



# **Farm Debt Mediation Service**

**We can help!**



Agriculture and  
Agri-Food Canada

Agriculture et  
Agroalimentaire Canada

Canada

# Overview

- What is FDMS?
- Why participate in FDMS?
- Who is eligible?
- How does FDMS work?
- Contact information

# What is FDMS?

- FDMS is a free, confidential service that helps insolvent farmers and their creditors reach a mutually satisfactory agreement.
- FDMS consists of:
  - Financial counselling
  - Mediation service

# Financial Counselling

- Qualified financial counsellor (field expert):
  - Farm visit
  - Collects financial information to assess situation and complete financial statements
  - Provides counselling and assists in generating solutions
  - Assists in developing recovery plan
  - Completes projections to evaluate feasibility of plan

# Mediation Service

- Impartial, neutral, voluntary process
- Farmer, creditors, field expert & mediator meet
- Mediator facilitates the reconciliation of competing interests
- No power to impose settlements
- Mediator drafts arrangements from meeting

# Why participate in FDMS?

- Free and confidential service
- Fast and economical
- Suspends the collection action of creditors
- High success rate
- Fosters discussion and on-going relationships

# Who is eligible?

- Insolvent individuals, corporations, partnerships, co-operatives or other associations of persons who farm for commercial purposes and who meet one of the following criteria:
  - Unable to meet financial obligation deadlines
  - Unable to make regular payments for financial obligations
  - Own property whose value does not cover the settlement of all financial obligations

# How does FDMS work?

- Farmer realizes there is a problem looming or missed payments
- Act sooner rather than later; more options available
- Two processes available to farmer:
  - Mediation with a Stay of Proceedings (5.1A)
  - Mediation without a Stay of Proceedings (5.1B)



# Section 5.1 (b) Mediation with no Stay of Proceedings

- Proactive/voluntary – No Notice Of Intent received
- Business as usual, no suspension of collection of assets
- Secured creditors notified at time of application
- Unsecured creditors may be added by farmer or general manager
- No appeal mechanism

## Section 5.1 (a) Mediation with a Stay of Proceedings

- Farmer receives Notice of Intent to Realize on Security (Section 21) from creditor
- Creditor must wait 15 business days before starting or continuing legal action
- Collection actions by creditors against farmer's assets suspended (maximum 120 days)

## Section 5.1 (a)

- All creditors (secured & unsecured) notified at the time of application
- Appeals applicable
  - First 30 days only on eligibility
  - Beyond 30 days stay can be appealed by either farmer or creditor
  - Appeal Boards regionally based

# Act Now!

- Financial difficulties happen because of a variety of reasons; external/internal conditions
- Earlier contact with FDMS can help take control of a situation sooner; usually more options available
- FDMS can help avoid bankruptcy!

# Contact Information

- FDMS available in all provinces and territories
- National toll free number: 1-866-452-5556
- Web site:[www.agr.gc.ca/fdms](http://www.agr.gc.ca/fdms)



Agriculture and  
Agri-Food Canada

Agriculture et  
Agroalimentaire Canada

Canada