Livestock Loan Guarantee Program

Feedlot Construction 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 to purchase livestock or construct or expand feedlot facilities. Producers also use the program as a management tool to generate cash flow through retained ownership of livestock by producer associations.

Feedlot Construction Option

The Feedlot Construction Option supports the expansion of Saskatchewan's feeding sector by providing loan guarantees to lenders that finance the construction or expansion of feedlot facilities for feeding of cattle, bison or sheep.

The Feedlot Construction Option compliments the existing Association Options and Individual Option for the purchase of livestock.

Key Benefit to Producers

The Feedlot Construction Option provides producers with access to a loan guarantee to allow them to source capital at competitive interest rates.

Loan Purpose

Loans advanced under the Feedlot Construction Option are used to cover costs associated with a feedlot's construction or expansion.

Eligible costs include:

- site improvements
- building materials
- equipment to be permanently attached to the feedlot site or building
- labour associated with the construction.

Loan Limit

A producer's approved loan limit is negotiated with their lender and approved by Saskatchewan Agriculture, subject to the following conditions:

- The minimum loan provided is $50,000.
- Producers can negotiate with a lender for a loan limit in excess of $3 million. However, the maximum guarantee provided on an eligible loan is $750,000.

Loan Term

While the government guarantee under the Feedlot Construction Option is limited to a 10 year term, producers are free to negotiate with their lender for a longer loan term.

Conditions of Repayment

Loans are repaid by regular installments, with the date of first payment and the frequency of repayment installments negotiated between the producer and the lender, and approved by Saskatchewan Agriculture.

Producers continue to be responsible for repaying a loan, even if a guarantee payment is made to the lender.

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Security

Security for the loan is negotiated between the feedlot, the lender and Saskatchewan Agriculture, and may include:

- a land mortgage on the feedlot property, including the feedlot;
- a General Security Agreement and/or Bank Act Security;
- personal guarantees (in the case of a feedlot corporation).

Government Guarantee

The Government of Saskatchewan guarantees the lender repayment of 25 per cent of the amount outstanding on an eligible loan at the time of first default plus any accrued interest, up to a maximum payment of $750,000.

Producer Eligibility

Individuals, corporations and Indian Bands who operate feedlots in Saskatchewan are eligible to participate in the Feedlot Construction Option, subject to approval by the lender and Saskatchewan Agriculture.

To be eligible:

- Individuals must be Saskatchewan residents at least 18 years of age; and
- Corporations, including co-operatives, must be registered in Saskatchewan.

Other Program Options Available

Association Programs

In the following association options, loans are advanced to an 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 pregnant or non-pregnant females under five years of age with a calf at foot.
- ***Enhanced Cattle Feeder Option*** – for the purchase of feeder heifers, steers and feeder cows by associations comprising one feedlot member and a minimum of 10 individual members.
- ***Sheep Feeder and Breeder Options*** - for the purchase of feeder wethers or ewe lambs, pregnant females under four years of age, and pregnant or non-pregnant females under four years of age with a lamb(s) 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

In the following individual option, loans are advanced directly to the producer:

- ***Individual Cattle Feeder Option*** – for the purchase of cattle feeder heifers and steers by individual feedlots.

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