

*The
Feedlot Construction
Loan Guarantee
Program
Regulations*

being

[Chapter F-8.001 Reg 27](#) (effective September 1, 2004).

NOTE:

This consolidation is not official. Amendments have been incorporated for convenience of reference and the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. In order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.

Table of Contents

- 1 Title
- 2 Interpretation
- 3 Program established
- 4 Eligible loans
- 5 Guarantee
- 6 Repayment of guaranteed loans
- 7 Reporting by lenders
- 8 Minister's powers
- 9 Maximum amount of guarantee
- 10 Subrogation
- 11 Coming into force

CHAPTER F-8.001 REG 27
The Farm Financial Stability Act

Title

1 These regulations may be cited as *The Feedlot Construction Loan Guarantee Program Regulations*.

Interpretation

2 In these regulations:

- (a) **“Act”** means *The Farm Financial Stability Act*;
- (b) **“eligible livestock”** means an animal of any of the following species of livestock:
 - (i) cattle;
 - (ii) sheep;
 - (iii) bison;
- (c) **“eligible loan”** means a loan from a lender to a producer that meets the requirements set out in subsection 4(2) and with respect to which a guarantee may be given pursuant to the program;
- (d) **“eligible material”** means all or any of the following:
 - (i) improvements to a site on which a feedlot is being constructed or expanded that are directly related to the construction or expansion;
 - (ii) building material used to construct or expand a feedlot;
 - (iii) equipment that is affixed to the site on which a feedlot is being constructed or expanded and that is directly related to the construction or expansion;
 - (iv) equipment that is affixed to a building that will be part of a feedlot that is being constructed or expanded;
 - (v) labour associated with carrying out any improvements mentioned in subclause (i) or installing any equipment mentioned in subclause (iii) or (iv);
 - (vi) labour associated with the construction or expansion of a feedlot;
- (e) **“feedlot”** means a feedlot:
 - (i) that accommodates or is intended to accommodate eligible livestock; and
 - (ii) that is controlled and operated by a producer who applies for an eligible loan;

- (f) **“guaranteed loan”** means an eligible loan with respect to which a guarantee is given pursuant to the program;
- (g) **“lender”** means:
- (i) any bank or credit union;
 - (ii) Farm Credit Canada;
 - (iii) Peace Hills Trust Company; or
 - (iv) any other lending institution approved by the minister;
- (h) **“producer”** means:
- (i) an individual who is a resident of Saskatchewan and who is at least 18 years of age; or
 - (ii) a corporation that is registered to carry on business in Saskatchewan;
- (i) **“program”** means the feedlot construction loan guarantee program established pursuant to section 3.

10 Sept 2004 cF-8.001 Reg 27 s2.

Program established

- 3(1) The feedlot construction loan guarantee program is established.
- (2) The purpose of the program is to assist producers in obtaining eligible loans to construct or expand feedlots.

10 Sept 2004 cF-8.001 Reg 27 s3.

Eligible loans

- 4(1) In accordance with these regulations, the Minister of Finance may issue guarantees to lenders on eligible loans made to producers on or after July 1, 2004.
- (2) A loan from a lender to a producer is an eligible loan if:
- (a) the producer provides evidence satisfactory to the minister that the producer is able to obtain a loan from a lender;
 - (b) the loan is made for the purpose of assisting or enabling the producer to purchase eligible material for the construction or expansion of a feedlot in Saskatchewan;
 - (c) the principal amount of the loan is not less than \$50,000; and
 - (d) the costs claimed in the producer’s loan application for eligible material have not been claimed by any producer in any previous loan application pursuant to the program.
- (3) A producer who wishes to apply for an eligible loan must:
- (a) complete a loan application on the form supplied by the lender, including the signing of any declarations that may be required;
 - (b) sign any loan agreement and other security agreement that the minister or lender considers necessary to ensure the repayment of any eligible loan that may be made by the lender to the producer;

FEEDLOT CONSTRUCTION
LOAN GUARANTEE PROGRAM

F-8.001 REG 27

- (c) specify in the loan application the purposes for which the eligible loan is to be made;
- (d) specify in the loan application the location of the feedlot to be constructed or expanded; and
- (e) provide the lender and the minister with any other information that the lender or the minister may require to consider the loan application.

10 Sept 2004 cF-8.001 Reg 27 s4.

Guarantee

- 5(1) On approval by a lender of a loan application made in accordance with section 4, the producer shall apply to the minister, on a form supplied by the minister, for a guarantee with respect to the eligible loan.
- (2) On an application pursuant to subsection (1), the producer must provide the following to the minister:
- (a) if the producer is an individual:
 - (i) the name and address of the producer; and
 - (ii) evidence, satisfactory to the minister, of the producer's age and Saskatchewan residency;
 - (b) if the producer is a corporation:
 - (i) the name and address of each shareholder and officer of the corporation; and
 - (ii) evidence, satisfactory to the minister, of the corporation's current corporate and financial status;
 - (c) a declaration as to whether or not a loan guaranteed pursuant to Part VI or VI.1 of the Act has been provided to the producer or to a person related to or associated with the producer;
 - (d) any additional information that the minister may require to consider the producer's application.
- (3) The guarantee of an eligible loan by the Minister of Finance may be signed by:
- (a) the assistant Deputy Minister of the department responsible for the administration of the program; or
 - (b) the director of the branch within that department that is responsible for the administration of the program.
- (4) The guarantee of an eligible loan by the Minister of Finance expires 10 years after the date determined pursuant to subsection 6(1).
- (5) A producer shall only use a guaranteed loan to construct or expand a feedlot that is controlled and operated by the producer.

10 Sept 2004 cF-8.001 Reg 27 s5.

Repayment of guaranteed loans

6(1) Every producer who receives a guaranteed loan shall repay that loan to the lender with interest and in instalments, beginning on the date determined by the lender and approved by the minister.

(2) On approval by the minister, a lender may establish the frequency of instalment payments on a guaranteed loan made to a producer.

(3) Notwithstanding subsections (1) and (2), interest shall accrue from the date on which the guaranteed loan is advanced to the producer, and the accrued interest to the first payment date shall be paid periodically by the producer to the lender in accordance with the terms of the loan agreement.

(4) Commencing on the date of the first payment on the guaranteed loan, a producer shall repay the principal amount of the producer's guaranteed loan with interest:

- (a) in instalments determined by the lender pursuant to subsection (2); and
- (b) in full by the date set out in the loan agreement.

10 Sept 2004 cF-8.001 Reg 27 s6.

Reporting by lenders

7 With respect to every guaranteed loan, the lender shall provide to the minister, within 30 days after the date a payment is due on the guaranteed loan but not less than quarterly, or by any other date determined by the minister, a written report that includes the following information:

- (a) the names of the producers to whom advances were made on guaranteed loans and the date of those advances;
- (b) the balance outstanding on each guaranteed loan;
- (c) the accrued interest on each guaranteed loan;
- (d) any other information that the minister may require.

10 Sept 2004 cF-8.001 Reg 27 s7.

Minister's powers

8(1) For the purposes of administering the program, the minister may specify:

- (a) the terms and conditions pursuant to which an eligible loan is subject;
- (b) the security that the lender is required to obtain for an eligible loan;
- (c) the terms and conditions pursuant to which the guarantee of an eligible loan is subject; and
- (d) the procedures for claiming on a guarantee of an eligible loan.

FEEDLOT CONSTRUCTION
LOAN GUARANTEE PROGRAM

F-8.001 REG 27

- (2) The minister shall notify the lender and the producer, in writing, of:
- (a) any terms and conditions specified by the minister pursuant to clause (1)(a);
 - (b) any security specified by the minister pursuant to clause (1)(b); and
 - (c) any terms and conditions specified by the minister pursuant to clause (1)(c).
- (3) The minister shall notify the lender, in writing, of any procedures specified by the minister pursuant to clause (1)(d).

10 Sept 2004 cF-8.001 Reg 27 s8.

Maximum amount of guarantee

9(1) The maximum amount of the guarantee that may be provided on an eligible loan pursuant to the program is an amount equal to the lesser of:

- (a) subject to subsection (2), 25% of the sum of:
 - (i) the amount outstanding on the loan at the time of default; and
 - (ii) the accrued interest as of the time that payment is to be made on the guarantee; and
 - (b) \$750,000.
- (2) The minister may increase the percentage of accrued interest to be included for the purposes of subclause (1)(a)(ii) if the minister is satisfied that the increase will facilitate continued collection by the lender on an eligible loan in default that may result in reducing the amount of the guarantee to be paid by the Minister of Finance.
- (3) For the purposes of subsection (1), the time of default with respect to an eligible loan is the date determined by the minister and the lender when there are unresolved arrears.

10 Sept 2004 cF-8.001 Reg 27 s9.

Subrogation

10(1) If a producer defaults in repaying an amount due pursuant to a guaranteed loan and the Minister of Finance makes payment to a lender pursuant to a guaranteed loan on which a producer has defaulted, the Minister of Finance is subrogated with respect to that guaranteed loan:

- (a) to all rights of the lender under any security or negotiable instrument given to the lender by the producer;
- (b) to any action that the lender may have against the producer or any other person; and
- (c) to any action that the producer may have against any person whose acts or omissions may have caused or contributed to the producer's default.

(2) If the Minister of Finance makes a payment pursuant to a guarantee due to a default by a producer:

(a) the payment does not affect the liability of or the security given by the producer pursuant to the guaranteed loan; and

(b) notwithstanding that the payment was made pursuant to the guarantee, the liability of and the security given by the producer remain in effect and may be enforced by the Minister of Finance against the producer.

(3) Notwithstanding subsections (1) and (2), if the Minister of Finance considers it to be in the public interest, the Minister of Finance may enter into an agreement with a lender who has submitted a claim pursuant to a guarantee, and that agreement may:

(a) provide:

(i) that the lender may receive payment of any portion of the amount pursuant to the guarantee; and

(ii) that the lender is entitled to exercise its rights under any security or negotiable instrument given to the lender by the producer and to any action that the lender may have against the producer or any other person; and

(b) contain any other terms and conditions that may be agreed to.

10 Sept 2004 cF-8.001 Reg 27 s10.

Coming into force

11 These regulations come into force on the day on which they are filed with the Registrar of Regulations.

10 Sept 2004 cF-8.001 Reg 27 s11.