



Canadian Agricultural Loans Act (CALA)

A Better Loan Guarantee
Program for Canadian Farmers



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What is the CALA?

The *Canadian Agricultural Loans Act (CALA)* provides loans to farmers and agricultural co-operatives.

Through the *CALA* the Government of Canada is supporting the renewal of the agricultural sector and enabling co-operatives to better seize market opportunities.

Who can apply?

- Existing farmers
- Beginning/start-up farmers (i.e. less than 6 years of farming)
- Farmers taking over the family farm
- Agricultural co-operatives with a majority (50% + 1) farmer membership

A beginning or start-up farmer should be prepared to provide the lender with a business plan and/or an income tax form showing no farm income and/or expenses at least once in the last six years.

Agricultural co-operatives will need to be prepared to provide a current income tax return showing farm income and/or expenses from 50% + 1 of its members or a notarized attestation as to their membership.

Where to apply?

The following financial institutions offer loans under the *CALA*:

- Chartered banks
- Alberta Treasury Branches
- Credit unions
- Caisses populaires
- Trust companies
- Loan companies
- Insurance companies
- Other designated organizations

Fees

The farmer must pay a fee to have the loan registered and guaranteed under the *CALA*. This fee is 0.85% of the amount of the loan. The lender may also charge an administration fee in keeping with the limits outlined in the regulations.

What is eligible?

Eligible loan purposes include the following that must be used in the applicant's farming operation:

- Equipment
- Building/ Construction
- Land
- Livestock
- Shares in a farming operation

A detailed list of eligible loan purposes is available on the program website.

If a purchase has already been made, a farmer has 60 days to receive funding from a lender for a *CALA* loan.

How much money is available?

The maximum loan is:

- \$500,000 for land and the construction or improvement of buildings.
- \$350,000 for all other loan purposes.

The maximum aggregate loan limit for any one borrower is \$500,000.

The maximum aggregate loan limit for agricultural co-operatives, is \$3 million, with the Minister's approval.

Repayment terms

The maximum term for loans is 10 years, with 15 years for loans on land purchases.

Interest rates

Interest to be paid on a floating rate is the lender's prime rate plus a maximum of 1%.

Interest to be paid on a fixed-term rate uses a formula based on the lender's residential mortgage rate plus a maximum of 1%.

For more information:

- Contact your financial institution
- E-mail us at fgp-pgf@agr.gc.ca
- Call the *CALA* toll-free line at 1-888-346-2511
- Visit the *CALA* website at www.agr.gc.ca/cala

