

Issuing an advance using crop insurance coverage

Individual (not affected by the *Related Producers' Provision*)

Forms required

Pre-harvest advance Application form - crop insurance
Additional Priority Agreement form(s) - if required

Instructions for completing the *Advance Application*

The applicant must read the terms and conditions outlined on the advance application. Advise that by signing the application, the applicant is agreeing to these terms and conditions.

Complete the applicant and delivery point information section of the form.

- Name, address, date of birth, phone and fax number.
- Applicant's provincial crop insurance contract number and the province of the crop insurance corporation.
- Your station fax number to receive faxes of documents for correction and authorization where approval is required.

2007-08 Production Period Application For Advance Payment (Pre-harvest) - Crop Insurance					123456			
This production period runs from April 1/07 to September 30/08 (Advances may be issued until July 31/07)								
NOTE TO THE ELEVATOR MANAGER: Do not issue a cash ticket(s) to a corporation, partnership (includes joint producers and bus pre-approval of the Declaration and Guarantee or Guarantee for Colonies from the CWB.								
Applicant Information - ALL requested information must be provided (PLEASE PRINT)					This form must be completed in ink.			
Applicant's Last Name <i>Producers</i>	First Name <i>Arnold</i>	Middle Name <i>Lawrence</i>	Applicant's CWB Identification Number <i>0 0 0 0 3 4 5 6 7 8</i>	Day <i>1</i>	Month <i>4</i>	Year <i>0 4 0 7</i>		
Applicant's Address <i>Box 1</i>	Permit Number <i>0 0 0 0 3 4 5 6 7 8</i>		Company/Delivery Point Code <i>0 9 9 7 9 9 9 9 0 1</i>		Crop Ins. Contract No. <i>9002141</i>			Province <i>SK</i>
Address <i>Someplace, SK SOC OEO</i>		Date of birth (DD/MM/YY) <i>15/06/1950</i>	Reference Number	Station Name <i>Any station</i>		Station Telephone No. <i>(306) 555-3832</i>		
Applicant's Telephone No. <i>(306) 123-4567</i>	Applicant's Fax No. <i>(306) 123-7654</i>	Declaration and Guarantee/Guarantee No.		Station Fax No. <i>(306) 555-3833</i>				

For the section regarding related producers, the applicant is not affected by the *Related Producers' Provision* and should check the box "No". The applicant does not require a *Related Producers' Declaration* form.

ALL APPLICANTS MUST COMPLETE THIS SECTION

Complete the following questions by answering "Yes" or "No". Answer "Yes" if either statement (or both) is true. If you answer "Yes", you are affected by the Related Producers' Provision. Yes No

- Have you applied for or received an advance under any other farming operations for the 2007-08 production period as an individual or a corporation, partnership (business enterprise) or cooperative?
- Do you share the reporting of income or losses from this or any other farming operation with anyone else for the purposes of the *Income Tax Act (Canada)*?

Part 1

1. Calculated amount

1. Enter the applicant's Anticipated Seeded Acres, by class of grain, in column i.
2. Record the applicant's Crop Insurance Coverage, by class of grain, in column ii. See pages 12 and 13 for instructions if multiple rates apply to a single class.
3. Calculate the Eligible Tonnes for each class of grain. Multiply column ii by column i and enter the amount in column iii.
4. Multiply the Rate Per Tonne in column iv by column iii and enter the result for each class of grain in column v, Calculated amount.
5. Add all amounts in column v and enter the total in 1(k).
6. The Total Calculated amount in Box A is the result of subtracting (l), the applicant's previous 2007-08 wheat, durum and barley pre-harvest advances applied for or received under this identification number using crop insurance coverage from (k).

PART 1 Based on Anticipated Seeded Acres and Crop Insurance coverage					
1. Calculated Amount (indicate amounts in whole dollars)					
Grain	i Applicant's Anticipated Seeded Acres	ii Crop Insurance Coverage (Tonnes per acre)	iii Eligible Tonnes (Column i multiplied by Column ii) in whole tonnes	iv Rate Per Tonne	v Calculated Amount (Column iii multiplied by Column iv)
a) WHEAT	6,53	0.80	5,22	\$80	\$ 4,176.0
b) CWHWS				\$80	\$
c) CPSR				\$80	\$
d) CPSW				\$80	\$
e) CWES	6,25	1.00	6,25	\$80	\$ 5,000.0
f) CWRW				\$80	\$
g) CWSWS				\$80	\$
h) Non Reg Variety				\$80	\$
i) DURUM				\$86	\$
j) BARLEY	1,50	1.10	1,65	\$50	\$ 8,250
k) Add a) through j) of column v					100,010
l) Applicant's previous 2007-08 wheat, durum and barley advances applied for or received under this identification number using crop insurance coverage					
m) Subtract l) from k) and enter the result in Box A					100,010 A

Note: For the purposes of this form, CWRW may be shown as anticipated seeded acres. If the applicant has CWRW and another grain, issue 100 per cent of the CWRW and 60 per cent of the other grain(s) as a first payment. A note should be attached confirming the CWRW seeded last fall is secured by crop insurance.

2. Maximum advance

To calculate the maximum pre-harvest advance for which the applicant is eligible, subtract from 2(a):

7. 2(b) – the total of all previous pre-harvest advances for wheat, durum and barley for which the applicant has applied for or received under all farming operations;
8. 2(c) – the amount applied for or received from all other organizations under all farming operations for all other agricultural products;
9. 2(d) – the unpaid principal balance of all 2006-07 wheat, durum and barley advances under all farming operations;
10. 2(e) – the unpaid principal balance of all 2006-07 advances received from all other organizations under all farming operations on all other crops; and
11. enter this amount in Box B, Maximum Cash Advance.

2. Maximum Advance

Individual applicants affected by the *Related Producers Provision* must complete a *Related Producers' Declaration* now. Companies must complete this section before completing the *Related Producers' Declaration(s)*.

a) Maximum advance payment	\$400,000	
b) Applicant's total previous 2007-08 wheat, durum and barley advances applied for or received under all farming operations		
c) Applicant's total previous 2007-08 advances applied for or received from all other organizations under all farming operations on all other agricultural products (crops and livestock)		
d) Applicant's unpaid balance of all 2006-07 wheat, durum and barley advances under all farming operations		
e) Applicant's unpaid balance of all 2006-07 advances received from all other organizations under all farming operations on all other crops		
f) From a), subtract b) + c) + d) + e) and enter the total in Box B	400,000	B

3. The Advance payment

- 12. Record the amount the applicant is requesting in Box C. Ensure that this amount does not exceed the lesser of Box A or B.
- 13. Determine the amount you can issue as a first payment. That amount cannot exceed 60 per cent of Box C.

Example: \$100,000 Total Advance (Box C)
 $\$100,000 \times .6 = \$60,000$ (first payment)

If 60 per cent exceeds \$100,000, issue a cash ticket for \$100,000 and send the application to the CWB for approval of the remaining balance.

- 14. Subtract the amount issued in the first payment, Box D from the amount requested, Box C, and enter the remainder in Box E. Submit the white CWB First copy of the application with the first payment advance cash ticket to the CWB through your head office. Retain the yellow (manager's) copy and the blue CWB second copy in case the applicant requests a second payment after seeding is complete.

Example:
 \$60,000 (first payment amount)
 - 79.50 Grain co. fee (includes GST)
 \$59,920.50 paid to applicant

Second payment

- If the applicant's provincial crop insurance Seeded Acreage Report confirms the anticipated seeded acres are the same as actual seeded acres, the second payment can be issued as shown in Box E. It is not necessary to submit the blue CWB second copy to the CWB after issuing the second payment.

3. The Advance Payment

a) Total advance applied for must equal first and second payment (Cannot exceed Box A or Box B or, if applicable, Box 9 of the <i>Participants' Calculation Worksheet</i>)	100,000	C
b) First payment paid by elevator manager at date of application (Cannot exceed 60% of Box C)	60,000	D
Do not issue the cash ticket if CWB approval is required for a company requiring a <i>Declaration and Guarantee</i> or a Colony requiring a <i>Guarantee</i> .		
c) Second payment to be paid by elevator manager after the producer has confirmed that actual seeded acres are equivalent to the anticipated seeded acres shown in column I.i. (Subtract Box D from Box C)	40,000	E

If the First Payment requested (Box D) exceeds \$100,000, CWB approval is required before issuing the amount in excess of \$100,000. The \$100,000 limitation includes any previous advance payments issued to the applicant through the permit book. If the actual seeded acres DO NOT match the anticipated seeded acres, complete PART 2 of this form before issuing the second payment.

If the actual seeded acres do not match anticipated seeded acres, the applicant must complete Part 2 of the advance application before the second payment can be issued.

Part 2

4. Calculated amount

Complete this part of the application if:

- the applicant is only applying for an advance payment on actual seeded acres. (Part 1 of the application form does not have to be completed).

OR

- actual seeded acres do not match anticipated seeded acres (from Part 1).

- Enter the applicant's Actual Seeded Acres, by class of grain, in column i. Refer to the applicant's completed provincial crop insurance Seeded Acreage Report(s) the applicant will be filing/has filed with crop insurance.
- Record the applicant's Crop Insurance Coverage, by class of grain, in column ii. See page 12 and 13 for instructions if multiple rates apply to a single class.
- Calculate the Eligible Tonnes for each class of grain. Multiply column ii by column i and enter the amount in column iii.
- Multiply the Rate Per Tonne in column iv by column iii and enter the result for each class of grain in column v, Calculated amount.
- Maximum advance Payment (k) is the sum of all Calculated amounts in column v.
- The Total Calculated amount in Box F is the result of subtracting (l) the applicant's previous 2007-08 wheat, durum and barley pre-harvest advances applied for or received under the ID number shown on the pre-harvest advance application from (k). Do not include any monies issued through Part 1 of this application.

4. Calculated Amount (indicate amounts in whole dollars)						
Grain	i Applicant's Seeded Acres from Seeded Acreage Report	ii Crop Insurance Coverage (Tonnes per acre)	iii Eligible Tonnes (Column i multiplied by Column ii) in whole tonnes	iv Rate Per Tonne	v Calculated Amount (Column iii multiplied by Column iv)	
a) WHEAT CWRs	5 0 0	0.8 0	4 0 0	\$80	\$ 3 2 0 0 0	
b) CWHWS		.		\$80	\$	
c) CPSR		.		\$80	\$	
d) CPSW		.		\$80	\$	
e) CWES	6 2 5	1.0 0	6 2 5	\$80	\$ 5 0 0 0 0	
f) CWRW		.		\$80	\$	
g) CWSWS		.		\$80	\$	
h) Non Reg Variety		.		\$80	\$	
i) DURUM				\$86	\$	
j) BARLEY	3 0 3	1.1 0	3 3 3	\$50	\$ 1 6 6 5 0	
k) Add a) through j) of column v					Maximum Advance Payment	9 8 6 5 0
l) Applicant's previous 2007-08 wheat, durum and barley advances applied for or received under this identification number using crop insurance coverage (do not include any monies issued through PART 1 of this Application)						
m) Subtract l) from k) and enter the result in Box F					Total Calculated Amount	9 8 6 5 0 F

5. Maximum advance

To calculate the maximum advance for which the applicant is eligible, subtract from 5(a):

7. 5(b) – the total of all previous advances for wheat, durum and barley the applicant has applied for or received under all farming operations;
8. 5(c) – the amount applied for or received from all other organizations under all farming operations for all other agricultural products;
9. 5(d) – the unpaid principal balance of all 2006-07 wheat, durum and barley advances under all farming operations;
10. 5(e) – the unpaid principal balance of all 2006-07 advances received from all other organizations under all farming operations on all other crops; and
11. enter this amount in Box G, Maximum Cash Advance.
Do not include any monies issued through Part 1 of this application.

5. Maximum Advance	
Individual applicants affected by the <i>Related Producers Provision</i> must complete a <i>Related Producers' Declaration</i> now. Companies must complete this section before completing the <i>Related Producers' Declaration(s)</i> .	
a) Maximum advance payment	\$400,000
b) Applicant's total previous 2007-08 wheat, durum and barley advances applied for or received under all farming operations (Do not include any monies issued through PART I of this application)	
c) Applicant's total previous 2007-08 advances applied for or received from all other organizations under all farming operations on all other agricultural products (crops and livestock)	
d) Applicant's unpaid balance of all 2006-07 wheat, durum and barley advances under all farming operations	
e) Applicant's unpaid balance of all 2006-07 advances received from all other organizations under all farming operations on all other crops	
f) From a), subtract b) + c) + d) + e) and enter the total in Box G Maximum Cash Advance	400,000 G

6. The Advance payment

12. Record the amount being applied for in Box H. Ensure that this amount does not exceed the lesser of Box F or G;
13. The amount of payment that may be issued is Box H minus Box I. If applicable, show the amount issued as a first payment (Box D of Part 1) in Box I and subtract Box I from the amount requested (Box H) and show the result in Box J; and
14. If the applicant is applying for a pre-harvest advance payment on actual seeded acres and has not been issued a first payment, indicate NIL in Box I and show the amount applied for (Box H) in Box J.

6. The Advance Payment	
a) Total eligible amount of advance payment based on actual seeded Acres (Cannot exceed Box F or Box G or, if applicable, Box 9 of the <i>Participants' Calculation Worksheet</i>)	98,650 H
b) If applicable, subtract the amount paid by elevator manager prior to seeding (Box D in PART I) Otherwise, show NIL	60,000 I
c) Amount of payment (Box H subtract Box I)	38,650 J

Do not issue the cash ticket if CWB approval is required for a company requiring a *Declaration and Guarantee* or a *Colony* requiring a *Guarantee*.

If the advance payment requested (BOX H) exceeds \$100,000, CWB approval is required before issuing the amount of payment (Box J).
The \$100,000 limitation includes any previous advances issued to the applicant through the permit book.
Note: The \$100,000 limitation does not apply if monies issued through PART I of this application exceeded \$100,000 and CWB approval was obtained.

Priority Agreement

A *Priority Agreement* is an agreement between the CWB and financial institutions and secured parties that gives the CWB's lien against an applicant's grain priority over any other security. Financial institutions include: banks, credit unions, caisses populaires or cooperative credit societies, trust companies and the Province of Alberta Treasury Branch. A secured party may be any person or business organization with a lien on the applicant's grain. A *Priority Agreement* must be completed by:

- every financial institution the applicant currently deals with, whether or not there is a lien on the grain; and
- every financial institution or secured party that has a security interest or lien on the grain described in the advance or has taken an assignment against the applicant's provincial crop insurance payments (for advances using crop insurance coverage).

The *Priority Agreement* forms are similar to those on the advance application, except that the financial institution or secured party must indicate the date of the application.

Continuing Priority Agreement

Each applicant now has the opportunity to have the lender complete a pre-approved *Priority Agreement* yearly. The pre-approved *Priority Agreement* would be applicable to any cash advance received for a production period and it can be amended by the lender at any time during the production period. If the lender does not wish to enter into a pre-approved *Priority Agreement*, the current procedure would be followed.

The *Priority Agreement* identifies the maximum amount that can be issued to an applicant through the CWB during the production period without revisiting the lender. If the applicant is applying for more than the pre-approved amount, the applicant must revisit the lender for a new *Continuing Priority Agreement* for the amount being requested. If any information on the form needs to be amended, a new form must be completed, which will replace the previous form.

When issuing a cash advance to an applicant who deals with more than one lender with different pre-approved maximum amounts, only the minimum pre-approved amount can be issued without revisiting that lender for additional approval.

CWB agents can access information relative to pre-approved *Priority Agreements* through e-services on the CWB website. E-services will enable agents to see if a *Continuing Priority Agreement* has been pre-approved by the lender, the maximum amount that can be issued without revisiting the lender, and whether or not the cash ticket is to be issued jointly or to the applicant only.

The form number will be assigned by the CWB when the form is received in our office, and will be available on e-services.

There are three copies of this form. Send the first copy to the CWB; the second copy should be kept by the lender; and give the third copy to the Applicant.

There are separate *Continuing Priority Agreement* forms with your supplies.

Applicants must give the CWB, as administrator, priority over any existing assignments. The federal government or the CWB may require assignments to be registered with provincial crop insurance or CAIS at their discretion.

An advance cannot be issued until the applicant's financial institution(s) and all secured parties listed on the advance application have completed a *Priority Agreement*.

We will accept faxed copies of Priority Agreement forms from financial institutions and secured parties, provided the original is either sent in to us at a later date or held on file at the elevator.

Instructions:

1. Once the application is completed to the end of paragraph 3 (Part 1) or paragraph 6 (Part 2), the applicant should list the name and address of all applicable financial institutions and secured parties.
2. The applicant should assure that every financial institution and secured party complete a separate *Priority Agreement* if a pre-approved *Priority Agreement* has not been signed by a lender. Failure to disclose all financial institutions and secured parties is an offence under the *Criminal Code*.
3. Ensure the applicant's financial institution or secured party has identified:
 - if a lien exists; if so, whether or not the advance cash ticket is to be issued jointly; and
 - if an assignment has been taken on the applicant's crop insurance payments (for advances issued on crop insurance coverage).
4. If the applicant refuses to have the *Priority Agreement* completed, contact the CWB for assistance.
5. Attach all additional completed *Priority Agreement(s)* to the completed application.

Corrections to *Priority Agreements*

Incorrect *Priority Agreements* will be faxed for correction if the advance requires CWB approval before issuance. Incorrect forms will delay CWB approval and increase administration.

Declaration

The applicant must read, sign and date the *Declaration* section of the application form. Please read "Signature Requirements" on pages 17-18.

Read the Notice to Elevator Manager on the application form, whether or not you are issuing the advance payment cash ticket.

If the applicant has a current delivery permit book, ensure it is endorsed as required.

The advance application form consists of four copies:

- Send the white CWB first copy to the CWB if issuing a first payment on anticipated seeded acres or the entire payment on actual seeded acres.

Note: Please staple supporting documents to the back of the application;

- Send the blue CWB second copy to the CWB if issuing a second payment on actual seeded acres.
- Keep the yellow (manager's) copy for your records.
- Give the green copy to the applicant, once all payments have been issued.

If applicable, issue the cash ticket. Please read "Issuing Cash Tickets" on page 19.

The package for your head office should include the CWB's copies of:

- the completed and signed *Advance Application* (white or blue copy);
- completed and signed *Priority Agreement(s)* (if required);
- cash ticket (if the advance was issued).