Farm Finance and Loan Programs

Overview

Ontario farmers have access to a number of farm finance programs, including the Advanced Payment Program (APP) and Commodity Loan Program.
The APP can help farmers manage cash flow by providing up to $100,000 in interest free loans and an additional $300,000 at prime interest rate. These loans can be paid back over an 18-month period and are available to over 4,000 commodities.
Crop producers can also call the Agricultural Credit Corporation (ACC) to apply for the Commodity Loan Program, which provides up to $750,000 in loans to finance eligible inputs, repaid over a 15-month period at prime interest rate. In 2021 the Ontario government implemented two changes that will help the program work better for farmers.

1. Loan repayment deadlines have been extended from February 28 to September 30. This deadline aligns better with when farmers typically market their products and is a much more sensible time to ask farmers to repay the loan.

2. The maximum guaranteed loan limit has been increased from $125 million to $200 million. This increase better reflects the magnitude of the input costs farmers need to plan for.

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Farmers can contact the Agricultural Credit Corporation (ACC) for additional information and to apply for the APP or the Commodity Loan Program by calling 1-888-278-8807.
The Canadian Agricultural Loans Act (CALA) Program is a loan guarantee program designed to increase the availability of loans to farmers and agricultural co-operatives.

Under the CALA program the federal government guarantees up to 95% of the value of a loan to a farmer. CALA loans are limited to a maximum of $500,000 if it is used for purchasing land and constructing or improving on farm buildings. For all other loan purposes, the maximum loan is $350,000.

Financial institutions such as banks and co-operatives administer and deliver CALA loans.
For more information visit Agriculture and Agri-Food Canada's website or call their toll-free number at 1-866-452-5556.

Farmer's who are experiencing financial hardship may also consider using Agriculture and Agri-Food Canada's Farm Debt Mediation Service which offers financial counselling and mediation services to farmers who are having difficulties meeting their financial obligations.

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Eligible farmers must meet two criteria:

1. You have stopped or are no longer able to make your payments on time.

2. If sold, the value of your property would not be enough to cover the cost of your debts.

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OFA's Benefit Program is one advantage of membership in Ontario's leading advocate for Ontario agriculture. Our Benefit Program offers a wide range of services and promotions exclusively for OFA members, delivering additional value to your farm business. More details about the exclusive offers from Scotiabank and CWB National Leasing are available on our Benefit Program webpage.

Source: ***https://ofa.on.ca/issues/farm-finance/***