

Crown Lease as Security Policy Agricultural Crown Land

January 2023

A. Authority

1. Section 2-26 of *The Provincial Lands Act, 2016* (Act) provides the authority so “security may be granted in a disposition with respect to provincial land with the prior written consent of the minister.”

B. Eligibility

1. Lending institutions must:
 - Be an eligible lending institution which means any of the following: chartered banks also known as commercial banks, credit unions, Crown corporations trust companies, financial services companies and any other person approved by the minister.
 - Sign a memorandum of agreement between the head office of the lending institution and the Ministry of Agriculture (Ministry).
2. Agricultural Crown lessees (lessee) must:
 - Have all of their accounts with Lands branch in acceptable status.
 - “Account in acceptable status” means having all Ministry accounts current and have accounts with Agricultural Credit Corporation of Saskatchewan and Saskatchewan Crop Insurance Corporation in a status which is acceptable to the respective agency.
 - An application may be declined if a contravention(s) of the terms and conditions of any of the assignee’s current (if applicable) agricultural leases (excluding rent or tax arrears) are on file for the last 10 years or for the duration of their lease if they have had it for less than 10 years.
 - Not have an agricultural Crown lease subject to the rental premium under section 3-8 of *The Provincial Lands (Agriculture) Regulations* (Regulations); and
 - Use their entire lease as security.
 - In cases where portions of the lease are ineligible the application may still be approved at the Director’s discretion.

C. Process

1. The lessee will be required to submit a completed application to the Ministry.
2. The lessee may request an existing lease renewal where the lease is being used as security, as per the Lease Policy.
 - Regular agriculture leases can be renewed up to 33 years.
 - Transitioned pasture leases can be renewed up to 15 years.

3. Applications that do not meet the eligibility criteria will be declined and consent will not be provided for the lessee to use their lease as security.
4. The Ministry will add the lending institution as an interest on the lease upon confirmation from the lending institution that a loan has been made using the lease as security.
5. The Ministry will provide the lending institution with written confirmation indicating their interest has been recorded in eCLMS.
6. The lessee will remain responsible for meeting all of the terms and conditions of the lease, and provisions of the Act and the Regulations.

D. In case of default

1. The Ministry will send a Notice of Intention to Cancel to the lessee, stating that the outstanding arrears must be paid to the lending institution within 21 business days, upon receiving notification from the lending institution that the lessee has defaulted on the loan secured with their lease.
 - The Ministry will send a Notice of Cancellation if the agricultural Crown lessee does not pay the arrears on the loan secured by a Crown lease within the 21 business days allowed under the Notice of Intention to Cancel.
2. Upon cancellation of lease, the lending institution will receive written notification of any debts accrued.
 - The lending institution will be responsible to pay any debts that accrued prior to the date of cancellation in relation to the lease.
 - Payment must be made within 21 business days of the written notification.
3. The lending institution will be responsible to settle any improvements with the lessee at time of cancellation.
4. The Ministry will enter into a Security Lease with the lending institution which will provide a one-year period to sell an Agricultural (Ag) lease to a recommended eligible lessee. Prior to the signing of the Security Lease, all debts owed must be paid.
 - During the one-year period the lending institution will be responsible for the management of the leased land. This can include custom farming arrangements, weed management or subleasing for the year.
 - The lending institution will be required to submit a management plan based on acceptable management practices approved by the Ministry.
 - The lending institution will not be eligible to receive any compensation for oil and gas activity that would be received by an agricultural lessee.
5. The lessee recommended by the lending institution will be subject to the Ministry's

eligibility criteria in the Lease Policy. Eligible lessees will be required to fill out an application. Upon confirmation of eligibility, the Ministry will provide the lending institution with written approval to sell the Ag lease. The lending institution will be provided with the Ag lease for the approved lessee to sign and complete the sale.

- Both the lending institution and the sub-lessee will be considered liable for all contraventions.

6. The Ministry may approve a one-year renewal under the Security Lease for the lending institution to find an eligible lessee. The Ministry requires 30 days' notice for approval.

E. In case of cancellation

1. The Ministry will advise the lending institution when the lessee is in contravention of the terms and conditions of their lease.
2. In the event that the contravention leads to cancellation, the Ministry will follow the cancellation process laid out in the Management Policy.
 - Both the lessee and the lending institution will be provided with 21 business days' notice to take corrective action.
3. Upon cancellation of the lease, the lending institution will receive written notification of any debts accrued.
 - The lending institution will be responsible to pay any debts that accrued prior to the date of cancellation in relation to the lease.
 - Payment must be made within 21 business days of the written notification.
4. The Ministry will enter into a Security Lease with the lending institution which will provide a one-year period to sell an Ag lease to a recommended eligible lessee. Prior to the signing of the Security Lease, all debts owed must be paid.
 - During the one-year period the lending institution will be responsible for the management of the leased land. This can include custom farming arrangements, weed management or subleasing for the year.
 - The lending institution will be required to submit a management plan based on acceptable management practices approved by the Ministry.
 - The lending institution will not be eligible to receive any compensation for oil and gas activity that would be received by an agricultural lessee.
5. The lessee recommended by the lending institution will be subject to the Ministry's eligibility criteria in the Lease Policy. Eligible lessees will be required to fill out an application. Upon confirmation of eligibility, the Ministry will provide the lending institution with written approval to sell the Ag lease. The lending institution will be provided with the Ag lease for the approved lessee to sign and complete the sale.
 - Both the lending institution and the sub-lessee will be considered liable for all contraventions.

6. The Ministry may approve a one-year renewal under the Security Lease for the lending institution to find an eligible lessee. The Ministry requires 30 days' notice for approval.

F. Former federal pastures and Saskatchewan Pastures Program pastures

1. Lessees of a former federal or Saskatchewan Pastures Program pasture will be required to use their lease as security to purchase the improvements associated with their lease prior to using their lease as security for any other purposes.

G. General

1. All applicable fees are listed in the table at the end of the Lease Policy.
2. Terms and conditions of the loan will be determined by the lending institution and lessee.
3. Amendments to the acres under the lease, as per section 2-16 of the Act will be communicated to the lessee and lending institution in accordance with section 8-4 of the Act.
4. The lending institution must notify the Ministry when the lessee has fulfilled their outstanding obligations pursuant to the loan agreement.
5. A surrender or assignment application will not be processed until the Ministry has received written confirmation from the lending institution that the terms and conditions of the loan have been met on the lands proposed for surrender or assignment. The interest will be removed from these lands.
6. In the event a Treaty Land Entitlement or Specific Claim selection is received, the Ministry will notify the lending institution as well as the lessee of the selection.
 - The lending institution will be listed as a third party interest in correspondence addressed to the selecting band.
7. The lending institution will be carbon copied on all correspondence sent to the lessee, correspondence can include, but is not limited to, rental letters, lease utilization plans, information related to the lease, as well as default and cancellation notifications.

Visit saskatchewan.ca/crownlands for more information or to contact your local regional office.