



Province of Alberta

FEEDER ASSOCIATIONS GUARANTEE ACT

FEEDER ASSOCIATIONS GUARANTEE REGULATION

Alberta Regulation 13/2012

With amendments up to and including Alberta Regulation 62/2013

Office Consolidation

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(Consolidated up to 62/2013)

ALBERTA REGULATION 13/2012

Feeder Associations Guarantee Act

FEEDER ASSOCIATIONS GUARANTEE REGULATION

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Interpretation

Definitions

1(1) In this Regulation,

- (a) "Act" means the *Feeder Associations Guarantee Act*;
- (b) "active member", in respect of a partnership or a joint venture, means an individual who is a partner in the partnership or a member of the joint venture and who, on land in Alberta owned or leased by the partners or members, directly carries on the business of farming on behalf of and for the gain or reward of the partners or members;
- (c) "active shareholder", in respect of a corporation, means an individual who is a shareholder of the corporation and

who, on land in Alberta owned or leased by the corporation, directly carries on the business of farming on behalf of and for the gain or reward of the corporation;

- (d) “administrator”, in respect of a feeder association, means an administrator appointed under section 8(1) by the feeder association;
- (e) “advance” means an advance of funds under section 30;
- (f) “approved project” means a project approved under section 12;
- (g) “authorized person” means an inspector, auditor or other person appointed under section 3 to carry out the Minister’s powers under section 9(1) of the Act;
- (h) “due date” means the date by which
 - (i) payment must be made for livestock listed in a livestock supply form under a member agreement, or
 - (ii) an advance must be repaid;
- (i) “feeder association” means, except in section 5, a feeder association as defined in section 1(a) of the Act that is the recipient of a guaranteed loan;
- (j) “feeder member” means
 - (i) a person who holds a membership under section 11(1) in a feeder association, or
 - (ii) in the case of a joint membership, all the holders of a joint membership collectively;
- (k) “joint membership” means a membership referred to in section 11(3);
- (l) “livestock supply form” means a livestock supply form referred to in section 19(3);
- (m) “local supervisor”, in respect of a feeder association, means a local supervisor appointed by that feeder association under section 8(1);
- (n) “member agreement” means an agreement referred to in section 19(1);
- (o) “monetary obligation”, in respect of a feeder member, means an amount owed by the feeder member under the member agreement;

- (p) “overdue account” means a monetary obligation owed by a feeder member to a feeder association
 - (i) that has not been paid by the applicable due date,
 - (ii) for which the inventory of livestock on hand is less than the inventory indicated in the records of the feeder association, or
 - (iii) in respect of livestock whose fair market value is less than the amount the feeder member owes to the feeder association for the livestock;
- (q) “person” includes a partnership and a joint venture;
- (r) “Provincial Supervisor” means the Provincial Supervisor designated under section 2(1);
- (s) “security deposit account” means an account referred to in section 7 of the Act;
- (t) “security interest”, except as provided in section 25, means an interest that is
 - (i) registered under the *Personal Property Security Act* or under personal property security legislation of another province or a territory of Canada, or
 - (ii) taken under section 427 of the *Bank Act* (Canada);
- (u) “sheep” means an animal of the species *Ovis aries*;
- (v) “supply period” means a period of time during which livestock are supplied under one or more livestock supply forms that specify the same due date;
- (w) “total monetary obligation”, in respect of a feeder member, means the total amount owed by the feeder member under the member agreement, including the amount owed in respect of purchase costs of livestock supplied under all livestock supply forms, any advances and any applicable interest, insurance and administrative fees.

(2) For the purposes of subsection (1)(b) and (c) and section 11(1), involvement as an investor, shareholder, partner or member does not, by itself, constitute directly carrying on the business of farming.

Administration

Provincial Supervisor

2(1) The Minister may designate an employee in the Department of Agriculture and Rural Development as the Provincial Supervisor.

(2) Where a feeder association or a feeder member has failed to comply with a provision of the Act or this Regulation or an order of the Provincial Supervisor, or where the Provincial Supervisor considers it necessary in order to ensure compliance with the Act or this Regulation, the Provincial Supervisor may make an order in writing prohibiting or imposing terms and conditions respecting one or more of the following:

- (a) the use by a feeder association of funds in its security deposit account;
- (b) the supplying of livestock or the giving of advances, or both, by a feeder association to one or more specified feeder members.

(3) Subject to subsection (4), an order under subsection (2)(a) or (b) is in effect

- (a) for a period specified in the order, which must not exceed 12 months, or
- (b) until an event specified in the order occurs.

(4) The Provincial Supervisor may at any time vary or rescind a prohibition, term or condition imposed under subsection (2)(a) or (b) if the Provincial Supervisor is satisfied that the circumstances that led to its imposition have changed.

(5) The Provincial Supervisor may provide other feeder associations or Feeder Associations of Alberta Limited, or both, with a copy of any order made under subsection (2)(a) or (b).

(6) No person is liable for any breach of a member agreement that results from following an order made under this section.

Authorized persons

3 The Minister may appoint employees in the Department of Agriculture and Rural Development as inspectors, auditors and other persons to carry out the Minister's powers under section 9(1) of the Act.

Requirements for Guaranteed Loans

Lenders

- 4** Guarantees may be given only to
- (a) an Alberta branch office of a chartered bank that is subject to the *Bank Act* (Canada),
 - (b) an Alberta branch office of a credit union established under legislation of a province or territory of Canada, or
 - (c) Alberta Treasury Branches.

Feeder association requirements

- 5(1)** In this section, “feeder association” means a feeder association as defined in section 1(a) of the Act.
- (2)** A guarantee may be given in respect of a loan to a feeder association only if, at the time of giving the guarantee, the feeder association
- (a) is incorporated under the *Cooperatives Act*,
 - (b) is a member in good standing of Feeder Associations of Alberta Limited,
 - (c) has a local supervisor and an administrator, and
 - (d) is in compliance with the Act and this Regulation.
- (3)** A guarantee must not be given in respect of a loan by one lender to a feeder association if the feeder association owes a guaranteed loan to any other lender.

Operation of Feeder Associations

Feeder Associations of Alberta Limited membership

- 6** A feeder association shall at all times maintain its membership in good standing with Feeder Associations of Alberta Limited.

Board meetings

- 7** The board of directors of a feeder association shall meet at least 4 times in each year.

Local supervisors and administrators

8(1) A feeder association shall appoint at least one local supervisor and at least one administrator and shall ensure that it has a local supervisor and an administrator at all times.

(2) Before appointing an individual as a local supervisor or an administrator, the feeder association shall obtain the Provincial Supervisor's approval to appoint that individual.

Lender

9 No feeder association shall owe guaranteed loans to more than one lender at a time.

Bond

10 Every person who has signing authority for a feeder association shall, before exercising that authority in respect of any use of proceeds of a guaranteed loan,

- (a) be bonded for at least \$100 000, or
- (b) have in place other security approved by the Provincial Supervisor.

Feeder membership requirements

11(1) A feeder association may accept only the following as feeder members:

- (a) an individual who is 18 years of age or older and who
 - (i) owns or leases land in Alberta on which the individual directly carries on the business of farming for gain or reward, or
 - (ii) is an active shareholder of a corporation referred to in clause (b) or an active member of a partnership or joint venture referred to in clause (c);
- (b) a corporation
 - (i) that is registered in Alberta, and
 - (ii) that owns or leases land in Alberta on which one or more active shareholders of the corporation directly carry on the business of farming on behalf of and for the gain or reward of the corporation;
- (c) a partnership or joint venture whose partners or members own or lease land in Alberta on which one or more active

members of the partnership or joint venture directly carry on the business of farming on behalf of and for the gain or reward of the partners or members.

(2) No person may hold a membership as a feeder member unless it is reasonably apparent from the person's conduct that the primary purpose for holding the membership is to enable the person to receive supplies of livestock under the Act and this Regulation for growing or finishing or both.

(3) Subject to the articles and bylaws of the feeder association, 2 or more individuals who meet the qualifications set out in subsection (1)(a)(i) or (ii) may jointly hold a membership as a feeder member whether or not one or more of them also holds a feeder membership under subsection (1)(a)(i) or (ii) in the same feeder association.

(4) No person shall be a feeder member of more than one feeder association at a time unless authorized in writing by the Provincial Supervisor.

(5) Every person shall, before becoming a member of a feeder association,

(a) disclose in writing to the feeder association

(i) every interest that the person holds in a corporation, partnership or joint venture that holds a membership in that or any other feeder association, and

(ii) each membership that the person holds, whether solely or jointly, in other feeder associations,

and

(b) give written notice of the person's intention to enter into the member agreement to

(i) any feeder associations of which the person is already a feeder member, and

(ii) any feeder associations of which a corporation, partnership or joint venture in which the person holds an interest is a feeder member.

Guaranteed Loans

Approved projects

12 The Minister may, by order, on any terms and conditions the Minister considers appropriate, approve projects for research and

development activities aimed at increasing the profitability of feeder associations and their members, including without limitation projects for developing or testing procedures respecting

- (a) the feeding of livestock,
- (b) the transportation, processing or marketing of livestock or livestock products,
- (c) the storage of livestock products, or
- (d) the giving of advances.

Use of guaranteed loan proceeds

13 No feeder association shall use any portion of proceeds of a guaranteed loan for a purpose other than

- (a) the purchase of livestock for supply to its feeder members for growing or finishing or both,
- (b) giving advances,
- (c) funding or participating in approved projects,
- (d) the purchase of price insurance in respect of livestock referred to in clause (a) from the Agriculture Financial Services Corporation established by the *Agriculture Financial Services Act* or a similar entity approved by the President of Treasury Board and Minister of Finance, or
- (e) paying administrative costs, if any, associated with a purpose referred to in clause (a), (b) or (c).

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Prohibitions

14(1) A feeder association shall not supply livestock purchased with proceeds of a guaranteed loan or give an advance to a feeder member that is the subject of an order under section 2(2) unless the supply or advance has first been authorized in writing by the Provincial Supervisor.

(2) The Provincial Supervisor may give an authorization under subsection (1) on any terms and conditions the Provincial Supervisor considers appropriate.

(3) A feeder association shall not supply livestock purchased with proceeds of a guaranteed loan or give an advance to a feeder member if

- (a) the feeder association is or should reasonably be aware that the feeder member is in default in respect of an obligation under a member agreement,
- (b) the feeder association is or should reasonably be aware that the feeder member is in contravention of a provision of the Act or this Regulation,
- (c) a local supervisor has advised the feeder association that, in the opinion of the local supervisor,
 - (i) the feeder member cannot be adequately supervised, or
 - (ii) the feeder member does not have suitable feed and facilities for livestock feeding,or
- (d) supplying the livestock or giving the advance would contravene an order of the Provincial Supervisor.

Recreational use of livestock prohibited

15 Where livestock are purchased with proceeds of a guaranteed loan, no feeder association or feeder member shall use or permit the use of the livestock for roping, steer wrestling, cutting, team cattle penning, riding or any other sport or recreational purpose except in accordance with a written authorization issued to that feeder association or feeder member by the Minister.

Identification of livestock

16(1) In this section, “registered brand” means a brand registered under the *Livestock Identification and Commerce Act*.

(2) A feeder association shall ensure that all cattle purchased by it with proceeds of a guaranteed loan

- (a) are branded in a permanently legible manner with a registered brand incorporating the character >—< , commonly known as a split-end bar, or
- (b) are identified in another manner approved by the Minister.

(3) A feeder association shall not use proceeds of a guaranteed loan to make a payment for livestock until after a local supervisor has

- (a) inspected the livestock to ensure that

- (i) the quantity and description of livestock conform to the information in the livestock supply form,
 - (ii) all cattle are branded or otherwise identified in accordance with subsection (2), and
 - (iii) all sheep are identified in a manner approved by the Minister,
- and
- (b) submitted to an administrator a verification of the inspection, including any information the administrator requests respecting it.

Sale documentation

17(1) In this section, “sale documentation” means

- (a) a bill of sale that meets the requirements of subsection (3),
- (b) an invoice that meets the requirements of subsection (3), or
- (c) a settlement statement that meets the requirements of subsections (3) to (5).

(2) Where a feeder association purchases livestock with proceeds of a guaranteed loan, the feeder association shall obtain sale documentation before making payment for the livestock.

(3) Where a feeder association sells livestock purchased with proceeds of a guaranteed loan, the feeder association shall ensure that the sale transaction is documented by a written bill of sale, invoice or settlement statement that sets out

- (a) the date of the sale transaction,
- (b) the names and addresses of the feeder association and the purchaser,
- (c) a description of the livestock that includes the kind, colour and number of head of livestock sold,
- (d) a description and the location of any brands or other identifiers referred to in section 16(3)(a),
- (e) if the livestock is sold by weight, the weight of the livestock sold,
- (f) the purchase price, the deductions from the purchase price and the sale proceeds, and

(g) any other information required by the Minister.

(4) Where a sale transaction referred to in subsection (3) is documented by a settlement statement, the settlement statement must also identify

- (a) the name and address of the person issuing the settlement statement,
- (b) any unique codes on the documentation under which the livestock is transported or driven, and
- (c) if the livestock was transported or driven into Alberta for the sale, the jurisdiction from which the livestock originated.

(5) Notwithstanding subsection (3)(b), if a livestock dealer or livestock dealer's agent issues a settlement statement, the settlement statement may solely identify

- (a) the feeder association as owner, on the purchaser's copy, and
- (b) the purchaser, on the feeder association's copy,

by a unique code assigned by the livestock dealer or livestock dealer's agent.

(6) Where a feeder association uses proceeds of a guaranteed loan to purchase livestock or sells livestock that it purchased with proceeds of a guaranteed loan, the feeder association shall keep the original or a copy of the sale documentation for at least 7 years after the due date applicable to the livestock.

Reporting requirements

18(1) The administrator of a feeder association shall submit to the Provincial Supervisor, in the form and at the times required by the Provincial Supervisor,

- (a) a statement setting out the details of livestock purchases made by the feeder association with proceeds of guaranteed loans and including copies of all member agreements, promissory notes relating to livestock purchases and livestock supply forms,
- (b) documentation proving the identity of the feeder association's feeder members,
- (c) a statement setting out the details of guaranteed loan balances and activity,

- (d) a statement of advances,
- (e) a report respecting its security deposit account,
- (f) a detailed list of any overdue accounts, and
- (g) any other information requested by the Provincial Supervisor.

(2) The Provincial Supervisor is authorized to collect any personal information that is included in a statement, copy, document, report or list required to be submitted under subsection (1)(a) to (f) or in any other information required to be submitted under subsection (1)(g) if the personal information is reasonably required for the purposes of administering this Regulation.

(3) The books and records of a feeder association must be available for inspection at all reasonable times by the Provincial Supervisor, the Minister or an authorized person.

Dealings Between a Feeder Association and its Members

Member agreement

19(1) Before supplying a feeder member with livestock purchased with proceeds of a guaranteed loan, a feeder association shall enter into a member agreement with the feeder member.

(2) A feeder member shall execute a promissory note respecting each supply of livestock and each advance to the feeder member before the supply or advance is made.

(3) Each supply of livestock purchased with proceeds of a guaranteed loan must be described in a livestock supply form that

- (a) sets out the number and type of livestock being supplied, the due date applicable to the livestock and the cost being charged to the feeder member for the livestock, and
- (b) is executed before the livestock are paid for.

(4) Member agreements, promissory notes and livestock supply forms must be in forms approved by the Minister.

Enforceability of obligations

20 A failure by a feeder association or any of its feeder members to comply with the Act, this Regulation or an order of the Provincial Supervisor does not give rise to any defence or right of

set-off with respect to, or otherwise affect the enforceability of, a feeder member's obligations under a member agreement.

Due date

21(1) In this section, "feeder cows" means female cattle over the age of 2 years that are supplied or intended to be supplied to a feeder member under a member agreement.

(2) Subject to subsections (3) and (4), the due date applicable to livestock must not be more than

- (a) 120 days, if the livestock are feeder cows, or
- (b) one year, in any other case,

after the date on which the livestock are supplied to the feeder member.

(3) Subject to subsection (4), a feeder association may, at the request of a feeder member, agree in writing to extend a due date for a period not exceeding 3 months.

(4) A feeder association shall not allow a feeder member to have more than 4 supply periods at any one time.

(5) Before a feeder association

- (a) uses proceeds of a guaranteed loan to purchase livestock for supply to a feeder member, or
- (b) gives an advance to a feeder member

that already has one or more unexpired supply periods, the feeder association and the feeder member shall agree on the due date applicable to the livestock or the advance.

(6) A feeder member shall identify and differentiate cattle that are subject to one supply period from cattle that are subject to any other supply period by using

- (a) different branding locations,
- (b) the combination of the same branding location and the specific sex of the livestock, or
- (c) another method of identification approved by the Minister.

(7) A feeder member shall use a method of identification approved by the Minister to identify and differentiate livestock, other than

cattle, that are subject to one supply period from those that are subject to any other supply period.

(8) No person shall substitute or attempt to substitute an animal that is subject to one supply period for an animal that is subject to a different supply period.

Feeding arrangements

22 No person shall allow livestock purchased with proceeds of a guaranteed loan to be fed under any arrangement to which the *Animal Keepers Act* applies unless an agreement in a form approved by the Minister has first been entered into by

- (a) the feeder member to whom the livestock were supplied,
- (b) the animal keeper, and
- (c) the feeder association that supplied the livestock

and has been filed with the feeder association's administrator.

Conditions for purchasing livestock

23 A feeder association may use proceeds of a guaranteed loan to purchase livestock only if

- (a) the purchase price of the livestock does not exceed
 - (i) 100% of the fair market value of the livestock as estimated by the local supervisor at the time of purchase, or
 - (ii) if the livestock have been weighed and appraised by a qualified appraiser, 100% of the appraised value of the livestock at the time of purchase,
- (b) the inspection requirements under Part 2 of the *Livestock Identification and Commerce Act* have been complied with, where those requirements apply to the sale, or a form of inspection approved by the Minister has been carried out where those requirements do not apply,
- (c) a declaration respecting security interests in the livestock has been provided to the feeder association
 - (i) under section 15 of the *Livestock Identification and Commerce Act*, where that section applies to the sale, or

- (ii) in a form approved by the Minister, where section 15 of the *Livestock Identification and Commerce Act* does not apply, including where a feeder member is the seller of the livestock,

and

- (d) before the purchase is made, any person holding a security interest in the livestock or in any other collateral in which the feeder association holds a security interest under a member agreement has released or waived the person's security interest or has subordinated it in favour of the feeder association's security interest.

Conditions for purchasing livestock from unlicensed person

24 A feeder association shall not use proceeds of a guaranteed loan to purchase livestock from any person other than a person licensed as a livestock dealer or a livestock dealer's agent under the *Livestock Identification and Commerce Act* unless, before the purchase is made, any person holding a security interest in the livestock or in any other collateral in which the feeder association holds a security interest under a member agreement has released or waived the person's security interest or has subordinated it in favour of the feeder association's security interest.

Feeder association's security interest

25 Sections 23(d) and 24 apply whether the feeder association's security interest is registered or unregistered.

Release, waiver or subordination

26 For the purposes of sections 23(d) and 24, a release, waiver or subordination must be given in a form and manner approved by the Minister.

Sale of supplied livestock

27(1) A feeder member

- (a) has no ownership interest in livestock that a feeder association purchases with proceeds of a guaranteed loan and supplies to the feeder member, and
- (b) shall not purport to pledge or give security in the livestock until all the feeder member's obligations in respect of the livestock are satisfied under the member agreement.

(2) No person shall sell

- (a) livestock referred to in subsection (1), or
- (b) any product of livestock referred to in subsection (1)

except on behalf of and in the name of the feeder association and in a manner that makes the entirety of the sale proceeds payable to the feeder association.

Notice of intent to sell or move supplied livestock

28 A feeder member shall notify a local supervisor before making arrangements for the sale or movement of livestock supplied under a member agreement.

Partial sale proceeds

29(1) In this section,

- (a) “proportionate amount of the supply obligation” means a portion of the supply obligation that bears the same proportion to the whole supply obligation as the number of livestock sold bears to the number of livestock supplied in that supply period;
- (b) “supply obligation” means the total amount of money a feeder member is liable to pay the feeder association on the due date for the supply period during which livestock referred to in subsection (2) were supplied.

(2) Where some but not all of the livestock that are subject to a single supply period are sold by a feeder association on account of a feeder member, the feeder association may, in its discretion but subject to subsection (3), pay to the feeder member a portion of the sale proceeds.

(3) Before any proceeds from a sale referred to in subsection (2) may be paid to the feeder member,

- (a) the feeder member must pay, or a sufficient portion of the sale proceeds must be used to pay, a proportionate amount of the supply obligation,
- (b) if the fair market value, as determined by the local supervisor, of the remaining livestock to which that supply period applies is less than the supply obligation remaining after clause (a) is complied with, then a sufficient portion of the proceeds must be applied to reduce the remainder of the supply obligation to an amount not exceeding the fair market value, and

- (c) at least 20% of any sale proceeds remaining after clauses (a) and (b) are complied with must be applied to reduce or discharge the remainder, if any, of the supply obligation.

Advances

30(1) A feeder association may, in its discretion but subject to subsection (2), advance funds to a feeder member if a local supervisor determines that the fair market value of livestock supplied to the feeder member under a member agreement has increased while the livestock have been in the feeder member's possession.

(2) The amount of an advance given to a feeder member under subsection (1) must not exceed 50% of the increase in fair market value determined under that subsection.

Maximum amount of total monetary obligation

31(1) No feeder association shall supply livestock to a feeder member if the feeder member's total monetary obligation, excluding advances, exceeds

- (a) in the case of an individual,
 - (i) \$500 000, if the individual has been a feeder member of the feeder association for at least 6 months and has paid all amounts due for livestock purchases in at least one supply period under the member agreement, and
 - (ii) \$100 000, in any other case,
 - (b) in the case of a joint membership,
 - (i) \$500 000, if all the holders of the joint membership have been feeder members or holders of a joint membership in the feeder association for at least 6 months and have paid all amounts due for livestock purchases in at least one supply period under the member agreement, and
 - (ii) \$100 000, in any other case,
- and
- (c) in the case of a corporation, partnership or joint venture, the amount allocated under subsection (2) or (3) by its active shareholders or active members, to a maximum of \$3 000 000.

(2) An individual who is a feeder member may, in writing, allocate some or all of the maximum amount applicable to that individual under subsection (1)(a)(i) or (ii) or subsection (8)(a), (b) or (c) to

- (a) a corporation that is a feeder member of the same feeder association, if the individual is an active shareholder of the corporation,
- (b) a partnership or joint venture that is a feeder member of the same feeder association, if the individual is an active member of the partnership or joint venture, or
- (c) a combination of more than one corporation, partnership or joint venture referred to in clause (a) or (b).

(3) The holders of a joint membership may, in writing, allocate some or all of the maximum amount applicable to the joint membership under subsection (1)(b)(i) or (ii) to

- (a) a corporation that is a feeder member of the same feeder association, if all of the holders of the joint membership are active shareholders of the corporation,
- (b) a partnership or joint venture that is a feeder member of the same feeder association, if all of the holders of the joint membership are active members of the partnership or joint venture, or
- (c) a combination of more than one corporation, partnership or joint venture referred to in clause (a) or (b).

(4) Where an individual referred to in subsection (2) has a monetary obligation as a feeder member in his or her individual capacity, the maximum amount that the individual may allocate under that subsection to corporations, partnerships or joint ventures is reduced by the amount of the individual's monetary obligation.

(5) Where one or more of the holders of a joint membership referred to in subsection (3) has a monetary obligation as a feeder member in his or her individual capacity, the maximum amount that the holders may allocate under that subsection to corporations, partnerships or joint ventures is reduced by the amount of the holders' individual monetary obligations.

(6) Where an individual allocates an amount under subsection (2) to a corporation, partnership or joint venture,

- (a) the maximum amount that would otherwise apply to that individual under subsection (1)(a)(i) or (ii) or (8)(a), (b) or (c), and

- (b) the maximum amount that the individual may allocate to other corporations, partnerships or joint ventures under subsection (2)

are reduced to the extent of the allocation.

(7) Where the holders of a joint membership allocate an amount under subsection (3) to a corporation, partnership or joint venture,

- (a) the maximum amount that would otherwise apply to the joint membership under subsection (1)(b)(i) or (ii) or (8)(a), (b) or (c), and
- (b) the maximum amount that the holders may allocate to other corporations, partnerships or joint ventures under subsection (3)

are reduced to the extent of the allocation.

(8) Notwithstanding subsection (1)(a), (b) and (c),

- (a) the board of directors of a feeder association may set lower maximum amounts to apply to one or more feeder members,
- (b) the Minister may, by order, at the request of a feeder association, on any terms and conditions the Minister considers appropriate, set a maximum amount that is higher than \$3 000 000 for a specified corporation, partnership or joint venture if the Minister is satisfied that appropriate measures are in place to manage the risks associated with the higher amount, and
- (c) the Minister may, by order, on any terms and conditions the Minister considers appropriate, vary the maximum amount applicable to one or more specified feeder members of a feeder association that funds or participates in an approved project.

(9) Notwithstanding that a feeder member is authorized under section 11(4) to hold a membership in more than one feeder association, the maximum amount that the feeder member may owe at one time to all the feeder associations is the maximum amount applicable to the feeder member under subsection (1)(a), (b) or (c) or subsection (8)(a), (b) or (c).

Security Deposit Accounts

Security deposit account

32(1) A feeder association shall maintain a security deposit account with the lender.

(2) A feeder association

- (a) shall maintain its security deposit account separately from any other accounts, and
- (b) shall not use the funds in its security deposit account except in accordance with section 33(4) or 34(1).

Security deposit

33(1) On or before being supplied with livestock purchased with proceeds of a guaranteed loan or being given an advance, a feeder member shall pay to the feeder association an amount sufficient to ensure that the feeder association has on deposit on account of the feeder member at least 5% of the feeder member's total monetary obligation excluding interest.

(2) The feeder association shall deposit all funds provided under subsection (1) into its security deposit account.

(3) Subject to subsection (4) and section 34(2)(b), a feeder association shall hold funds provided by a feeder member under subsection (1) as a security deposit on account of the feeder member.

(4) Subject to subsection (5), a feeder association

- (a) may return to a feeder member the balance of funds held on account of the feeder member, and
- (b) shall return the balance of funds referred to in clause (a) if the feeder member withdraws from membership or if the feeder member's membership is terminated.

(5) Funds must not be returned to a feeder member under subsection (4)

- (a) until at least 3 months after the date the feeder member finishes discharging its obligations under the member agreement, and
- (b) at any time while any feeder member has an overdue account with the feeder association.

(6) For the purposes of subsection (4), the balance of funds held on account of a feeder member does not include any funds taken and used under section 34(2)(b).

Use of security deposit account

34(1) A feeder association shall, unless authorized under subsection (4) to carry the debt, use funds from its security deposit account to pay any debt that the feeder association owes a lender in respect of

- (a) livestock for which a feeder member owes the feeder association an overdue account, or
- (b) an advance to a feeder member, the repayment of which is overdue,

and that the feeder association would otherwise be unable to pay.

(2) In using funds under subsection (1) from its security deposit account, a feeder association shall

- (a) first apply to the debt any funds held on account of the feeder member that owes the overdue account, and
- (b) if the funds held on account of the feeder member that owes the overdue account are insufficient to fully discharge the debt, apply funds taken on a pro rata basis from the funds held on account of each other feeder member to pay the remainder of the debt.

(3) If funds held on account of a feeder member are used under subsection (2)(b), the feeder association shall, before making another supply of livestock to the feeder member, require the feeder member to contribute an amount sufficient to restore the 5% required under section 33(1).

(4) The Provincial Supervisor may, in writing, authorize a feeder association to carry a debt with a lender in respect of an overdue account under a specified member agreement.

Appeals

Appeal

35(1) A feeder association may appeal to the Minister from any order made by the Provincial Supervisor under section 2(2)(a) or (b).

(2) A feeder member that is specified in an order made under section 2(2)(b) may appeal to the Minister from the order.

- (3) The Minister shall appoint an appeal panel to hear an appeal under subsection (1) or (2).
- (4) An appeal under subsection (1) or (2) must be heard within 30 days after the day on which it is made.
- (5) On hearing an appeal, an appeal panel may confirm the decision appealed or may do either or both of the following:
- (a) reverse or vary any order appealed from;
 - (b) order the Provincial Supervisor to take specified actions to reverse or ameliorate the effect of any order appealed from.
- (6) The decision of an appeal panel on an appeal is final.

Disclosure of Personal and Other Information

Disclosure by Provincial Supervisor

36(1) The Provincial Supervisor may disclose the following information to one or more feeder associations, to Feeder Association of Alberta Limited or to any or all of them:

- (a) information identifying a person as a feeder member;
 - (b) information about a feeder member's performance or non-performance of obligations under a member agreement;
 - (c) information about any failure by a feeder member to comply with this Regulation or with an order of the Provincial Supervisor;
 - (d) any other information reasonably required for the purposes of administering this Regulation.
- (2) The Provincial Supervisor may disclose any information, including personal information in respect of one or more feeder members, to a lender if the information is reasonably required for the purposes of administering a guaranteed loan.

Transitional, Repeal, Expiry and Coming into Force

Transitional

37(1) In this section, "former Regulation" means the *Feeder Associations Guarantee Regulation* (AR 75/98).

(2) Notwithstanding section 38, where a feeder agreement that was entered into under the former Regulation is subsisting on the coming into force of this Regulation,

- (a) the membership requirements in section 11 of this Regulation do not apply to the feeder in respect of the feeder agreement, and the membership requirements in the former Regulation continue to apply to the feeder in respect of the feeder agreement, and
- (b) this Regulation does not apply in respect of the rights and obligations of the parties under the feeder agreement, and the former Regulation continues to apply in respect of those rights and obligations.

Repeal

38 The *Feeder Associations Guarantee Regulation* (AR 75/98) is repealed.

Expiry

39 For the purpose of ensuring that this Regulation is reviewed for ongoing relevancy and necessity, with the option that it may be passed in its present or an amended form following a review, this Regulation expires on August 31, 2016.

Coming into force

40 This Regulation comes into force on February 1, 2012.



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