2. The *Farm Syndicates Credit Act*

The *Farm Syndicates Credit Act* is an intermediate-term credit program under which fixed-rate loans are provided to groups of farmers acting cooperatively to surmount the high cost of individual purchase and ownership of machinery, buildings and installed equipment that can be used to mutual advantage.

To be eligible for a loan, three or more farmers, the majority of whom have farming as their principal occupation, must officially form a syndicate, by written agreement, collectively to

- purchase and use farm machinery;
- purchase, erect or improve farm buildings; and
- purchase or improve the building site.

The repair and maintenance of farm machinery are not covered under the Act. Cooperative farm associations and certain farming corporations may qualify as syndicates without their members having to enter into a formal syndicate agreement. Applicants must be of legal age, offer adequate security and demonstrate management ability.

The maximum loan amount is 80% of the cost of the items being financed, to a maximum of $100,000 or $15,000 per syndicate member, whichever is less. Loans made for permanently installed equipment, buildings, land or other improvements must be repaid within 15 years; loans made for mobile farm machinery carry a term of seven years. Syndicate members sign promissory notes to secure the loans; other security may be required at the option of the FCC. The interest rate is prescribed by the FCC at a level sufficient to cover its cost of funds and expenses in servicing loans; the current interest rate is 12.0%.

3. Shared Risk Mortgages

The Shared Risk Mortgage program, implemented 1 April 1985, enables farmers and the FCC to share equally the costs and benefits of annual interest rate fluctuations to establish viable farm units. To be eligibile the individual must: be of legal age, be able to demonstrate Canadian citizenship or permanent residency status, have