

## An account is placed in default and interest-free benefits are forfeited when the producer:

- has not met all of the obligations of the cash advance agreement on or before September 30, 2012.
- has not taken advantage of delivery opportunities. The CWB will send a letter requesting repayment within 20 days.
- has not provided to the CWB, within 30 days of being requested to do so, information required to validate the advance payment.
- provides false or misleading information or evades repayment.
- does not comply with the terms and conditions of the repayment agreement.
- files for bankruptcy or files a proposal under the *Bankruptcy and Insolvency Act* or a receiving order is made against the applicant.
- seeks protection under any insolvency related statute such as the *Farm Debt Mediation Act*.
- fails or refuses a bin inspection after the advance has been issued (shortfall is more than 10 per cent over the issued amount, calculated at the advance payment rate).
- has not applied for a delivery permit by October 15 of the next crop year, where default has been stayed.

Applicants and any related producers who have defaulted on their cash advances in three separate production periods and repay in 2011-12 are not eligible to receive a cash advance until the 2013-14 production period.

The default interest rate for After-harvest advances is prime plus three per cent.

All shareholders, partners, members or owners are individually and collectively responsible for the outstanding amount in the event of default.

## Consequences of default

- Applicants with defaulted advances are not eligible to apply for a new advance in the production period in which the advance is repaid. For example, if a defaulted advance is repaid in full after April 1, 2011, the applicant will not be eligible for another advance until the start of the 2012-13 production period (April 1, 2012).
- When an applicant is defaulted, all related producers are not eligible to receive an advance until the defaulted account is repaid in full.
- After a defaulted account is repaid, the next application the applicant or related producer makes may require CWB approval before issuance. A bin inspection may also be required.
- Applicants who have defaulted on their cash advances in three separate production periods are not eligible to receive a cash advance in the production period following the one in which the defaulted advance was repaid.
- Deductions can be taken from future CWB payments and any payments the applicant receives from any other Agriculture and Agri-Food Canada (AAFC) program. The federal government may deny the applicant access to other federal agriculture support.
- Producers with defaulted accounts where a repayment agreement is not reached with the CWB will be notified when their account is forwarded to AAFC for collection.