF THE REPAYMENT AGREEMENT

In consideration of the Administrator granting an advance pursuant to the provisions of the Advance Payments Program, the parties hereunto agree as follows:

1.0 Important Terms

- 1.1 "AAFC" means Agriculture and Agri-Food Canada.
- 1.2 "Administrator" means Manitoba Corn Growers Association, Inc.
- 1.3 "Terms and Conditions" means the content of Part 7 of this application.
- 1.4 "Repayment Agreement" means the completed Application and these Terms and Conditions signed by the Producer and an authorized representative of the Administrator.
- 1.5 "AMPA" means *Agricultural Marketing Programs Act*.
- 1.6 "APP" means the Advance Payments Program.
- 1.7 "SCAP" means the Spring Credit Advance Program. 1.8 "ESCAP" means the Enhanced Spring Credit Advance Program.
- 1.9 "Minister" means the Minister of Agriculture and Agri Food Canada or any person authorized to act on his or her behalf.
- 1.10 "Her Majesty" means Her Majesty the Queen in Right of Canada.
- 1.11 "Producer" means the individual or Corporation/ Cooperative/Partnership identified in Part 1 of this application.
- 1.12 "Storable Agricultural Product" means the Agricultural Product defined in Subsections 1.13 and 1.14 of these Terms and Conditions.
- 1.13 "Storable Agricultural Product - Pre-production" means the Agricultural Product listed in either Part 2(A) Section 3 of the Pre-Production Worksheet or Part 2(B) Section 3 of the Final Pre-Production Worksheet of this application, as applicable.
- 1.14 "Storable Agricultural Products - Post-production" means Agricultural Product listed in Part 2(C) Section 3 of the Post-Production Worksheet of this application.
- 1.15 "Advance on Storable Agricultural Product -Pre-production" means an Eligible Advance based on expected production of an eligible Storable Agricultural Product - Pre-production as per sub-section 1.13 of these Terms and Conditions.
- 1.16 "Advance on Storable Agricultural Product - Post-production" means an Eligible Advance based on the volume in inventory of an eligible Storable Agricultural Product – Post-production as per Subsection 1.14 of these Terms and Conditions.
- 1.17 "Advance Rate on Storable Agricultural Product - Pre-production" means the rate of issuance applicable to advance on Storable Agricultural Product Pre-Production issued prior to **September 1, 2010 and not later than October 31, 2010**.
- 1.18 "Advance Rate on Storable Agricultural Product - Post-production" means the rate of issuance applicable to advance on Storable Agricultural Product – Post-Production issued on or after **September 1, 2010** but before **March 15, 2011**.
- 1.19 "Eligible Advance" means the advance the producer is entitled to as stated in Part 2(A) or Part 2(B), Section 3 of this application for Storable Agricultural Product - Pre-production or Part 2(C) Section 3 of this application for Storable Agricultural Product – Post Production as applicable.
- 1.20 "The Pre-Production, Final Pre-Production and Post-Production Worksheets" means the templates used to calculate the eligible advance for the purposes of the APP
- 1.21 "Post-Production Report" means the report wherein the Producer specifies the amount of Agricultural Product held in storage.
- 1.22 "Production Period" is the period defined in 7.1 of this Application & Repayment Agreement.
- 1.23 "Final Production Insurance Report" means a Production Insurance Agency Report wherein the Producer identifies the amount of the Agricultural Product currently in production in order to calculate final entitlements for an advance on Storable Agricultural Product – Pre-Production.
- 1.24 "Administrator Holdback" means the percentage of the eligible advance that the Administrator withholds until the advance is repaid.

2.0 Issuance of the Advance

- 2.1 The Administrator shall make an instalment of 60% of the estimated Eligible Advance on a Storable Agricultural Product - pre-production calculated in accordance with the Worksheet and using the Advance Rate on Storable Agricultural Product - pre-production, upon the execution of this Repayment Agreement by the Administrator. The Producer must have sufficient production insurance related to the Agricultural Product to justify the Eligible Advance in accordance with the Worksheet and using the Advance Rate on Storable Agricultural Product - pre-production.
- 2.2 Before **August 1, 2010**, Producers securing the advance with production insurance shall provide a copy of a Final Production Insurance Report, confirming the actual acres planted.
- 2.3 Based on the information contained in the Final Production Insurance Report required in subsection 2.2, the Administrator shall calculate the Eligible Advance in accordance with the Application for an Advance Worksheets, and issue a second instalment to the producer equal to the Eligible Advance less the instalment referred to in Section 2.1 and any other advance under the APP from any Administrator.
- 2.4 Should the Final Production Insurance Report demonstrate that the acreage seeded is not sufficient to justify the outstanding advance to the producer, the Administrator shall, notify the producer that he or she has thirty (30) calendar days to repay the part of the outstanding amount of the advance that exceeds the reduced coverage amount by more than six thousand dollars (\$6,000) or ten percent (10%) or, if eligible, make application for an advance on another commodity and have the proceeds applied to the deficit. Failing this, the producer will be declared in default.
- 2.5 Where an advance on a Storable Agricultural Product – Pre-Production, issued as stipulated under Subsections 2.1 and/or 2.3 of these Terms and Conditions, is outstanding under the APP, the Producer shall submit a Post-Production Worksheet confirming the actual production held in storage by the Producer on or before **December 15, 2010**, or otherwise be declared in default.
- 2.6 Should the Post-Production Worksheet demonstrate that the Agricultural Product in storage is not sufficient to justify the advance issued to the producer when the product was at pre-production, the Administrator shall, notify the producer that he or she has thirty (30) calendar days to repay the part of the outstanding amount of the advance that exceeds the reduced coverage amount by more than six thousand dollars (\$6,000) or ten percent (10%) or, if eligible, make application for an advance on another commodity and have the proceeds applied to the deficit. Failing this, the producer will be declared in default.
- 2.7 Any advance on all eligible Agricultural Products or any instalment on such an advance shall be issued as per the dates specified in subsections 1.16 & 1.17.

- 2.8 Where applicable, the Administrator shall issue an advance on a Storable Agricultural Product – post-production calculated in accordance with the Application for an Advance Worksheet and using advance rate specific to that Storable Agricultural Product - post-production. The Producer must have sufficient Agricultural Product in storage to justify the Eligible Advance.
- 2.9 The Administrator may deduct the Administrator Holdback of 2% from the advance.

3.0 Repayment of the Advance

- 3.1 The Producer shall repay the amount of the advance as specified in this Repayment Agreement to the Administrator by the end of the Production Period:
- where the Producer otherwise sells or disposes of that portion of Agricultural Product in respect of which the advance is made, by paying directly to the Administrator for each unit of Agricultural Product within seven (7) calendar days of receipt of payment or within forty-five (45) calendar days of delivery to the Buyer, whichever is earlier, an amount at the advance rate in effect at the time of repayment accompanied by corresponding receipts, until all the advances made to the Producer and the interest payable by the Producer on those advances are repaid;
 - by assigning to the Administrator amounts payable to the Producer under an eligible BRM program which the Administrator will apply to repay the advance within three (3) days of receipt of such amounts until all the advances made to the Producer and the interest payable by the Producer on those advances are repaid. The Administrator will reimburse any amount received from a BRM program in excess of the outstanding advance to the producer within seven (7) days of receipt.
- 3.2 In addition to the mandatory payments under paragraphs 3.1.a, or 3.1.b above, the Producer may choose to reimburse the advance:
- by making a cash payment without proof of sale prior to or on the last day of the production period up to the greater of \$1,000 or ten percent (10%) of the total amount of the advance. If the Producer chooses to repay in cash an amount in excess of such amounts without proof of sale of the Product, the Producer will be charged interest at the rate of **Prime – ¼ %**, on the excess amount from the day the advance was issued to the date of repayment.
 - by paying directly to the Administrator any amount received by the Producer under an eligible BRM program.
 - by paying directly to the Administrator any amount received by the Producer, not exceeding the proceeds evidenced by proof of sale.

4.0 Security Interests

- 4.1 The Producer agrees to grant a security interest on the Producer's Agricultural Product as collateral to the Administrator in the amount of the Eligible Advance plus interest and costs provided for in this Repayment Agreement. The Producer further agrees that the Administrator's interest shall rank prior to the interest of any other creditor or security holder and shall obtain any and all priority agreements to perfect this security. The producer also agrees that upon default, the Administrator has the right to seize the producers' Agricultural Product and any subsequent Agricultural Product of the same nature produced by the producer for the amount and until the full repayment of the producer's liability provided in paragraph 5.2, wheresoever situated and to sell the Agricultural Products as it sees fit in order to realize upon any amount outstanding under this Repayment agreement including interest and any legal costs of seizure, and other enforcement.
- 4.2 In the case of an advance on a Storable Agricultural Product in pre-production, the Producer agrees to grant a security interest on the proceeds of the Production Insurance contract as identified in Part 2(A) or (B) of this application as collateral to the Administrator in the amount of the Eligible Advance plus interest and costs provided for in this Repayment Agreement. The Producer further agrees that the Administrator's interest shall rank prior to the interest of any other creditor or security holder and shall obtain any and all priority agreements to achieve this end.

5.0 Default

- 5.1 The Producer is in default if the Producer:
- has not met all their obligations under the Repayment Agreement by the end of the production period;
 - files a notice of intention to make a proposal or makes a proposal under the *Bankruptcy and Insolvency Act*, is subject to a receiving order under that act, becomes bankrupt or seeks protection under any other insolvency or bankruptcy related statute; or
 - is otherwise declared in default by the Administrator in accordance with this Repayment Agreement.
- 5.2 The Administrator shall declare a producer in default and immediately inform the producer of the same, if the producer:
- has not met any of the obligations under the Repayment Agreement within twenty (20) days after the day on which the administrator mails or delivers a notice to the producer stating that the producer has had, in the opinion of the administrator, adequate opportunity to meet the obligation, requesting that the producer meet it;
 - at any time breaches irremediably any substantial obligation under the Repayment Agreement; or
 - provides false or misleading information to the Administrator for the purpose of obtaining a guaranteed advance, or evading compliance with an undertaking to repay it.
- 5.3 Upon default, the producer is liable to the Administrator for:
- the outstanding amount of the guaranteed advance;
 - the interest at the rate specified in Section 6.0 on the outstanding amount of the advance, calculated from the date of the advance was issued until the advance is repaid;
 - costs incurred by the Administrator to recover the outstanding amount and interest, including legal costs approved by the Minister.
- 5.4 If the Producer is declared in default and the Minister makes payment under the guarantee, the Minister is subrogated to all rights of the administrator against the defaulted producer and against any other persons liable under this Repayment Agreement. The Producer is, in addition to the amounts stated in subsection 5.2, liable to the Minister for interest at the rate specified in paragraph 6.1(b) on the amount of the Producers' liability under subsection 5.2 and the costs incurred by the Minister to recover the amount, including legal costs.
- 5.5 Where applicable, the Producer agrees, pursuant to Section 7 of the *Limitations Act of Alberta*, to the extension of the limitation period for seeking a remedial order for claims arising from this Agreement to 6 years from the date the Administrator knew of the claim.
- 5.6 Ineligibility Period: If a producer has been previously declared in Default, the Administrator may implement an ineligibility period of twelve months pursuant to subsection 21(4) of the *Act* from the date the producer's default is repaid in full in cases where a producer has defaulted twice since and including 2007 or if a producer has defaulted three times since and including 1998. In situations where a producer defaults in the current production period, the producer will not be eligible to receive additional funds during the remainder of that production period.

6.0 Interest Rate

- 6.1 The interest payable by the Producer during the production period while in compliance with the AMPA and this Agreement will be:
- a) 0% on the amount under \$100,000
 - b) Prime – ¼% on the amount over \$100,000.
- 6.2 In the event that the Producer is declared in default, the interest payable by the producer will be:
- a) Prime + 3% on the amount of the outstanding balance from the date the advance was issued to the date the producer was declared in default; and
 - b) Prime + 3% on the amount of the outstanding producers' liability from the date of default until the advance, interest and all costs of collection are repaid in full.

7.0 General Provisions

- 7.1 The production period for the Agricultural Product commences on **April 1, 2010** and terminates on **September 15, 2011**.
- 7.2 The advance referred to in these Terms and Conditions is deemed to have been received on that portion of the Producers' Agricultural Product first sold. The Producer shall not dispose of any other part of this Agricultural Product, in any manner, before disposing of that portion of the Agricultural Product for which the advance was received.
- 7.3 This Repayment Agreement shall commence upon approval and execution of this Agreement by the Administrator, and shall terminate upon repayment of all amounts provided for in this Agreement.
- 7.4 The Administrator or its authorized agent has the right to inspect the Agricultural Product and perform a credit check on the Producer or any of the Producers' Partners/Shareholders/Members at any time during the term of this Repayment Agreement.
- 7.5 The Producer shall give immediate notice to the Administrator of any material loss, destruction or damage to the Agricultural Product.
- 7.6 If the Agricultural Product or a portion of the Agricultural Product for which an advance was made ceases to be in marketable condition, through no fault of the producer, the producer shall immediately inform the Administrator and, the producer becomes liable to the Administrator for the portion of the guarantee advance, together with interest on it from the date of the advance, that is attributable to the unmarketable portion of the Agricultural Product.
- 7.7 The Producer shall respect the terms of the BRM program used as security and shall ensure that any payments from the BRM program related to the Agricultural Product are forwarded to the Administrator up to the extent of the Eligible Advance and the Producer must notify the Administrator if further requests for an assignment of the BRM program proceeds are made, granted or registered.
- 7.8 This Repayment Agreement shall be interpreted in accordance with the laws of the province of Manitoba, Canada.
- 7.9 If the Agricultural Product is not stored in a steel bin, the producer shall have insurance on the entire Agricultural Product for which the advance was made, to the full extent of the advance, for all insurable perils, until the producer's liability is repaid. The producer further agrees that any payout of this insurance will first be used to repay any outstanding advance.
- 7.10 Whenever the singular or masculine is used throughout this Repayment Agreement, it shall be construed as including the plural, feminine or neutral whenever the context and/or the parties hereto require.
- 7.11 In the event that any part of this Repayment Agreement is found to be invalid by a court of law, then the Producer agrees to be bound by the terms and provisions of the balance of this Repayment Agreement.
- 7.12 This Repayment Agreement shall not terminate by reason of death or disability of the Producer, but shall continue to be binding upon personal representatives to execute any instruments which may be necessary or proper to carry out the purpose and intent of this Agreement.
- 7.13 The Producer agrees to provide the Administrator with any information requested by the Administrator to substantiate the statements made within this application to further satisfy eligibility requirements. Failure to provide such documentation as requested by the Administrator may result in a rejection of the application or in being declared in default if the advance has been issued.
- 7.14 For the purposes of giving effect to any of the Producer's undertakings under the Repayment Agreement, notably concerning the priority agreement, the security and assignment of rights, the Producer shall make, execute and deliver to the Administrator any documents or agreements as the Administrator may reasonably request, including security agreements, assignments and financing statements.
- 7.15 Where the Administrator determines that the Producer is insolvent, bankrupt, or has recently filed a notice of intention to make a proposal or has made a proposal under the *Bankruptcy and Insolvency Act* or is seeking protection under any other insolvency or bankruptcy related statute such as the *Companies' Creditors Arrangement Act* or the *Farm Debt Mediation Act* the Producer's application must be rejected.
- 7.16 No amendment to this Agreement, which may result in the reduction of the value of the security pursuant to Section 4.0 of this Agreement, other than an amendment to correct a clerical or mathematical error, shall be made without written permission of the Minister, except under the following circumstances:
- a) The value of the produced Agricultural Product has reduced through no fault of the producer to the extent that it has made it more beneficial to feed the Agricultural Product to the producer's animals than to sell it;
 - b) The cost of feed has increased to the point where it is more beneficial to feed the product to the producer's animals than to purchase feed.
- 7.17 Unless authorized by the Minister, any amendment to the Repayment Agreement as per subsection 7.15 of this Agreement will not be retroactive and will come into force on the day that the amendment is signed and will substantially conform with Appendix A-7 of the Advance Payments Program Administration Guidelines for the 2010/2011 Production Period. The Parties recognize that any interest benefit received as a result of paragraph 6.1(a) of this Agreement before the coming into force of the amendment does not need to be reimbursed.
- 7.18 All parties herein agree that should there be any discrepancies between this agreement and the AMPA and its regulations, the AMPA and its regulation will supersede this agreement.



ADVANCE PAYMENTS PROGRAM (APP)
BUSINESS RISK MANAGEMENT PROGRAM PROCEEDS - ASSIGNMENT AGREEMENT
STORABLE AGRICULTURAL PRODUCTS

PROTECTED "A" ONCE COMPLETED

1.1 PRODUCER AND ADMINISTRATOR INFORMATION

AGREEMENT DATE (YYYY-MM-DD): _____.

Between _____ (Individual/Partner/Corporation/Cooperative), hereinafter referred to as the 'Assignor' and the Manitoba Corn Growers Association, Inc, hereinafter referred to as 'Administrator'.

This assignment agreement is for all proceeds, up to the amount set in Part 1.2.2 below, payable to the Assignor under Agricultural Product Insurance (BRM program name) and is being used to secure advances issued under the Repayment Agreement (i.e., APP Application) between the Producer and the Administrator dated _____ (YYYY-MM-DD) and pursuant to the Advance Payments Program and the Agricultural Marketing Program Act (AMPA). Advances have been issued based on the Storable Agricultural Product listed in the Pre-Production Worksheets.

1.2 DEFINITIONS AND ASSIGNMENT AGREEMENT

1.2.1 DEFINITIONS AND INTERPRETATIONS:

"APP Electronic Delivery System" means the on-line system which electronically enables the submission of data relating to the delivery of the APP, between AAFC and Administrators;

"Business Risk Management Program" or "BRM Program" refers to any program listed in the schedule of the AMPA, that can be used to secure an advance;

"Default" means, when used in relation to a Producer, that a Producer is considered in default under a Repayment Agreement according to Section 21 of the AMPA.

"Producer" means the individual, partnership, corporation or cooperative that applied for an advance under the Advance Payments Program.

1.2.2. THE PARTIES HERETO AGREE THAT:

The Assignor hereby transfers, assigns and sets over to the Administrator all of his/her/their right, title and interest in the proceeds to be received from the BRM program in the current year and all future years until such a time as the advance, in the amount of the lesser of the principal amount of \$400,000 or the amount which has been advanced plus interest on that amount, and for which this BRM program is used as security, has been paid in full, and a liability to the Administrator no longer exists. This assignment of proceeds is not affected should the Producer become in default under the Repayment Agreement. For the purposes of giving effect to any of the Assignor's undertakings under this agreement, the Assignor shall make, execute and deliver to the BRM Administrator or the Administrator, any documents or agreements as the BRM Administrator may reasonably request.

The amount of the advance(s) will be confirmed to the BRM Administrator by AAFC via the APP Electronic Delivery System or an alternative method agreed upon by AAFC and the BRM Administrator.

The Assignor allows the BRM administrator to share information with AAFC and the Administrator via the APP Electronic Delivery System or an alternative method agreed upon by AAFC and the BRM Administrator.

Sealed, delivered and attested to by:

Name and title of Producer

Signature of Producer

Name and title of Producer

Signature of Producer

Name and title of Producer

Signature of Producer

Name and title of Producer

Signature of Producer

Manitoba Corn Growers Association, Inc
Administrator

Signature for Administrator