

The Individual Cattle Feeder Loan Guarantee Regulations

being

[Chapter F-8.001 Reg 26](#) (effective October 3, 2003) as amended
by Saskatchewan Regulations [145/2005](#) and [56/2007](#).

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.

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Mark on Cattle

CHAPTER F-8.001 REG 26

The Farm Financial Stability Act

Title

- 1 These regulations may be cited as *The Individual Cattle Feeder Loan Guarantee Regulations*.

Interpretation

- 2 In these regulations:

- (a) **“Act”** means *The Farm Financial Stability Act*;
- (b) **“associated person”** means a person who, directly or indirectly, holds more than 8% of the ownership of or the shares or membership interests in a producer;
- (c) **“cattle”** means heifers and steers of the genus species *Bos taurus* or *Bos indicus* that have been weaned from their dams but does not include animals acquired for breeding or calving purposes;
- (d) **“family member”** means an individual’s spouse, child, parent or sibling;
- (e) **“feedlot”** means a feedlot:
 - (i) that is controlled and operated by:
 - (A) a producer who applies for a guaranteed loan;
 - (B) a family member of the producer mentioned in paragraph (A);
 - (C) an associated person of the producer mentioned in paragraph (A); or
 - (D) a corporation of which the producer mentioned in paragraph (A) is a shareholder;
 - (ii) that is approved by the provincial supervisor; and
 - (iii) that may include grazing facilities;
- (f) **“producer”** means a producer who grows or finishes cattle in a feedlot;
- (g) **“producer’s assurance fund”** means a producer’s assurance fund established for a particular producer pursuant to section 15;
- (h) **“provincial assurance fund”** means the Individual Cattle Feeder Loan Guarantee Provincial Assurance Fund established pursuant to section 13;
- (i) **“the provincial association”** means the provincial association formed pursuant to subsection 19(1).

F-8.001 REG 26**INDIVIDUAL CATTLE FEEDER
LOAN GUARANTEE****Commodity prescribed**

3 Cattle are prescribed as a commodity for the purposes of clause 63.1(c) of the Act.

17 Oct 2003 cF-8.001 Reg 26 s3.

Lending institutions prescribed

4 For the purposes of clause 63.1(f) of the Act, the following are prescribed lending institutions:

- (a) Farm Credit Canada;
- (b) Peace Hills Trust Company.

17 Oct 2003 cF-8.001 Reg 26 s4.

Producer eligibility

5(1) To be eligible to obtain a guaranteed loan, a producer must:

- (a) either:
 - (i) control and operate a feedlot; or
 - (ii) if the producer's cattle are placed in a feedlot that is controlled and operated by a person mentioned in paragraph 2(e)(i)(B), (C) or (D), have control over the care and feeding of those cattle;
- (b) be, or have applied to be, a member or shareholder of the provincial association;
- (c) be physically, operationally and legally separate:
 - (i) from any other producer who has obtained a guaranteed loan pursuant to these regulations; and
 - (ii) from any feedlot member of an enhanced feeder association as defined in *The Enhanced Cattle Feeder Associations Loan Guarantee Regulations*; and
- (d) not be a feedlot member of an enhanced feeder association as defined in *The Enhanced Cattle Feeder Associations Loan Guarantee Regulations*.

(2) If cattle to be purchased under a guaranteed loan are to be grown or finished in a feedlot that is controlled and operated by a person mentioned in paragraph 2(e)(i)(B), (C) or (D), for the producer to be eligible to obtain a guaranteed loan with respect to those cattle, the person who controls and operates the feedlot must sign an agreement satisfactory to the provincial supervisor waiving any right to claim a lien pursuant to section 15.1 of *The Animal Products Act* with respect to those cattle.

17 Oct 2003 cF-8.001 Reg 26 s5.

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Information required

6 A producer who, pursuant to section 63.21 of the Act, applies for a guarantee with respect to a loan must provide the provincial supervisor with the following:

- (a) if the producer is an individual:
 - (i) the name and address of the producer and of any person mentioned in paragraph 2(e)(i)(B), (C) or (D), as the case may be; and
 - (ii) evidence, satisfactory to the provincial supervisor, 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 provincial supervisor, of the corporation's current corporate and financial status;
- (c) a declaration as to whether a loan guaranteed pursuant to Part VI or VI.1 of the Act has been taken on behalf of the producer, an associated person or any person mentioned in paragraph 2(e)(i)(B), (C) or (D);
- (d) any financial information requested by the provincial supervisor respecting the producer that the provincial supervisor considers necessary to consider the application;
- (e) any other information requested by the provincial supervisor respecting the producer or person mentioned in paragraph 2(e)(i)(B), (C) or (D).

17 Oct 2003 cF-8.001 Reg 26 s6.

Amount of guarantee

7(1) Pursuant to subclause 63.9(k)(i) of the Act, for the purposes of subsection 63.3(1) of the Act, the prescribed maximum amount of the loan that may be guaranteed is an amount equal to 25% of the lesser of:

- (a) the amount outstanding on the loan at the time of first default on any advance following the issuance of the guarantee with respect to the loan, plus accrued interest as of the time that payment is to be made on the guarantee; and
 - (b) the amount allowed pursuant to subsection (4).
- (2)** For the purposes of subsection (1), the time of first default with respect to a loan is a date determined by the provincial supervisor and the lender, when:
- (a) there are unresolved arrears;
 - (b) part or all of the producer's inventory of cattle is missing and no payment is made; or
 - (c) the producer's inventory of cattle is sold and there is a shortfall in payment.

(3) A producer shall only use a guaranteed loan for the purchase of cattle to be grown or finished by the producer using a feedlot that is:

- (a) controlled and operated by the producer or a person mentioned in paragraph 2(e)(i)(B), (C) or (D); and
- (b) approved by the provincial supervisor.

(4) For the purposes of subsection 63.3(1) of the Act, no producer shall borrow in excess of \$3,000,000.

17 Oct 2003 cF-8.001 Reg 26 s7.

Purchases of cattle

8(1) In this section:

- (a) **“licensed dealer”**, subject to subsection (2), means a person who holds a valid licence issued pursuant to *The Animal Products Act* to carry on business or operate as a livestock dealer;
- (b) **“market price”** means the market price for that kind of cattle in that part of Saskatchewan, as set by the minister.

(2) None of the following persons shall act as a licensed dealer with respect to any purchase of cattle by a producer:

- (a) the producer;
- (b) an employee of the producer;
- (c) a family member of a person mentioned in clause (a) or (b);
- (d) an associated person; or
- (e) unless approved by the provincial supervisor, a corporation of which the producer is a shareholder.

(3) For the purposes of subsection 63.41(1) of the Act, cattle are prescribed as a commodity that, subject to subsection 63.41(2) of the Act, must be purchased through a licensed dealer.

(4) No producer shall purchase cattle from a family member, an associated person or a corporation of which the producer is a shareholder unless:

- (a) the provincial supervisor approves the purchase pursuant to subsection 63.41(2) of the Act;
- (b) the local supervisor oversees the transaction, including verification of the weight and market price of the cattle purchased; and
- (c) the purchase price does not exceed the market price at the time of purchase.

17 Oct 2003 cF-8.001 Reg 26 s8; 30 Dec 2005
SR 145/2005 s2.

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Marking of cattle

9(1) Subject to subsection (4), all cattle purchased by a producer under a guaranteed loan, and any offspring of those cattle, must be marked in a permanently legible manner with a registered mark, as defined in *The Animal Identification Act*:

- (a) that is composed of:
 - (i) the mark shown in the Appendix; and
 - (ii) to the right of the mark mentioned in subclause (i), any other mark that distinguishes that producer from other producers; and
 - (b) that is jointly registered to the producer and the lender.
- (2) Every producer must notify the provincial association when any cattle purchased by the producer under a guaranteed loan have been marked in accordance with subsection (1).
- (3) For the purposes of subsection 63.51(3) of the Act, the local supervisor must provide the lender with written confirmation that the cattle purchased by a producer under a guaranteed loan have been marked in accordance with subsection (1).
- (4) The provincial supervisor may, if the lender consents, authorize a producer to be exempt from the requirements of subsection (1) for all or any of the producer's cattle.
- (5) For the purposes of these regulations, the joint registration of a mark as required by clause (1)(b) does not convey any rights to, or impose obligations on, the lender with respect to the cattle or any offspring of the cattle, except in accordance with:
- (a) these regulations; and
 - (b) any documents respecting the guaranteed loan that are signed by the producer and the lender.

17 Oct 2003 cF-8.001 Reg 26 s9; 13 Jly 2007 SR
56/2007 s4.

Cattle to be sold

10(1) In this section, “**subsequent advance**” means an advance to purchase cattle that is made to a producer while any part of any other advance that is made to that producer remains outstanding.

- (2) Subject to subsection (3), if a producer purchases cattle with an advance, those cattle must be sold:
- (a) within 12 months after the day on which the producer purchased the first cattle, if any part of the advance made to purchase those cattle or any subsequent advance then remains outstanding; or
 - (b) within any greater period authorized by the provincial supervisor, but not more than 18 months after the day on which the producer purchased the first cattle.

(3) If a producer chooses not to sell all cattle in accordance with subsection (2), the producer must provide evidence satisfactory to the provincial supervisor that the cattle purchased with the advance remain in the producer's inventory of cattle.

17 Oct 2003 cF-8.001 Reg 26 s10.

Sale of cattle

11(1) When cattle purchased with an advance are sold, the producer shall ensure that the purchaser pays for the cattle by way of a cheque or other process of payment that:

- (a) is made payable to the producer and the lender; and
- (b) is forwarded to the lender in accordance with section 63.5 of the Act.

(2) When cattle purchased with an advance are sold, the lender shall ensure that:

- (a) all sale proceeds received by the lender are applied to any advance obtained by the producer to purchase the cattle; and
- (b) no payment is made to the producer if there are loans outstanding from the lender to the producer that are due or overdue.

17 Oct 2003 cF-8.001 Reg 26 s11.

Repayment of advances

12(1) A producer who purchases cattle with an advance shall repay the advance:

- (a) on the day on which the cattle are sold; or
- (b) if the cattle are not sold within 12 months after the day on which the first advance for the cattle was made, not later than the last day of the twelfth month after the day on which the first advance was made.

(2) If the provincial supervisor is satisfied that compliance with subsection (1) would result in reduced returns due to insufficient growth or finishing or current market conditions, the provincial supervisor may extend the period within which repayment for cattle is to be made by not more than six additional months.

17 Oct 2003 cF-8.001 Reg 26 s12.

Provincial assurance fund

13(1) The Individual Cattle Feeder Loan Guarantee Provincial Assurance Fund is established.

(2) The provincial assurance fund consists of:

- (a) amounts deposited by producers pursuant to subsection 14(1); and
- (b) income earned by investment of the amounts in the fund.

(3) The minister may pay out of the provincial assurance fund amounts required for the purposes of subsection 17(3).

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- (4) The minister may:
- (a) invest any moneys in the provincial assurance fund in any security or class of securities authorized for investment of moneys in the general revenue fund pursuant to *The Financial Administration Act, 1993*; and
 - (b) dispose of any investment made pursuant to clause (a) in any manner, on any terms and in any amount that the minister considers expedient.
- (5) The fiscal year of the provincial assurance fund is the period commencing on April 1 in one year and ending on March 31 in the following year.

17 Oct 2003 cF-8.001 Reg 26 s13.

Deposits to provincial assurance fund

14(1) For the purposes of section 63.81 of the Act but subject to subsection (2) of this section, when a producer receives an advance pursuant to a guaranteed loan, the producer shall deposit in the provincial assurance fund a refundable amount equal to 0.5% of that advance.

(1.1) If, at the time a producer receives an advance, any amount stands to the credit of that producer in the provincial assurance fund in excess of 0.5% of the advances outstanding for that producer, including interest, that amount may be applied to the 0.5% deposit required pursuant to subsection (1).

(2) The amount of the deposit required pursuant to subsection (1) may be adjusted on a producer basis by the minister from time to time:

- (a) **Repealed.** 13 Jly 2007 SR 56/2007 s5.
- (b) after a payment out of the provincial assurance fund pursuant to subsection 17(3).

(3) If a payment has been made out of the provincial assurance fund pursuant to subsection 17(3) with respect to a producer, no further advances shall be made to that producer until he or she repays the full amount paid out of the provincial assurance fund on his or her behalf.

(4) The minister may pursue a subrogated claim against a producer with respect to whom a payment has been made out of the provincial assurance fund pursuant to subsection 17(3).

(5) Any funds recovered by the minister pursuant to subsection (4) shall be applied in the following order of priority:

- (a) firstly, to repay the full amount of any guarantee payment made by the Minister of Finance pursuant to section 63.71 of the Act with respect to that producer;
- (b) secondly, to the provincial assurance fund.

17 Oct 2003 cF-8.001 Reg 26 s14; 13 Jly 2007
SR 56/2007 s5.

Refund of deposits to provincial assurance fund

14.1 Within 90 days after receiving a written request for a refund from a producer, the minister shall refund to the producer any amount remaining in that producer's portion of the provincial assurance fund if:

- (a) that producer does not have any advance outstanding; and
- (b) no producer who has any deposit in the provincial assurance fund has any advance in default.

13 Jly 2007 SR 56/2007 s6.

Producer's assurance fund

15(1) A lender who provides a guaranteed loan to a producer shall establish and maintain a producer's assurance fund for that producer in accordance with these regulations.

(2) A producer's assurance fund consists of:

- (a) amounts deposited by the producer pursuant to section 16; and
- (b) income earned by investment of the amounts in the fund.

(3) A lender shall invest the moneys in a producer's assurance fund only in securities in which the principal amount is guaranteed.

17 Oct 2003 cF-8.001 Reg 26 s15.

Deposits to producer's assurance fund

16(1) For the purposes of section 63.81 of the Act but subject to subsection (2) of this section, each time a producer receives an advance pursuant to a guaranteed loan, the producer shall deposit with the lender an amount equal to 9.5% of each advance, which the lender shall deposit into the producer's assurance fund for that producer.

(2) If an amount stands to the credit of a producer in his or her producer's assurance fund in excess of 9.5% of the advances outstanding for that producer, including interest, that amount may be applied to any deposit required pursuant to subsection (1) for any future advance to that producer.

17 Oct 2003 cF-8.001 Reg 26 s16; 13 Jly 2007
SR 56/2007 s7.

Lender claims in event of default

17(1) When a guaranteed loan to a producer is in default, the lender shall do the following in the order stated before making a claim on the guarantee:

- (a) ensure that all cattle held as security are sold and the proceeds applied to the loan;
- (b) apply the moneys in the producer's assurance fund to any shortfall remaining after the proceeds of the sale of cattle held as security are applied to the loan;
- (c) in accordance with subsection (3), submit a claim on the provincial assurance fund for any shortfall remaining after the moneys in the producer's assurance fund are applied to the loan.

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(2) Subject to subsection (3), a lender may submit a claim against the guarantee for any shortfall remaining after all steps set out in subsection (1) have been taken to recover any amount of the loan that has not been repaid.

(3) Subject to subsection (4), after the lender has taken the steps required pursuant to clauses (1)(a) and (b), the lender may claim from the provincial assurance fund the lesser of:

- (a) the amount still outstanding on the loan after the lender has applied any funds pursuant to clauses (1)(a) and (b); and
- (b) the amount A calculated in accordance with the following formula:

$$A = \frac{B}{C} \times D$$

where:

B is the total amount of guaranteed loans outstanding to all producers by the lender at the time of first default on the loan;

C is the total amount of guaranteed loans outstanding to all producers by all lenders at the time of first default on the loan; and

D is the total amount in the provincial assurance fund at the time payment is made from the provincial assurance fund, exclusive of deposits made to the provincial assurance fund after the claim is made.

(4) The total amount paid to a lender who has made a claim pursuant to subsection (3) shall not exceed the lesser of:

- (a) the amount remaining in the provincial assurance fund at the time the claim is made; and
- (b) the amount remaining in the provincial assurance fund at the time payment to the lender is made.

17 Oct 2003 cF-8.001 Reg 26 s17.

Refund of deposits to producer's assurance fund

18(1) For the purposes of section 63.81 of the Act but subject to subsections (2) and (3) of this section, if a producer does not have any advances outstanding, the lender shall, within 21 days after receiving a written request for a refund from the producer, refund to the producer any amount remaining in the producer's assurance fund.

(2) No refunds of amounts in a producer's assurance fund shall be made to any producer who has any payments due to a lender pursuant to a guaranteed loan.

(3) If the amount in a producer's assurance fund exceeds 9.5% of the advances outstanding for that producer, the lender shall refund to the producer, within 21 days after receiving a written request for a refund from the producer, the amount in excess of 9.5% of the advances outstanding for that producer.

17 Oct 2003 cF-8.001 Reg 26 s18.

Formation of and membership in the provincial association

19(1) For the purposes of these regulations, a single provincial association must be formed by producers who wish to obtain a guaranteed loan pursuant to these regulations.

(2) The provincial association must accept any application for membership from a producer who:

- (a) has applied for a guaranteed loan; and
- (b) whose acceptance for the loan is conditional only on his or her becoming a member of the provincial association.

(3) Every producer who obtains a guaranteed loan must maintain his or her membership in the provincial association in good standing.

(4) If a producer fails to comply with subsection (3):

- (a) the lender shall not make any further advance to the producer; and
- (b) the lender may deem the producer's loan to be in default.

(5) If a producer resigns from the provincial association, the producer must deliver written notice of resignation to the provincial association, and the resignation takes effect on the latest of:

- (a) the date on which the written notice is received by the provincial association;
- (b) any future date specified in the notice; and
- (c) the date all advances to the producer are repaid.

(6) The provincial association must immediately notify the provincial supervisor and the lender of any notice of resignation that it receives.

(7) No guarantee applies to advances for cattle purchased by a producer after the date on which the lender receives notification from the provincial association or the provincial supervisor:

- (a) that the producer has resigned from the provincial association; or
- (b) that the producer is no longer a member of the provincial association in good standing.

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Operation of the provincial association

20(1) The provincial association and the lender are not responsible for payment of any expenses associated with feeding, growing, finishing or otherwise caring for any cattle purchased under guaranteed loan.

(2) Without the prior written approval of the provincial supervisor, the provincial association must not hire as a local supervisor or secretary:

- (a) any member of the provincial association;
- (b) any associated person or any family member of a member of the provincial association;
- (c) any family member of an associated person; or
- (d) any employee of a member of the provincial association.

17 Oct 2003 cF-8.001 Reg 26 s20.

Local supervisors

21(1) The local supervisor shall:

- (a) within a period determined by the provincial supervisor after cattle purchased under a guaranteed loan have entered the feedlot where they will be grown or finished, inspect the cattle to ensure that the cattle have been marked in accordance with subsection 9(1);
- (b) obtain a copy of the purchase document from the producer for the cattle being inspected pursuant to clause (a);
- (c) provide a copy of the purchase document mentioned in clause (b) and a copy of the local supervisor's inspection report to the lender; and
- (d) provide a copy of the local supervisor's inspection report to the provincial supervisor.

(2) The local supervisor must provide any other information required by the provincial supervisor.

17 Oct 2003 cF-8.001 Reg 26 s21.

Reports by producers

22 For the purposes of section 63.7 of the Act, a producer who has received a guaranteed loan shall provide to the provincial supervisor, by the tenth day of each month, a written report in a form provided by the provincial supervisor that includes the following information:

- (a) the number of cattle the producer has as of the first day and last day of the previous month;
- (b) details of any cattle purchases in the previous month;
- (c) details of any cattle sales in the previous month;
- (d) details of any cattle deaths in the previous month.

17 Oct 2003 cF-8.001 Reg 26 s22.

Reports by lenders

23 For the purposes of section 63.7 of the Act, every lender shall provide the provincial supervisor, by the tenth day of each month, a written report that includes the following information for the previous month:

- (a) the names of the producers to whom advances were made and the dates of those advances;
- (b) the balance outstanding for each producer who has received an advance;
- (c) the accrued interest on the advances mentioned in clause (b);
- (d) the amount of the loan for each producer that is guaranteed pursuant to these regulations;
- (e) the total amount of assurance funds on deposit with that lender for each producer;
- (f) any other information required by the provincial supervisor.

17 Oct 2003 cF-8.001 Reg 26 s23.

Reports by the provincial association

24 For the purposes of section 63.7 of the Act, the provincial association shall provide a written report to the provincial supervisor that includes the following information:

- (a) the names of the members of the provincial association in good standing, to be provided monthly;
- (b) a copy of minutes of board meetings, within two weeks after the board meeting;
- (c) a copy of the financial statements, to be provided annually;
- (d) any other information required by the provincial supervisor.

17 Oct 2003 cF-8.001 Reg 26 s24.

Annual report – provincial assurance fund

25(1) In each fiscal year in accordance with *The Tabling of Documents Act, 1991*, the minister shall submit to the Lieutenant Governor in Council:

- (a) a report on the activities of the provincial assurance fund for the preceding fiscal year; and
- (b) a financial statement showing the business of the provincial assurance fund for the preceding fiscal year in any form that may be required by Treasury Board.

(2) In accordance with *The Tabling of Documents Act, 1991*, the Lieutenant Governor in Council shall lay before the Legislative Assembly each report and statement submitted to the Lieutenant Governor in Council pursuant to this section.

17 Oct 2003 cF-8.001 Reg 26 s25.

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Coming into force

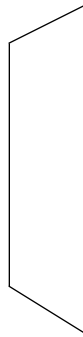
26(1) Subject to subsection (2), these regulations come into force on the day on which section 9 of *The Farm Financial Stability Amendment Act, 2003* comes into force.

(2) If these regulations are filed with the Registrar of Regulations after the day on which section 9 of *The Farm Financial Stability Amendment Act, 2003* comes into force, these regulations come into force on the day on which they are filed with the Registrar of Regulations.

17 Oct 2003 cF-8.001 Reg 26 s26.

Appendix

Mark on Cattle
[Subclause 9(1)(a)(i)]



17 Oct 2003 cF-8.001 Reg 26 Appendix.

