

## **Appraisal and Compensation for HPAI Infected Flocks**

The following links provide useful information for appraisal, compensation, and indemnity procedures. USDA does pay an indemnity for birds and eggs. USDA also provides compensation for depopulation and disposal activities and virus elimination activities. USDA **cannot** offer indemnity for income or production losses suffered due to downtime or other business disruptions. It is important to work closely with your case manager and TDA personnel to ensure all documents are filled out in a timely and accurate manner. This will avoid payment delays. Additional information and details are likely to be released as more is known about the presence of HPAI in Tennessee, so be sure to frequently check USDA and TDA for updates.

### *Fact Sheets and Indemnity Information:*

- HPAI Appraisal and Compensation: What You Need to Know If you have an HPAI-Infected Bird Flock (USDA-APHIS)  
[https://www.aphis.usda.gov/publications/animal\\_health/2016/hpai\\_appraisal\\_compensation.pdf](https://www.aphis.usda.gov/publications/animal_health/2016/hpai_appraisal_compensation.pdf)  
“Duns” number - <https://iupdate.dnb.com/iUpdate/companylookup.htm>  
System for Award Management (SAM) -  
[https://www.sam.gov/sam/transcript/Quick\\_Guide\\_for\\_Contract\\_Registrations.pdf](https://www.sam.gov/sam/transcript/Quick_Guide_for_Contract_Registrations.pdf)
- The HPAI Indemnity and Compensation Process  
[https://www.aphis.usda.gov/publications/animal\\_health/2016/hpai-indemnity.pdf](https://www.aphis.usda.gov/publications/animal_health/2016/hpai-indemnity.pdf)
- HPAI Virus Elimination: Flat Rate Payments  
[https://www.aphis.usda.gov/animal\\_health/animal\\_dis\\_spec/poultry/downloads/hpai\\_flat\\_rate.pdf](https://www.aphis.usda.gov/animal_health/animal_dis_spec/poultry/downloads/hpai_flat_rate.pdf)
- Overview of How Values for Commercial Poultry are Established  
[https://www.aphis.usda.gov/animal\\_health/downloads/animal\\_diseases/ai/overview-of-commercial-poultry-calculators.pdf](https://www.aphis.usda.gov/animal_health/downloads/animal_diseases/ai/overview-of-commercial-poultry-calculators.pdf)
- HPAI Restocking Your Bird Flock: Getting Back to Business After HPAI  
[https://www.aphis.usda.gov/publications/animal\\_health/2016/hpai\\_restocking.pdf](https://www.aphis.usda.gov/publications/animal_health/2016/hpai_restocking.pdf)

### *Finance and Administration Processes (USDA-APHIS)*

<https://www.aphis.usda.gov/aphis/ourfocus/animalhealth/emergency-management/fadprep-hpai>

- FY2016 HPAI Response - Overview of Finance & Administration Procedures  
[https://www.aphis.usda.gov/animal\\_health/emergency\\_management/downloads/hpai/1-overviewfinanceadminprocedures.pdf](https://www.aphis.usda.gov/animal_health/emergency_management/downloads/hpai/1-overviewfinanceadminprocedures.pdf)
- FY2016 HPAI Response, Details for Bird and Egg Appraisal & Indemnity Procedures  
[https://www.aphis.usda.gov/animal\\_health/emergency\\_management/downloads/hpai/2-detailhpaiappraisalindemnitybirdegg.pdf](https://www.aphis.usda.gov/animal_health/emergency_management/downloads/hpai/2-detailhpaiappraisalindemnitybirdegg.pdf)

- FY2016 HPAI Response - Details for Virus Elimination - Financial Processes  
[https://www.aphis.usda.gov/animal\\_health/emergency\\_management/downloads/hpai/3-detailhpaiappraisalindemnityviruselim.pdf](https://www.aphis.usda.gov/animal_health/emergency_management/downloads/hpai/3-detailhpaiappraisalindemnityviruselim.pdf)
- FY2016 HPAI Response - Details for Materials Destroyed – Financial Processes  
[https://www.aphis.usda.gov/animal\\_health/emergency\\_management/downloads/hpai/4-detailhpaiappraisalindemnitymaterialsdestroyed.pdf](https://www.aphis.usda.gov/animal_health/emergency_management/downloads/hpai/4-detailhpaiappraisalindemnitymaterialsdestroyed.pdf)
- FY2016 HPAI Response - Appraisal and Indemnity Request Form Appendix A1: Form for Poultry Owner  
[https://www.aphis.usda.gov/animal\\_health/emergency\\_management/downloads/hpai/5-aiappendixa1-appraisalandindemnityrequestforhpai-owner.pdf](https://www.aphis.usda.gov/animal_health/emergency_management/downloads/hpai/5-aiappendixa1-appraisalandindemnityrequestforhpai-owner.pdf)
- FY2016 HPAI Response - Appraisal and Indemnity Request Form - Appendix A2: Form for Contract Grower  
[https://www.aphis.usda.gov/animal\\_health/emergency\\_management/downloads/hpai/6-aiappendixa1-appraisalandindemnityrequestforhpai-grower.pdf](https://www.aphis.usda.gov/animal_health/emergency_management/downloads/hpai/6-aiappendixa1-appraisalandindemnityrequestforhpai-grower.pdf)
- FY2016 HPAI Response - Appraisal & Indemnity Procedures - Appendix B1: Contract Grower - Worksheet for Meat Birds  
[https://www.aphis.usda.gov/animal\\_health/emergency\\_management/downloads/hpai/ai-appendixb1-contractgrowermeat.pdf](https://www.aphis.usda.gov/animal_health/emergency_management/downloads/hpai/ai-appendixb1-contractgrowermeat.pdf)
- FY2016 HPAI Response - Appraisal & Indemnity Procedures Appendix B2: Contract Grower - Worksheet for Layers  
[https://www.aphis.usda.gov/animal\\_health/emergency\\_management/downloads/hpai/ai-appendixb2-contractgrowerlayer.pdf](https://www.aphis.usda.gov/animal_health/emergency_management/downloads/hpai/ai-appendixb2-contractgrowerlayer.pdf)
- HPAI Response - Appraisal & Indemnity Procedures - Appendix C: DUNS and SAM  
[https://www.aphis.usda.gov/animal\\_health/emergency\\_management/downloads/hpai/7-aiappendixc-dunssamreg.pdf](https://www.aphis.usda.gov/animal_health/emergency_management/downloads/hpai/7-aiappendixc-dunssamreg.pdf)
- Commercial Flock Plan - H5/H7 AI Euthanasia/Depopulation, Disposal, & Virus Elimination - Procedures for Commercial Infected Premises in (State)  
[https://www.aphis.usda.gov/animal\\_health/emergency\\_management/downloads/hpai/h5\\_h7\\_commflockplantemplate.pdf](https://www.aphis.usda.gov/animal_health/emergency_management/downloads/hpai/h5_h7_commflockplantemplate.pdf)
- Backyard Flock Plan - H5/H7 AI Euthanasia/Depopulation, Disposal, & Virus Elimination Procedures for Backyard Infected Premises in (State)  
[https://www.aphis.usda.gov/animal\\_health/emergency\\_management/downloads/hpai/h5\\_h7\\_backyardflockplantemplate.pdf](https://www.aphis.usda.gov/animal_health/emergency_management/downloads/hpai/h5_h7_backyardflockplantemplate.pdf)

## **Loan Considerations for Poultry Operations affected by HPAI**

At this time no emergency loans have been authorized by USDA-FSA or TDA (March 6/17). As such, operators will have to rely on typical lending protocols. Poultry operators are encouraged to initiate contact with their lenders as soon as possible after HPAI has been confirmed in the facility or if the facility is selected for depopulation. Initiating early contact with your lender will allow all available options to be considered. As time passes alternatives that were available may no longer be an option. Each lender / borrower relationship is unique however some topics that should be discussed include:

- Assistance from the producer's integrator.
  - Large integrators may provide resources and guidance that could be beneficial to both the grower and the lender.
- An estimated timeline.
  - There may be a great deal of uncertainty as to the time it will take to depopulate, dispose, clean, obtain approval to restock, and restock the facility. As such, it will be very important to maintain as much flexibility in financing as possible.
- Indemnity payments.
  - Indemnity payments may cover birds and eggs, depopulation and disposal activities, and virus elimination activities; however USDA indemnity payments will not cover lost income, downtime, or business interruption.
- Cash flow requirements.
  - Examine short term and long term cash flow requirements. Estimate monthly cash flow requirements for the next 6-12 months.
- Are other sources of repayment available?
  - For most poultry operations there is only one source of income that is large enough to meet financing obligations (settlements received from poultry contracts). However, for some operators off-farm income or savings may be available to meet some or all of the debt servicing obligations.
- Estimate financing requirements.
  - Developing an accurate cash flow plus evaluating alternative resources (savings off-farm income) will allow you to estimate total borrowing requirements for the next 6-12 months. Having some contingency money for unforeseen expenses may be a prudent discussion point.
- Work through financing scenarios.
  - A couple of options that may be considered include: i) adding missed payments on the back end of the loan; ii) utilizing a secured revolving credit line to cover expenses until more information is known (this option will be contingent on the strength of the borrower); or iii) consolidating existing debt plus additional expenses into one loan and lengthen the amortization. Each borrower/lender situation is unique so all options may not be available.