

## Proposed Amendments to the Farm Loan Board Regulations

Regulatory Category	Regulatory Item	Current Situation	Proposed Amendment	Anticipated Outcome
<b>Approval Limits</b>	Loans requiring Cabinet approval	Cabinet approval is currently required when a borrower's level of debt to the Board would be more than \$5 000 000.	Allow the Minister of Agriculture to approve lending when a borrower's total debt to the Board would be between \$5 000 000 and \$10 000 000. Provide for Cabinet approval when a borrower's total debt would exceed \$10 000 000.	Current approval limits can add time and complexity to the loan approval process. The proposed changes will allow for a more efficient approval process for clients.
	Security Release	Cabinet approval is required for the Board to release any security on loans that were previously approved by Cabinet.	Allow for the Board to release security on loans having previously been approved by the Board under \$5,000,000 in value. The Minister may release security on loans having value between \$5,000,000 and \$10,000,000 and on Governor-in-Council approved loans if the Board and Minister are satisfied that the release does not change the risk to the Board.	Current requirement for the release of security can add time and complexity to the security release process. The proposed changes will allow for a more efficient security release process for clients.
<b>Loan Terms and Conditions</b>	Loan Limit	The Board typically lends for a maximum of 90% of the appraised value of the assets securing the loan.  The Board can lend for more than 90% under certain circumstances.	Specify that the Board can lend for more than 90% to both existing and new borrowers.  Specify that the Board can lend for more than 90% if in support of Department or Board priorities	Provides greater clarity that the Board can continue to offer such financing.
	Deferral of Principal Payment	The Board may defer or adjust payment to permit a borrower to establish their business.	Provide that the Board may defer or adjust payments to allow a borrower to establish, expand, modify or develop their business operations.	Provides greater clarity that the Board can continue to defer or adjust payments for borrowers in instances such as for planting new crops or new building construction
	Payment options under closed payment loan	The Board may only accept, without the payment of interest or a penalty, a payment that exceeds 10% under specific circumstances.	Provide greater clarity that the Board may continue to accept, without the payment of interest or a penalty, a payment that exceeds 10% from proceeds from any source that the Board determines is appropriate.	Provides greater clarity that the Board can continue to accept a payment of more than 10% without interest or penalty in a variety of instances, such as when a borrower for a new farm property sells an existing farm property.

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<b>Prescribed Fees</b>	Application fee and legal costs	For loans of \$5 000 000 or more, the application fee is \$3000 plus applicable taxes.	For loans of more than \$5 000 000, the application fee is \$3 000 plus applicable taxes.	Provides that for loans of exactly \$5 000 000, the lower application fees will apply. This will align the application fee structure with the proposed amendments to loan approval limits.
	Reamortization Fee	The reamortization fee is the lesser of 0.125% of loan balance or \$250.00	Redefine as a 'Refinancing Fee' and set at the lesser of 0.125% of loan balance or \$100.00	Reamortizations are a routine and less time-consuming process and as such do not merit a specific fee. Refinancings are an infrequent process for which \$100.00 reflects the cost of providing this service.
<b>Administrative Changes</b>	Deposits for loans	No current provision in Regulations relating to deposits for loans	State that the Board may require an application to provide a minimum deposit and set conditions around such provision	This amendment would not require deposits of applicants, but rather would outline that deposits may be required if determined by the Board. Requirements for a deposit would be specific to a particular loan application.