

**Fact Sheet****Emergency Loans for Seed Producers Program****Background**

The Farm Service Agency's (FSA) Emergency Loans for Seed Producers Program was designed to make no-interest loans to producers of the 1999 crop of grass, forage, vegetable, and sorghum seed who have not received payments from AgriBiotech, one of the largest turf, forage, and alfalfa seed companies in the U.S., as a result of bankruptcy proceedings. This program was authorized by the Agricultural Risk Protection Act of 2000.

Eligibility

These loans are available to farmers who produced a 1999 crop of grass, forage, vegetable, or sorghum seed that was under contract for sale to AgriBiotech and who filed a timely proof of claim in the bankruptcy proceedings.

Eligible Producers

Eligible producers can receive up to 65 percent of the value of the proof of claim against AgriBiotech, minus any proceeds received for seed sold (that was included in the original claim) since the claim was filed.

Loan Requirements

Like other FSA programs, eligible applicants for the Emergency Loans for Seed Producers Program cannot be delinquent on a non-tax Federal debt or have any outstanding unpaid judgments. Loan applicants also must not have provided FSA with false information.

Loan Provisions

Emergency loans for seed producers are interest free for 18 months or until the final distribution of the bankruptcy, whichever comes first. After that time, the principal remaining will be amortized at the interest rate for an FSA operating loan over an additional 7 years, for a maximum term of 8.5 years.

FSA will take an assignment of the borrower's monetary claim in the bankruptcy to secure the loan. A first lien is also taken on seed remaining in the applicant's possession that was produced in 1999 under contract to AgriBiotech.

Applications will be accepted until all loan funds have been exhausted or the bankruptcy is discharged.

For More Information

Contact local FSA offices or USDA Service Centers. Information may also be obtained from the FSA web site at: www.fsa.usda.gov

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