

PRODUCERS LIVESTOCK CREDIT CORPORATION (PLCC) CATTLE FINANCING FOR BACKGROUNDING, FINISHING OR PLACING IN A FEEDLOT

PLCC is a subsidiary of Producers Livestock Marketing Association (PLMA). PLMA is a user-owned non stock service oriented cooperative that provides a livestock Marketing Service, a Commodity Service, and a Pork Service. The company's headquarters are in Omaha, Nebraska. The trade territory includes Nebraska, Iowa, South Dakota, North Dakota, Minnesota, Missouri, Kansas, Montana, Illinois, Indiana and Michigan.

The Marketing Division consists of 17 cattle agents or sale representatives that provide expertise in the buying and selling of feeder cattle and fat cattle. The Commodity Division is located in Sioux City, Iowa and has three salaried commodity brokers that can handle all the customer's risk management needs. The Pork Division consists of seven agents that provide expertise in buying and selling of feeder pigs and finished hogs.

PLCC is the financing division located at the headquarters office. PLCC will generally provide financing for operating, equipment, and livestock needs. The livestock financing could involve cattle to be backgrounded, finished or a cow operation. Financing cows requires a 20% or larger down payment depending on the age of the cows. The staff at PLCC will work hand in hand with the customer's short-term lender due to their first lien position on the feed.

Most of our financing is for livestock production. The cattle will be purchased through one of PLMA's marketing representatives at a sale barn or from another farmer-feeder. If the customer wants to retain ownership in their own (home-raised) calves, PLCC can finance the calves at a fair market value. This will enable the customer to pay down their lender and continue feeding their own cattle. If the feed is available and the facilities are adequate, PLCC will finance 100 percent the purchase cost of the cattle (home-raised or purchased). The customer's responsibility is to care for the cattle and provide the feed, labor and management of the cattle. When the cattle are sold, the proceeds go directly to PLCC to pay off the loan. The balance of the proceeds will go to the customer and/or his short-term lender.

If the customer prefers to feed the cattle at a feedlot other than his own, the customer is required to provide a down payment, referred to as margin equity per head, and in return, PLCC will advance funds to cover the feedlot costs of the cattle until the cattle are sold. Generally, margin equity of \$150 per head is required for cattle that will be backgrounded; a \$175 per head margin equity is required for beef cattle or \$225 per head for Holstein steers to be fed out. If the customer hauls his own corn to the feedlot, a \$100 per head margin equity payment is required on beef cattle. The feedlot must be approved by PLCC prior to loan approval. When the cattle are sold, the check will be sent directly to PLCC. Once the loan is paid in full, any remaining proceeds will be distributed to the customer and/or his short-term lender.

If interested in financing with PLCC, a prospective customer must fill out an application, a feed inventory form and submit three years of signed financial statements and three years of tax returns with appropriate schedules. The most recent financial statement should be less than three months old. The supporting schedules explaining the assets and liabilities should accompany the financial statements.

Call 1-800-950-7522 for more information