

BRITISH COLUMBIA LOAN GUARANTEE

BRITISH COLUMBIA'S FARM DISTRESS OPERATING LOAN GUARANTEE

Application Deadline — March 31, 2001

*For Cranberry Growers in the
Lower Fraser Valley and on Vancouver Island*

Weather and market conditions this past year have reduced farm returns in some areas of British Columbia. Farmers in these areas may have difficulty in securing operating financing for the coming year. To assist farmers obtain loans for operating expenses, the Ministry of Agriculture, Food and Fisheries is activating the Farm Distress Operating Loan Guarantee. It provides a loan guarantee to lenders on loans for purchase of farm inputs and for refinancing of outstanding operating debts.


ELIGIBILITY

The guarantee is available to farm operators who file income tax returns in B.C.; individuals, partnerships, co-operatives and corporations.

The farm must be within an area declared a distressed area by the Minister of Agriculture, Food and Fisheries.

The farm must be economically viable, and show that it can service its debt, but it must have experienced a financial loss in one or both of the last two years.

Applicants must purchase, as a minimum, the Basic level of Crop Insurance for insurable crops.

Applicants must have a third-party financial review conducted through the Farm Consultation Service of Agriculture and Agri-Food Canada. The review is to ensure all applicants have the benefit of an independent assessment of their financial situation and the options and risks of financial restructuring and/or adding new debt. The findings of these reviews are confidential and known only to the advisor and the applicant. The applicant is under no obligation to disclose the review to anyone. There is no cost for this service for applicants under the guarantee program. 



BRITISH
COLUMBIA

Ministry of Agriculture,
Food and Fisheries

DECLARED DISTRESSED AREAS

The lower Fraser Valley and Vancouver Island for cranberries commencing DECEMBER 11, 2000 and expiring March 31, 2001.

TERMS OF THE GUARANTEE

The amount of the guarantee is dependent on the individual circumstances of the borrower, eg. number of operators, scale of operation, financial need.

There is no limit on the term of the loan, however the guarantee applies for only the first five years. Repayment terms may be tailored to the expected cash flow of the farm.

Interest rates will be current commercial lending rates for the term negotiated — not exceeding Prime Rate plus two per cent for floating rate loans, and Fixed Rate Base Rate plus two per cent for fixed rate loans. Borrowers will provide collateral in land or other assets to fully secure the loan. Lenders may levy a fee of up to one per cent for the administration costs of the loan.

WHAT THE LOAN CAN BE USED FOR

Purchase of farm inputs, such as fertilizer, pesticides, fuel and repairs, including arms length labor, farm utilities, insurance, and interest on debt.

All farm operating loans and accounts payable for farm inputs outstanding from the previous year are eligible for consolidation.

WHAT THE LOAN CAN NOT BE USED FOR

Purchase of capital items, land and equipment, and consolidation of debt for capital items are not eligible.

HOW TO APPLY

Apply to a participating agricultural lender. The program is offered through most chartered banks and credit unions and through the Farm Credit Corporation.

Provide financial documentation to the lender, including historical financial results and cash flow projections.

Apply to the Farm Consultation Service and undertake an independent financial review. The results of this review may assist lenders in the loan assessment process, but there is no obligation to provide the review results to the lender.

The lender evaluates the application and negotiates the terms of the loan (such as interest rate and collateral, etc.) directly with the borrower. The lender applies for the guarantee if their analysis shows that one is required.

APPLICATION DEADLINE — MARCH 31, 2001

For more detailed information on the loan guarantee program or participating lenders, call **(250) 356-1824**.

For information about Crop Insurance call **1-888-332-3352**.

Arrangements can be made for a financial consultant through the Farm Consultation Service at **1-888-495-3212**.

The information in this brochure is applicable until March 31, 2001 and may be replaced with more up to date information after that date.



**Ministry of Agriculture,
Food and Fisheries**