

LENDING

Agricultural Loan Guarantees (Diversification Loan Guarantee, Operating Credit Guarantee for Agriculture, Manitoba Livestock Associations Loan Guarantee)

MASC recognizes that availability of credit under reasonable terms and conditions from traditional lenders is vital to rural Manitobans. Through partnerships with private sector lenders, MASC is able to offer a variety of guarantee programming.

DIVERSIFICATION LOAN GUARANTEE

What is a Diversification Loan Guarantee?

- MASC can provide a guarantee to lenders for producers interested in diversifying their current operations and/or adding value to agricultural commodities.
- The program assists in overcoming problems such as equity and security shortfalls, limited production experience, and new products.

What are the qualifications?

- The program is available to individuals, partnerships, corporations and co-operatives. The majority of the applicants must be residents of Manitoba and Canadian citizens or have lawful permanent residence status.
- The project must demonstrate, based on the business plan, satisfactory cash flow and long-term profitability to service the debt.

What are the terms and conditions?

- The maximum principal available is not capped.
- Fixed or floating interest rates can be selected but rates cannot exceed maximum levels established by MASC. For floating rates, the maximum is the individual lender's prime rate plus 2.0%. For fixed rates, the maximum is the individual lender's residential first mortgage rate for the term plus 2.0%.

How can I apply?

- Potential clients apply to the participating lender of their choice. If a lender indicates a guarantee is required, an application is then made to MASC.

OPERATING CREDIT GUARANTEE FOR AGRICULTURE

What is an Operating Credit Guarantee for Agriculture?

- MASC offers a guarantee on lines of credit made to producers by participating lenders for operating expenses.
- This program can be used for general farm expenditures, living expenses, current year's principal and interest payments on existing loans, and limited capital purchases in cases of emergency.

What are the qualifications?

- Both single and multiple operator farms and agricultural enterprises are eligible for the guarantee.
- Operations must demonstrate adequate cash flow and be considered potentially viable. The lender must deem the operator's management ability as adequate.

What are the terms and conditions?

- The maximum operating loan to be guaranteed by MASC is \$700,000 for individuals and single shareholder corporations, and \$1,000,000 for partnerships, corporations and co-operatives.
- The interest rate charged by the lender cannot exceed the prime interest rate plus 2.0%.

How can I apply?

- Potential clients apply to the participating lender of their choice. If the lender assesses that the client's application would benefit from a guarantee, the lender then applies to MASC.

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MANITOBA LIVESTOCK ASSOCIATIONS LOAN GUARANTEE

What is a Manitoba Livestock Associations Loan Guarantee?

- This program provides producers who are members of livestock associations with the benefit of lower costs associated with financing and higher volume transactions of feeders and fed cattle. MASC guarantees funds borrowed by the associations from participating lenders to purchase feeder cattle and breeder cattle to enhance their livestock operations.

What are the qualifications?

- All participants must be approved by MASC, the lender and the association.
- Feeder association members can feed their livestock on a custom basis. Breeder association members must care for their livestock within their own operation.

What are the terms and conditions?

- The maximum loan per association member is \$500,000. The maximum lending limit for an association is \$8 million.
- A livestock association must consist of a minimum of 15 members, and must retain legal ownership of the livestock, which must be identified with the association's brand. The association sells the livestock on behalf of its members and deducts loan repayments and costs from the sale proceeds before forwarding the net proceeds to its members.
- Each member of a feeder association must place 5% of their authorized loan limit into the association's assurance fund. Each member of a breeder association must place 10% of their authorized loan limit into the association's assurance fund.
- Financing for members of a breeder association can be established on up to a seven-year repayment term, with the first year being an interest-only period.

How can I apply?

- The association arranges with an approved lender for financial services and for administration of an MASC guaranteed loan.

For more information on these guarantees, please contact the Guarantee Program Specialist at (204) 239-3244, or visit masc.mb.ca