



Ruminant Loan Support Program Guidelines

Purpose:

To provide working capital loans to ruminant livestock producers in order to allow the sector to access capital while market prices are depressed as a result of the closure of the American border to live exports since May 2003.

Available to:

Nova Scotia beef producers and sheep producers currently involved in the production of breeding stock and/or feeder animals and/or market or slaughter animals.

This program will have a maximum capital of \$2 M per year for up to 5 years (i.e. \$10 M maximum). Loans, under the program, will be available while livestock prices are less than \$1.10 per pound as determined by sales of feeder cattle through the Maritime Cattle Market or other regional auction facility. Guidelines for issuance and repayment of all beef and sheep loans will be based on feeder cattle prices.

Who Qualifies for this Program:

Applicants must be 19 years of age and currently maintain a beef herd with a minimum of 15 cows/bred heifers and/or a minimum of 50 feeder cattle; or maintain a sheep flock of at least 75 ewes or 250 feeder lambs.

Program Guidelines:

- (a) The minimum funds advanced under the program at any one time shall not be less than \$1,000.
- (b) Loan capital can be extended to beef producers based upon the following rate: \$200 per breeding cow and/or breeding heifer and/or feeder cattle and/or market or slaughter animals (i.e. beef animals in excess of 400 pounds live weight) in inventory during the time of farm inspection.
- (c) Loan capital can be extended to sheep producers based upon the following rate: \$40 per ewe and/or feeder lamb and/or market or slaughter animals in inventory during the time of farm inspection.
- (d) Loan capital will be disbursed based upon verified livestock inventory as outlined in (b) and (c) above.

(e) All loans established under the program shall be secured with a Promissory Note and a General Security Agreement and/or Agreement of Sale or Mortgage on real estate. Security provided in the General Security Agreement will be registered under the *Personal Properties Security Act (PPSA)*.

(f) The maximum available loan for an individual will be \$200,000. For partnerships or corporations, the maximum loan will be \$200,000 per partner or shareholder (to a maximum of three partners/shareholders per farm).

(g) Governor in Council approval is required on any loan exceeding \$2 M.

Financing Guidelines:

Two financing alternatives are available.

Financial Alternative “A”

i) The repayment period will be a maximum of 7 years including a deferral of payments for the first 2 years.

ii) Producers will have the option to defer principal and interest payments during the first two years of the loan. Any deferred payments will be capitalized into the remaining loan term.

iii) Repayment will be based on blended principal and interest payments after the first 2 years.

iv) Borrowers can make one additional payment in each calendar year of up to 10% of the original loan amount without penalty. Early payout of the loan may result in interest penalties.

(v) The interest rate will be established based upon the risk assessment of the Board and the security provided by the borrower. Minimum security provided shall be a promissory note and chattel security on livestock. Additional security and/or a financial assessment and plan as provided through the Canadian Farm Business Advisory Service will result in interest rate consideration. The minimum interest rate offered shall be the Board’s cost of borrowing plus 1.25%. The maximum interest rate considered shall be the Board’s cost of borrowing plus 2%.

Financial Alternative “B”

i) The repayment period will be a maximum of 7 years including a deferral of payments for the first 2 years.

ii) Producers will have the option to defer principal and interest payments during the first 2 years of the loan. Any deferred payments will be capitalized into the remaining loan term.

iii) Payments will consist of accrued annual interest and principal payment based upon a market premium calculation. The market premium will be based upon a review of prices paid for

feeder cattle at the Maritime Cattle Market or regional auction facility for the period September 1st to December 31st. This payment will be due and payable each year on the anniversary date of the loan and calculated as of **December 31st** of each year and based on the following table:

Average Feeder Cattle Price Maritime Cattle Market (\$/cwt)	“Market Premium” Average Feeder Cattle Price (as percent of original principal balance)
\$120 and over	25.0%
between \$110 and under \$120	20.0%
between \$100 and under \$110	10.0%
between \$85 and under \$100	5.0%
less than \$85	0.0%

iv) All outstanding loan principal and interest will be due at the completion of the loan as a balloon payment.

v) Borrowers can make one additional payment each calendar year of up to 10% of the original loan amount without penalty. Early payout of the loan may result in interest penalties.

(vi) The interest rate will be established based upon the risk assessment of the Board and the security provided by the borrower. Minimum security provided shall be a promissory note and chattel security on livestock. Additional security and/or a financial assessment and plan as provided through the Canadian Farm Business Advisory Service will result in interest rate consideration. The minimum interest rate offered shall be the Board’s cost of borrowing plus 1.25%. The maximum interest rate considered shall be the Board’s cost of borrowing plus 2%.

Additional Information:

1) **Service Fees:** 1/4 of 1% of the loan; with a minimum fee of \$300 and a maximum fee of \$1,000 plus P.P.S.A. fees. An offsetting grant will be provided and applied to the loan to cover the service fees.

2) Interest rates will be based on the Board’s quarterly interest rate at the time of loan approval, adjusted following the Board’s risk assessment as outlined above.

3) Life and fire insurance may be required and will be determined by the Board.

4) Loan applications will be assessed on an individual basis. Loan decisions will be based on debt servicing ability, security considerations and a credit reference check on the individual or business

operation. The provision of a Canadian Farm Business Advisory Service plan will be given additional consideration.

5) All loans are subject to the Nova Scotia Farm Loan Board Regulations made under Section 8 of the *Agriculture and Rural Credit Act*.

For further information contact:

TRURO: Nova Scotia Farm Loan Board 137 College Road PO Box 550 Truro, Nova Scotia B2N 5E3 Office: 902-893-6506 Fax: 902-895-7693 www.gov.ns.ca/nsaf/loanboards/farmlb	KENTVILLE: Nova Scotia Farm Loan Board Agricultural Centre 32 Main Street Kentville, Nova Scotia B4N 1J5 Office: 902-679-6009 Fax: 902-679-4997 www.gov.ns.ca/nsaf/loanboards/farmlb
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General Application Information

Please complete the application and return it to your Loan Officer. Applications are processed on the basis of program requirements and the information contained in the application. The following information may assist in completing the application.

1. **Sole Proprietor:** The signature of the applicant is required. Life insurance may be provided to that individual only under the terms of the Group Policy.
2. **Partnership:** A formal, legal Partnership Agreement is required. All partners will be required to sign the application and loan documents.
3. **Incorporated Business:** A Certificate of Status from the Registrar of Joint Stock Companies, an authorized borrowing resolution, a list of shareholders and share ownership, a list of Directors and signing officers of the Company must be provided to the Board. The application must be signed by the signing officers. A copy of the Shareholders Agreement must be attached.
4. **Service Fees:** 1/4 of 1% of the loan; with a minimum fee of \$300 and a maximum fee of \$1,000 plus P.P.S.A. fees. An offsetting grant will be provided and applied to the loan to cover the service fees.
5. **The Application:** Please complete all areas personally. You may attach any financial information that would duplicate the areas covered in pages 5-9. This would assist in processing the application. You will be notified of the Board's decision after the application has been reviewed.

Ruminant Loan Support Program

Loan Application

Commodity

***It is important that you include both your mailing address and civic address as some cheques are forwarded by Courier.**

Surname		First		Second	
Farm Name					
Street #/Civic Address *					
R.R./Mailing Address *					
Postal Code		Telephone Number		Date of Birth - Month-Day-Year	
: : : : : : : : : : : :	: : : : : : : : : : : :	: : : : : : : : : : : :	: : : : : : : : : : : :	: : : : : : : : : : : :	: : : : : : : : : : : :
Social Insurance Number			↓ Circle ↓	Marital Status	↓ Specify ↓
: : : : : : : : : : : :	: : : : : : : : : : : :	: : : : : : : : : : : :	Married	Single	Common Law Other
Spouse ↓ Name ↓			↓ Date of Birth - Month-Day-Year ↓		# Dependent Children
: : : : : : : : : : : :	: : : : : : : : : : : :	: : : : : : : : : : : :	: : : : : : : : : : : :	: : : : : : : : : : : :	M F

Education/Special Training

Describe Formal education and any special training acquired related to the Agricultural Industry	

Farm and Work Experience

Describe work and farm experience and period of employment	

Personal Assets

Cash/Savings	\$	Other Real Estate	\$
Stock, Bonds & RRSP's	\$	Other	\$

References

Name	Address	Occupation	Telephone

Applicant No. 2

***It is important that you include both your mailing address and civic address as some cheques are forwarded by Courier.**

Surname		First		Second	
Farm Name					
Street #/Civic Address *					
R.R./Mailing Address *					
Postal Code		Telephone Number		Date of Birth - Month-Day-Year	
Social Insurance Number		↓ Circle ↓ Married Single		Marital Status ↓ Specify ↓ Common Law Other	
Spouse ↓ Name ↓		↓ Date of Birth - Month-Day-Year ↓		# Dependent Children	
				M F	

Education/Special Training

Describe Formal education and any special training acquired related to the Agricultural Industry	

Farm and Work Experience

Describe work and farm experience and period of employment	

Personal Assets

Cash/Savings	\$	Other Real Estate	\$
Stock, Bonds & RRSP's	\$	Other	\$

References

Name	Address	Occupation	Telephone

<i>Purpose of Loan - Ruminant Loan Support Program</i>			
Purpose - to provide working capital loans to ruminant livestock producers:			
<input type="checkbox"/> Beef Cows - Number		<input type="checkbox"/> Beef Bred Heifers - Number	
<input type="checkbox"/> Ewes - Number		<input type="checkbox"/> Feeder Lambs - Number	
<input type="checkbox"/> Beef Feeder - Number			
Livestock Type	Number	Multiplier	Loan Required
Beef		X \$200	\$
Sheep		X \$ 40	\$
Total Loan Applied For ▶			\$
Financial Alternative A - <input type="checkbox"/>		Choose A or B and Fill in Terms	
Term - Total Yrs	1 ; 2 ; 3 ; 4 ; 5 ; 6 ; 7 (circle one)	Method of Payment	<input type="checkbox"/> PAD ; or <input type="checkbox"/> On Account
Repayment	<input type="checkbox"/> Monthly ; <input type="checkbox"/> Semi-Annual ; <input type="checkbox"/> Annual Blended Principal and Interest	First Payment Due	Month ▶ Yr. ▶
Financial Alternative B - <input type="checkbox"/>			
Term - Years	1 ; 2 ; 3 ; 4 ; 5 ; 6 ; 7 (circle one)	Method of Payment	<input type="checkbox"/> PAD ; or <input type="checkbox"/> On Account
Repayment	<input type="checkbox"/> Annual <i>As set out below: i ; ii ; iii</i>	First Payment Due	Month ▶ Yr. ▶
i) Annual - Accrued Interest; ii) Annual - Market Premium as set out in program guidelines; iii) Outstanding principal balloon payment due at end of loan term			

Disbursement of Loan

I/We hereby acknowledge that loan funds may not be disbursed until the following conditions are met:

- | |
|---|
| 1. Inventory numbers of livestock are verified through inspection by Farm Loan Board staff. |
| 2. A business plan identifying future business direction and profitability may be required. |

I/we hereby authorize the exchange of credit and production information on the applicant by the Nova Scotia Farm Loan Board with any agency providing credit with whom the applicant has, or propose(s) to have financial arrangements with during the period of time that the applicant has a loan with the Board. All information provided by the applicant is subject to the disclosure and protection of privacy provisions of the Nova Scotia Freedom of Information and Protection of Privacy Act. This consent is irrevocable until all loans with the Board have been repaid in full.

Date: _____ Signed: _____
 Applicant

 Applicant

Livestock Program

Description of present livestock program	

A copy of last year's statement of farming Income and expenses or federal tax return must accompany every loan application. Interim financial statements and/or a financial plan/budget may also be required.

Comments regarding impact of loan and future development plans.

Farm Assets

Cash, Bank Deposits	\$	Products (Milk, Eggs, etc)	\$
Accounts Receivable	\$	Other	\$

Livestock

Description	No.	\$ /Head	Total Value
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
Total No. Livestock ▶		Livestock Total ▶	\$

Crop/Feed/Supplies Inventory

Description	Unit	\$ /Unit	Total Value
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
Total ▶			\$

<i>Machinery and Equipment</i>			
Year	Item/Make/Model	Serial No.	Est. Value
			\$
			\$
			\$
			\$
			\$
			\$
			\$
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			\$
Machinery and Equipment Total ▶			\$

(attach additional page if necessary)

Real Estate

Land ▾

Nova Scotia Farm Loan Board Security			
Type	Acres	\$ /Acre	Total \$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
	Total Acres ▶	Land Total ▶	\$
Not Held as Nova Scotia Farm Loan Board Security			
Type	Acres	\$ /Acre	Total \$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
	Total Acres ▶	Land Total ▶	\$

Real Estate

Buildings ▾

Nova Scotia Farm Loan Board Security			
Type	Size	Condition and Capacity	\$ Value
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
Not Held as Nova Scotia Farm Loan Board Security			
Type	Size	Condition and Capacity	\$ Value
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
		Buildings Total ▶	\$

Real Estate Total (Land and Buildings) ▶	
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Liabilities

Creditor Name and Address	Purpose of Loan and Security	Year Incurred	Term	P'mt Schedule & Int. Rate	Amount Borrowed	Balance Owning
Current - Repayment terms less than 12 months					Max.	
Operating Loan					\$	\$
Accounts Payable					\$	\$
					\$	\$
					\$	\$
					Total Current Liabilities ▶	\$
Intermediate - Repayment terms of 1 to 10 years						
					\$	\$
					\$	\$
					\$	\$
					Total Intermediate Liabilities ▶	\$
Long Term - Repayment terms over 10 years						
					\$	\$
					\$	\$
					\$	\$
					\$	\$
					Total Long Term Liabilities ▶	\$

Liabilities Total ▶	\$
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I Certify that this statement of liability and security provided is accurate and complete

✕

(signed ▲)	Date ▶ ✕
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Group Life Insurance

The insurance premium is .20¢/\$1,000./month. Your loan will be life insured to a maximum of \$250,000 or the outstanding balance of your loan(s), whichever is the lesser. You may apply for optional insurance coverage to a maximum of \$500,000 or the outstanding balance(s) of your loan(s), whichever is the lesser. If optional insurance is requested, please check **yes** below and request an application form from your loan officer. **Please** note that the optional coverage must be approved by Sun Life. You will be advised of their decision following Sun Life's review of your application.

Please note: spousal insurance coverage is available upon request providing that he/she is a borrower.

If yes, please advise on whom and the amount of additional insurance requested.

Name of Person to be Insured	Amount of Insurance Requested
	\$
	\$
	\$

I (we) request the optional life insurance on the loan	Yes	No
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Previous Loan/s Insured - if yes ↓			Yes	No
Loan Balance/s	\$	\$	\$	\$

I understand and agree that if the loan applied for is granted, and until it has been repaid, I will be covered under the terms of a Group Life Insurance Policy. Premiums will be charged to the loan account(s). Should the Group Policy be discontinued for any reason, the payments referred to in this paragraph will cease until such time as the Board arranges a new Group Policy.

X

 Dated

Signed **X**

FIRE INSURANCE (if applicable)

I understand that if my application is approved, I am required to arrange fire insurance coverage as follows, with loss, if any, assigned to the Nova Scotia Farm Loan Board

Existing Buildings:

House	\$
	\$
	\$
	\$
Sheep	\$
Beef Cattle	\$

SOLICITOR OF CHOICE

<i>Solicitor of Choice</i>		Name ▶	
Firm/Address ▶			
Postal Code ▶	Phone No. ▶	Fax No. ▶	
Note: I/we are responsible for all legal fees associated with this loan		Yes	No

Board Security

I have disclosed all environmental issues that impact on the securities provided to and held by the Board.

Witness

Signed **X** _____

DATE: _____, 200__

DATE: **X** _____, 200__

Loan Application Check List			Please Check One	
			Yes	N/A
<i>Company/Partnership Shareholders</i>				
	%	No. Shares		
-1				
-2				
-3				
-4				
<i>Signing Officers</i>				
-1				
-2				
-3				
Insurance Form(s) completed and signed including social insurance number(s)				
Demonstrates sufficient resources for care and control of livestock				
Inventory verified				
Statement of Farm Income and Expenses attached				
Cash Flow if requested				
Business Plan if requested				
<i>Additional Comments:</i>				

PRE-AUTHORIZED PAYMENTS FOR YOUR LOAN ACCOUNT

Here's how pre-authorized payments work

It's a modern, easy method to make those recurring bill payments without the inconvenience of cheque writing and the cost of postage or that trip to pay your bills

It's Convenient

The pre-authorized payment method eliminates the need for you to write cheques each month for your regular payments. It is also easier than post dated cheques.

It's Economical

One authorization is all that is required for a series of payments to be made automatically through your bank or financial institution chequing account. This means reduced costs (postage, travel, time, etc.). We charge no fee for this service.

It's Secure

With pre-authorized payments there are no cheques to get lost or stolen. You avoid the embarrassment of missed payments, and the interest charged on late payments as a result. You may stop payment at any time if you feel the necessity to do so.

It's Assured

If you are away on vacation, out of town on business or sick, your payments will be made on time. Even postal disruptions will not prevent your bill payments from reaching their destinations on time.

Answers to some of the questions you may ask

1. Should an incorrect amount be processed against your account, it will be corrected when you advise us.
2. If a payment processed against your account is not in accordance with the authorization, because you cancelled the authorization in writing to us, because an authorization was not provided to us for the payment processed, or because the payment was in error and posted to the wrong account, or there was some other error, then you can call us to correct the error. If you are not satisfied with our response then you can contact your bank by writing to your branch manager any time up to 90 days after your account is debited for the payment, to return the payment to you.
3. Should you move your account from one bank or branch to another, advise us of the change and we will arrange a new agreement with you so payments can continue uninterrupted.
4. You continue to have control just as with cheques you have written. You can instruct the branch to stop payment before it goes through your account and you can discontinue payment altogether, if desired, by advising us in writing.

What about your records?

Your payments are recorded automatically and individually on your monthly bank statement or passbook. You can also continue to enter your pre-authorized payments in your personal cheque record book as if you had written and mailed a cheque.

What about our records?

Here's where we need your help. Please complete the information required on the authorization form on the back of this brochure and return it to us along with one of your personal cheques marked **VOID**. Please take 30 seconds and do it right now. From then on it's good-bye to writing cheques.

**PRE-AUTHORIZED PAYMENT
Authorization Form**

To: The Nova Scotia Department of Agriculture & Fisheries (NSDAF)

Client Name(s): _____	Loan Number: _____
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Address: _____		
City: _____	County: _____	Postal Code: _____

Please attach a VOID cheque.

<p>I/We (the above noted client) authorize the NSDAF to debit my/our account indicated above, in the amount of _____</p> <p>\$ _____ on the _____ day of each month; (choose one of the following two options);</p> <p style="padding-left: 40px;">_____ Until my loan is paid out or I/we request a change (recommended for loans)</p> <p>OR</p> <p style="padding-left: 40px;">_____ for _____ months,</p> <p>effective for payments dated _____, 20____, or later.</p>

If you currently have post dated cheques with us please check here _____.

Note that this notification must be received at least 1 (one) week before the effective date. If you are not certain that it will reach us before then, please enclose a cheque for your next payment.

Each payment will be the same as if I/we had personally issued a cheque authorizing the bank to pay the NSDAF as indicated and to debit the amount specified to my/our account.

I/We will notify the NSDAF promptly in writing if I/we move the account from one bank or branch to another, or if there is any other change in the account.

I/We understand that the bank is not responsible for verifying where these payments are properly debited to my/our account.

This authorization may be cancelled at any time upon written notice by me/us to the NSDAF, I/we understand that if I/we cancel this authorization, it does not mean that my contract obligations to the NSDAF are ended.

Any delivery of this authorization to the NSDAF constitutes delivery by me to the bank.

I/We am/are all the persons who are required to sign the above account.

Date: _____ Client Signature: _____

Date: _____ Client Signature: _____