Livestock Loan Guarantee Program

Individual Cattle Feeder 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.

Individual Cattle Feeder Option

The Individual Cattle Feeder Option (IFO) provides producers with a financing option for the purchase of feeder cattle, up to a maximum loan of $3,000,000. Each producer borrows money on the strength of their business and supported by their individual assurance fund, a provincial assurance fund, and a government guarantee to the lender. The producer uses the funds to purchase feeder heifers and steers to be fed and cared for at his/her feedlot facility.

Producer Benefits

Key benefits to the producer include:

- Improves access to a reliable source of credit at competitive interest rates.
- Minimal assurance fund deposit allows members to purchase during times of limited cash flow.
- Producers may be eligible for an interest rebate on the first $100,000 of eligible advances through the Advance Payment Program (APP) offered by Agriculture and Agri-Food Canada.
- Provides lenders with additional security by way of individual and provincial assurance funds and a government guarantee.

Loan Limits and Conditions

- Eligible cattle include feeder heifers and steers.
- Individual loan limit for producers are established by the lender and approved by the LLG program for a minimum of $500,000 and up to a maximum of $3,000,000.
- Loans must be repaid within 12 months from the date of purchase or when the feeders are sold, whichever comes first.

Eligibility

- Individuals and corporations who operate feedlots in Saskatchewan are eligible to participate in the IFO, subject to lender and government approval.
- Individuals must be residents of Saskatchewan at least 18 years of age.
- Corporations must verify their current corporate and financial status.
- Producers who participate in the IFO cannot belong to any other feeder association or enhanced feeder association.

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 case of default, the lender draws first on the producer's individual assurance fund and the provincial assurance fund, prior to claiming on the government guarantee. Producers continue to be responsible for repayment of loans should a guarantee payment be made to the lender.

Overview

- Producers apply to a lender to obtain financing to purchase feeder cattle under the IFO.
- The lender reviews the producer's financial information to determine the level of financing offered.
- The producer purchases a membership in the Provincial Feeder Co-operative Ltd., which provides centralized administrative services for IFO members.

Livestock Loan Guarantee Program

Individual Cattle Feeder Option

- The LLG program reviews the producer's financial information, completes an assessment of the facilities, and approves or rejects the application for a guarantee.
- The producer must maintain an individual assurance fund deposit with the lender equal to at least 9.5 per cent of the loans outstanding. This deposit is refundable, provided it has not been used to offset a loan default.
- The producer is required to deposit 0.5 per cent of the value of the cattle purchased into a refundable and reusable provincial assurance fund. This deposit is refundable, provided that it has not been used to offset a loan default.
- All animals must be fed at the producer's own feedlot facilities.
- All cattle purchased by the producer must be branded with the brand registered jointly to producer and the lender.
- The lender takes security on the cattle purchased and also relies on the producer's individual assurance fund, the provincial assurance fund, and the 25 per cent government guarantee. In some cases, personal guarantees from the corporate shareholders are required.
- All cattle are sold in the name of the producer and the lender.
- When cattle are sold, the lender uses the proceeds to make the required principal and interest payments on the producer's account and returns and excess to the producer.
- Producers can apply for an Advance Payment Program interest rebate on the first $100,000 eligible advances per year. The producer must meet Advance Payment Program guidelines to qualify.

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, steers, feeder cows, pregnant females under five years of age, and non-pregnant females under five years of age with calf at foot.
- ***Sheep Feeder and Breeder Options*** – for the purchase of feeder wethers or ewe lambs, pregnant females under four years of age, and non-pregnant females under four years of age with lamb(s) at foot.
- ***Bison Feeder and Breeder Options*** – for the purchase of bison feeder bulls and heifers, and females under eight years of age used for breeding purposes.

Individual Programs

Loans are provided directly to the producer

- ***Feedlot Construction Program*** – Loans are provided to producers for construction or expansion of feedlot facilities in feeding of cattle, bison, or sheep.

For more information contact:

Financial Programs Branch
Saskatchewan Ministry of Agriculture
Room 329, Walter Scott Building
3085 Albert Street
Regina, Saskatchewan S4S 0B1
P: (306) 787-5275 F: (306) 798-3042

Financial Programs Branch
Saskatchewan Ministry of Agriculture
3830 Thatcher Avenue
Saskatoon, Saskatchewan S7K 2H6
P: (306) 933-5745 F: (306) 933-6729