

Canadian Agriculture Loans Act (CALA)

The Canadian Agriculture Loans Act (CALA) is a federal loan guarantee program administered by Agriculture and Agri-Food Canada.

Loans available under CALA are not restricted by the size of the operation.

The government guarantees individual loans to farmers under two categories:

- **CALA loans:** to provide intermediate term credit to farmers for the improvement and development of farming business.
- **Farm Products Marketing Cooperatives loans:** to provide intermediate term credit to cooperative associations owned by farmers to develop the processing, distribution, or marketing of the products of farming more efficiently.

Eligibility

Guaranteed CALA loans are available to individuals, partnerships, corporations, or cooperative associations actively engaged in farming in Canada.

- An applicant must be a farmer engaged or intending to be engaged in farming in Canada. Part-time farmers also qualify.
- A landed immigrant/non-Canadian citizen may be considered for a CALA loan provided the purpose eligibility requirements are met.
- To qualify for a CALA loan, both the applicant and purpose must meet eligibility criteria.
- Loans are limited to the establishment of, maintenance of, or the improvements to a farming enterprise, or the processing, distribution, or marketing of the products of farming by a cooperative association. Assets of a farming operation financed with a CALA loan must be used in that farming enterprise.

Available Funding

Under the CALA, the federal government guarantees, to the lender, repayment of 95% of a net loss on an eligible loan issued.

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

Loans are limited to a maximum of:

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

Term and Amortization

The amortization period of the loan must not exceed the remaining economic life of the assets being financed. The maximum amortization period is as follows:

- 15 years from the date the original loan advance was made for additional land purchase
- 10 years from the date the original loan advance was made for all other purposes.

Repayment

Repayment is to be made in installments that are payable at least annually, scheduled to conform with the borrower's ability to pay.

The maximum repayment period for all loan purposes, including all loans issued for consolidation/refinance, is 10 years, excluding land purchases (15 years).

The repayment period starts on the date of the first scheduled principal installment under the loan.

Fees

Government registration fee 0.85% of the loan principal in all cases, which can be added onto loan.

Canadian Agricultural Loan Act - program details

- <http://www.agr.gc.ca/cala> (English)
- <http://www.agr.gc.ca/lcpa> (French)