



Agriculture and  
Agri-Food Canada

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# Farm Improvement and Marketing Cooperatives Loans Act

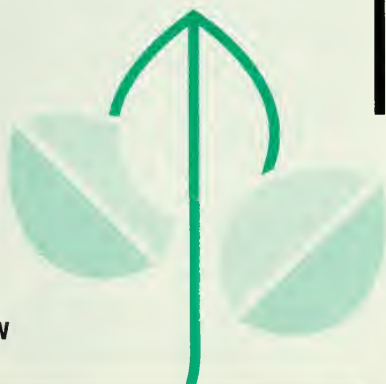
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*The Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA) increases the availability of credit to farming operations and farmer-owned marketing cooperatives to improve farm assets and strengthen production and financial stability. The Act is made up of two parts – Farm Improvement Loans and Farm Marketing Cooperative Loans.*

## **Farm Improvement Loans**



### **ELIGIBLE APPLICANTS**

Individuals, partnerships, corporations or cooperative associations actively engaged in farming and operating the farm as a business with the intent of making a profit are eligible to apply.

### **LOAN PURPOSES**

Farm Improvement Loans may be made for:

- the purchase or installation of agricultural tools, implements and machinery of any kind;
- the improvement, major repair or overhaul of agricultural implements, tools, equipment and machinery, when such costs are more than \$2000;
- the purchase, repair or installation of machinery and apparatus for the generation or distribution of electricity;
- the construction, repair, addition or alteration of farm buildings or structures, roads and driveways;
- the purchase of additional land for farming and related costs such as land transfer taxes, surveys, appraisals and legal costs;
- the purchase, movement to and installing of complete or partially complete structures on a

- farm and, where necessary, the completing of the installed structures;
- the purchase of livestock including poultry, bee stock and fur-bearing animals;
  - the purchase and planting of maple trees for maple syrup production, fruit trees, Christmas trees and ginseng, where the costs exceed \$2000;
  - other farm improvement and development projects including fencing, drainage, irrigation, soil conservation, and breaking and clearing of land; and
  - the refinancing or consolidation of loans made for any of the above purposes.

## **INELIGIBLE PURPOSES**

Farm Improvement Loans may not be made for improvements to the family dwelling, quota purchases of all kinds, short-term operating loans and loans for the purchase of short-term feeder livestock.

## **MAXIMUM LOAN AMOUNT**

A farmer may have one or more loans at any one time up to a maximum combined amount of \$250 000. Loans are based on up to 80% of the value of the asset purchased. The maximum term over which a farmer may repay a loan is 15 years when the loan is to purchase additional land, and 10 years when the loan is for any other purpose. Repayment of loans may be made by installments that are payable at least annually.

## **MAXIMUM INTEREST ON LOANS**

The farmer may choose to repay the loan at the prime rate plus 1% or at a fixed rate for up to 5 years at the prime rate plus 1% plus one-quarter of

1% for each year (e.g., prime rate plus 2.25% for a 5-year, fixed-rate, term loan).

## **SECURITY ON LOANS**

All loans must be fully secured at all times. The lender may require additional security of a loan should the value of the original security depreciate faster than the repayment rate. Security is usually a first charge on the item purchased or a mortgage on the farm property. The farmer must also sign a written promise to repay the loan.

When the loan is repaid in full, the farmer should ensure that all related security be discharged.

## **REGISTRATION AND ADMINISTRATION FEE**

The farmer is required to pay to the lender a registration fee of one-half of 1% of the amount of the loan. The lender, in turn, forwards this fee to the Receiver General for Canada to obtain the loan guarantee.

The lender may also charge the farmer a loan administration fee of one-quarter of 1% of the loan to a maximum of \$250.

## **WHERE TO APPLY**

All chartered banks and Alberta Treasury Branches are authorized to make loans under provisions of the FIMCLA. Loans may also be obtained from credit unions, caisses populaires or other cooperative societies, trust companies, loan companies and insurance companies that have been designated as lenders under the Act by Agriculture Canada.

# Farm Marketing Cooperative Loans



These loans are now available to help improve farm income by encouraging value-added projects that result in increased financial returns to farmers through the processing of raw farm products that can be marketed over a longer period of time.

## ELIGIBLE APPLICANTS

Farm marketing cooperatives incorporated under the laws of Canada or of a province for the purpose of processing, distributing or marketing farm products on a cooperative basis are eligible to apply. Each member or shareholder must, as an individual, be eligible for a Farm Improvement Loan.

## LOAN PURPOSES

Farm Marketing Cooperative Loans may be made for:

- the purchase of land;
- the purchase or construction of any building or structure;
- the repair or alteration of, or making an addition to, any building or structure;
- the purchase or repair of machinery or apparatus; and
- the consolidation or refinancing of the debts of the cooperative incurred for loan purposes described above.

## MAXIMUM LOAN AMOUNT

A farmer-owned cooperative may have one or more loans at any one time to a maximum combined amount of \$3 million. Loans are based on up to 80% of the value of the asset purchased. All loans exceeding \$250 000 must receive prior written approval of the Minister of Agriculture.

The maximum term over which a farm cooperative may repay its loan is 20 years for the purchase of land, or the purchase or construction of any farm building or structure, and 10 years for all other eligible purchases. Repayment of loans may be made by installments that are payable at least annually.

## **MAXIMUM INTEREST AND SECURITY**

Maximum interest and security on loans is the same as for Farm Improvement Loans.

## **REGISTRATION AND ADMINISTRATION FEE**

The registration fee for Farm Marketing Cooperative Loans is the same as for Farm Improvement Loans.

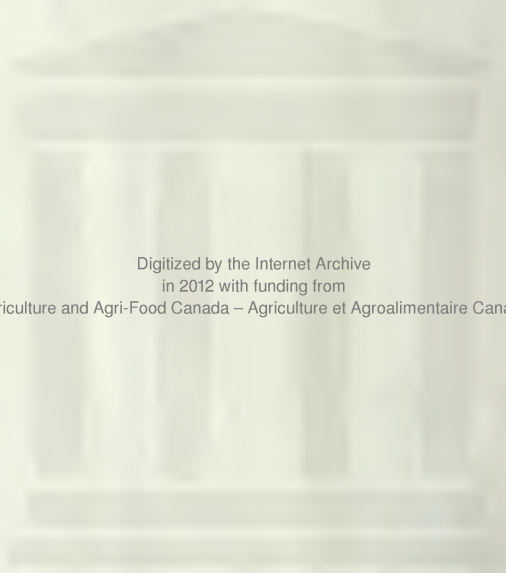
The lender may also charge a loan administration fee of one-quarter of 1% to a maximum of \$250 on loans of less than \$250 000, or up to one-tenth of 1% of the entire loan where the loan is \$250 000 or more.

## **WHERE TO APPLY**

Local financial institutions and producer organizations can provide additional details.

Information may also be obtained from Agriculture Canada regional offices or from:

Loan Guarantees Division  
Agriculture and Agri-Food Canada  
2200 Walkley Road  
2nd floor  
OTTAWA K1A 0C5



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