



# Livestock Loan Guarantee Program

## Sheep Feeder and Breeder Option

### Livestock Loan Guarantee Program

The Livestock Loan Guarantee (LLG) program facilitates growth of Saskatchewan's livestock industry, including cattle, bison and sheep. The program provides producers with alternative financing options for livestock purchases and, in some cases, may be used as a management tool to generate cash flow through retained ownership of the livestock by producer associations.

### Sheep Feeder and Breeder Options

The Sheep Feeder and Breeder Options assist Saskatchewan residents to establish production associations for the purpose of purchasing feeder and/or breeder sheep on behalf of association members. The association borrows money on the strength of its assurance fund and a government guarantee to the lender, and uses the funds to purchase feeder sheep or female breeding sheep to be fed or pastured on members' farms, or in custom feedlots or pastures on behalf of members.

### Producer Benefits

Key benefits to the producer include:

- Provides a reliable source of credit at competitive interest rates.
- Livestock and assurance fund deposit are all that is required as loan security.
- Minimal assurance fund deposit allows members to purchase during times of limited cash flow.
- Improves cash flow management through retained ownership options.

### Loan Limits and Conditions

#### Feeder Option:

- Eligible livestock include feeder wethers and feeder ewe lambs.
- Feeder loans must be repaid within nine months from the date of purchase, or when the feeders are sold, whichever comes first.
- The maximum loan limit\* per member is:
  - 1<sup>st</sup> year - \$35,000
  - 2<sup>nd</sup> year - \$70,000
  - 3<sup>rd</sup> year - \$100,000
- The feeder option loan limit is \$4,000,000.

#### Breeder Option:

- Eligible livestock include pregnant females under four years of age and non-pregnant females under four years of age with lamb(s) at foot.
- Breeder loans must be repaid within four years from the date of purchase, with 25 per cent annual payments due on the anniversary date, or when the lambs are sold, whichever comes first.
- The maximum loan limit\* per member is:
  - 1<sup>st</sup> year - \$35,000
  - 2<sup>nd</sup> year - \$70,000
  - 3<sup>rd</sup> year - \$100,000
- The breeder option loan limit is \$4,000,000.

\*Member loan limits are subject to association, lender and government approval.

### Eligibility

Residents of Saskatchewan who are at least 18 years of age are eligible for the program, subject to approval from the association, lender and government. The association and/or lender may establish additional criteria.





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### Overview

Producers apply for membership in the provincial feeder and/or breeder association. Once approved, the association may begin to borrow funds from the lender to purchase feeder or breeder sheep on behalf of the member, subject to the following terms and conditions:

- Members must maintain an assurance fund deposit equal to at least five per cent (feeder) or 10 per cent (breeder) of the outstanding loans taken by the association on the member's behalf. This deposit is refundable, provided it has not been used to offset a loan default.
- Members may sell their own feeder ewe lambs or wethers, or ewe lambs for breeding to the association for fair market value to generate operating capital while maintaining the benefits of ownership (some restrictions apply).
- All sheep purchased by the association on behalf of a member, and any offspring, are owned by the association and must be marked with the association's registered mark and carry a unique ear tag registered to the association.
- The lender takes security on the sheep purchase and also relies on the association's assurance fund and a 25 per cent government guarantee.
- Members are responsible for repaying in full any loan(s) taken out by the association on their behalf.
- All sheep are sold in the name of the association on behalf of the member. The association makes the required payment on the member's account and returns any excess to the member.

### Government Guarantee

The Government of Saskatchewan guarantees the lender repayment of 25 per cent of the amount outstanding on loans at the time of first default. In the case of a default, the association repays loans from the assurance fund before any payment is made under the government guarantee. Producers continue to be responsible for repayment of loans should a guarantee payment be made to the lender.

### Other Program Options Available

#### Association Programs

Loans are to the association on behalf of each member.

- **Cattle Feeder and Breeder Options** - for the purchase of feeder heifers and steers, feeder cows, pregnant females under five years of age, and non-pregnant females under five years of age with a calf at foot.
- **Bison Feeder and Breeder Option** - for the purchase of bison feeder bulls and feeder heifers under two years of age, and females under eight years of age used for breeding stock.

#### Individual Programs

Loans are provided directly to the producer.

- **Individual Cattle Feeder Option** - for the purchase of feeder heifers and steers by individual feedlots.
- **Feedlot Construction Program** - Loans are provided directly to producers for construction or expansion of feedlot facilities in feeding of cattle, bison or sheep.

### For more information, contact:

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