

FarmNEXT Guidelines

2022 – 2023



FOR MORE INFORMATION PLEASE CONTACT:

Programs

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PROGRAM OBJECTIVE

The objective of this program is to encourage and support beginning farmers (see definition on page 1) purchasing a commercial farm (see definition on page 1) in Nova Scotia. Program funds are intended to improve the financial stability of beginning farmers in the first years of operation, based on a projected calculation of eligible loan interest.

ELIGIBILITY

- Beginning farmer purchasing a commercial farm or purchasing an interest in a commercial farm in Nova Scotia for the first time.
- currently and properly registered in the correct income category under the *Farm Registration Act* and
- is at least 19 years of age, a resident of Nova Scotia and actively farming in the program year

Note: Applicants must ensure that the farm registration name transfer has been completed.

FINANCIAL ASSISTANCE

The FarmNEXT Program provides funding to applicants under the two following categories only:

CATEGORY*	DEFINITION
1 – Farm Purchase	<ul style="list-style-type: none"> • Purchasing a commercial farm business for the <u>first time</u>.
2 – Farm Succession	<ul style="list-style-type: none"> • Transfers that are “non-arm’s length” in nature as well as “arm’s length” for commercial farm businesses will be considered. The intention of this category is to assist a farm enterprise on one occasion. Subsequent applications will not be considered.

DEFINITIONS

Beginning Farmer

- A person who is purchasing, for the first time, a commercial farm that includes farmland and/or other farm assets.
- Two or more persons who form a partnership or company for the purpose of operating a commercial farm, may qualify to receive benefits on a loan.
 - In the case of one or more persons entering a partnership or company where there is an existing farmer, funds advanced for additional capital development projects or for a loan to purchase the interests in the farm of an existing partner or shareholder.

Commercial Farm

- A farm business which generates an annual eligible gross income of \$30,000 or more. The eligible commodity income will be based on the Statement of Farming Activities (T2042, T1273 or Schedule 125 - Farm Revenue: detailing sales by commodity revenue code).

***Refer to Appendix “A” for full details of eligibility within these categories.**

Applicants must be borrowing money for the purpose of purchasing capital farm assets and developing a farm business. Benefits may be available to more than one child in a family provided each child operates his/her own farm entity as a separate and unique business (e.g. separate management, accounting, etc.)

Funding will be based on a projected calculation of eligible interest provided by the financial institution issuing the loan. Maximum of one application may be submitted throughout the life of the Program. Benefits paid shall not exceed the lesser of:

- projected calculation of 4 years of eligible interest, or
- \$30,000 maximum benefit

Note 1: Funding for the program is limited and the final decision to support will be determined by Programs.

FUNDING REQUIREMENTS

The following items must be met:

- Application and Repayment Agreement forms must be received **within 6 months of loan approval**.
- Applicant must provide a copy of the loan agreement that includes all of the following:
 - loan details (must include loan amount and purpose);
 - loan amortization; and
 - interest rate and interest rate calculation for the first four years of the loan duration.
- Qualifying loans must include a fixed interest rate.
- If reporting farm revenue, attach a copy of the most recent farm business' Statement of Farming Activities (T2042, T1273) or Schedule 125 Farm Revenue – detailing sales by commodity revenue code that was filed with Canada Revenue Agency (CRA) for the most recently filed tax year.
- If not reporting farm revenue, please provide a copy of most recent page 1 & 2 of the applicant's T1 General.

INELIGIBLE

- Variable Interest Rate Loans
- Refinancing of Existing Loans
- Operating Lines of Credit

Note 1: Farms that previously received benefits under the New Entrants to Agriculture or FarmNEXT Programs will not be eligible.

Note 2: Benefits will not apply to funds borrowed to gain an equity position in a farm where the vendor of the equity remains an owner of the farm.

APPLICATION PROCESS

To apply for the FarmNEXT Program, complete and submit the Application and Repayment forms within **6 months of the loan approval**. Late applications will not be accepted.

Note: Clients new to Programs since 2018 must complete the Program Funding Registration form. Returning clients, must update the form as needed with any changes to business information including contact information, structure, commodities, environmental farm plan and Premise ID.

Application Intake	Activity Period
April 1, 2022-December 31, 2022	April 1, 2022-December 31, 2022

APPROVAL PROCESS

Applications are assessed based on the information and supporting documentation. If an application requires further assessment or information, Programs staff will follow up with the applicant.

REPAYMENT AGREEMENT

The beginning farmer will be required to repay the amount of benefit received through this program if the farm, farmland or assets relating to the eligible loan are sold, or if the farming operation is discontinued for any reason within a **five-year** period from the date of loan/FarmNEXT approval.

AUTHORITY

The Department shall have the authority to deny an application if there is evidence of misrepresentation of pertinent information, or if the Department believes that an application does not conform to the spirit of the program.

EVALUATION AND AUDIT

Review and evaluation of projects may be carried out by NSDA, Government of Canada or other parties chosen by NSDA for the purpose of audit, analysis, evaluation, program development and determining financial assistance. This review and evaluation process may be conducted prior to project commencement, during work or upon project completion. Applicants may be asked to complete an evaluation survey related to their final claim.

CONFIDENTIALITY

Applicants consent to the release of their name and the amount of support received under the program. This specific information is deemed to be public information, to be actively disseminated by NSDA. NSDA may provide any information from an applicant to another public body or a law-enforcement agency in Canada to assist in an investigation, undertaken with a view to a law-enforcement proceeding or from which a law-enforcement proceeding is likely to result. Any other information provided, unless disclosed in the manner and for the purposes stated above, will be subject to the confidentiality and disclosure provisions of the Freedom of Information and Protection of Privacy (FOIPOP) Act.

CONTACT INFORMATION

Please submit all documents related to the FarmNEXT Program to Programs at the address, email or fax number below. For more information about the Program, please contact Programs or your regional office.

Programs
 74 Research Drive
 Bible Hill, Nova Scotia B6L 2R2
 Fax: 902-893-7579
 Email: prm@novascotia.ca

Programs:		
Telephone: 902-893-6377		
Toll Free: 1-866-844-4276		
Western Region Offices	Cornwallis	902-638-2395
	Kentville	902-679-6021
	Lunenburg	902-634-7575
Eastern Region Offices	Truro	902-893-6575
	Antigonish	902-863-7180
	Sydney	902-563-2000

Appendix A

CATEGORY 1 – Farm Succession

Beginning Farmer must have at least a 25 percent controlling ownership of the farm which means:

- 1. In the case of a company, the beginning farmer must be the registered and beneficial owner of shares which:**
 - entitles the holder to cast not less than 25 percent of the votes eligible to be cast at an ordinary or annual meeting of shareholders for the election of directors; and
 - carries a residual right to participate in not less than 25 percent of the dividends paid by the company and not less than 25 percent of the assets of the company on the liquidation or winding up of the company and does not limit the holder to a maximum amount of dividends paid or entitle the holder to a minimum amount of dividends paid but such dividend and liquidation entitlement may be subject to the rights of holders of shares having a priority where the priority is commercially reasonable.
- 2. In the case of a partnership, the beginning farmer must be the beneficial owner of an interest in the partnership which:**
 - entitles the beginning farmer to cast not less than 25 percent of the votes attached to all interests in the partnership in making management decisions concerning the business and affairs of the partnership; and
 - entitles the beginning farmer to participate in not less than 25 percent of the profits of the partnership subject to the prior entitlement of other partners to participate in the profits of the partnership to an amount which reflects a reasonable return on the value of their return in the partnership.
- 3. Beginning farmers who inherit or acquire a farm through a gifted may:**
 - be eligible on initial capital development loans within the first two years of farm acquisition.
- 4. Beginning farmers who have acquired partial ownership in commercial farms through a gift or through the purchase if a limited number of shares (less than 25 percent) may:**
 - be eligible for interest benefits on funds borrowed the same basis as a beginning farmer when he/she obtains 25 percent or more controlling ownership.

Appendix A (cont.)

CATEGORY 2 - Farm Purchase

Beginning farmer must have at least a 51 percent controlling ownership of the farm, which means:

- 1. In the case of a company, the beginning farmer must be the registered and beneficial owner of shares which:**
 - entitles the holder to cast not less than 51 percent of the votes eligible to be cast at an ordinary or annual meeting of shareholders for the election of directors; and
 - carries a residual right to participate in not less than 51 percent of the dividends paid by the company and not less than 51 percent of the assets of the company on the liquidation or winding up of the company and does not limit the holder to a maximum amount of dividends paid or entitle the holder to a minimum amount of dividends paid but such dividend and liquidation entitlement may be subject to the rights of holders of shares having a priority where the priority is commercially reasonable.

- 2. In the case of a partnership, the beginning farmer must be the beneficial owner of an interest in the partnership which:**
 - entitles the beginning farmer to cast not less than 51 percent of the votes attached to all interests in the partnership in making management decisions concerning the business and affairs of the partnership; and
 - entitles the beginning farmer to participate in not less than 51 percent of the profits of the partnership subject to the prior entitlement of other partners to participate in the profits of the partnership to an amount which reflects a reasonable return on the value of their return in the partnership.