

On August 6, 2010, the Minister announced a second Stay of Default for cattle and hog producer under the Advance Payment Program for the 2008-2009 production period. The Stay has been granted with the following terms:

1. Affected producers are those producers who received either a standard or emergency advance under the Advance Payments Program (APP), for the production of cattle or hogs during the 2008-09 production period. Only the portion of their outstanding advance received in relation to their cattle or hog production is eligible for the Stay.
2. The Stay does not apply to Without Guarantee Agreements, where advances are guaranteed by another entity and AAFC rebates the interest paid on the first \$100,000 advanced.
3. Affected cattle producers are not required to make any repayments on their 2008-09 APP advance prior to June 1, 2011 and the advance must be repaid in full by March 31, 2012. However, nothing prohibits affected producers from making repayments earlier than these dates.
4. Affected hog producers are not required to make any repayments on their 2008-09 APP advance prior to April 1, 2012 and the advance must be repaid in full by March 31, 2013. However, nothing prohibits affected producers from making repayments earlier than these dates.
5. Producers are required to negotiate and sign an amended repayment agreement with their Administrator that provides a repayment schedule that is based on their ability to pay (amount and frequency). The agreement must be signed by May 31, 2011 for cattle producers and March 31, 2012 for hog producers, otherwise the regular repayments will be automatically calculated as the total debt owing divided by 10 months for cattle and 12 months for hogs. The repayment schedule will have to provide for regular repayments starting in June 2011 for cattle producers and April 2012 for hog producers and provide for total repayment of the advance prior to the end of the Stay.
6. The amended repayment agreement mentioned in paragraph 5 above will also allow producers to repay their outstanding 2008-2009 advance using proceeds of sale, using proceeds from a Business Risk Management Program listed in the Annex of the AMPA or by one of the following:
 - a) through cash repayments without penalty, and/or
 - b) by transferring the outstanding balance of their 2008-2009 advances into a current APP production period. The rollover can be on any agricultural product eligible under the APP. The producer would have to meet the current APP production period conditions, including enough security to cover the amount of the advance and have priority agreements signed.

7. If a producer misses a payment as set out in #5, he/she must re-negotiate that payment with their Administrator within 30 days, or risk going into default. Administrators will allow this grace period only once during the period of the Stay. Any additional missed payments will result in the producer being immediately declared in default.
8. Despite mention of the contrary in the Advance Guarantee Agreement, should the producer be declared in default and sign a settlement agreement, the settlement agreement must provide the following paragraph which reduces the interest penalties associated with being declared in default.

“The interest payable by the Producer who is declared in default will be:

 - 0.25 % from the date of the advance to the date of default for the Interest Free portion of the advance.
 - The same rate as the Production Period Interest rate from the date of the advance to the date of default for the Interest Bearing portion of the advance.
 - The prime lending rate plus 1.5% on the entire outstanding default balance from the date of default until the advance, interest and all costs of collection are repaid in full.”
9. Producers will continue to be eligible for additional advances under current APP production periods provided they meet all conditions including having sufficient inventory to secure both 2008-09 advances and new advances and having signed priority agreements. As per normal APP program rules, the first \$100,000 of their new advance is interest free.
10. The Government of Canada will continue to pay the interest on the interest free portion of outstanding 2008-2009 advances related to cattle until May 31, 2011.
11. The Government of Canada will continue to pay the interest on the interest free portion of outstanding 2008-2009 advances related to hogs until March 31, 2012.
12. Beginning at the dates in paragraphs 10 and 11 respectively, the interest on the interest free portion of the advance will become the responsibility of the producer. The rate that the Administrator will charge the producer on the interest free portion of the advance will be capped at the same rate that it charges on 2008-2009 interest bearing advances.
13. Producers will continue to pay the interest on the outstanding interest bearing portion of their advances, at the rate defined in the original repayment agreement.
14. Producers must provide proof to the administrator that they are still operating a farm on October 1, 2010 in order to qualify for the Stay. Producers will have until March 31, 2011 to provide such proof or they will be declared in default.
15. Administrators must register the security on the inventory used to secure all advances under the Stay.

16. Producers already in default for their 2008-2009 livestock advance before the announcement of the new Stay or those with an outstanding advance for any production period who have filed a notice of intention to make a proposal or made a proposal under the Bankruptcy and Insolvency Act, are subject to a receiving order under that act, are bankrupt or are seeking protection under any other insolvency or bankruptcy related statutes, are not eligible for the new Stay.
17. Administrators may charge a reasonable administration fee to administer the Stay of Default. This fee may be charged only for the purpose of recovering administrative costs associated with administering the Stay. Administrators must ensure that the fee is transparent and disclosed to the producer as part of the acknowledgement document to be signed by the producers as described in paragraph 18 below.
18. Administrators have the duty to have producers sign an acknowledgement indicating that the producer understands and accepts all the above terms and conditions. Failure to sign the acknowledgement document or to pay the administration fee is considered a breach of the Stay of Default. A copy of this agreement must be maintained in each producer's file.

Producers are encouraged to contact their producer organizations for additional details.