

STATE OF MICHIGAN
DEPARTMENT OF AGRICULTURE & RURAL DEVELOPMENT
PRODUCER SECURITY SERVICES SECTION
P.O. BOX 30017
LANSING, MICHIGAN 48909

DEFICIENCY BOND FOR DEFICIENCIES IN ALLOWABLE NET ASSET REQUIREMENT

BOND NUMBER _____

KNOW ALL MEN THESE PRESENTS: That _____

of _____, _____, as PRINCIPAL, and

_____ of _____

_____ as SURETY, are jointly and severally held and firmly bound to the

Michigan Department of Agriculture & Rural Development, in the penal sum of _____ Dollars (\$ _____) lawful money of the United States, to the payment of which, well and truly to be made, we bind ourselves and each of us and each of our successors, heirs, executors, administrators and assigns firmly by these presents.

THE CONDITION OF THIS BOND IS SUCH THAT, WHEREAS, the above bound PRINCIPAL has made application to the Michigan Department of Agriculture & Rural Development for a license to operate a storage facility(s) located at _____

WHEREAS, the above bounden PRINCIPAL has allowable net assets in an amount less than the minimums imposed by PA 141 of 1939, as amended, and pursuant to such law submits this bond in an amount sufficient to equal the deficiency currently existing between required minimum statutory allowable net assets and PRINCIPAL'S allowable net assets.

PROVIDED HOWEVER, the aggregate liability of the surety on this bond for any one or more claims shall be limited to the aggregate amount of this Bond as specified above. Although this Bond is continuous in nature, the liability of the SURETY hereunder shall not accumulate for each successive license period during which this Bond is in effect and the liability shall not be affected by the number of claimants that may make claim under this bond.

PROVIDED FURTHER, that this bond is a **DEFICIENCY BOND** responding only to farm produce transactions and is given solely to allow PRINCIPAL to meet minimum allowable net asset requirements of PA 141 of 1939, as amended. As such, it shall only be subject to claims arising out of a farm produce transaction at such times and under such circumstances as allowable net assets of PRINCIPAL subject to such claims, have been exhausted. This bond is given as security for those purposes only. It is understood the bond penalty shall automatically decrease to the extent PRINCIPAL'S allowable net assets increase during the term of the bond, with the advice and consent of the Michigan Department of Agriculture & Rural Development.

IT IS further conditioned that this bond may be cancelled by the surety by mailing written notice to the Michigan Department of Agriculture & Rural Development stating when not less than 60 days thereafter such cancellation shall be effective. However, such notice shall not release the SURETY from liability already accrued or which shall accrue before the expiration of said 60 day notice.

This bond made pursuant to the provisions of Act No. 141, Public Acts 1939 as amended.

IN WITNESS WHEREOF, the aforesaid PRINCIPAL and SURETY have herewith set their and seals this _____ day of _____, 20____.

(Seal of Principal)

(Seal of Surety)

PRINCIPAL

By _____
Title _____
Attest _____

SECRETARY/WITNESS

SURETY

By _____

ATTORNEY-IN-FACT

COUNTERSIGNED BY:

RESIDENT MICHIGAN AGENT OR SURETY

Section 3 of Act No. 141, Public Acts of 1939, as amended, requires that this bond shall run to the department of agriculture (Michigan) with sufficient surety conditioned upon the faithful performance of the duties of a grain dealer and compliance with all laws of the state relating thereto.

Such bond shall show the address and capacity of each storage facility. The term of the bond shall be continuous, and the aggregate liability of the surety on the bond shall be limited to the aggregate amount of the bond set forth on the face hereof. Although the bond is continuous in nature, the liability of the surety shall not accumulate for each successive license period during which this bond is in effect and the liability shall not be affected by the number of claimants involved in the transactions covered by this bond.