

*The
Sheep Breeder
Associations Loan
Guarantee
Regulations*

being

[Chapter F-8.001 Reg 10](#) (effective April 14, 1999) as amended by Saskatchewan Regulations [80/2002](#), [105/2003](#), [22/2006](#) and [95/2008](#).

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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CHAPTER F-8.001 REG 10
The Farm Financial Stability Act

Title

1 These regulations may be cited as *The Sheep Breeder Associations Loan Guarantee Regulations*.

Interpretation

2(1) In these regulations:

- (a) **“Act”** means *The Farm Financial Stability Act*;
- (b) **“breeder”** means a producer who is a member or shareholder of a breeder association;
- (c) **“breeder agreement”** means a producer agreement that:
 - (i) is between a breeder and a breeder association of which the breeder is a member or shareholder; and
 - (ii) concerns the purchase of breeding stock and the production and growing of the offspring of the breeding stock;
- (d) **“breeder association”** means a producer association that:
 - (i) is formed for the purpose of purchasing breeding stock and producing or growing the offspring of that breeding stock; and
 - (ii) either:
 - (A) at any time during the association’s fiscal year, has 10 or more members who are parties to a breeder agreement; or
 - (B) has the prior written approval of the provincial supervisor to conduct business with fewer than 10 members who are parties to a breeder agreement;
- (e) **“breeding stock”** means ewes, ewe lambs or ewes with unweaned lambs:
 - (i) of the genus species *Ovis aries*;
 - (ii) none of which exceed 48 months of age when purchased; and
 - (iii) that are to be used as breeding stock;
- (f) **“custom feeder”** means a custom operator who is authorized by the provincial supervisor to produce, grow or finish sheep on a fee-for-service basis;
- (g) **“licensed dealer”** means a dealer who holds a valid licence issued pursuant to *The Animal Products Act*;
- (h) **Repealed.** 17 Oct 2003 SR 105/2003 s3.

(2) In subsection 46(1) of the Act and subsection 6(1) of these regulations, “**loan**” means all unpaid advances by a lender to a breeder association made pursuant to an agreement between the breeder association, the lender and Saskatchewan, and includes all unpaid interest on those advances.

23 Apr 99 cF-8.001 Reg 10 s2; 17 Oct 2003 SR 105/2003 s3.

Commodities prescribed

3 Breeding stock and the offspring of breeding stock are prescribed as commodities for the purposes of clause 41(c) and subsection 59.1(6) of the Act.

6 Sep 2002 SR 80/2002 s4.

Additional lenders prescribed

4 For the purposes of clause 41(f) of the Act, the following are prescribed as lending institutions:

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

24 Oct 2008 SR 95/2008 s4.

Information required

5(1) A breeder association that applies for a guarantee pursuant to section 45 of the Act shall provide the provincial supervisor with:

- (a) a list of the names and addresses of the breeders who are members of the breeder association, the date of the first advance to the breeder association on behalf of each breeder and evidence, satisfactory to the minister, of age and Saskatchewan residency for each breeder;
- (b) a declaration of whether a loan guaranteed pursuant to the Act has been taken on behalf of a member of the breeder association; and
- (c) the name and address of the lender that will be used by the breeder association for the purpose of obtaining loans on behalf of its members.

(2) **Repealed.** 6 Sep 2002 SR 80/2002 s4.

(3) **Repealed.** 6 Sep 2002 SR 80/2002 s4.

23 Apr 99 cF-8.001 Reg 10 s5; 6 Sep 2002 SR 80/2002 s4; 17 Oct 2003 SR 105/2003 s4.

Loan guarantee

6(1) For the purposes of subsection 46(1) of the Act, the prescribed maximum amount of a loan that may be guaranteed is an amount equal to 25% of the least of:

- (a) the amount outstanding on the loan at the time of a 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;

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- (b) the amount allowed by subsection (3); and
 - (c) the amount provided for by clause 46(2)(b) of the Act.
- (1.1) For the purposes of subsection (1), the time of a first default is a date determined by the provincial supervisor and the lender, when:
- (a) there are unresolved arrears;
 - (b) part or all of the inventory is missing and no payment is made; or
 - (c) inventory is sold and there will be a shortfall in payment.
- (2) The loan on which a guarantee is provided shall be used by the breeder association only for the purchase of breeding stock to be produced or grown by its members:
- (a) on member farms; or
 - (b) with custom feeders.
- (3) For the purposes of subsections 46(1) and (2) of the Act, no breeder association shall borrow in excess of:
- (a) \$35,000 with respect to any individual breeder:
 - (i) who has not previously had a loan guaranteed pursuant to the Act taken on his or her behalf by the breeder association; and
 - (ii) who has been a member of the breeder association for less than one year;
 - (b) \$70,000 with respect to any individual breeder:
 - (i) who has been a member of the breeder association for at least one year but less than two years; and
 - (ii) who has produced and grown breeding stock during the period in which the individual breeder was a member;
 - (c) \$100,000 with respect to any individual breeder:
 - (i) who has been a member of the breeder association for at least two years; and
 - (ii) who has produced and grown breeding stock during each of the years in which the individual breeder was a member; and
 - (d) a total of \$4,000,000 with respect to all breeders.

Option of member where stock dies or is culled

7 Where any breeding stock of a breeder dies or is culled and the breeding stock was covered by a loan guaranteed pursuant to these regulations, the breeder association shall require the breeder, at the breeder's option:

- (a) to continue to make payments to retire the loan that the breeder would be required to pay if the breeding stock had not died or been culled and to secure replacement breeding stock of the equivalent value of the breeding stock that died or was culled; or
- (b) to pay out the prorated amount of the loan for the breeding stock that died or was culled.

23 Apr 99 cF-8.001 Reg 10 s7.

Repayment of advances

8(1) Subject to subsection (2) and section 9, if a breeder association purchases breeding stock for a breeder, the breeder association shall repay the advance used to purchase the breeding stock:

- (a) within 48 months after the day on which it purchased the breeding stock; and
- (b) in annual payments of 25% of the amount of the initial advance, plus interest, on or before the anniversary date of the advance.

(1.1) Notwithstanding subsection (1), but subject to subsection (2) and section 9, if a breeder association has prepaid a portion of the advance mentioned in subsection (1), the breeder association may, for the remaining term of the advance:

- (a) continue to repay the advance as set out in clauses (1)(a) and (b); or
- (b) repay the advance:
 - (i) within 48 months after the day on which it purchased the breeding stock; and
 - (ii) in annual payments equalized over the remaining term of the advance, plus interest, on or before the anniversary date of the advance.

(2) The provincial supervisor may authorize an association to establish one or two dates for the annual payments for all advances made on behalf of a breeder.

31 Mar 2006 SR 22/2006 s4; 24 Oct 2008 SR 95/2008 s5.

Extension of repayment period

9(1) If the provincial supervisor is satisfied that the circumstances warrant it, the provincial supervisor may do either or both of the following:

- (a) subject to subsection (2), extend the period within which all or any annual repayment is to be made;
- (b) vary the amount of any annual repayment.

(2) The provincial supervisor shall not grant an extension pursuant to clause (1)(a) that is greater than 24 months.

6 Sep 2002 SR 80/2002 s6; 17 Oct 2003 SR 105/2003 s5.

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Purchase through licensed dealer

10(1) For the purpose of subsection 50(1) of the Act, breeding stock are prescribed as a commodity that is required to be purchased through a licensed dealer.

(2) The provincial supervisor may authorize a breeder association to purchase breeding stock from a person who is not a licensed dealer.

23 Apr 99 cF-8.001 Reg 10 s10.

Purchase price

11(1) In this section and in section 12, “**market price**” means the market price for that kind of breeding stock in that part of Saskatchewan, as set by the minister.

(2) In setting the market price pursuant to subsection (1), the minister shall consider:

- (a) market values as determined by the Sheep Development Board; and
- (b) information respecting market values as provided to the minister by the breeder association.

(3) The purchase price of all breeding stock purchased by a breeder association is not to exceed the market price, as at the date of purchase, for that breeding stock.

23 Apr 99 cF-8.001 Reg 10 s11; 24 Oct 2008 SR 95/2008 s6.

Purchases from member producers

12(1) Repealed. 31 Mar 2006 SR 22/2006 s5.

(2) For the purposes of section 51 of the Act, a breeder association may purchase ewe lambs, pregnant or not pregnant, from a member producer for the purpose of growing offspring of that breeding stock by that producer only if the price of the ewe lambs does not exceed 100% of their market price.

23 Apr 99 cF-8.001 Reg 10 s12; 31 Mar 2006 SR 22/2006 s5; 24 Oct 2008 SR 95/2008 s6.

Purchase and sale by breeder in name of breeder association

13(1) Before a breeder purchases breeding stock on behalf of a breeder association, the breeder shall notify the breeder association of the intended purchase in the manner designated by the association.

(2) Where a breeder purchases breeding stock on behalf of a breeder association, the breeder shall ensure that the purchase documents for the breeding stock name the breeder association as owner of the breeding stock and identify the name of the breeder.

(3) Before a breeder sells breeding stock purchased on behalf of a breeder association or offspring of those breeding stock, the breeder shall notify the breeder association of the intended sale in the manner designated by the breeder association.

- (4) Where a breeder sells breeding stock purchased on behalf of a breeder association or offspring of those breeding stock, the breeder shall ensure that the following conditions are complied with:
- (a) the sales documents for the breeding stock or offspring must be in the name of the breeder association and identify the breeder;
 - (b) the purchaser shall pay for the breeding stock or offspring by way of a cheque or other process of payment that is made payable to the breeder association and that identifies the breeder.
- (5) Where a breeder sells breeding stock purchased on behalf of a breeder association or offspring of those breeding stock, the proceeds from the sale are to be applied in priority of payment:
- (a) first to any advance used to purchase the breeding stock; and
 - (b) second to the breeder in accordance with any breeder agreement.
- (6) Subsections (3), (4) and (5) do not apply to breeding stock or offspring of those breeding stock if the breeder association has transferred ownership of the breeding stock or offspring to the breeder and issued a signed transfer of ownership form respecting that transfer to the breeder.
- (7) A breeder association may deduct from any payment made to a breeder pursuant to clause (5)(b):
- (a) any amount owing to the breeder association by the breeder, including any amount owing pursuant to a feeder agreement as defined in *The Sheep Feeder Associations Loan Guarantee Regulations*; and
 - (b) any costs, fees or expenses incurred by the breeder association with respect to that breeder.

23 Apr 99 cF-8.001 Reg 10 s13; 17 Oct 2003 SR
105/2003 s6.

Time of sale of offspring

14 Where a breeder association purchases breeding stock for a breeder and the annual payment on the loan respecting the breeding stock has not yet been made by the breeder in accordance with the terms of the loan, the breeder association shall cause the offspring of the stock to be sold:

- (a) on or before the first anniversary date of the advance used to purchase the breeding stock; or
- (b) within a greater period authorized by the provincial supervisor, but not more than six months after the anniversary date mentioned in clause (a).

23 Apr 99 cF-8.001 Reg 10 s14.

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Marking of breeding stock

15(1) All breeding stock purchased by a breeder association and, subject to subsection (4), the offspring of those breeding stock are to be marked and tagged:

- (a) in a permanently legible manner with a registered mark as defined in *The Animal Identification Act* that distinguishes that breeder association from other breeder associations; and
 - (b) with an ear tag that distinguishes that breeder association from other breeder associations and that is approved by the provincial supervisor.
- (2) Before completing a breeder agreement, a local supervisor shall inspect the sheep to ensure that the sheep have been marked and tagged in accordance with subsection (1).
- (3) All offspring of breeding stock required to be marked and tagged as prescribed in subsection (1) shall be marked and tagged as required before being moved to pasture or before reaching three months of age, whichever is earlier.
- (4) Notwithstanding subsection (1), the offspring of breeding stock need not be marked and tagged where:
- (a) before the time mentioned in subsection (3), the breeder association has prepaid the annual payment on the loan respecting the breeding stock in accordance with section 8; and
 - (b) the local supervisor has confirmed the inventory of breeding stock.

23 Apr 99 cF-8.001 Reg 10 s15.

Reports by breeder association

16(1) For the purposes of section 56 of the Act, every breeder association shall include in the report required pursuant to that section a record of:

- (a) the breeding stock and its offspring currently owned by the breeder association;
- (b) the transactions, including sale and purchase, of the breeding stock and its offspring owned by the breeder association;
- (c) the breeding stock and its offspring lost by the breeder association; and
- (d) with respect to each member of the breeder association:
 - (i) the breeding stock placed with a custom feeder;
 - (ii) the name and location of the custom feeder with whom the breeding stock are placed;
 - (iii) payment of custom feeding bills;
 - (iv) an annual physical inventory; and
 - (v) the amount of the member's deposit in the association's breeding stock assurance fund.

(2) Notwithstanding subsection (1), where breeding stock are fed on a community pasture, the information prescribed in subclause (1)(d)(iii) is not required until the first report submitted after the close of the community pasture season.

23 Apr 99 cF-8.001 Reg 10 s16.

Reports by lender

17 For the purposes of section 56 of the Act, every lender shall include in the report required pursuant to that section a record of:

- (a) all advances made to breeder associations;
- (b) the names of the breeder associations to which the advances were made and the dates of those advances;
- (c) the loan balance outstanding with respect to each breeder association that has received an advance;
- (d) the accrued interest on those advances;
- (e) with respect to each member for which a breeder association has received an advance from that lender, the amount of the loans authorized to be guaranteed pursuant to these regulations with respect to that member; and
- (f) the total amount of assurance funds on deposit for each breeder association.

23 Apr 99 cF-8.001 Reg 10 s17.

Deposits to breeding stock assurance fund

18(1) For the purposes of section 59 of the Act but subject to subsection (2) of this section, when a breeder association borrows money for the purchase of breeding stock for a breeder, the breeder shall deposit with the association's breeding stock assurance fund an amount equal to 10% of the money borrowed.

(2) Subject to subsection (4), if, at the time the breeder association borrows money on behalf of a breeder, any amount stands to the credit of the breeder in the association's breeding stock assurance fund in excess of 10% of the advances outstanding for that breeder, including interest, that amount may be applied to the 10% deposit required pursuant to subsection (1).

(3) Before entering into any new breeder agreements after a payment is made out of the association's breeding stock assurance fund for the purpose mentioned in clause 59(2)(b) of the Act, a breeder association shall require all of its breeder members to deposit sufficient funds with the association's breeding stock assurance fund to replenish the assurance fund to 10% of all outstanding advances for all breeder members.

(4) Subsection (2) does not apply where:

- (a) a breeder wishes to enter into new breeder agreements with the breeder association after a payment is made out of the association's breeding stock assurance fund for the purpose mentioned in clause 59(2)(b) of the Act; and

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(b) the breeder association or the lender requires the breeder to make a deposit to the association's breeding stock assurance fund in accordance with subsection (1) with respect to all new advances for the breeder, until all advances outstanding at the time the breeder association recommences operations have been paid.

23 Apr 99 cF-8.001 Reg 10 s18.

Refund of deposits

19(1) In this section, "**prorated share**" means an amount based on the amount of a breeder's deposit in the breeder association's breeding stock assurance fund:

- (a) as a proportion of the total deposits to the breeding stock assurance fund; and
- (b) calculated at the time the claim against the breeding stock assurance fund is made.

(2) For the purposes of subsection 59(4) of the Act but subject to subsections (3) and (4) of this section, where a breeder resigns from a breeder association and is not in default with respect to any advance, the breeder association shall refund to the breeder, within the period prescribed in subsection (7), the deposits made by the breeder pursuant to subsection 18(1) less any amount deducted pursuant to subsection (8).

(3) No breeder association that has a due or an overdue account with a lender shall refund to the breeder the deposits made by the breeder pursuant to subsection 18(1).

(4) Where a breeder who is not in default with respect to any advance resigns from a breeder association that has paid a due or an overdue account to a lender out of its breeding stock assurance fund, the breeder association shall refund to the breeder, within the period prescribed in subsection (7), an amount equal to that breeder's prorated share at the time of resignation, less any amount deducted pursuant to subsection (8).

(5) Subject to subsections (3) and (4), where a breeder who is not in default with respect to any advance remains a member of a breeder association but has been inactive in the affairs of the breeder association for 90 days or more, the breeder association may refund to that breeder the deposits made by that breeder pursuant to subsection 18(1), less any amount deducted pursuant to subsection (8), any time after the expiration of the 90-day period.

(6) Subject to subsections (3) and (4), where a breeder who is not in default with respect to any advance remains a member of a breeder association and has outstanding breeder agreements with the breeder association, and where the breeder association, on behalf of that breeder, has repaid any advance or advances made pursuant to one or more breeder agreements, the breeder association may refund to that breeder the deposits made by that breeder pursuant to subsection 18(1) relating to those repaid advances, less:

- (a) any deposits applied to new advances in accordance with subsections 18(2) and (4); and
- (b) any amount deducted pursuant to subsection (8).

(7) Subject to subsections (7.1) and (7.2), if a breeder association makes a refund pursuant to subsection (2) or (4), the breeder association shall make the refund not less than 90 days after nor more than 105 days after the day on which the breeder resigns.

(7.1) Subject to subsection (7.2), if a breeder was inactive in the breeder association immediately before resigning, the breeder association must reduce the number of days mentioned in subsection (7) by the number of days that the breeder was inactive.

(7.2) Any reduction in the number of days pursuant to subsection (7.1) must not:

- (a) result in a negative number of days; or
- (b) give the breeder association less than 15 days from the day the breeder resigns to make the refund.

(8) Where a breeder association makes a refund pursuant to this section, the breeder association may deduct from the refund:

- (a) any amount owing to the breeder association by the breeder, including any amount owing pursuant to a feeder agreement as defined in *The Sheep Feeder Associations Loan Guarantee Regulations*; and
- (b) any costs, fees or expenses incurred by the breeder association with respect to that breeder.

23 Apr 99 cF-8.001 Reg 10 s19; 17 Oct 2003 SR 105/2003 s7; 31 Mar 2006 SR 22/2006 s6.

Prorating among agreements

20(1) In this section:

- (a) **“feeder agreement”** means a feeder agreement as defined in *The Sheep Feeder Associations Loan Guarantee Regulations*;
- (b) **“sheep”** means breeding stock and sheep as defined in *The Sheep Feeder Associations Loan Guarantee Regulations*.

(2) A breeder association may prorate sheep, or the proceeds of the sale of sheep, among different breeder agreements and feeder agreements where the sheep that are the subject of a breeder agreement:

- (a) have been kept with sheep that are the subject of other breeder agreements or feeder agreements with the breeder association; and
- (b) in the breeder association’s opinion, are not uniquely identified, by way of a mark or tag, to any particular breeder agreement or feeder agreement.

23 Apr 99 cF-8.001 Reg 10 s20.