

**For:** Oregon County Offices

## Emergency Seed Loan Processing

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**Approved by:** Jack L. Sainsbury, State Executive Director



JLS:LEV:RBP

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### 1 Overview

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#### A

##### **Purpose**

To provide Oregon County Offices with a standardized fact sheet, forms, processing guide, and specific guidance in processing requests for Emergency Loan for Seed Producers Program. Use of the forms and processing guide are intended to ensure consistency and accuracy in processing Emergency Seed Loan requests. Specific guidance is provided to make certain that proper noticing requirements are completed when claim assignments are taken.

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#### B

##### **Background**

Section 253 the Agricultural Risk Protection Act of 2000 provided assistance to seed producers adversely affected by the bankruptcy filing of AgriBioTech. On December 6, 2000, the regulations were published as 7 CFR Part 774 in the Federal Register and designated as the Emergency Loan for Seed Producers Program. On December 27, 2000, the regulations were promulgated in Part 3 of the FSA 6-FLP Handbook.

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#### C

##### **Contacts**

If there any questions regarding this notice, please contact the Farm Program Section in the State Office.

**FILING: Preceding FSA Handbook 6-FLP and 1910-A**

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<b>Disposal Date:</b>	<b>Distribution:</b>
January 2, 2002	STO, DD, COR, COC, COF – Including Farm Loan Programs

1/11/01

## OR Notice FLP-63

### 2 Processing

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#### A Program Information

General information on eligibility, loan amounts, collateral requirements, and other information in regards to the Emergency Loan for Seed Producers Program is provided in the attached Exhibit 1 of this Oregon Notice.

A checklist which can be used by applicants in assembling the necessary information and documentation for an Emergency Seed loan is found in the attached Exhibit 2 of this Oregon Notice.

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#### B Itemization Worksheet

As part of the information necessary for a complete application for an Emergency Seed loan, applicants may use the Itemization Worksheet attached as Exhibit 3 of this Oregon Notice for displaying the seed included in the valid proof of claim and for seed held in inventory.

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#### C Application Processing

When applications are received, the Emergency Seed Loan Processing Guide attached as Exhibit 4 of this Oregon Notice will be used as part of the required documentation in the loan docket. As documentation, forms, and processing steps are initiated or completed, the Processing Guide will be completed as to the date received with the initials of the responsible FSA employee.

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#### D Adjustment Worksheet

Typically adjustments must be made to the applicant's valid proof of claim in order to establish and document the maximum Emergency Seed loan the applicant qualifies for. Loan processing officials will complete the Adjustment Worksheet attached as Exhibit 5 of this Oregon Notice for all Emergency Seed loan requests prior to approval.

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#### E Loan Evaluation

In order to fully document eligibility, collateral requirements, completeness of applications, and use of loan funds for Emergency Seed loan requests, processing officials will complete the Loan Evaluation sheet attached as Exhibit 6 of this Oregon Notice.

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## OR Notice FLP-63

### 2 Processing (continued)

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#### F Signature Addendum

The promissory note and security agreement and claim assignment have limited room for applicants' signatures. Exhibit 7 to this Oregon Notice provides the Addendum For Additional Signatories.

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### 3 Claim Assignment

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#### A General Requirements

In consideration for the Agency providing assistance through an Emergency Seed loan, all borrowers must execute Form FSA 2664, "Notice of Claim Assignment." By its execution, all rights, benefits, and payments of the borrower's bankruptcy claim will be assigned to the Agency.

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#### B Noticing Actions

Processing officials are required to use the standard notification letter that will be specified in Amendment 2 to FSA Handbook 6-FLP when forwarding a copy of executed Form FSA 2664 to the bankruptcy court. A stamped, self-addressed envelope should be provided with the submittal. Since the applicant has waived their rights to object to the claim assignment by the execution of the document, there is no noticing requirement. The National Office has advised the State Office that an Emergency Seed loan can close prior to acceptance of Form FSA 2664 by the bankruptcy court, provided all other requirements are met. Once Amendment 2 to the FSA Handbook 6-FLP is issued, the standard notification letter must be used to transmit Form FSA 2664.

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### 4 Security Disposition

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#### A Tracking Sheet

Exhibit 8 of the Notice is a sample security disposition tracking sheet which is to be used to record all bankruptcy court distributions or sales of 1999 seed crop and proceeds thereof which serve as security for the borrower's Emergency Seed loan. All proceeds received from these sources be applied as an extra payment unpaid balance of the borrower's Emergency Seed loan.

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