

**Farm Service Agency  
Oregon**

**Seed Producers Affected by ABT Bankruptcy**

**December 2000**



## **Emergency Seed Loan Program**

### **Eligibility**

Must have been a farmer that produced a 1999 crop of grass, forage, vegetable, or sorghum seed for sale to AgriBioTech (ABT) under contract and has yet to receive full payment. The producer must have filed a valid, uncontested proof of claim against ABT with the bankruptcy court. The claim cannot be assigned, sold, or transferred to another party in part or in total.

Applicant must be a US citizen or legally admitted for permanent residency, have legal capacity to incur the debt, cannot be delinquent on non-tax Federal debt, cannot have an outstanding Federal judgment, and not provided false or misleading information to FSA. For entity applicants, the majority of the business entity must be owned by members meeting the citizen test or be a domestically owned business entity and all members must meet the program eligibility requirements.

### **Loan Amount**

The maximum loan amount is 65 percent of the value of the uncontested, filed ABT bankruptcy claim for 1999 seed production, minus any distributions received from the bankruptcy court and any proceeds received for seed sold (that was included in the original claim) since the claim was filed.

### **Loan Purposes**

Loans funds can be used for any agricultural purpose except for lobbying or related activities, pay Federal judgments, or any purpose which contributes to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

### **Security**

FSA will require a first lien position and assignment of the applicant's monetary claim in the ABT bankruptcy estate and associated contract rights and intangibles to secure the loan. If the applicant has seed remaining in their possession that was produced under contract for sale to ABT, the applicant will also provide FSA with a first lien position on this seed. It is the responsibility of the applicant to negotiate with any existing lienholders to secure FSA's first lien position.

### **Interest Rate**

Interest on the loan will be zero percent for 18 months or until the date of settlement or completion of or final distribution of assets in the bankruptcy proceedings involving ABT, whichever comes first. Thereafter, the interest will begin to accrue at the regular rate for direct FSA farm operating loans.

### **Terms**

Payments received as a result of the valid ABT bankruptcy claim for 1999 seed production or 1999 seed sold will be applied as an extra payment on the loan. After 18 months or final settlement or distribution of assets in the ABT bankruptcy, any remaining unpaid loan balances will be amortized for seven annual installments, for a maximum term of 8.5 years.

### **Contacts**

Please contact your local FSA office for additional information and required forms. Applications will be accepted until all loan funds have been exhausted or the ABT bankruptcy is discharged.

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