



Canadian Pork Council
Conseil canadien du porc

BACKGROUNDER

Hog Industry Loan Loss Reserve Program (HILLRP)

The Hog Industry Loan Loss Reserve Program is designed to inject additional cash into hog operations in the form of government guaranteed loans. This cash will help free up operating credit and ease short term liquidity problems by converting short term debt into longer term loans. The terms of the loans will be negotiated between lenders and applicants but shall not exceed 15 years. Where possible, a maximum 10-year term will be encouraged.

Loan amounts approved by lenders will be based on a borrower's business plan and the size of operation, established from recent production and sales records.

Maximum loan amounts will be based on the following rates per animal produced over the course of the last or current tax year:

- \$85 per market hog
- \$30 weaner
- \$25 per iso weaner

Loan approvals will be established on a credible business plan, validated by lenders, demonstrating that the borrower has reasonable potential to repay the loans and maintain a viable agricultural operation.

Loans issued under the program will be at competitive commercial interest rates and may be subject to various administrative fees charged by commercial lenders.

Security requirements for loans, including personal guarantees, will be at the discretion of lenders who will consider the reduction in risk provided by the program.

Loans issued under the HILLRP must first be used to reimburse any outstanding 2008-09 Advance Payments Program (APP) advances.

A producer cannot receive benefits (loans or payments) from both the HILLRP and the Hog Farm Transition Program.

Producers should consult with participating financial institutions starting in mid-October for further details on the requirements necessary to qualify for the HILLRP loans.



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The application deadline is scheduled for March 1, 2010 but producers are encouraged to present their business plans to lenders as soon as possible to ensure access to the government-backed funding.