

# MINNESOTA DEPARTMENT OF AGRICULTURE

## RURAL FINANCE AUTHORITY

625 Robert Street North  
Saint Paul, Minnesota 55155-2538  
Phone (651) 201-6004  
FAX (651) 201-6109

FOR RFA USE ONLY

Application Approved \_\_\_\_\_ Project Number \_\_\_\_\_  
Amount Approved \_\_\_\_\_ \$50 Fee Received \_\_\_\_\_

## Aggie Bond Beginning Farmer Loan Program Application

(To be completed by the applicant--**print or type all information**)

Note: Approval of this application does not constitute final loan approval. If prior to closing, it is discovered that the Project, in whole or in part, is ineligible for tax-exempt financing, or if the Project should become ineligible, the RFA may refuse to complete loan processing or reduce the loan amount.

1. Type of application **PLEASE CHECK ONE:** \_\_\_ Bank Loan or \_\_\_ Contract Sale or \_\_\_ Individual Investor

2. Name of applicant(s) \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_

Zip \_\_\_\_\_ Telephone number (\_\_\_\_) \_\_\_\_\_ Age (for statistical purposes) \_\_\_\_\_

Email: \_\_\_\_\_

3. Bond Purchaser \_\_\_\_\_ (bank, contract seller or individual investor)

Contact Person: \_\_\_\_\_ Telephone(\_\_\_\_) \_\_\_\_\_

Address \_\_\_\_\_ Fax(\_\_\_\_) \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ E-mail address \_\_\_\_\_

4. Purpose of Project (Check and describe how project proceeds are to be used)

\_\_\_ Purchase land Total Acres \_\_\_\_\_ Tillable Acres \_\_\_\_\_ CRP Acres \_\_\_\_\_

Estimated value of house \$ \_\_\_\_\_ (A dwelling and CRP acres may limit eligibility --see Program Summary)

Estimated value of out-buildings \$ \_\_\_\_\_ (Send appraisal if property has a dwelling or outbuildings)

\_\_\_ Purchase machinery \_\_\_\_\_

\_\_\_ Purchase livestock (what and how many) \_\_\_\_\_

\_\_\_ Make building or other farm improvements of \_\_\_\_\_

Who owns property where improvements to be made \_\_\_\_\_

If constructing hog/livestock buildings, who will own animals in building? \_\_\_\_\_

(If applicant will not own hogs/livestock, send copy of feeding contract and/or contract RFA concerning contract feeding arrangements)

5. Financing of Project (contributions by applicant, lender or contract seller and RFA):

	Land Purchase	Livestock Purchase	Machinery Purchase	Farm Improvements	Total Project
Down payment by applicant	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Financed by lender/contract seller-RFA bond	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
From other sources _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

TOTAL COST OF PROJECT: \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

In accordance with the Americans with Disabilities Act, an alternative form of communication is available up on request.

TDD: 1-800-627-3529. MDA is an equal opportunity employer and provider.

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**6. Location of Project**

- a. List the county and township names with section numbers (e.g. Section 26, Burns Township, Any County, MN)

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- b. Location by road from nearest town: (Example - 4 miles north of Anytown, MN on State Highway 71). **Roads must be identified, unless they are unmarked gravel roads, then state as such.** \_\_\_\_\_

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- c. If the project consists of construction or acquisition of buildings, structures or other immovable property (including remodeling of or additions to existing structures), will the Beginning Farmer be the sole owner of the land on which the project will be located?  YES or  NO  
 If NO, please identify the owner(s) or co-owner(s) of the land, give the Social Security Number(s) or Federal Employers Identification Number(s) of the owner(s) or co-owner(s) and describe the length of any lease which the Beginning Farmer has on such land (including any renewal options):  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**7. Seller of Property**

- Address \_\_\_\_\_
- City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Telephone(\_\_\_\_) \_\_\_\_\_
- a. Please indicate if you are acquiring the "Project" directly or indirectly from a related person:  YES or  NO  
 If YES, please explain the relationship. \_\_\_\_\_  
**NOTE: Contract sales are not allowed between the beginning farmer and their grandparents, parents, children, siblings, or a partnership or corporation in which the applicant or any of the foregoing relatives, individually or together, have more than a 50 percent interest. Cash/bank loans are permitted with these relatives, but RFA's Fair Market Value Certificate and Related Person Certificate must be completed.**
  - b. Please explain if you have begun to acquire or construct any part of the "Project" for which you are requesting a loan; have entered into any contract or purchase agreement (installment or otherwise) in connection with the construction or acquisition of the "Project," or have begun off-site fabrication or acquisition of any portion or the "Project."  
 \_\_\_\_\_  
 \_\_\_\_\_
- NOTE: Down payments made more than 60 days prior to approval of the application will not be eligible for bond financing.**

**8. Previous tax-exempt financed projects**

Have you, your spouse, minor children or any related person received tax-exempt financing of any kind in any state?  
 YES or  NO If YES, please explain.  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**9. Previous and Present Land Owned**

- a. Have you, your spouse, or minor children ever directly or indirectly owned any farmland?  YES or  NO  
**Note: The following are examples of indirect land ownership:**  
 1) ownership of a beneficial interest in a trust which in turn holds land.  
 2) ownership of shares in a family farm corporation which owns land.  
 3) a remainder interest in land which is subject to a life estate in another person.  
**If your answer to 9a is no, skip to question 10.**
- b. Describe each parcel of land presently or previously owned by county location, size, time period owned, and maximum fair market value while you owned it (if the ownership is indirect, also describe the means of ownership and the total amount owned (e.g. "I have a one-fourth beneficial interest in a trust; the trust holds a total of 200 acres")):  
 \_\_\_\_\_  
 \_\_\_\_\_
- c. Have you, your spouse, or minor children done any of the following:  
 1) performed physical work on the land?  YES or  NO  
 2) participated in management decisions about operations on the land?  YES or  NO  
 3) provided regular advice and consultation on the business operations on the land?  YES or  NO  
 4) regularly inspected production activities on the land?  YES or  NO  
 5) directly or indirectly advanced funds or paid a substantial portion of the operating expenses for operations on the land?  YES or  NO  
 6) lived on the land?  YES or  NO

- d. Please describe the degree of your involvement in each activity, the frequency of your involvement and the length of time over which your involvement occurred (Use additional sheets if necessary): \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- e. Have you disposed of any of these parcels of land? \_\_\_ YES or \_\_\_ NO  
 If YES, please identify the parcel(s) and the approximate date disposed: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- f. Did you, your spouse or minor children recognize income, for federal income purposes, as the result of cancellation of indebtedness with respect to any of the parcels disposed? \_\_\_ YES or \_\_\_ NO If YES, identify the parcel(s) with respect to which income was recognized: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**10. Management and Labor of Project** will be provided by: \_\_\_\_\_

- a. Will any portion of the Project be used in any existing farm partnership, farm corporation, limited liability company, or other formal or informal joint farming venture, including contract feeding arrangement? \_\_\_ YES or \_\_\_ NO  
 If YES, please describe: \_\_\_\_\_  
 \_\_\_\_\_
- b. Will this joint operation continue after receiving this loan? \_\_\_ YES or \_\_\_ NO
- c. Will any portion of the "Project" be used in connection with any new farm partnership, farm corporation, limited liability company, or other formal or informal joint farming venture, including contract feeding arrangement? \_\_\_ YES or \_\_\_ NO  
 If YES, please explain: \_\_\_\_\_  
 \_\_\_\_\_
- d. Will any of the applicants work off the farm? \_\_\_ YES or \_\_\_ NO  
 If YES, Amount of non-farm income anticipated \$ \_\_\_\_\_  
 Where will he/she be employed? \_\_\_\_\_  
 Explain any other related details to non-farm income: \_\_\_\_\_  
 \_\_\_\_\_
- e. Please explain what your farming operation will consist of and include the new project:  
 Crop acres on owned land: \_\_\_\_\_  
 Crop acres on cash rented land: \_\_\_\_\_  
 Crop acres on crop-share rented land: \_\_\_\_\_  
 Owned livestock operation: \_\_\_\_\_  
 Contract-feeding livestock operation: \_\_\_\_\_  
 Other farm operations: \_\_\_\_\_

**11. Acquisition of used property.** If your project involves acquisition of breeding or dairy stock, answer **a** and **b**; if your project involves the acquisition of property other than land or livestock (machinery, equipment, buildings, or other structures, etc.), answer **c**.

- a. Have any of the female animals to be acquired ever given birth or been put to use for dairy purposes by anyone?  
 \_\_\_ Yes or \_\_\_ No If yes, explain: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- b. Have any of the male animals to be acquired ever been put to use for breeding purposes by anyone? Yes \_\_\_ or \_\_\_ No  
 If yes, explain: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- c. Does any portion of the project consist of "used" property other than land (that is, property which has previously been placed in use for the purpose for which it was designed)? \_\_\_ Yes or \_\_\_ No  
 If yes, describe each "used" item, including the dollar amount of each item's purchase price which will be financed with the Authority Loan (attach additional sheets if necessary): \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**12. Proposed loan terms and RFA Bond** (To be completed with lender, contract seller, or individual investor)

a. Current personal financial statement (not more than 60 days old) for the beginning farmer, his/her spouse and minor children is enclosed: \_\_\_\_ Yes or \_\_\_\_ No (**Please attach a copy of the financial statement**).  
 Net worth of beginning farmer (including spouse and minor children): \$ \_\_\_\_\_  
**NOTE: A financial statement is required from all co-applicants including the partnership, corporation, etc. in which they have financial interest).**

b. Application fee (\$50) submitted: \_\_\_\_ Yes or \_\_\_\_ No

c. Allocation fee (\$20 up to \$149,999/ \$40 for \$150,000 to \$249,999/ \$60 for \$250,000 to \$349,999/ \$80 for \$350,000 to \$449,999/ \$100 for \$450,000): \_\_\_\_ Yes or \_\_\_\_ No

d. Current/regular interest rate offered: \_\_\_\_\_ percent (%)

e. Proposed loan or contract sale terms:

1. Tax-exempt interest rate: Fixed \_\_\_\_\_ percent (%) **OR** Variable: \_\_\_\_\_ percent (%)  
 If variable rate, indicate index used: (Example-- 80% of bank's prime rate, such prime rate is 11% to be adjusted semi-annually): \_\_\_\_\_
2. Total term: \_\_\_\_\_ years
3. Repayments: monthly \_\_\_\_; quarterly \_\_\_\_; semi-annually \_\_\_\_; annually \_\_\_\_ **OR** \_\_\_\_ other (specify below) \_\_\_\_\_  
 Amount \$ \_\_\_\_\_ Does this amount include interest? \_\_\_\_ Yes or \_\_\_\_ No
4. First payment due date: \_\_\_\_\_
5. Call options as follows: \_\_\_\_\_

**OR** balloon \_\_\_\_\_ amount of balloon \_\_\_\_\_

**13. Statement of Soil and Water Conservation Planning**

This statement certifies that the above-named individual has visited this SWCD office and inquired about the soil and water conservation needs for the identified farm property. Information on the following issues have been provided to the applicant:

1. The need for a soil and water conservation plan, and if appropriate, an implementation schedule for that plan.
2. Those provisions of the 1985 U.S. Food Security Act which deal with highly erodible land and wetland conservation.
3. Other state and federal assistance programs for implementing and financing resource protection efforts.

SWCD/NRCS Office: \_\_\_\_\_ Date: \_\_\_\_\_

SWCD/NRCS Signature: \_\_\_\_\_ Phone: \_\_\_\_\_

**14. Statement of Farm Management Program Planning and Enrollment**

This statement certifies that the above-named individual has met with a qualified Farm Business Management Instructor and discussed development of a business plan for the farm property identified above. Applicant has paid the initial registration fees for enrollment in appropriate farm management programs. Instructor agrees to refund said fee if this application is not approved.

School: \_\_\_\_\_ Date: \_\_\_\_\_

Instructor Signature: \_\_\_\_\_ Phone: \_\_\_\_\_

## CERTIFICATIONS OF APPLICANT

(To be completed by beginning farmer applicant/s)

In submitting this application, I, the undersigned Beginning Farmer, have read the following statements and hereby certify and agree that:

1. I will be a permanent resident of the state of Minnesota at the time of bond issuance. 1.  True or  False
2. I have sufficient education, training or experience in the type of farming for which this loan is requested. 2.  True or  False  
**Attach a background letter describing the education, training or experience of you and your spouse as it relates to farming.**
3. The Project shall be used only for farming by myself, my spouse, and/or minor children. 3.  True or  False
4. None of the proceeds of the loan shall be used for the refinancing or restructuring of any existing indebtedness in whole or in part, working capital, operating purposes or for inventory or supplies for the Beginning Farmer or any related person. 4.  True or  False
5. I have or will have access to adequate working capital, farm equipment, machinery or livestock (if the loan proceeds are to be used to acquire agricultural land), and I have or will have access to adequate working capital or agricultural land (if the loan is to acquire depreciable agricultural property). 5.  True or  False
6. I agree the loan may not be assumed by another person without RFA's prior approval and then only if the purchaser of the property is an eligible applicant for an RFA loan. I presently plan to retain the property financed by the loan for the term of the loan; however, I understand equipment and other depreciable property may be exchanged or traded in on similar property, and other property such as breeding livestock may be added or substituted as collateral at the discretion of the Lender without prior approval of the RFA. I also understand that the benefits of the loan, made at the tax-exempt rate from the proceeds of an RFA bond, must be retained by myself, and no person to whom property is traded or otherwise transferred may obtain the benefits of the RFA loan. 6.  True or  False
7. I understand and agree that I am responsible for submitting an application fee with this application and a loan closing fee (origination fee equal to 1 1/2%) of the principal amount of the loan to the RFA at the time of loan closing; such fees will be used for expenses associated with the administration of the Minnesota Rural Finance Authority. 7.  True or  False
8. I agree to enroll in a farm business management program approved by the Minnesota Commissioner of Agriculture for at least the first three years of the loan, if an approved program is available within 45 miles of the borrower's residence. 8.  True or  False
9. I will make farming my principal occupation (off-farm income is acceptable). 9.  True or  False

(NOTICE: Minnesota Statute Section 41B.211, subd. 1 and 2, states that financial information received or prepared by the Rural Development Authority regarding any authority loan is considered private data on individuals, except that information which may be released as required by federal tax law.)

\_\_\_\_\_ Date

\_\_\_\_\_ Signature of Beginning Farmer

\_\_\_\_\_ Signature of Beginning Farmers' Spouse

<b>This application cannot be reviewed unless the RFA has received all of the following:</b> <input type="checkbox"/> \$50 application fee <input type="checkbox"/> Current personal financial statement witnessed by a bank officer and signed by all loan applicants	<input type="checkbox"/> Background letter from applicant and lender <input type="checkbox"/> Completed application form signed by both parties <input type="checkbox"/> Certificates-pages 7 & 8, if sale from close relative
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**CERTIFICATIONS OF BOND PURCHASER**

(To be completed by Lender, Contract Seller, or Individual Investor)

The undersigned Bond Purchaser has read the following statements and hereby certifies that:

1. All of the proceeds of the bond will be used for the acquisition, construction, reconstruction, equipping and installation of land, or property of a character subject to the allowance for depreciation under Section 167 of the Internal Revenue Code.
2. To the best of the bond purchaser's knowledge, each of the Certifications of the Applicant and all other information with respect to the project or applicant set forth in this application is true and correct.
3. The proceeds of the bond will not be used to provide working capital or finance inventory, supplies or other operating expenses for the applicant or any related person, or be used to refinance or restructure any portion of existing indebtedness.
4. The Bond Purchaser requests the Authority to issue and sell its bond to the Bond Purchaser for the purpose of financing the project to the extent thereof.
5. The lender has not on the date hereof, and shall not prior to the RFA approving this application, finance or otherwise advance money to the Beginning Farmer or any Related Person in connection with the Project.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Bond Purchaser or Bank Name

By

\_\_\_\_\_  
Signature of Official of Bank, Contract Seller, or Individual Investor

\_\_\_\_\_  
Print or Type Name and/or Title

**RELATED PERSON CERTIFICATE**

The undersigned Seller(s) owns the following Agricultural Land, Agricultural Improvements, and/or Depreciable Agricultural Property (the "Project"): \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

which is being sold to \_\_\_\_\_ (the "Beginning Farmer") and is being financed with proceeds from an Agricultural Development Revenue Bond to be issued by the Rural Finance Authority.

The Seller hereby certifies that the Project is being sold to the Beginning Farmer for its fair market Value and subsequent to such sale, the Seller will not have any other direct or indirect ownership or use of the Project.

**IN WITNESS WHEREOF**, we have hereunto set our official signatures as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**SELLER**

By \_\_\_\_\_  
(Signature of Seller)

\_\_\_\_\_  
(Print or Type Seller's Name)

By \_\_\_\_\_  
(Signature of Spouse)

\_\_\_\_\_  
(Print or Type Spouse's Name)

**FAIR MARKET VALUE CERTIFICATE**

The undersigned on behalf of \_\_\_\_\_ (the "Lender") in connection with the sale from \_\_\_\_\_ (the "Seller") of Agricultural Land, Agricultural Improvements and/or Depreciable Agriculture Property as identified:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

to \_\_\_\_\_ (the "Beginning Farmer"), to be financed with the proceeds of an Agricultural Development Revenue Bond to be issued by the Minnesota Rural Finance Authority, hereby certifies that the purchase price being paid by the Beginning Farmer to the Seller For the Project is the fair market value of the Project. Attached hereto is a copy of an appraisal establishing the fair market value of the Project.

**IN WITNESS WHEREOF**, I have hereunto set my official signatures as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**LENDER**

\_\_\_\_\_  
(Lender/Bank Name)

\_\_\_\_\_  
(Signature of Loan Officer)

\_\_\_\_\_  
(Print or Type Name of Loan Officer)

\_\_\_\_\_  
(Title)