



# RURAL FINANCE AUTHORITY

## Financial Assistance Programs

### Minnesota Department of

### Agriculture Rural Finance Authority

### and Financial Assistance Programs

The Rural Finance Authority (RFA) partners with local lenders to provide affordable credit to eligible farmers. RFA will participate with a local lender up to 45 percent of the loan amount to the program maximum. This provides the borrower with a lower interest rate on a portion of the loan. The borrower must be a Minnesota resident, a domestic family farm corporation, or a family farm partnership, and have sufficient education or training to farm. They must also have the financial ability to repay the loan, and be the principal operator of the farm or intend to make farming their principal future occupation.

### Beginning Farmer Loan Program

The Beginning Farmer Loan Program was established to help people who want to farm in Minnesota. It offers affordable financing, a reasonable down payment and built-in safeguards, such as farm management training and financial planning to help minimize the risk all farmers face.

### Seller-Assisted Loan Program

Under this program, a seller actively participates in financing the sale of their farm by providing a portion of the financing. (The seller agrees to subordinate their financing to the lender/RFA). The lender and the RFA provide the balance of the funds with a first mortgage. The RFA portion of the total financing is provided at an affordable interest rate which helps the buyer by reducing the total interest expense of the entire financing. In addition to the affordable rate financing, the program has built-in safeguards such as farm management training and financial planning.

### Agricultural Improvement

### Loan Program

This loan participation program assists eligible farmers with financing of capital improvements to their farming operation. The program may help to improve production, efficiency, and increase farm income.

Agricultural improvements include the purchase and construction or installation of improvements to land, buildings and other permanent structures.

This includes equipment incorporated in or permanently affixed to the land, buildings, or structures which are useful for and intended to be used for the purpose of farming. For this program, agricultural improvements may also include wind energy conversion facilities with an output capacity of one megawatt or less.

### Livestock Expansion Loan Program

This loan program is designed to assist livestock and dairy producers with financing toward construction of state-of-the-art facilities.

Livestock expansion means improvements to a livestock operation, including the purchase and construction or installation of improvements to land, buildings, and other permanent structures, including equipment incorporated in or permanently affixed to the land, buildings or structures, which are useful for and intended to be used for the purpose of raising livestock. The purchase of livestock is NOT an eligible purpose for this program.

### Livestock Equipment Loan Program

The Livestock Equipment Loan Program is designed to help finance the purchase of livestock-related equipment.

Loans may be used for the acquisition of equipment for animal housing, confinement, animal feeding, milk production and waste management, including the following, if related to animal husbandry:

### Agricultural Improvement

### Loan Program

This loan participation program assists eligible farmers with financing of capital improvements to their farming operation. The program may help to improve production, efficiency, and increase farm income.

Agricultural improvements include the purchase and construction or installation of improvements to land, buildings and other permanent structures.

This includes equipment incorporated in or permanently affixed to the land, buildings, or structures which are useful for and intended to be used for the purpose of farming. For this program, agricultural improvements may also include wind energy conversion facilities with an output capacity of one megawatt or less.

### Livestock Expansion Loan Program

This loan program is designed to assist livestock and dairy producers with financing toward construction of state-of-the-art facilities.

Livestock expansion means improvements to a livestock operation, including the purchase and construction or installation of improvements to land, buildings, and other permanent structures, including equipment incorporated in or permanently affixed to the land, buildings or structures, which are useful for and intended to be used for the purpose of raising livestock. The purchase of livestock is NOT an eligible purpose for this program.

### Livestock Equipment Loan Program

The Livestock Equipment Loan Program is designed to help finance the purchase of livestock-related equipment.

Loans may be used for the acquisition of equipment for animal housing, confinement, animal feeding, milk production and waste management, including the following, if related to animal husbandry:

### The Farm Opportunity Loan Program

The Farm Opportunity Loan Program is designed to finance the purchase of equipment to add value to crops or livestock, adopt best management practices, reduce agricultural inputs to improve the environment, and increase on-farm energy production. Eligible loan uses do not include expenses related to seed, fertilizer, fuel, or other operating expenses. Refinancing of existing debt is not an eligible expense.

### Manure Digester Loan Program

The Methane Digester Loan Program helps supplement the funds needed for livestock producers to begin installing digesters on their farms. It is designed to help finance the purchase of necessary equipment and the construction of a system that will use manure to produce electricity.

### Beginning Farmer/Aggie Bond Loan Program

The Aggie Bond Loan Program offers affordable financing for a qualified beginning farmer. This is accomplished by securing a reduced interest rate on the loan the applicant is submitting for approval.

Qualified beginning farmers may purchase productive agricultural farmland, new or used depreciable agricultural property such as livestock used for breeding purposes or dairy products (feeder cattle, feeder pigs or feeder lambs do not qualify), and farm machinery.

### Value-Added Stock Loan Program

The Value-added Agricultural Product Loan Program helps farmers finance the purchase of stock in a cooperative, limited liability company, or limited liability partnership proposing to build or purchase and operate a facility located in Minnesota to process or produce marketable products from agriculture crops.

Stock in certain cooperatives proposing to own and operate livestock processing facilities or farm-generated wind energy production facilities may also be eligible. No more than 95 percent of the purchase price of the stock purchased will be financed under this program.

### Restraint II Loan Program

The Restraint II Loan Program is designed to help farmers who remain in good credit standing with their local agricultural lender, but are having trouble with cash flow due to adverse events. Only debt of an agricultural nature is eligible for refinancing.

### Disaster Recovery Loan Program

The Disaster Recovery Loan Program is designed to help farmers affected by events leading to a disaster declaration. The funds are available to farmers for expenses not covered by insurance. The funds can be used to help clean up, repair, or replace farm structures and septic and water systems, as well as replace seed, other crop inputs, feed, and livestock, when damaged by high winds, hail, tornado, floods or excessive rainfall. The program offers affordable financing to repair existing agricultural buildings to pre-disaster conditions. In the event of avian influenza, funds can be used to replace flocks, make building improvements, or cover the loss of revenue.

### Disaster Recovery Loan Program

The Disaster Recovery Loan Program is designed to help farmers affected by events leading to a disaster declaration. The funds are available to farmers for expenses not covered by insurance. The funds can be used to help clean up, repair, or replace farm structures and septic and water systems, as well as replace seed, other crop inputs, feed, and livestock, when damaged by high winds, hail, tornado, floods or excessive rainfall. The program offers affordable financing to repair existing agricultural buildings to pre-disaster conditions. In the event of avian influenza, funds can be used to replace flocks, make building improvements, or cover the loss of revenue.

In accordance with the Americans with Disabilities Act, this information is available in alternative forms of communication upon request by calling 651-201-6000. TTY users can call the Minnesota Relay Service at 711. The MDA is an equal opportunity employer and provider.

# QUICK REFERENCE TO ASSISTANCE PROGRAMS

Program	Funding Limits	Use of Proceeds	Terms and Maturity	Fees	Qualifications
<b>RFA Beginning Farmer Loan Program</b>	<ul style="list-style-type: none"> <li>No loan maximum</li> <li>RFA participation: 45% of first mortgage to a maximum of \$400,000</li> </ul>	Purchase of farm real estate	<ul style="list-style-type: none"> <li>RFA portion - 2.0% interest rate</li> <li>Lender and seller portion - negotiate</li> <li>Pay at least 10% down of appraisal value</li> <li>15-30 year terms</li> <li>RFA participation will balloon after 10 years</li> </ul>	RFA: \$50 application fee (non-refundable)	<ul style="list-style-type: none"> <li>Must farm unit, be or intend to become full-time farmer</li> <li>Net worth of less than \$903,000 (including spouse and dependents)</li> <li>Have sufficient education, training or experience to succeed in intended farming practice</li> <li>Agree to enroll in farm business management program and consult with your local Soil and Water Conservation District office</li> <li>Agree to obtain credit life insurance for the amount of debt incurred to purchase the property</li> </ul>
<b>RFA Seller-Assisted Loan Programs</b>	<ul style="list-style-type: none"> <li>RFA participation: 45% of loan up to a maximum of \$400,000</li> </ul>	Purchase of farm real estate from seller willing to finance a portion of the purchase	<ul style="list-style-type: none"> <li>RFA portion - 2.0% interest rate</li> <li>Seller portion - negotiate</li> <li>15-30 year terms</li> <li>RFA participation will balloon after 10 years</li> </ul>	RFA: \$50 application fee (non-refundable)	<ul style="list-style-type: none"> <li>Same as Beginning Loan, plus</li> <li>Certify as the principal operator of the farm and that farming is the principal future occupation, and that the farm will be used for agricultural purposes only</li> </ul>
<b>RFA Agricultural Improvement Program</b>	<ul style="list-style-type: none"> <li>No limits, but RFA participation 45% of first mortgage to a max. of \$400,000</li> </ul>	Finance capital improvements to farming operation. Can be used to improve land and/or structures, efficiency, productivity, or increase farm income. Also includes wind energy conversion up to one megawatt (limited refinancing)	<ul style="list-style-type: none"> <li>RFA portion - 2.25% interest rate</li> <li>Lender portion - negotiate</li> <li>1-15 year terms</li> <li>RFA participation will balloon after 10 years</li> </ul>	RFA: \$50 application fee (non-refundable)	<ul style="list-style-type: none"> <li>Must farm unit, be or become full-time farmer</li> <li>Net worth of less than \$903,000 (including spouse and dependents)</li> <li>Have sufficient education, training or experience to succeed in intended farming practice</li> <li>Consult with your local Soil and Water Conservation District office</li> </ul>
<b>RFA Livestock Expansion Program</b>	<ul style="list-style-type: none"> <li>No limits, but RFA participation 45% of first mortgage to a max. of \$525,000</li> </ul>	Finance improvements to livestock facilities (purchase of livestock not allowed)	<ul style="list-style-type: none"> <li>RFA portion - 2.5% interest rate</li> <li>Lender portion - negotiate</li> <li>1-15 year terms</li> <li>RFA participation will balloon after 10 years</li> </ul>	RFA: \$50 application fee (non-refundable)	<ul style="list-style-type: none"> <li>Must farm unit and farm full-time; at least one of the applicants must be the principal operator and actively engaged in a livestock operation</li> <li>Net worth of less than \$1,919,000 (including spouse and dependents)</li> </ul>
<b>RFA Restructure II Program</b>	<ul style="list-style-type: none"> <li>No limits, but RFA participation 45% of first mortgage to a max. of \$525,000</li> </ul>	Restructure of agricultural debt for farmers in good credit standing but are having trouble meeting cash flow due to adverse events	<ul style="list-style-type: none"> <li>RFA portion - 2.5% interest rate</li> <li>Lender portion - negotiate</li> <li>1-30 year terms</li> <li>RFA participation will balloon after 10 years</li> </ul>	RFA: \$50 application fee (non-refundable)	<ul style="list-style-type: none"> <li>Net worth of less than \$1,919,000 (including spouse and dependents)</li> <li>Have received 50% of gross income from farming in past three years</li> <li>Have operating expenses that do not exceed 95% of income</li> <li>Consult with your local Soil and Water Conservation District office</li> <li>Show financial need and ability to repay loan</li> </ul>
<b>RFA Livestock Equipment Loan Program</b>	<ul style="list-style-type: none"> <li>No limits, but RFA participation 45% of equipment loan to a max. of \$100,000</li> </ul>	Finance the purchase of livestock equipment for housing, confinement, feeding, watering, fencing, milk production and waste management (no refinancing)	<ul style="list-style-type: none"> <li>RFA portion - 2% fixed interest rate</li> <li>Lender portion - negotiate</li> <li>1-10 year terms</li> </ul>	RFA: \$50 application fee (non-refundable)	<ul style="list-style-type: none"> <li>Must farm unit and farm full-time; at least one of the applicants must be the principal operator and actively engaged in a livestock operation</li> <li>Net worth of less than \$490,077 (including spouse and dependents)</li> </ul>
<b>RFA Disaster Recovery Loan Program</b>	<ul style="list-style-type: none"> <li>RFA participation: 45% of loan up to a maximum of \$200,000</li> </ul>	Finance, repair or replacement of structures and resources not covered by insurance after natural disaster. Replace flocks, make building improvements, or cover loss of revenue due to avian influenza	<ul style="list-style-type: none"> <li>0% fixed interest rate</li> <li>1-10 year terms</li> </ul>	RFA: \$50 application fee (non-refundable)	<ul style="list-style-type: none"> <li>Certify that the damage or loss was sustained within a county that was the subject of a state or federal disaster declaration, or due to avian influenza</li> <li>50% of average annual gross income from farming for the past three years</li> </ul>
<b>RFA Value-Added Stock Loan Program</b>	<ul style="list-style-type: none"> <li>RFA participation: 45% of loan up to a maximum of \$40,000</li> <li>No more than 95% of purchased stock value will be loaned</li> </ul>	Finance the purchase of stock shares in commodity processing business	<ul style="list-style-type: none"> <li>2% fixed interest rate</li> <li>1-8 year terms</li> </ul>	RFA: \$50 application fee (non-refundable)	<ul style="list-style-type: none"> <li>Be a grower of the agricultural product which is to be processed by an agricultural product processing facility</li> <li>Have a total net worth of less than \$490,077 (indexed for inflation), including the assets and liabilities of their spouse and dependents</li> <li>Security value must be 150% of total loan amount</li> </ul>
<b>Methane Digester Loan Program</b>	<ul style="list-style-type: none"> <li>\$250,000</li> </ul>	Finance the purchase and construction of a system designed to produce electricity from manure May be used as match for Federal loan/grant	<ul style="list-style-type: none"> <li>0% interest rate</li> <li>1-10 year terms</li> </ul>	\$100 application fee (non-refundable)	<ul style="list-style-type: none"> <li>Provide evidence that the practices implemented and capital assets purchased will be properly managed and maintained</li> <li>Have not previously received a loan under this program</li> </ul>
<b>Farm Opportunity Loan Program</b>	<ul style="list-style-type: none"> <li>45% of the principal amount up to \$100,000 per individual;</li> <li>45% of the principal amount up to \$250,000 per group</li> </ul>	Finance machinery or equipment to add value to crops or livestock; adopt best management practices; reduce or improve management of ag inputs resulting in environmental improvements; or increase production of on-farm energy (no refinancing)	<ul style="list-style-type: none"> <li>2% fixed interest rate for 10 years</li> </ul>	RFA: \$50 application fee (non-refundable)	<ul style="list-style-type: none"> <li>Must farm unit and farm full-time</li> <li>Show financial need and ability to repay loan</li> </ul>
<b>Agricultural Microloan Program</b>	<ul style="list-style-type: none"> <li>\$20,000</li> </ul>	Finance the production of specialty crops or eligible livestock	Interest rate to the intermediary lender is set at 0%. The lender may charge a rate of up to 10% to the farmer. Max loan term is 6 years	None	Be a member of a protected group. Be a grower of a specialty crop or livestock. A borrower may receive loan funds up to 70% of the estimated value of the crop or livestock
<b>RFA Beginning Farmer/Aggie Bond Loan</b>	<ul style="list-style-type: none"> <li>\$552,500 maximum loan amount</li> <li>\$250,000 for new depreciable farm property (RFA does not participate)</li> <li>\$62,500 max. for used depreciable assets</li> </ul>	Purchase of farmland, buildings, new or used depreciable agricultural property such as breeding livestock, dairy livestock (feeder livestock excluded), and farm machinery (No refinancing)	<ul style="list-style-type: none"> <li>Reduced interest rate for buyer and tax benefit for lender</li> <li>Average depreciable asset loan: 1-10 years</li> <li>Average real estate loan: 20-40 years</li> </ul>	RFA: \$50 application fee (non-refundable) Allocation fee \$20/40/60/80/100 1.5% loan origination fee	<ul style="list-style-type: none"> <li>Net worth of less than \$903,000</li> <li>Never have owned more than 30% of county median size farm where you reside</li> <li>Have sufficient education, training or experience to succeed in intended farming practice</li> <li>Agree to enroll in farm business management program and consult with your local Soil and Water Conservation District office</li> </ul>