

TA Number: _____

U.S. Department Of Agriculture
 Agricultural Marketing Service
 Fair Trade Practices Program
 Packers and Stockyards Division

TRUST AGREEMENT
FOR USE WITH FORM PSD 2600 (LETTER OF CREDIT)
REQUIRED OF LIVESTOCK MARKET AGENCIES,
DEALERS, AND PACKERS
 Subject to the Packers and Stockyards Act, 1921, as Amended and Supplemented

Whereas _____,

1. Principal Name, City, State

Hereinafter referred to as "Principal," is engaged in business as a market agency, dealer, or packer as defined in the P&S Act and

2. Trustee Name, City, State

Hereinafter known as the "Trustee," accepts the obligations of Trustee hereunder;

3. Now, therefore, Principal has obtained or will obtain, from one or more banks, one or more irrevocable, transferable, standby letters of credit, under which the Trustee may draw funds from such banks for the account of Principal for the following purposes and subject to the following conditions. Check the box showing the condition clause that applies to your trust agreement. Each type of operation requires a separate financial instrument.

Applicable if Principal SELLS on commission <input type="checkbox"/> Condition Clause 1	(1) If Principal shall pay when due to the person or persons entitled thereto the gross amount, less lawful charges, for which all livestock is sold for the accounts of others by Principal, then this fund shall not be liable, but if there shall be any defaults, failures, or neglects under any one or more of the listed conditions, then the funds drawn by the Trustee shall be liable, subject to the following terms, conditions, and limitations as listed in (a) through (o):
Applicable if Principal BUYS on commission or as a dealer <input type="checkbox"/> Condition Clause 2	(2) If Principal shall pay when due to the person or persons entitled thereto the purchase price of all livestock purchased by Principal for his/her own account or for the accounts of others, and if Principal shall safely keep and properly disburse all funds, if any, which come into his/her hands for the purpose of paying for livestock purchased for the accounts of others, then this fund shall not be liable, but if there shall be any defaults, failures, or neglects under any one or more of the listed conditions, then the funds drawn by the Trustee shall be liable, subject to the following terms, conditions, and limitations as listed in (a) through (o):
Applicable if other registrants CLEAR through Principal <input type="checkbox"/> Condition Clause 3	(3) If Principal, acting as a clearing agency responsible for the financial obligations of other registrants engaged in buying livestock, hereinafter referred to as "clearerees," list clearerees: _____ _____ or if Principal's clearerees shall (1) pay when due to the person or persons entitled thereto the purchase price of all livestock purchased by Principal's clearerees for their own accounts or for the accounts of others and (2) safely keep and properly disburse all funds coming into the hands of Principal or Principal's clearerees for the purpose of paying for livestock purchased for the accounts of others, then this fund shall not be liable, but if there shall be any defaults, failures, or neglects under any one or more of the listed conditions, then the funds drawn by the Trustee shall be liable, subject to the following terms, conditions, and limitations as listed in (a) through (o):
Applicable if Principal BUYS as a Packer <input type="checkbox"/> Condition Clause 4	(4) If Principal shall pay when due to the person or persons entitled thereto the purchase price of all livestock purchased for purposes of slaughter by Principal for his/her own account, then this fund shall not be liable, but if there shall be any defaults, failures, or neglects under any one or more of the listed conditions, then the funds drawn by the Trustee shall be liable, subject to the following terms, conditions, and limitations as listed in (a) through (o):

- (a) Any person damaged by failure of Principal to comply with any applicable condition of this trust agreement, in a transaction occurring on or after the effective date of this trust agreement and before the termination date of this trust agreement in accord with its provisions, may recover under this trust agreement in accord with and subject to its provisions. Acts, omissions or failures of authorized agents or representatives of Principal or persons whom Principal shall knowingly permit to represent themselves as acting on behalf of Principal shall be taken and construed to be acts, omissions or failures of Principal and to be within the protection of this trust agreement to the same extent and in the same manner as if they were the acts of Principal.
- (b) Trustee shall not be liable to pay any claim for recovery under this trust agreement if it is not in writing and received by either Trustee or the Deputy Administrator, Agricultural Marketing Service, Fair Trade Practices Program, Packers and Stockyards Division, U.S. Department of Agriculture (hereinafter known as "Deputy Administrator") within 60 days from the date of the transaction on which the claim is based. Whichever of these persons first receives a claim will notify the other at the earliest practicable date.
- (c) Trustee, upon determination that funds are due to a claimant, shall draw funds pursuant to letter(s) of credit obtained by Principal under this trust agreement as are necessary to pay what is due to claimant up to the amount of such letter and pay such funds to the claimant, except as otherwise provided hereinafter. **Trustee, prior to paying any funds to any claimant, shall determine the total amount due to all claimants under this trust agreement. If the total amount due all claimants exceeds the total of all funds which can be drawn by Trustee under letter(s) of credit obtained by Principal under this trust agreement, Trustee shall distribute funds on a pro rata basis among the claimants to which funds are due.** Payment by Trustee to any claimant and acceptance by any claimant of payment by Trustee shall discharge Trustee and reduce the amount of funds subject to this trust agreement as to that claimant in the amount of payment to that claimant.
- (d) If Principal seeks an order of a court to enjoin the honoring of a draft drawn by Trustee, or an order of a court to enjoin payment by Trustee of a claim, or both, Trustee shall notify the claimant and the Deputy Administrator. In any such action, Trustee shall not be obligated to defend. Claimant at his or her own expense may defend in the name of Trustee.
- (e) Any claimant under this trust agreement may maintain suit in his/her own name and at his/her own expense against Trustee and, if desired, against Principal, to recover under this trust agreement, except as provided hereafter. Trustee shall not be liable to pay any claim for recovery under the trust agreement if it is not in writing and received by Trustee or the Deputy Administrator within 60 days from the date of the transaction on which it is based, or if the claimant commences suit against Trustee thereon in less than 120 or more than 547 days of the date of the transaction on which the claim is based. Principal and Trustee hereby waive every defense, if any, based on the fact that any such claimant is not party or privy to this trust agreement. If any such action is brought by a claimant against Trustee, Trustee shall not be obligated to defend; Principal or any other claimant, at his or her own expense, may defend in the name of Trustee.
- (f) If Trustee issues any draft under a letter of credit obtained by Principal under this trust agreement that is not honored by the bank on which it is drawn, Trustee shall notify the claimant and the Deputy Administrator. The claimant, at his/her own expense, may bring legal action in Trustee's name to compel payment under the letter of credit to Trustee for disposition under this trust agreement. Trustee shall not be obligated to prosecute any action.
- (g) If one irrevocable letter of credit obtained by Principal under this trust agreement is replaced by another in the same form issued by the same bank under which Trustee can draw the same or a greater amount at the same or a later time than under the expired letter of credit, Trustee may surrender the former in exchange for the latter. In exchange for the entire amount that can be drawn by Trustee under the letter of credit, Trustee may surrender the letter of credit. Trustee shall not, without written approval from the Deputy Administrator, otherwise surrender or dispose of any letter of credit obtained by Principal under this trust agreement.
- (h) If any letter of credit obtained by Principal is about to expire and has not been replaced by another letter of credit, or extended by rider on bank letterhead, issued by the same bank under which Trustee can draw the same or a greater amount at a later time than under the expired letter of credit, Trustee, unless the Deputy Administrator shall in writing state that this is unnecessary, shall obtain the full amount of the expiring letter of credit before it expires.
- (i) This trust agreement may be terminated by either Trustee or Principal by delivering to the other and the Deputy Administrator written notice of termination stating or describing a termination date. The termination date shall not be less than 30 days after the date the notice is received by the Deputy Administrator unless the Deputy Administrator, in writing, approves an earlier termination date. Transactions occurring after the termination date cannot be the basis of claims under this trust agreement. Trustee shall deliver notice upon such receipt of any claim for recovery under this agreement unless Principal informs Trustee action will be taken to contest the claim. Trustee, unless otherwise directed by the Deputy Administrator, shall, before the termination date, draw the full amount that can be drawn on under every letter of credit obtained by Principal hereunder.
- (j) During times when Trustee holds funds that have been obtained under this trust agreement, Trustee shall invest these funds in the name of Trustee in a fully negotiable obligation of or guaranteed by the United States Government, or in deposits in national banks or in other banks insured by the Federal Deposit Insurance Corporation, or as otherwise approved in writing by the Deputy Administrator. Trustee shall not be obligated to maximize interest received on these funds. Trustee shall dispose of interest or dividends received by Trustee on these funds in the same manner as the funds. Trustee shall not expend the funds except as follows:
1. Funds may be paid to claimants to whom funds are due under this agreement;
 2. Funds determined not to be needed to pay claimants under this agreement, with the written approval of the Deputy Administrator, may be returned to the bank from which the funds were obtained to be credited to Principal's account(s).

3. Funds, with the written approval of the Deputy Administrator, may be used to pay reasonable expenses and compensation to Trustee;
 4. Funds may be used to pay taxes due on account of interest earned by the funds and received by Trustee;
- (k) No amendment, endorsement, rider, or modification of this trust agreement shall be effective unless it is in writing, the document provided to the trustee must have original signatures, with a fully executed copy provided to the Deputy Administrator, and 30 days shall elapse after the date the fully executed copy is received by the Deputy Administrator. A rider may be used to terminate the clearing services of a registrant under condition clause 3 of this trust agreement.
- (l) Trustee may be removed by delivering written notice of resignation to the Deputy Administrator. The Deputy Administrator is hereby authorized to designate a person to act as Trustee under this trust agreement if Trustee designated herein or successor Trustee resigns, or fails, or is unable to act or serve. Immediately upon such designation by the Deputy Administrator, the prior Trustee shall transfer all letters of credit obtained by Principal hereunder, and shall disburse all funds drawn under these letters of credit and in the possession of the prior Trustee to the person so designated by the Deputy Administrator. This transfer and disbursal shall discharge the prior Trustee from all obligations hereunder to draw funds after the transfer under any letter of credit so transferred, or to pay any funds so disbursed, or to perform any other obligations accruing under this trust agreement after the transfer and disbursal. Resignation shall not operate to discharge prior Trustee from obligations accruing under this trust agreement prior to the transfer and disbursal.
- (m) The term "person" as used in this trust agreement shall be construed to mean and include both singular and plural, individuals, corporations, partnerships, associations, and the heirs, executors, administrators, successors, and assigns thereof.
- (n) Any reference in this agreement to one, or multiple letters of credit shall be deemed to apply if obtained by Principal under this trust agreement.
- (o) Any notice or document required to be filed under this trust agreement may be submitted to the Regional Office, Packers and Stockyards Division, where Principal has its residence or principal place of business.

4. This agreement becomes effective on the _____ day of _____, 20__.

5(a) Name of Trustee: _____ Signature of Trustee: _____

Address: _____

City, State, Zip+4: _____

Email: _____

5(b) Name of Principal: _____ Signature of Principal: _____

Address: _____

City, State, Zip+4: _____

Email: _____

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information is 0581-0308. The time required to complete this information collection is estimated to average .90 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

In accordance with Federal law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, disability, and reprisal or retaliation for prior civil rights activity. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible State or local Agency that administers the program or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information is also available in languages other than English.

To file a complaint alleging discrimination, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (a) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (b) fax: (202) 690-7442; or (c) email: program.intake@usda.gov.

**Instructions to Complete
Trust Agreement Form
Form PSD 2300**

When you (Principal) provide one or more Irrevocable, Transferable, Standby Letter(s) of Credit, issued by a Federally-insured bank or institution to meet the bonding requirements of the Packers and Stockyards Division (PSD), use form PSD 2300 for the trust agreement, governing said funds. A trust agreement, along with the standby letter(s) of credit, **must be** executed to cover your operation with the PSD.

A trust agreement requires complete and correct information to be submitted to the PSD on Form PSD 2300. If any information is missing or incorrect, the PSD will return the trust agreement form to the principal for completion or correction.

Operating without proper registration and bond may subject the principal to severe penalties under law, including a fine of not more than \$28,061 for each violation.

Submit a fully executed Trust Agreement form along with a fully executed letter of credit, with original signatures to the regional office of the PSD as listed below. The states, provinces, and territories covered by each regional office are listed below its address.

Regional Offices of the Packers and Stockyards Division Agricultural Marketing Service, Fair Trade Practices Program		
Atlanta Regional Office 75 Ted Turner Drive SW, Suite 230 Atlanta, GA 30303-3308 Telephone: (404) 562-5840 FAX: (404) 562-5848 E-mail: PSDAtlantaGA@usda.gov	Denver Regional Office 3950 Lewiston St., Suite 200 Aurora, CO 80011-1556 Telephone: (303) 375-4240 FAX: (303) 371-4609 E-mail: PSDDenverCO@usda.gov	Des Moines Regional Office 210 Walnut Street, Room 317 Des Moines, IA 50309-2110 Telephone: (515) 323-2579 FAX: (515) 323-2590 E-mail: PSDDesMoinesIA@usda.gov
States Covered	States Covered	States Covered
AL, AR, CT, DC, DE, FL, GA, LA, MA, MD, ME, MS, NC, NL, NH, NJ, NY, PA, PR, QC, RI, SC, TN, VA, VT, WV	AB, AK, AZ, BC, CA, CO, HI, ID, KS, MT, NM, NV, OK, OR, SK, TX, UT, WA, WY	IA, IL, IN, KY, MB, MI, MN, MO, ND, NE, OH, ON, SD, WI

If you have any questions about the form or completing the form, please contact the appropriate regional office of the PSD listed above.

The Regional Office of the PSD will assign a number to the trust agreement.

The financial institution providing the Irrevocable, Transferable, and Standby Letter of Credit may complete lines 1 through 4, and, if named as trustee on the trust agreement, sign line 5(a). In some instances, the Principal may complete lines 1 through 4 of the form.

If the financial institution writing the letter of credit is not named as Trustee, the Regional Office will obtain the Trustee's signature on line 5(a). Include address, city, state, zip+4 and email.

The Principal must print and sign line 5(b). Include address, city, state, zip+4 and email.

Line No.	Subject	Instruction
1	Principal Name, City, and State	<p>Enter the full name, address (street, city, state, and zip +4) and telephone of the principal. The principal's name must match the name under which the principal is registered with the PSD. (Contact the Regional Office that covers your state as listed on page 1, if you need this information.)</p> <p style="text-align: center;">•</p>
2	Trustee Name, City, and State	<p>Enter the full name, city, and state of the trustee named to the trust agreement. A trustee must always be named for the trust agreement, and must be a financially responsible, disinterested person. Trustee's which may be named are: CPAs, bank or trust company officials, attorneys-at-law, officers of livestock exchanges or similar organizations, banks and trust companies, or their officers, or a State agency or official. If the bank issuing the letter of credit will not act as the trustee, the principal is responsible for finding a financially responsible, disinterested third party to act as trustee. The trustee cannot be anyone involved with the business of the principal.</p> <p>Some States require a State agency or official to be named as trustee. (Contact the Regional Office which covers your state as listed on page 1, if you need this information.)</p>

Line No.	Subject	Instruction
3	Condition Clauses	<p>Line 3 defines the condition clauses that are applicable for livestock operations.</p> <p>The firm shall check the appropriate box to indicate the correct condition clause as applies to its operation.</p> <p>Examples of each of the condition clauses are:</p> <p>Condition Clause 1 - The principal sells livestock for the account of others.</p> <p>Condition Clause 2 - The principal buys livestock for his/her own account or for the accounts of others.</p> <p>Condition Clause 3 - The principal is providing bond coverage for other registrant(s), as clearee(s), and therefore is responsible for the obligations of the clearee(s). The registrant(s) names(s) to be listed as clearees under the trust agreement should be inserted into the space available in condition clause 3.</p> <p>Condition Clause 4 - The principal is purchasing livestock for purposes of slaughter, for his/her own account as a packer.</p> <p>Each type of operation (condition clause) requires a separate trust agreement. The only instance a trust agreement will be accepted with multiple condition clauses selected are when the firm operates as both a dealer/order buyer and clearing agent, thereby providing a Clause 2/3 trust agreement.</p>
4	Effective Date of Trust Agreement	Enter the effective date of the trust agreement. This will usually be the date the principal obtains the initial Irrevocable, Transferable, and Standby Letter of Credit.
5 a and b	Signature, address, city, state, zip+4 and email of the trustee and principal	<p>a. Trustee's Signature: The trustee or someone authorized to sign for the trustee must sign, where indicated. If the trustee is a state official, The PSD will obtain the trustee's signature where indicated on the form.</p> <p>b. Principal's Signature: The principal, or someone authorized to sign for the principal (i.e. partner, owner, or officer), must sign the bond.</p> <ul style="list-style-type: none"> • If an individual operation, the principal must sign the bond. • If a partnership operation, one of the partners must sign the bond. • If a corporation, Limited Liability Corporation, Limited Liability Partnership, or association, an owner, officer, member, or duly authorized agent of the firm must sign the bond.