

## Tile Loan Program

T. Brook, P.Eng.

### INTRODUCTION

Installing tile drainage is a very common land improvement practice among farmers in Ontario. Tile drainage systems consist of a series of pipes, usually made of corrugated plastic tubing called laterals, installed beneath the surface of agricultural land to drain excess water from the crop root zone (Figure 1). The benefits of tile drainage for crop productivity, farm efficiency and reducing environmental impacts have been studied and are generally well known to farmers. This factsheet discusses the Tile Loan Program, which provides loans to agricultural property owners to help them finance tile drainage projects.



**Figure 1.** An aerial photograph of a field where tile drainage was recently installed.

In Ontario, the *Tile Drainage Act, 1990*, authorizes the Tile Loan Program. The Act gives the province the ability to provide loans to agricultural property owners in partnership with local municipalities, where they exist, or directly from the province in areas without municipal organization.

### TILE LOAN PROGRAM

Property owners in Ontario planning to install a tile drainage system on their agricultural land may be eligible for a tile loan. Consider installing tile drainage if you are the property owner and can answer “yes” to these questions:

- Is there a drainage problem on my agricultural land?
- Will the soil on my land respond to tile drainage?
- Is there a sufficient outlet (e.g., ditch or tile) that I may legally use for my drainage system’s discharge?

Only the agricultural property owner may apply for a loan, therefore farmers wishing to use the program for rented farmland must make arrangements with the property owner. Adjacent properties may be tiled as one property but if they have different deeds, they should have separate tile loans.

All tile loans have 10-year terms, and repayments are made annually. Property owners are eligible for a loan of up to 75% of the value of the tile drainage

---

work, but the Ontario Ministry of Agriculture, Food and Agribusiness (OMAFRA) and the local municipality may have policies that further restrict the total dollar amount of any loan in any given year. The provincial government sets the program interest rate, and this rate is fixed for the full term of the loan, regardless of changes in market interest rates. The interest rate is calculated annually, not semi-annually, as is done by most financial institutions. The sum of all loans issued in any fiscal year (loans issued from May 1 to March 1) shall not exceed \$50,000. This can apply to a person as an individual, or in their role in a partnership or corporation. Check with your local municipality or OMAFA for more information on current tile loan policies and interest rates.

There are two different processes for applying for a tile loan:

- If the property is located within a municipality, the property owner applies to the local municipality.
- If the property is located in an area of the province without municipal organization, the property owner applies directly to OMAFA.

### **TILE LOANS FOR PROPERTIES LOCATED IN MUNICIPALITIES**

Loan application forms, available [online](#) or from your municipality, must be submitted to the municipal council. Once council approves the application, the owner arranges to have the work completed by a [licensed tile drainage contractor](#) or the property owner can complete the work themselves on their own property. For more information on contractor licensing, review the OMAFA factsheet, [Agricultural Drainage Licensing](#).

The municipality's drainage inspector will complete an inspection to ensure the work is being carried out on the property as identified on the loan application. A fee may be charged for the inspection. The tile drainage inspector does not inspect the quality of the work, and if there are concerns regarding the workmanship of the contractor, the property owner should contact the OMAFA Provincial Drainage Inspector through the Agricultural Information Contact Centre at [ag.info.omafa@ontario.ca](mailto:ag.info.omafa@ontario.ca).

Once each month, the municipality prepares loan documents to send to OMAFA in the amount of all the loans for that month (usually from May to March — no tile loans are issued for the month of April). After processing these documents, OMAFA issues payment to the municipality, who then distributes the loan funds to each individual applicant.

The municipality collects the annual loan repayments from each property owner and remits them to OMAFA for the term of each loan. Defaulted payments are rare but are treated in the same manner as unpaid taxes. The loan can be repaid in full at any time without penalty. Your municipality can make a redemption inquiry request of OMAFA to find out the full amount still owing at the time of the proposed loan payout date.

### **Applicant's Responsibilities**

Contact the municipality to obtain a [tile loan application](#) and submit the completed form to your local municipality before any tile installation begins. Some municipalities will not approve a loan if tiling starts before council approves the application.

If the application is approved, the owner hires a licensed tile drainage contractor to do the work, or they can complete the work themselves. Under the [Agricultural Tile Drainage Installation Act, 1990](#), a contractor installing tile drainage systems must be licensed by OMAFA. Before the work begins, the owner must notify the municipality to arrange an inspection.

After receiving the loan, the agricultural property owner is responsible for making the loan repayments. The municipality sets the repayment method and schedule, which is either included with the usual municipal tax bills or as a tile loan invoice on the anniversary date of the loan. Determine which collection method is used by your municipality before applying for and accepting the loan.

### **Municipality's Responsibilities**

In order to participate in the Tile Loan Program, each municipality must have a valid borrowing bylaw under the [Tile Drainage Act, 1990](#), and a

---

certified true copy of the bylaw and affidavit are sent to OMAFA. The municipality should know the details of the current provincial Tile Loan Program. Municipal council must consider each tile loan application and approve or deny it. Council may place borrowing restrictions on tile loans and ensure that all loan applicants are treated equally.

Council must appoint a drainage inspector to inspect the tile drainage work and file an [Inspection and Completion Certificate](#). Once the tile drainage work and the inspection are completed and filed, municipal staff prepare the loan documents. When council has passed the rating bylaw and the required documents are signed and sealed, the loan documents are submitted to OMAFA.

Once the municipality receives the loan funds from OMAFA, they are distributed to the loan applicants. The municipality is also responsible for collecting the repayments from the property owner and repaying these funds to the province. Interest charges may apply for any late payments.

### **OMAFAS Responsibilities**

OMAFAS is responsible for ensuring municipalities are aware of the loan policies and program details. OMAFA also processes the loan documents received from the municipality and arranges the transfer of the loan funds to the municipality. The province provides the invoices (statements) to the municipalities for any annual instalments that are coming due. OMAFA provides a redemption inquiry report to any municipality who is inquiring about a redemption on a landowner's behalf. The report indicates what the total outstanding loan amount and accumulated interest is for a specific loan to a specified date.

### **TILE LOANS FOR PROPERTIES LOCATED IN AREAS WITHOUT MUNICIPAL ORGANIZATION**

In areas of the province where there is no municipal organization, OMAFA plays a role similar to the municipality as previously described.

Contact [OMAFAS](#) to obtain a [tile loan application](#) and submit the completed form to the OMAFA Economic Business Advisor before any tile installation begins.

If the application is approved, the owner hires a licensed tile drainage contractor to do the work, or they can complete the work themselves. Under the *Agricultural Tile Drainage Installation Act, 1990*, a contractor installing tile drainage systems must be licensed by OMAFA. Before the work begins, the owner must notify OMAFA to arrange an inspection.

OMAFAS collects the annual loan repayments from the property owner for the term of the loan. The loan can be repaid in full at any time without penalty. Contact [OMAFAS](#) to find out the full amount still owing at the time of the proposed loan payout date.

### **Loan Applicant's Responsibilities (without municipal organization)**

Contact [OMAFAS](#) about the tile loan program. The farmer and OMAFA will review the project, decide on the practicality and desirability of draining the applicant's land, prepare a cost estimate and complete the application form.

The property owner is required to submit the following supporting documentation with the application:

- a certified copy of the abstract from the Registry Office showing the registered owner(s) of the property and all registered encumbrances
- a copy of the registered deed to the present registered owner(s); this can be obtained from the Registry Office when getting the copy of the Abstract
- tax certificates showing the Provincial Land Tax has been paid
- execution certificates showing there are no outstanding judgements or orders against the present registered owner(s); (execution certificates must show the name(s) of the owner(s) exactly as shown on the duplicate registered copy of the deed)
- an up-to-date statement of the outstanding balance of any mortgage or lien registered on the property and confirmation that the mortgage or lien is in good standing
- a copy of any existing survey or sketch of the lands, if available

Once the loan application is approved by OMAFA, the property owner arranges to have the work done. All work must be done in compliance with the *Agricultural Tile Drainage Installation Act, 1990*. The farmer must notify OMAFA at least 1 week before work commences to allow time to arrange an inspection. The landowner must submit the Supplier Registration Form to allow for the deposit of the loan funds into their bank account. The landowner must also register as a customer to allow OMAFA the ability to create an invoice when each payment is due and collect the payments. To be set up as a customer, call the number on the Supplier Registration form and make the request. Funds cannot be released until both the supplier and customer registrations are completed.

### OMAFA'S Responsibilities

OMAFA's responsibilities include:

- ensuring all owners as shown on the abstract from the Registry Office (or the deed to the present registered owners) have signed the application and the proposed work will be constructed on the land described in the abstract/deed.
- reviewing the application and supporting documentation and then approving the application (or rejecting it with reasons) and notifying the applicant with a copy to the local OMAFA representative.
- assembling the required legal documentation including a tile drainage Promissory Note and the Document General.
- the local OMAFA representative working with the property owner to complete and sign the forms.
- registering the documents in the Registry Office for the district by OMAFA.
- processing the payment in the same manner as debentures arriving from organized townships.
- processing the payment in the same manner as debentures from the organized municipalities, recording the loans and arranging for annual invoices to be sent to the applicant.
- incorporating the tile loan program in conjunction with other funding programs (e.g., [Northern Ontario Heritage Fund Corporation \(NOHFC\)](#)).
- ensuring the project funding does not exceed 100% of the eligible costs.

### INELIGIBLE COSTS

Regardless of whether you are applying through a local municipality or directly to OMAFA, some costs are not eligible for funding:

- Harmonized Sales Tax (HST) — farmers are eligible to receive a full HST rebate.
- Costs not related to tile drainage — indirect costs, such as the cost of removing tree stumps, cleaning up fence lines, land levelling, etc., are ineligible.
- Costs incurred off the property — any costs incurred off the applicant's property are ineligible.
- Rebates and refunds — discounts received for volume purchases of tile or for early payment are not eligible.
- Work performed by an unlicensed contractor — any tile drainage work that does not comply with the *Agricultural Tile Drainage Installation Act, 1990*, is not eligible. Refer to the OMAFA factsheet, *Agricultural Drainage Licensing* for further details.

### EXAMPLE OF ANNUAL REPAYMENT AND AMORTIZATION SCHEDULE

Table 1 shows example calculations of an annual repayment for three different 10-year loans at 6% interest:

$$\begin{aligned} \text{Annual repayment amount} \\ = \text{principal} \times 0.1358679582 \end{aligned}$$

**Table 1.** Three Examples of Calculating the Annual Instalment Amount

Loan Amount	Calculation	Instalment Amount
\$ 4,900	\$4,900 x 0.1358679582	665.75299518 – use \$665.75
\$17,800	\$17,800 x 0.1358679582	2,418.44965596 – use \$2,418.45
\$50,000	\$50,000 x 0.1358679582	6,793.39791 – use \$6,793.40

Table 2 is an example of an amortization schedule for a \$1,000.00 loan at 6% rate of interest for the term of the 10-year loan. Annual instalment: \$1,000 x 0.1358679582 = \$135.8679582 (rounded = \$135.87).

**Table 2.** Example Amortization Schedule

Payment	Instalment	Interest	Principal	Balance <sup>a</sup>
1	\$135.87	\$60.00	\$75.87	\$924.13
2	\$135.87	\$55.45	\$80.42	\$843.71
3	\$135.87	\$50.62	\$85.25	\$758.46
4	\$135.87	\$45.51	\$90.36	\$668.10
5	\$135.87	\$40.09	\$95.78	\$572.32
6	\$135.87	\$34.34	\$101.53	\$470.79
7	\$135.87	\$28.25	\$107.62	\$363.17
8	\$135.87	\$21.79	\$114.08	\$249.09
9	\$135.87	\$14.95	\$120.92	\$128.17
10	\$135.87	\$7.70	\$128.17	\$0 <sup>b</sup>

<sup>a</sup> Starting balance is \$1,000.

<sup>b</sup> Values adjusted by \$0.01 to bring to \$0 balance.

The total principal paid must equal the total original loan. Any differences (usually pennies) in the loan balance after the final payment should be rectified by adjusting the final interest payment.

## RESOURCES

OMAFa factsheets on tile drainage:

[Considerations When Planning to Drain Land](#)

[Subsurface Drainage System Outfalls](#)

[Maintenance Subsurface Drainage System](#)

[Agricultural Tile Drain Installation Licensing Program](#)

More information on tile drainage and a list of licensed contractors is available from [Agricultural Drainage Resources](#).

This factsheet was written by Tim Brook, P.Eng., Drainage Program Coordinator, OMAFA, and reviewed by Andy Kester, Drainage Analyst/Inspector, OMAFA, and James Mitchell, manager, OMAFA.

Published by the Ministry of Agriculture,  
Food and Agribusiness

© King's Printer for Ontario, 2026

ISSN 1198-712X

Également disponible en français (Fiche technique 26-020)

**Agricultural Information Contact Centre:**

1-877-424-1300

1-855-696-2811 (TTY)

**E-mail:** [ag.info.omafa@ontario.ca](mailto:ag.info.omafa@ontario.ca)

**[ontario.ca/omafa](http://ontario.ca/omafa)**

This guide is published for informational purposes only. The Province of Ontario, as represented by the Ministry of Agriculture, Food and Agribusiness (OMAFa), disclaims any express or implied warranties related to the use of this guide, including all contents, any link to or the contents of any third-party site or source, without limitation, warranties of non-infringement or of fitness for any particular purpose.