

Sustainable Agriculture Loan Program

In 1988, the Minnesota Legislature appropriated \$1 million for the Sustainable Agriculture Loan Program. The purpose of this loan program is to promote the adoption of innovative management practices that enhance farm profitability and benefit the rural environment. The loan fund is a “revolving fund” - as loans are repaid to the State, the principal revolves back to farmers in the form of new loans.

Sustainable agriculture loans enable farmers to adopt practices that will lead them to a more sustainable farming system. Loans are for capital purchases, which enhance the environmental and economic viability of the farm. Eligible purchases may include equipment for: rotational grazing, on-farm, energy production and energy efficiency, composting, low-cost livestock systems including hoop buildings and building modifications, on-farm processing, innovation in weed management, cover cropping, fertilizer management, and soil conservation. Only residents of Minnesota actively engaged in farming are eligible for these loans.

When considering whether to submit an application, ask yourself the following questions. *Does the project make more efficient use of resources? Is there an environmental benefit? Does the project show a reasonable return on the additional investment?* If the answer is “yes” to all of these questions and the project fits into the long-term plans for your farm, the project would probably be eligible.

The maximum loan per farm family is \$40,000. For joint projects each individual is eligible for up to \$40,000 with a maximum of \$160,000 per project. The current fixed interest rate is 3%. Only capital purchases are eligible for funding; operating expenses and refinancing of existing debt are not eligible. The term of the loan matches the expected life of the collateral but cannot exceed 7 years. Payments are made on a semi-annual schedule. A 2 to 1 collateral to loan ratio is required. Other farm equipment may be offered as additional first lien collateral to obtain the required 2 to 1 ratio.

Applications are reviewed for eligibility by an external loan review panel made up of ag lenders, sustainable and organic farmers, extension educators, and farm business management instructors. Qualifying applications are reviewed by the Rural Finance Authority for creditworthiness.

The Review Panel scores each application using the Evaluation Profile (next page). This is a competitive program so all applications are scored on their relative merit in each category. Give special attention to the Evaluation Profile when answering the questions on the application. Remember that the application is what the review panel uses to make recommendations. Please give clear, complete, and descriptive details about your operation and project.

Applications are accepted and reviewed throughout the year. We realize that farmers need to make timely decisions when making purchases. For this reason a purchase can be made after the application has been sent to us and before the Review Panel meets and still qualify under this program. We cannot, of course, commit to approving a loan until the Loan Review Panel has met. Hopefully this will allow the flexibility you need to make good management decisions.

A complete application results in faster processing. Before submitting your application, make sure that all of the required information on the checklist (on page 6 of application) is included. Keep a copy of your application for your own records. Submitted applications will not be returned.

If you have questions concerning the application and the program, call Wayne Monsen at 651-201-6260 or email, wayne.monsen@state.mn.us. Send completed application to “Sustainable Agriculture Loan Program” at the address below.

Evaluation Profile SUSTAINABLE AGRICULTURE LOAN PROGRAM

	5 OUTSTANDING	4 VERY GOOD	3 SATISFACTORY	2 DOUBTFUL	1 UNSATISFACTORY
<p>1 Input Reduction</p> <p>Does the project reduce or make more efficient use of inputs?</p>	Adoption of practice will clearly result in substantial quantifiable agri-chemical or energy reduction.	Adoption of practice is likely to result in significant quantifiable agri-chemical or energy reduction.	Energy and other input cost savings will probably occur, some problems with methodology used to determine savings.	Practice is unlikely to result in savings, difficult to measure or technique is not directly related to agriculture production.	Project does not demonstrate an energy or other input cost savings.
<p>2 Environment Impact</p> <p>Is there an environmental benefit to the proposed project?</p>	Adopting the practice will clearly result in substantial positive environmental benefit.	Adopting the practice is likely to result in substantial positive environmental benefit.	Production costs will probably decrease or at least not increase; a clear savings is difficult to measure.	The proposed technique is at least as expensive as conventional practices; measurement is somewhat flawed.	No accurate evidence is provided that costs will be lowered; or project could result in increased production costs.
<p>3 Farm Income</p> <p>Is there a beneficial effect on farm income?</p>	Adopting this practice will result in a significant increase in net farm income.	Adopting this practice is likely to reduce production costs and increase income as compared to similar conventional practices.	Production costs will probably decrease or at least not increase; a clear savings is difficult to measure.	The proposed technique is at least as expensive as conventional practices; measurement is somewhat flawed.	No accurate evidence is provided that costs will be lowered; or project could result in increased production costs.
<p>4 Equipment Requested</p> <p>How does the equipment to be financed relate to Sustainable Agriculture project or practice?</p>	Equipment to be purchased is of prime importance for the adoption of proposed sustainable practice.	Equipment to be purchased will facilitate in the movement toward a more sustainable operation.	Equipment to be purchased will assist with the project but is not critical item.	Equipment purchase is not closely correlated to project or is simply replacing existing equipment with no change to farming practice.	Requested purchase is of distant relation to the proposed project and does not warrant funding.
<p>5 Ability to Accomplish Project</p> <p>Do you feel the applicant has the ability to implement the project as proposed?</p>	Competent applicant will have no problems adopting this practice.	Above average applicant should have few, if any problems adopting this practice.	Applicant will be able to implement the project satisfactorily.	Applicant lacks in technical management ability, questionable whether project could be completed with success.	The project is clearly above the management level of the applicant.
<p>6 Overall Rating of the Application</p>	Probably ranks in the top 15% of all applications reviewed to date and should definitely be funded.	Not outstanding but should rank in top 25% of loan applications and clearly merits funding.	Project within guidelines, good applicant with good plan, but not a clear case.	Risky or inadequate project that might not benefit the applicant.	There are significant reasons why this project should not be funded.



Agricultural Marketing and Development, Ph: 651-201-6260

Sustainable Agriculture Loan Program - Loan Application

PLEASE COMPLETE IN INK OR ON COMPUTER – FILL OUT COMPLETELY! WRITE "NA" IF NOT APPLICABLE. AVAILABLE ONLINE AT: WWW.MDA.STATE.MN.US

IDENTIFICATION

NAME OF APPLICANT #1		DATE OF BIRTH	MARITAL STATUS
NAME OF APPLICANT #2		DATE OF BIRTH	MARITAL STATUS
ADDRESS			
CITY		STATE	ZIP
COUNTY	HOME PHONE	BUSINESS PHONE	
ARE YOU A U.S. CITIZEN AND A RESIDENT OF MINNESOTA? APPLICANT #1 <input type="checkbox"/> YES <input type="checkbox"/> NO		ARE YOU ACTIVELY ENGAGED IN FARMING? <input type="checkbox"/> YES <input type="checkbox"/> NO	TOTAL ACRES FARMED Owned _____ Rented _____ Total _____
APPLICANT #2 <input type="checkbox"/> YES <input type="checkbox"/> NO			

NON-FARM INCOME

SALARIES AND WAGES			
Applicant # from above	Name and Address of Employer	Employment Dates (from-to)	Annual Gross Income
NEW INCOME FROM ALL OTHER NON-AGRICULTURE SOURCES (I.E. NON-FARM BUSINESS INCOME, RENTS RECEIVED, INVESTMENTS, OTHER)			
Applicant # from above	Source	Duration of this income	Net Last Year

CREDIT INFORMATION

	Applicant #1	Applicant #2	If yes, explain and give dates
Are there any outstanding judgements against you?	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	
In the past 7 years have you declared bankruptcy?	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	
Have you had property foreclosed upon or given title or deed in lieu thereof?	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	
Have you pledged future income to anyone? (i.e. child support, alimony)	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO	

INSURANCE

Do you have damage insurance on your farm equipment?	<input type="checkbox"/> YES <input type="checkbox"/> NO	IF YES, how much is your coverage? _____
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LOAN REQUEST

1. Describe your present farming operation including number of acres, crop rotations, livestock enterprises, partners, labor available, soil types, and other landscape features (such as slope, wetlands, HEL, riparian) that affect how you farm.

2. Describe the project for which you are requesting loan funding. How does it fit into the long-term plans for the farm? How does it address challenges or opportunities on the farm?

3. List the equipment to be purchased or other expenditures relating to this project and the estimated cost of each.

ITEM	COST
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total cost of the project	\$ _____
Loan amount requested from State of Minnesota	\$ _____
Balance of project funded by cash <i>(if applicable)</i>	\$ _____
Sale of current assets	\$ _____
Bank loan	\$ _____
Other	\$ _____

What are the items you intend to pledge as collateral? *(Be specific and list the equipment with make and model.)*

4. How will this project affect the following and to what extent?

A. Environment. How will this project affect water quality or quantity, soil quality and conservation, wildlife habitat, air quality, or plant diversity?

B. Production Costs. How will this project affect input type, use, and cost; type and amount of labor; machinery type and use; etc.? How much will it affect those costs?

C. Profitability. How will this change in your operation result in greater profit, take advantage of new marketing or product opportunities, increase return per acre, or etc.? Estimate how much this change will improve profits.

D. Use and/or Production of Energy. How will this project increase efficiency, reduce use, and/or increase production of energy? Can you estimate the amounts?

MACHINERY AND EQUIPMENT LIST

Item	Mortgaged	Model Year	Make/Description	Appraised Value	Office Use
Tractor #1	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Tractor #2	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Tractor #3	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Tractor #4	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Skid-steer Ld.	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Truck #1	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Truck #2	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Plow	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Chisel plow	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Disc	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Field cultivator	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Harrow	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Corn planter	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Rotary hoe	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Corn cultivator	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Corn picker	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Combine	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Corn head	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Grain head	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Sprayer	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Forage chopper	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Silo blower	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Chopper boxes	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Grain drill	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Haybine	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Hay rake	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Hay swather	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Hay baler	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Grain elevator	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Auger elevator	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Grinder/Mixer	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Crop dryer	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Snowblower	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Manure spread	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Manure loader	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Milking equip.	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Barn cleaner	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Bulk tank	<input type="checkbox"/> Yes <input type="checkbox"/> No				
Other	<input type="checkbox"/> Yes <input type="checkbox"/> No				

Some of the information you are asked to provide as part of your loan application is classified as private data under Minnesota Statutes Chapter 13.643, part of the Government Data Practices Act. The data you provide that is covered in this statute may be released only to you and to governmental agencies that are authorized by law to have access to it. The agencies that would have access to your application information include but are not limited to the Minnesota Department of Agriculture, the Minnesota Department of Management and Budget, and the Legislative Auditor.

DATA REQUESTED:

1. Social Security Number: You are not required to provide this; however, we need this data for identification and accounting purposes. If you do not provide it, you may be denied the loan. If you fail to make your loan payments, your social security number may be reported to the Minnesota Department of Revenue for collection of funds under the Revenue Recapture Act of 1988, Minnesota Statutes Chapter 270A.
2. Name and Address: You are required to provide this information. We need this information for identification and communication purposes. If you fail to provide this information, you may be denied the loan.
3. Telephone Number: You are not required to provide this; however, we need this information in order to contact you. There are no consequences if you fail to provide your number.
4. Marital Status: You are not legally required to provide this information; however, we need this information to determine if there are any marital interests in collateral property. If you fail to provide this information, you may be denied the loan. This information will not be used for any other purpose.
5. Date of Birth: You are not legally required to provide this information; however, we need this information to determine if you are of legal age to sign a contract. If you fail to provide this information, you may be denied the loan. This information will not be used for any other purpose.
6. Minnesota Residency: Minnesota Statutes 17.115 (2)(c) requires loan recipients to be Minnesota residents. You must provide this information so that we can verify your Minnesota residency. If you fail to provide this information, you may be denied the loan. This information will not be used for any other purpose.
7. Income and Credit Information: You are not legally required to provide this information; however, we need this information to determine the nature of your project, your financial status, and your ability to repay the loan. If you fail to provide this information, you may be denied the loan.

CHECKLIST TO COMPLETE YOUR APPLICATION

To complete your application please provide the following information:

- A cash flow projection of your farming operation for the current year. A photocopy of a cash flow from a recent credit application is acceptable. This cash flow should include the expenses and income associated with the new purchase. **If you have questions about doing a cash flow, see your banker or other lender, an extension educator, or a farm business management instructor.** Depending on the time of year when you apply, we may ask for additional information.
- Copies of your most recent 3 years of your federal income tax forms 1040 including Schedules F and C if applicable. These will not be returned.
- Complete Part I of the Request for Credit Information forms and drop off or mail them to your major lenders. Your lender will complete Part II and return the form to us.
- Sign both the application and the balance sheet.

I certify that the above statements made by me in this application are true, complete and correct to the best of my knowledge and belief and are made in good faith to obtain a loan.

I give the Minnesota Department of Agriculture permission to release to the media a description of my sustainable agriculture loan project. I also give the department permission to release my name, phone number and project description to persons who in the department's judgment are interested in learning more about sustainable procedures and practices.

Credit Information: I authorize you to obtain credit information about me from time to time (for example, by requesting a credit report) and to report to others your credit experience with me (such as a credit reporting agency). I will provide you, at your request, accurate, correct and complete financial statements or information you need.

Applicant #1 _____ Social Security Number _____ Date _____

Applicant #2 _____ Social Security Number _____ Date _____

Return completed application to: **Sustainable Agriculture Loan Program
Minnesota Department of Agriculture
625 Robert Street North
St. Paul, MN 55155
(651) 201-6260**

Request for Credit Information

PART I: APPLICANT INFORMATION - TO BE COMPLETED BY APPLICANT

Name _____

Address _____

City _____ State _____ Zip _____

Social Security No. _____

I hereby request the following information as to the status of the account between us.

Signature _____
APPLICANT #1 DATE

Signature _____
APPLICANT #2 DATE

PART II: APPLICANT FINANCIAL POSITION - TO BE COMPLETED BY LENDER

Loans Outstanding to Applicant

Principal Balance	Accrued Interest	Security	Installment Amt.	Interest Rate	Final Due Date	Delinquent Amt.

Largest outstanding balance of accounts or loans (total) \$ _____

Numbers of years experience with your organization _____

Collection experience: Prompt Satisfactory Slow

Does the security agreement contain a future advance clause? Yes No

If applicable: Savings Accounts or CD's Account # _____ \$ _____

Account # _____ \$ _____

Checking Account Balance Account # _____ \$ _____

Account # _____ \$ _____

PART III: LENDER COMMENTS

NAME OF LENDING INSTITUTION

X _____
 LENDER'S SIGNATURE

REPORTING DATE _____

PHONE _____

Direct questions to: Wayne Monsen, 651-201-6260. **Please return form to:** Sustainable Agriculture Loan Program, Minnesota Department of Agriculture, 625 Robert Street North, St. Paul, MN 55155.

