

Loan Limits and Conditions

- Eligible cattle include feeder heifers and steers, and feeder cows.
- Loans for feeder heifers and steers must be repaid within 12 months from the date of purchase, or when the feeders are sold, whichever comes first.
- Loans for feeder cows must be repaid within 180 days from the date of purchase, or when the cows are sold, whichever comes first.
- The maximum loan limit per individual feeder member, subject to association, lender and government approval, is:
 - 1st year - \$50,000
 - 2nd and 3rd years - \$100,000
 - 4th and 5th years - \$150,000
 - 6th and following years - \$200,000
- Producers may join only one enhanced feeder association; however, if a member chooses to participate in both an enhanced feeder association and a conventional feeder association, the member's maximum loan eligibility is shared between the two associations.
- The maximum loan limit for the feedlot member is equal to the cumulative loan limit for all the individual members of the association.
- The maximum loan limit per enhanced feeder association is \$6,000,000.



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.
- *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 Option* – for the purchase of bison feeder bulls and feeder heifers under two years of age.

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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Livestock Loan Guarantee Program

Enhanced 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.

Enhanced Cattle Feeder Option

The Enhanced Cattle Feeder Option (EFO) facilitates investment in the cattle feeding sector through producer associations consisting of one feedlot operator and at least 10 individual producers. 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 cattle on behalf of its members. All association cattle are fed at the feedlot member's facilities.

Producer Benefits

Key benefits to the producer include:

- Provides feedlot operators and individual producers with an alternate source of credit at competitive interest rates.
- Minimal assurance fund deposit allows members to purchase during times of limited cash flow.
- Livestock and assurance fund deposit are pledged as loan security.
- Improves cash flow management through retained ownership options.
- Associations are producer-controlled.

Overview

- Interested groups consisting of one feedlot operator and at least 10 individual producers contact the LLG program for assistance in setting up an enhanced feeder association.
- Once established, the association may begin to borrow funds from a lender to purchase feeder cattle on behalf of members.
- Producers may apply for membership in the association on an ongoing basis, subject to association, lender and government approval.
- Members may sell their own feeder heifers and steers to the association at fair market value to generate operating capital while maintaining the benefits of ownership.
- Individual members must maintain an assurance fund deposit equal to at least 5% of the loans taken by the association on the member's behalf.
- The feedlot member must maintain an assurance fund deposit equal to at least 10% of the loans taken by the association on the member's behalf.
- Assurance fund deposits are refundable, provided they have not been used to offset a loan default.
- All association cattle are fed at the facilities of the feedlot member.
- All cattle purchased by the association on behalf of its members are owned by the association and must be branded with the association's registered brand.
- All cattle purchased by the association are owned jointly on behalf of all participating members, including the feedlot member, based on each member's pro-rata share of the loan(s).

- Members are individually responsible for the cost of feeding and caring for the association cattle and for repaying their pro-rata share of the loan used to purchase the cattle.
- The lender takes security on the cattle purchased by the association, and also relies on the association's assurance fund and a 25% government guarantee. In some cases, personal guarantees from corporate shareholders are required.
- All cattle 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% 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.

Eligibility

Individual Members:

Residents of Saskatchewan who are at least 18 years of age are eligible to participate in the EFO as individual members, subject to association, lender and government approval.

Feedlot Member:

The feedlot member may be any producer (subject to the criteria outlined above) or corporation in Saskatchewan who carries on a feedlot operation.

- Corporations must verify their current corporate and financial status.