



Member Agreement

between

Chinook Breeder Co-op

And

(Member's full legal name)

(Member's mailing address)

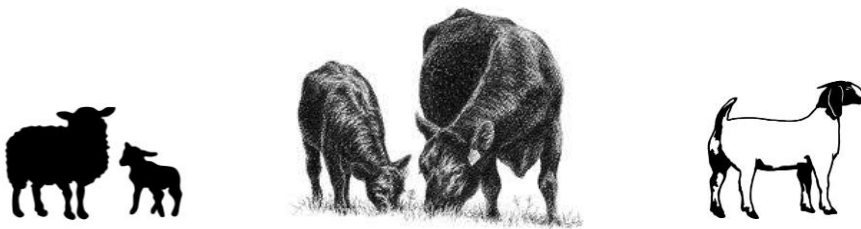
Box 3217, Claresholm, Alberta T0L 0T0

Phone 403-625-3217

Email: chinookbreedercoop@gmail.com

Administrator: Kim Grayson (cell) 403-625-3217

Supervisor: Brad Sawley (cell) 403-336-8304



**"We Finance Bred & Replacement Heifers, Bred Cows, Cow/Calf Pairs, Ewe Lambs,
Yearling Ewes & Goat Does Through ATB Financial"**

1. **MEMBERSHIP:**

- Eligibility for membership –
 - o open to Individuals, Joint Members, Partnerships, Joint Ventures & Corporations
 - o must be a farmer or rancher engaged in the business of raising livestock,
 - o applicants must be over the age of 18
 - o must own or lease land in Alberta
 - o must reside in the trading area of the Co-op as determined by the Board
- Membership application must be completed and returned to the office above for approval by the Board of Directors. A **one-time membership fee of \$150.00** is required before a loan can be advanced (may be paid when first loan is advanced).
- A **Personal Property Search** will be done to determine who else may have security registered on livestock or “all proceeds and after acquired property” (ALLPAP). In the case where these types of registrations appear, a Priority Agreement must be signed by the affected lender giving us priority over livestock branded with our brand, or identified with our ear tags. A **Credit Check** may also be done. A **Personal Property Registration** will be filed on behalf of the Chinook Breeder Co-op in favor of all livestock branded with our brand or tagged. The costs incurred for this will be added to the initial loan advance.
- The Supervisor will visit your site to ensure that the facility, fencing and feed are adequate for the livestock being financed.

2. **SECURITY DEPOSIT:**

Pooled Security Deposit in the amount of 15% of the outstanding loan amount must be on deposit with the Co-op, prior to the loan being advanced. When all loans have been paid out, the Member may withdraw any or all of his/her security deposit provided a 3-month period has passed since the last loan was paid out. This is conditional to there being no delinquent or problem accounts within the Co-op.

3. **FEES**

All fees will be reviewed annually by the Board of Directors (refer to Current Rate Sheet for the current limits, fees & interest rates) attached.

4. **FINANCING:**

- Board must approve the Member limit prior to purchase.
 - o Individual Members
 - New Member to Industry: \$250,000 maximum
 - Experienced Member: \$500,000 maximum
 - o Joint or Partnership Members
 - New Member to Industry: \$500,000 maximum
 - Experienced Member: \$1,000,000 maximum
- These limits are per farm family (i.e.: father/son, two brothers, one farm location).

- The Board of Directors have the authority to set lower maximums for any given individual.
- 100% financing on purchases up to the maximum ATB per head limits at the time of financing (refer to Current Rate Sheet for the current limits, fees & interest rates).
- Any amount over the maximum amount per head allowed will be the responsibility of the Member to pay to the Co-op, and the Co-op will then pay the seller the full price of the invoice.
- ATB reviews the per head limits periodically and may be adjusted accordingly based on current market values.
- Loans may NOT be used to refinance livestock from another Breeder Co-op.
- Repayment Terms:
 - o Cattle
 - Open Replacement Heifers – 1 year (once bred, can be rolled into a bred heifer loan which pays out the Open Heifer loan)
 - Bred Heifers – up to 6 years
 - Bred Cows aged 5 & under – 5 years
 - Older Cows over 5 years old – age of cow and loan term = 10 years
 - Cow/Calf Pairs – same as above depending on age
 - o Sheep / Goats
 - Ewe Lambs up to 15 months old – 4 years
 - Yearling Ewes under 2 years old and have lambd once – 4 years
 - Goat Does under 2 years old – 4 years
- Member will be required to sign the “Supervisor’s Report” at a minimum annually to indicate he has been at your farm to inspect the cattle and/or calves. Random audits may be done with the Supervisor and an Independent Auditor to ensure that the right number of head are currently on hand.

5. **ELIGIBLE LIVESTOCK**

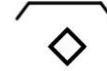
- Cattle
 - o Open Replacement Heifers, Bred Heifers, Bred Cows, and Cow/Calf Pairs. Breeding bulls are not allowed on the program.
- Sheep/Goats
 - o Ewe Lambs up to 15 months old, Yearling Ewes under 2 years old & lambd once, Goat Does under 2 years old. Rams & bucks are not allowed.
- All financed livestock are not to be used for recreational purposes and recreational type cattle are not allowed on the program (i.e. roping, penning, cutting, rodeo, longhorns, etc.).

- Pregnancy must be confirmed by a letter/certificate from the vet on all bred livestock that are bought privately. This is not required if bought as 'bred' from an auction market.
- Bred Heifers from a Feeder Association loan are eligible to be financed through the Co-op without having to be brand inspected again. A confirmation of pregnancy as identified above must be provided to the Co-op at the time of "roll-over", and they will have to be branded with the Chinook Breeder Co-op brand. If the Member is retaining or purchasing 'open replacement heifers' with the intent to finance them through the Breeder Co-op, it is recommended to initially put them on the Open Replacement Heifer program within the Breeder Co-op and only the one brand is necessary. If you are intending to either retain and pay out or sell these now-bred heifers and not put them into the breeder program, then it is recommended you still use the Feeder Association program as it is a cheaper interest rate.
- Member may purchase livestock privately (neighbor or from your own herd.) but cattle must be brand inspected by LIS. A Personal Property Search is done on the seller and depending on if 'livestock' or the 'ALLPAP' show up on it, then a Security Interest Waiver must be obtained from the seller so we can get clear title to the livestock being financed. A third-party evaluator (licensed Alberta livestock dealer or a credible third-party evaluator) must provide an opinion of the animal's current market value. This only applies if the livestock are not purchased through an auction market or licensed order buyer.
- **Chinook Breeder Co-op remains the owner of all livestock financed until the loan is satisfied in full,** at which time the Member becomes the owner of the livestock and are encouraged to put your own brand or tags on them at that time. Brand releases will not be issued. If cattle have not been rebranded then sale proceeds will be paid to the Co-op, who will then issue the Member a proceeds cheque.
- **All livestock must remain within the Province of Alberta,** unless approved by the Board of Directors, and livestock cannot be grazed on any Indian Reservation. Supervisor is to be notified any time Co-op livestock are moved to another location (i.e. grazing reserve or summer pasture). **Supervisor is to know at all times where the livestock are located.** If the intended location is on rented land (unless rented by the year or per acre), then the Custom Feeding Agreement is required, to protect the Member and the Co-op. If it's an annual or per acre rental agreement, then a copy of that agreement is required. If this affects you, please notify the administrator and she will provide you with a copy of the Custom Feeding Agreement to be signed by all parties (Member, landlord & Co-op).
- A Livestock Manifest is NOT a sufficient bill of sale. A blank Bill of Sale is available from the office of the Co-op if you require one. It is also available on the L.I.S. website at www.lis-alberta.com under SALES FORMS.

All invoices, bill of sales for purchases, or manifests for any livestock being sold, must be made out to Chinook Breeder Co-op, account of (Member name). Any proceeds over the payment amount will be returned to the member.

6. **BRANDING REQUIREMENTS:**

- All cattle must be branded with the Co-op brand prior to the Supervisor's inspection. No cattle will be paid for until the branding, inspection and loan documents are completed, advanced, and the security deposit required is in place. The brand is **Shelter Over Diamond** on all 6 locations (RS, RH, RR, LS, LH, LR). Assignment of brand location is at the discretion of the Supervisor.
- All sheep and goats must be ear tagged with a dangle tag with the Shelter Over Diamond on the tag in the left ear, RFID tag in right ear, and a paint brand with a matching color to the tag.
- All cattle purchased through self purchase or by private treaty, must be brand inspected by a Livestock Identification Services Brand Inspector, with a brand manifest jointly made out to Chinook Breeder Co-op and the Member confirming the vendor's brand.
- Cattle purchased through an auction market or from a Licensed Livestock Dealer are **NOT** required to have an L.I.S. brand inspection done.
- Any identifier number brands used, must be on the same side as the brand, but on a different location. It is strongly recommended for the Member to also put identifier tags on Co-op livestock of a different color than the Members' herd tags. Using a different color would allow for easier recognition of the Co-op livestock within the herd when inspections are done.
- Cattle may be branded either at the point of purchase (i.e.: auction market) or at your premises, but must be done in a timely manner (within 48 hours) as the Co-op will not pay for the cattle until they have been branded and inspected by the Supervisor (and the loan documents signed, security deposit in place, and loan has been advanced).



All offspring from cows under contract, ***MUST*** be branded with the Co-op brand within 4 months of birth or no later than being put on summer pasture, unless the Member makes his annual payment no later than the early payment deadline - June 1 (spring calvers) or Dec 1 (fall calvers), whichever applies to their calving period. It is imperative that you notify the Supervisor when you are going to brand so that he can inspect them while gathered and prior to them going to summer pasture, grazing reserves, etc. **Lambs & Kids must be tagged and paint branded within 24 hours after birth.**

7. **DEATH LOSS:**

- All dead's must be reported to the Supervisor immediately so the head count can be taken out of our inventory.
- Member is still responsible for the total dollars borrowed on all loans, but can replace the dead cow/ewe/doe with one from his own herd and brand/tag it with the Co-op brand or tag.

8. **INSURANCE**

- Because we do not offer insurance on the livestock, it is the responsibility of the Member to acquire his own insurance if so desired. It is still the responsibility of the Member to ensure the loan is paid in full by the due date of the loan, or it will be considered in default and the Member will be suspended.
- Members are encouraged to take advantage of Cattle Price Insurance Program (CPIP) through AFSC for risk management on their calves.
- Although the Co-op does not finance breeding bulls, rams, bucks, Members can purchase insurance on them by contacting Hartford or other sources directly.

9. **REPAYMENT**

- Annual principal payment amounts will be in equal installments over the term of the loan (i.e. on a five-year loan, annual payments will be one-fifth or 20% of the original principal amount) until the loan is paid in full with interest, annual fees and insurance being paid with each annual payment.
- The first annual payment on a new loan will be due the first payment date after the Member is expected to have a calf crop to sell.

Annual payment due dates are as follows:

- **spring born calves, lambs, kids - annual payment due Dec 1 of the same year or June 1 for early payment to brand calves with your own brand or tag lambs & kids with your own tags**
- **fall born calves, lambs, kids – annual payment due June 1 of the following year, or Dec 1 the year of birth for early payment to brand calves with your own brand**

- Annual payments must be principal plus interest & annual fees, and will be applied firstly to principal, secondly to interest & fees, with any excess being paid back to the Member.
- If a Member wishes to retain ownership of the calves and not brand with the Co-op brand, then see #6 above.
- Prepayment would include principal payment, Co-op fees, insurance and interest. Interest will be applied for the amount due as of the date of the payment, and the balance that is due on the normal annual payment date will be applied on the due date, with any overage (due to loan being paid down from principal payments), being applied to the principal of the loan.
- If the payments are NOT paid by the Due Date, the loan will be considered defaulted, and the Member will be suspended.
- When a Member sells part or all of his calves and the proceeds are not enough to pay the full annual payment, proceeds will be applied to the upcoming annual payment firstly to principal, secondly to Interest, thirdly to annual and any other fees, and lastly to overage. Should the Member choose to make an unscheduled partial

payment from other sources during the year, the payment will be applied to the principal.

- If the sale of all calves does not generate enough money to cover the annual payment, the Member is required to pay the shortfall to the Co-op by the annual payment date or the loan will be deemed in default.
- The Member will receive a proceeds cheque for any amount by which sale proceeds from calves exceeds the total annual payment amount.
- Proceeds from the sale of cull cows, ewes or does, under contract during the year, will be applied to the principal of the oldest loan. When calves, lambs or kids are sold it will be applied towards the annual payment.

The annual payment at the time of the loan advance, will continue to be the annual payment amount throughout the term of the loan, regardless of any paydowns from sales and annual payments.

- Loan Payout
 - o To pay out the loan in full, the Member must pay the outstanding principal balance, accrued interest to date of the loan payout, any outstanding search or other fees. There will be no Co-op fees deducted on loan payouts. There is also no prepayment penalty for paying out a loan early.

I / We, _____, hereby agree to abide by the
Member(s) Full Legal Name(s)

Bylaws, Policies & Procedures, and Protocol as identified in this Member Agreement, of the Chinook Breeder Co-op.

Signed this _____ day of _____. 20_____.

X _____	_____
Member Signature	Member's Full Legal Name

X _____	_____
Member Signature	Member's Full Legal Name

Administrator – Chinook Breeder Co-op