

Applicants and any related producers who have defaulted on their cash advances in three separate production periods and repay in 2011-12 are ineligible to receive a cash advance until the 2013-14 production period.

The default interest rate for Pre-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.

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

- has not met all of the obligations of this application 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*.
- does not maintain all-risk provincial crop insurance in good standing (for advances using crop insurance coverage) and does not pay (within 30 days of being notified by the CWB) the shortfall on advances due to discrepancies in crop insurance coverage.
- does not remit within 30 days of notification by the CWB, any shortfall due to an overpayment.

An applicant is overpaid when they are issued more money than that for which they are eligible if:

- the anticipated seeded acres are higher than actual seeded acres
- the After-harvest report shows that the grain in storage is not sufficient to repay the outstanding amount of the advance
- the final AgriStability security level/amount is insufficient to justify the advance issued

Consequences of default

- Applicants with defaulted advances are not eligible for a new advance until the start of the next production period. 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). All related producers are ineligible 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 advance issuance. A bin inspection may also be required.
- Deductions can be taken from any future CWB payments, provincial crop insurance payments (for advances using crop insurance) and AgriStability payments (for advances using AgriStability coverage).
- Deductions can be taken from any future payments the applicant receives from any other Agriculture and Agri-Food Canada (AAFC) program. The federal government may also deny the applicant access to other federal agriculture support programs.
- Applicants with defaulted accounts where no repayment agreement is reached with the CWB will have their account forwarded to AAFC for collection.